How an Alliance Matured from Chaos into Award-winning Order

By Cynthia B. Hanson

The giant cross-agency collaboration between the Dutch Internal Revenue Service, Social Security Administration, and Statistics Netherlands transitioned into a practical, cost saving, convenient alliance.

Take note, politicians and alliance managers. A remarkable cross-agency collaboration might have some pointers for you for streamlining government agencies and companies. The Dutch Alliance for Data and Tax on Wages and Benefits, also known as Loonaangifteketen-UWV-CBS-Belastingdienst, aka, the Netherlands Tax Board, was launched in 2006 to coordinate data and communications between the Dutch Internal Revenue Service, National Social Security Administration (SSA), and Statistics Netherlands. The goal was to coordinate the collection of data about tax revenues, wages, benef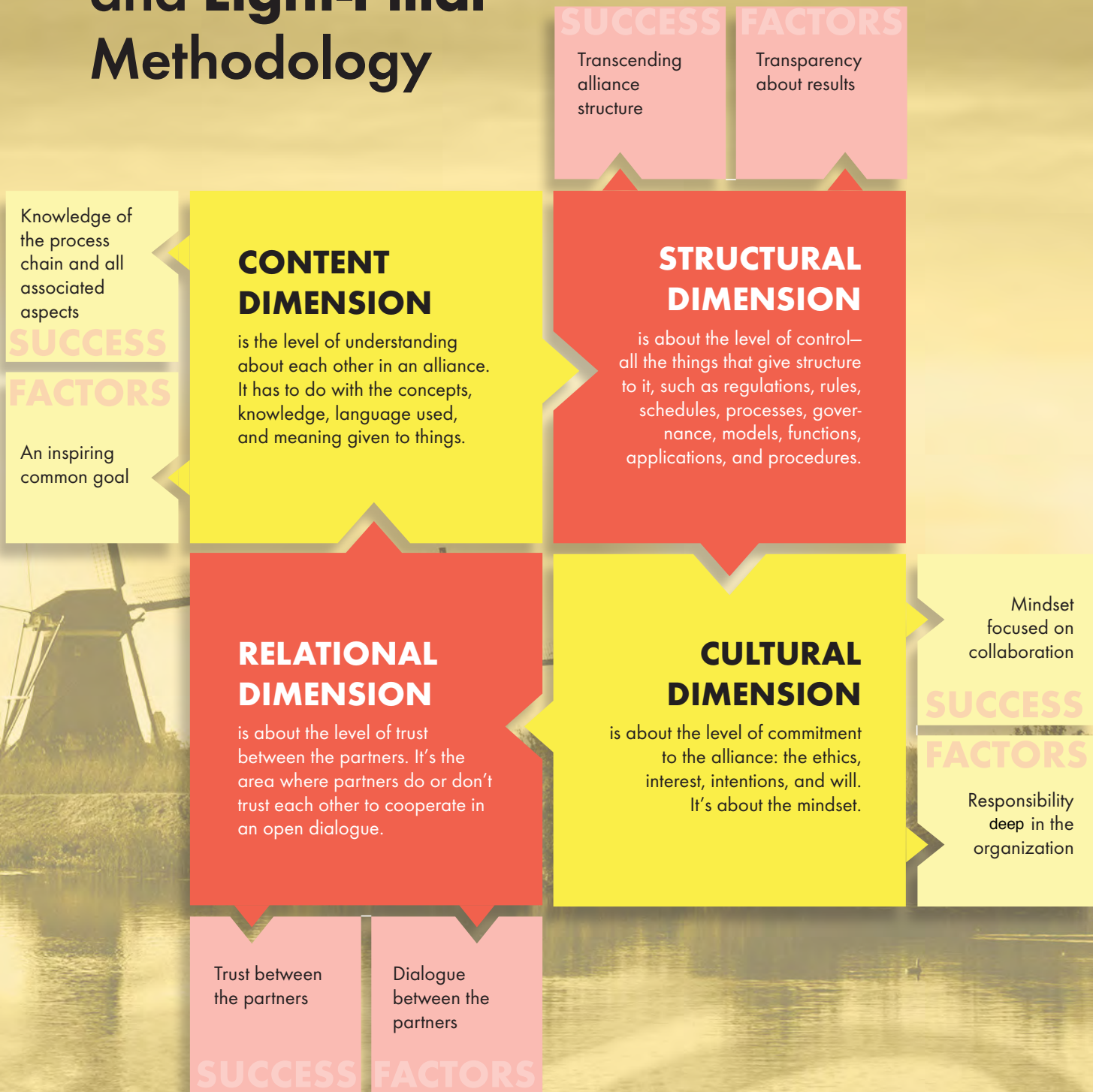its, and corresponding data for the Dutch government while streamlining financial data for the Dutch society. The alliance aimed to lower administrative costs for employers and operating costs for the alliance partners while increasing convenience for citizens through the reuse of data.

The framework eventually generated 60 percent of the Dutch government's revenue through an effective governance model. A lot of hard work was needed to get to that point, but the results were so successful that in 2017, the alliance won the ASAP Individual Alliance Excellence Award, which is presented to a collaboration that institutes practices, tools, and methodologies in support of successful coordination and management of a single alliance.

The first year of the alliance was fraught with technical and relational problems because the partners were not used to collaborating as equal partners, explained Diantha Croese, alliance manager at the Dutch Alliances on Data. In the beginning, more than 15 percent of the data was missed, which led to extra legislation, restoration, and cost. Over time, however, the collaboration improved and stabilized, resulting in substantial cost savings and increased efficiency for the agencies, as well as convenience for the citizenry with 96 percent accuracy, she added.

The Netherlands has a labor force of almost 13 million people, with more than 21 million employed and receiving

The **Four-Quadrant** and **Eight-Pillar** Methodology

SUCCESS FACTORS

Transcending alliance structure

Transparency about results

SUCCESS FACTORS

Knowledge of the process chain and all associated aspects

An inspiring common goal

CONTENT DIMENSION

is the level of understanding about each other in an alliance. It has to do with the concepts, knowledge, language used, and meaning given to things.

STRUCTURAL DIMENSION

is about the level of control— all the things that give structure to it, such as regulations, rules, schedules, processes, gover-nance, models, functions, applications, and procedures.

RELATIONAL DIMENSION

is about the level of trust between the partners. It's the area where partners do or don't trust each other to cooperate in an open dialogue.

CULTURAL DIMENSION

is about the level of commitment to the alliance: the ethics, interest, intentions, and will. It's about the mindset.

SUCCESS FACTORS

Mindset focused on collaboration

Responsibility deep in the organization

SUCCESS FACTORS

Trust between the partners

Dialogue between the partners

benefits from about 670,000 employers and other benefits providers. The amount of money collected annually is about 158 billion euros, approximately 60 percent of the total Dutch government tax revenues. Through better coordination of the three agencies, the alliance succeeded in creating:

- Successful collaboration between very different and autonomous organizations
- Effective extension of the collaboration with external partners (by ecosystem thinking)
- Large-scale national re-use of data elements on work and income
- A well-organized tax return process with high-quality data
- Guidance on issues of data analysis, open data, and privacy
- Publications about the alliance approach

Getting to that point, however, required disruption, adaptation, and overcoming sizable resistance. The main challenge was balancing political and networked forces to create secure spaces "in which horizontal collaboration between partners could survive and resist the dominant vertical hierarchical forces of the individual organizations," explained Menno Aardewijn, business consultant at the Dutch National SSA.

In a large government behemoth, this doesn't happen automatically and often creates a lot of tension, added Croese. But the alliance has solved many logistical problems to evolve into an extensive ecosystem of public and private organizations, she said. "This application of ecosystem thinking is rather new in the context of public government organizations," Croese explained. "We organized ecosystem thinking sessions with partners and stakeholders to become more aware of their interdependence and possibilities to add value. It helps everyone understand how the system works and, when problems arise, how they can be solved. Ecosystem thinking brings better judgment, more understanding of the dynamics of our alliance, and better investment decisions."

The Four-Quadrant Methodology

The project managers developed a four-quadrant methodology for solving challenges and an eight-pillar system for successful alliance management.

"We settled on a fourfold division of dimensions: content, structural, relational, and cultural. Analyzing the different kinds of problems that were faced did this. When you want to solve complex problems, it really helps to unravel, [align,] and define them into these four areas. When fused together, they give a clear and relatively complete image of what is really the matter and what has to be done," Aardewijn explained. "Of course, you don't have to give up autonomy and diversity. But you absolutely must find common ground and synergy in each of these four dimensions. In the beginning of our alliance, this was not the case at all," he noted.

Aardewijn provided the following synopsis of the alliance, its dimensions, and the development of governance, trust, and other crucial success factors:

The **content dimension** is the level of understanding about each other in an alliance. It has to do with the concepts, knowledge, language used, and meaning given to things. Partners in an alliance need a certain level of shared knowledge to understand each other. In the first years of the alliance, there was a lot of misunderstanding, misinterpretations, and irritation that resulted from lack of knowledge about each other's agency and interests. Nobody asked the question, "Do we really understand each other?" The alliance partners needed a common frame of reference to collaborate successfully.

The **structural dimension** is about the level of control in their lives—all the things that give structure to it, such as regulations, rules, schedules, processes, governance, models, functions, applications, procedures, and so on. Structure provides control over the dynamics of the alliance so that it can function. The partners need to find a level of structure that balances different interests and creates fruitful cooperation. At the beginning of the alliance, a lot of chaos existed because the structures—the parts that were brought into the alliance—mostly didn't fit. Everybody stuck to his or her own structures to stay in control, and none of the parties was very inclined to try something new. The problems were ignored, and the tension wasn't managed. In the structural dimension, partners needed to find common ground.

The **relational dimension** is about the level of trust between the partners. It's the area where partners do or don't

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trust each other to cooperate in an open dialogue. A lack of transparency and openness is a big obstacle for achieving goals. If everybody just works on his or her own, the collaboration will fail. In the alliance, building relationships and trust took a lot of time and still does today. Closeness brings human energy to the partnership.

The **cultural dimension** is about the level of commitment to the alliance: the ethics, interest, intentions, and will. It's about the mindset. When the mindset between the cooperating parties is not shared, sooner or later, there will be resistance. This resistance was encountered a lot in the creation and development of the alliance. The resistance started in 2006 because the government forced the alliance, and none of the partners was really ready for it. The partners didn't speak with each other, and the communication was often incident-driven, almost only in the dimensions of content and structure. Communication was very technical and instrumental.

After the organizational challenges, things improved due to better listening and engaging more time and attention to the relational and cultural dimensions. The alliance learned that actions in each dimension had an influence in other dimensions. People became more willing to cooperate, open to learning, and started to work in a sustainable partnership.

The change started with the enthusiasm and commitment of a small group of people from the different agencies that had passion and creativity, Aardewijn explained. They formed a group that generated energy to overcome differences and resistance and find synergy. The enthusiasm eventually became infective. Alliance management needs to facilitate this kind of enthusiasm for building up an alliance. It has to do with making an alliance culture with feeling, meaning, and willpower, not just with rational knowledge, technical things, and procedures.

The Eight Pillars

Each of the four dimensions has two key success factors. Together these factors formed eight pillars for a checklist for the alliance's day-to-day management. "In our meetings, regular reports, and evaluations, we always return to these pillars to understand how we are [doing] with our partnership," Aardewijn explained, and then provided the specifics.

FORTITUDE, which is courage and strength

PRUDENCE, which is uninhibited thinking and an open mind

TEMPERANCE, which is self-control and **moderation**

JUSTICE, which is fairness and standing for something
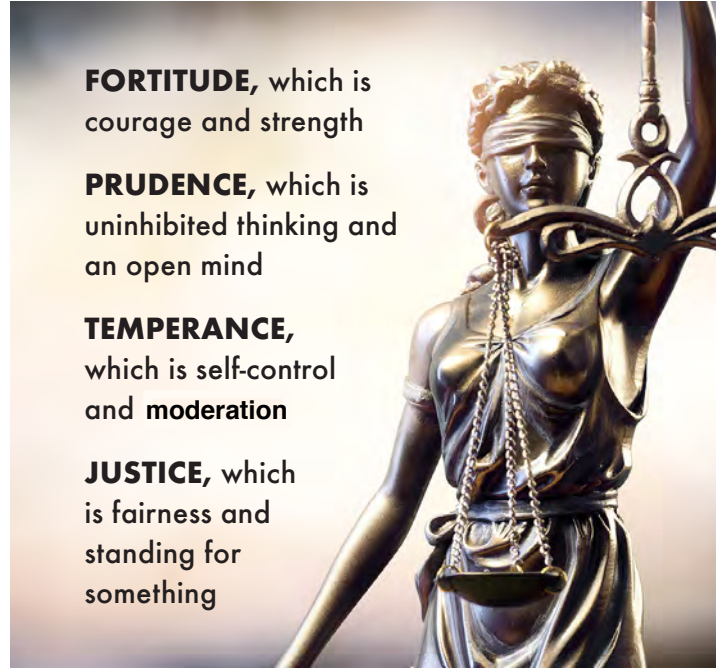
The **content dimension** success factors are:

- The knowledge of the process chain and all associated aspects

- An inspiring common goal

Alliance players can only do their work well if they understand the alliance in which they operate, and each alliance player must have an image of the alliance as a whole—its goals and the final product. Everybody who plays a role in the alliance needs to understand the purpose, procedures, and information about each other's organization, interests, and priorities. This knowledge creates the necessary involvement to deliver the right contribution. This pillar demands investing in knowledge sharing by, for example, presentations, interfuse, publications, learning circles, and regular conferencing with the key players on all levels on things that need sharing.

An inspiring common goal attracts people. It gives focus and meaning to the work. It gives energy to participate and enthusiasm to step over minor resistance. It fosters pride in what is created together for the customer or society. When the goal and related targets are really inspired, it provides a base for good alliance behavior in a natural way. However, in the public sector, many people are just doing their job, obeying their own management, and focusing on their own business. So a lot of effort is needed to inspire them to collaborate with

other organizations. A common goal demands a convincing alliance story and joining together in an external communication strategy.

The **structural dimension** success factors are:

■ Transcending alliance structure

■ Transparency about results

The alliance had an overarching and virtual governance structure to connect the different parts of the strategic, tactical, and operational levels, Aardewijn said. It's virtual because the structure is not part of the hierarchical structures of the individual parts. The virtual structure is only there because it keeps a structured focus on the alliance goals and brings structured connections on all levels. To support a horizontal collaboration, consultative bodies were created on all levels and also special alliance functions. For example, much attention was given to the competencies and mandates of the participants in the consultative bodies to create the necessary judging power and decisiveness. The governance model of the alliance includes an independent key alliance manager who is appointed by the minister. That manager has the power to force the three partner organizations to align their objectives when that's in the alliance's interest. This is unique and particularly relevant for this type of very public alliance, especially at the beginning of the collaboration. Otherwise, the alliance has little chance to succeed.

Partners need to be transparent about results. It's a prerequisite for good governance in the alliance and for partners to know the actual state of the cooperation. Transparency demands a planning and control cycle and a well-structured joint reporting system. To establish that takes time, and having good instruments is not enough. Transparency does not arise without openness and trust. It takes courage to be open and vulnerable to each other.

The **relational dimension** success factors are:

■ Trust between the partners

■ Dialogue between the partners

Trust is the basis of collaboration, and trust grows when people see more of each other, Aardewijn and his Dutch colleagues found. Many sessions were organized where employees of the partners and stakeholders met each other. Relationships were established with a balance between control and influence. Normally, people are inclined to control everything to eliminate risks, but that's especially difficult to do in alliances. Too many uncertainties exist, especially in the beginning, so trust is needed to make it possible to start the collaboration. Stimulating a good dialogue about all the aspects of an alliance encouraged trust.

Dialogue was facilitated between partners in special learning circles and evaluations when needed. Top management was always invited to set the tone for good dialogue. Transparency was emphasized about intentions and results and interest was shown in the work and goals of others along with honest feedback. This open dialogue was the flywheel of the alliance, according to Aardewijn.

The **cultural dimension** success factors are:

■ Mindset focused on collaboration

■ Responsibility in the organization

The philosopher Plato was the first to write about the collaborative mindset in his dialogue to The Republic on what is needed to create a balanced society. What do collaborations need to create a balanced alliance? According to Aardewijn, the four cardinal virtues establish a mindset for good governance:

These virtues are needed to balance the connections between partners for fruitful collaboration. Another aspect of the right mindset is management and leadership setting the right example. The top managers were dedicated to the highest consultative body.

Alliances need workers to take responsibility, and they need to figure out who is most capable of carrying it out. Partners can fight each other and have many uncertainties. In order to manage this, you need managers that are facilitating and supporting that process and don't panic too quickly when things go wrong. Managers need to learn how to give space to the collaborating teams and let them discover the best solutions, Aardewijn concluded. The alliance is then built up together from the ground up. ■