



## The Troubled Rise of Volition - Alliance Dynamics, Alliance Leadership, and the Alliance Advisory Field in Perspective

Sophisticated ambitions require sophisticated capabilities

Recognising the document has attracted extensive and diverse commentary, whatever view one might have of the 2009 DTF-sponsored Alliance Benchmarking Study (2), it is hard to disagree with the following assertions made therein:

“Alliancing is a very sophisticated development in delivering major infrastructure...and to extract the optimum Value for Money (VfM) from alliancing, changes must be made at both the alliance and whole of government levels.”

Alliancing can be viewed as a sophisticated development because, by definition, alliancing is used to tackle the most complex projects and programs in agency portfolios. They are highly “emergent” in nature (ie dynamically forming, firming and morphing continually over time to accommodate external events, owner changes, innovations and ongoing value optimisation activities). Alliances address a wide range of dynamic interdependent challenges and team members are expected to operate at the edge of, personal capabilities. Additionally, participating organisations are required to individually and collectively support alliance objectives whilst satisfying their own corporate governance requirements. The level of sophistication required to excel in these conditions is not always evident and this paper addresses **one** aspect of what must change to extract optimum Value for Money from alliancing.

### Five key dimensions of alliance performance – adapting existing industry skills and building new areas of capability

Whilst the majority of alliances perform well (3), most commentators agree there remains significant scope for improvement. Alliance outcomes depend on excellence across several distinct and interlinked dimensions of performance:

1. The commercial dimension – managing alliance activities efficiently and ensuring costs are incurred wisely, fulfilling the requirements of the Alliance Agreement and the compensation and performance frameworks
2. The strategic dimension – establishing and implementing the full suite of strategic, leadership, governance and project management disciplines to underpin confidence in delivery
3. The technical dimension – developing and implementing compelling solutions in an efficient manner
4. The human dimension – developing and exploiting high quality relationships, building trust, passion, creativity and capabilities for having critical conversations in pursuit of performance and value
5. The organisational dimension – organisational alignment and support of alliance objectives

Whilst some of these dimensions feature heavily in traditional forms of delivery, others do not, resulting in an imbalanced set of capabilities (and preferences) being applied to give effect to the alliance model. Strong commercial and technical capabilities have been core industry capabilities for decades and can be readily refined and refocused to suit the alliance shell. In the other dimensions, however, industry and agencies often lack the knowledge and experience to be effective. This is skill gap is most evident in the areas of strategic foresight, governance and genuine people leadership.

Alliancing has rapidly exposed large numbers of professionals (from the junior ranks to senior executives) to new challenges requiring not only significant shifts in perspective but also an attendant repertoire of skills. Not least of these skills is the capacity for **creative leadership (4)**.

### As volition supplants obligation so creative leadership supplants contract administration

A key differentiating feature of the alliancing model, is volition supplants obligation. Traditional contracts are based on prescribed enforcement – X must do this and Y must do that – whereas collaborative contracts are based on cooperation and choice – we will do this together and we will not sue each other. This sets the stage for a set of relationships within the team and between the parties which is based on volition rather than obligation, and the best alliances demonstrate this very effectively and are able to fully exploit the potential of the alliancing model.

Volition, or will, is the cognitive process by which an individual decides on, and commits to, a particular course of action. It is defined as purposive striving, and is one of the primary human psychological functions, the others being affection (affect or feeling), motivation (goals and expectations) and cognition (thinking).

Under traditional forms of contract (and under PPP arrangements) a significant proportion of individual and corporate considerations are prescribed in the contract which simply needs to be administered according to a known set of rules. In its worst form it can become a dehumanised form of relationship with limited opportunities for genuine, creative, human participation. Contract administration obviates, for the most part, the need for personal engagement and creative leadership.

Contrast this to an environment where no such contract exists to neatly define respective rights and obligations. The absence of black and white contract print requires participants to become psychologically and emotionally involved with the project’s risks and opportunities and critical project relationships. If collective intelligence is to be fully harnessed in pursuit of value, we need to humanise the project conversation. We can no longer simply refer to the contract, we are required to refer **within**.

### Self referencing, creative leadership – the overlooked crux of the VfM debate

This act of self referencing or creative leadership is **the** truly sophisticated aspect of alliancing, however, it is one which remains largely misunderstood, and often under-valued in favour of more tangible and familiar facets of the project environment (e.g. dollars, designs, plans, concrete and steel etc.). To the extent this occurs, alliancing is systematically selling itself short compared to its potential. Moreover, an ironic self-fulfilling prophecy looms menacingly: Alliancing is in clear and present danger as a viable delivery model unless VfM becomes more tangible. Further, the art and disciplines of creative leadership risk being administered into mediocrity by the very mechanisms ultimately seeking to exploit their potential.

Symptoms of this are very common, particularly where senior personnel in alliances, or their parent entities are cynical of the human dimension and / or strong adherents of traditional models of leadership and organisational culture. In such environments, it is common to see alliances with high potential degenerate into ineffective “sham” alliances, purporting to be true alliances yet displaying underlying symptoms like rigid or overbearing command and control structures, absence of accountability, operational or lame ALTs, strong distorted bias to the commercial and technical dimensions and “sick”, fear-based cultures. It is inevitable that such alliances produce sub-optimal or mediocre results and non-sustainable outcomes. It is not uncommon for long running alliances that exhibit this pattern, to be terminated and converted into other forms of delivery more suited to the participants in play.

Quite apart from any concern about the vivid human toll of “sick” cultures, the main concern with “sham” alliances or underperforming elements within good alliances, is the leakage of value, relative to potential and in service of the business case. Risks known to a few are left to incubate and opportunities pass by because team members either feel it is unsafe or not worth the effort to do anything about them.

## Moving forward – challenging and addressing the notion of alliance maturity

Sometimes alliances seem to be like symphony orchestras performing in pristine concert venues which are staffed by pub bands who know their instruments but are unfamiliar with all the expectations of the big stage and who are out of tune with the occasion. They will either create a cacophony or just possibly step up, tune in, and delight their audience. Whilst capability and maturity levels may have evolved significantly in the more mechanical dimensions of alliances, the human dimension remains relatively undeveloped. Often, end outcomes are in the balance and the quality of alliance leadership can tip them either way.

A frequent strategy in this case is to engage a so called alliance coach to run some “team-building” workshops to “create” a high performance team. As an isolated strategy this is somewhere between naive, trite and cynical and is a likely cause of the DTF Benchmark Report finding in Discussion Point #16:

“While teamwork is recognised as important to successful project delivery, this raises doubts about the VfM from investing in ‘high performance teams’.”

Based on contact with over 70 alliances, PCI observations are that such ad-hoc interventions are futile and that one area above all others correlates with alliance performance, namely **the quality of the ALT and AMT people and their relationships**. This nurtures and optimises the critical alliance skills of strategy, governance, leadership and management.

It is remarkable how frequently these roles are occupied by people whose style, experience and skills simply don’t make the grade. Three outcomes are typically possible given this scenario:

1. Alliance stagnation and underperformance (at least in part) i.e. barely meeting MCOS let alone getting close to outstanding
2. Switch out ALT and AMT members until the mix is right (meanwhile #1 persists)
3. Engage and develop the ALT and AMT to develop competent alliance leaders and leadership and governance protocols

Option 1 is unacceptable, and option 2 is often impractical – it is rare for a “sick” leadership culture to have the wisdom to heal itself. This leaves option 3, where an external adviser can play an important role.

## The role of the alliance adviser and pitfalls to avoid when engaging them

If option 3 is to be successful, the alliance leadership has to have the motivation to acknowledge the problem, and engage **with** competent advisers, mentors and facilitators (who might be seasoned professionals from the participating organisations or who are engaged externally from specialist advisory firms such as PCI). The role of such advisers is to:

1. Ensure ALT and AMT understand what is required of them.
2. Challenge (and if necessary call to account) the ALT and AMT. This requires skill and trust.
3. Offer appropriate combinations of experienced-based insights, coaching and training to raise the skills and awareness of the ALT and AMT in critical dimensions. Of particular focus is the governance realm and trust-building process within the ALT, and between ALT and AMT. Without such trust, the alliance will almost certainly degenerate into mediocre at best.
4. Facilitate critical conversations during the early stages of the alliance especially during the development phase, when tensions are high, relationships are fragile, and success is tentative.
5. Support the AMT in extending these attributes into the alliance e.g. holding critical conversations with the Independent Estimator, clarifying accountabilities and permissions, developing positive culture through alliance launch events, addressing TOC development tensions etc.
6. Over time, ensure the ALT and AMT become self reliant in the challenges of creative leadership, and help them to role model and reinforce these skills within the alliance team.

**CITATIONS IN ARTICLE:** (1) Declaration of interest: PCI Alliance Services offers premium commercial and performance advisory services to owners, proponents and alliances as well as leadership and organisational development consulting to industry in general. (2) In Pursuit of Additional Value – a benchmarking study into alliancing in the Australian Public Sector (Department of Treasury and Finance Victoria, October 2009) (3) Report on Project Alliancing activities in Australasia (Alliancing Association of Australia / RMIT, 2008) (4) From Accidental Superhero to Creative Leader (Ken Lowe, PCI, May 2009) Far from continuing to rely on “accidental superheroes”, the success of Alliances and Alliancing requires a new brand of talent – it requires the passion, skill and discipline of Creative Leaders - leaders drawing on bold, insightful perspectives and deploying well targeted combinations of hard and soft skills to reliably deliver outcomes acknowledged by all as a genuine, sustainable industry breakthrough. Importantly, Creative Leaders embrace and expand on (rather than replace) the existing traditional project management capabilities which have brought us so far. Creative Leaders are: • Choreographers of group energy • Emotionally literate and purpose-rich • Multi-faceted, intuitive and highly adaptive

There are many barriers to Option 3 succeeding many of which are symptomatic of the struggle with embracing volition. These include:

1. The ALT and / or AMT not realising they will benefit from help in this area so going it alone – we’re doing OK and will be fine, what problem?
2. Simple aversion to external support or consultants generally – we don’t want to display our dirty washing in public, and don’t need expensive outsiders to help
3. Investment consideration (although the DTF Benchmarking report refers to “0.25%-1% of TOC for consultants and associated facilities”). In PCI experience, the investment is at or below the lower end of this range and most clients agree the investment creates outstanding value for money
4. Questionable commitment of the ALT and AMT to the development process. No matter how effective the consultant might be, they will not succeed in making a difference if ALT and AMT members commit insufficient time or focus to meaningfully engage in the process. This is one area where competent alliance advisers will call their client to account rather than simply redirecting their efforts to more easily accessible middle echelons of the alliance (albeit recognising the merits of “coal face engagement”)
5. Lack of budget for these costs, or questions of whether the owner should share the cost based on who ultimate benefits from such development and to what extent it contributes to accessing gainshare (owner paying twice?)
6. Inadequate experience and calibre of the advisers. The value of services in this area varies significantly. Prospective clients are advised to verify the credentials of their advisers and ensure they don’t simply engage people they “like” most or have “always” used before. A very familiar adviser is unlikely to be effective at vigorously challenging their clients
7. Ineffective process of engaging and managing the adviser. Some alliances almost seem to abdicate defining the scope of the coaching role to the coach with obvious risks of non VfM consequences. In PCI experience, the process works best when someone in the AMT has absolute accountability for defining the scope of the consultant’s work and manages them accordingly, albeit recognising such consulting can be an emergent process and scope will evolve over time

## In summary – volition is the new frontier, there is a level playing field and the future is in our hands

Huge slabs of value continue to be destroyed in plain daylight as many of those in organisational and alliance leadership positions fail, or are slow to adopt approaches which will deliver optimum value. Instead of energising their alliance systems by role-modeling and enshrining the qualities of creative leadership, they unwittingly introduce blockages and constraints to their alliances’ potential, and divert precious alliance energy from genuine value-creating activity.

Worse still, many remain oblivious to the issue, or choose to ignore it because they are unable or unwilling to process the consequence of personal and organisational change. Given any meaningful survival of alliancing hinges on the outcome of a narrow and distorted VfM debate, this plays into the hands of those championing more transactional approaches. Disappointingly, this unintended collusion spells a real risk not merely for alliancing, but to the continued transformation of the infrastructure industry as a whole, at the very time it needs to step up to meet an ever more demanding array of challenges. The only way to break the cycle is for more leaders in positions of influence to be true to their sense of higher purpose, skill up, speak up, have their say and be genuinely open to others who do the same in the spirit of forging sustainable win-win futures together.

The good news is that this is one area where the so called “asymmetry of capability” between industry and agencies is much less prominent than in the commercial and technical dimensions, so it’s really a question of how leaders will make use of this level and exciting playing field.

## About the author



**Ken Lowe**  
Managing Director,  
**PCI ALLIANCE SERVICES**

We support clients around Australia and internationally and our head office is in Melbourne. Visit us at [www.pci-aus.com](http://www.pci-aus.com) or at 1300 551 835.