Alliances in health care: What we know, what we think we know, and what we should know*

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Alliances are the organizations of the future. This article builds on the lessons from industry identifying important areas requiring definition and basic understanding of alliance structure, process, and outcome in health care services.

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> Companies are beginning to learn what nations have always known—in a complex uncertain world, filled with dangerous opponents, it is best not to go it alone.
>
> —Kenichi Ohmae[1]

In an increasingly turbulent environment, companies around the globe and across a multitude of industries are turning to alliances as cooperative, interorganizational mechanisms for adaptation. Such alliances are designed to achieve strategic purposes not attainable by a single organization, providing flexibility and responsiveness while retaining the basic fabric of participating organizations. This article assesses the development and operation of alliances in industry and their applicability to health care. Specifically, what do we know about alliances from industry, what do we think we know, and what should we know about alliances as they emerge and function within health care?

WHAT WE KNOW ABOUT ALLIANCES: EXAMPLES FROM INDUSTRY

Alliances are legion. In the airline industry, for example, Air Canada, a midsize airline, has formed alliances with carriers in the United States, Europe, and Asia.[2] To cut costs and increase market position, Air Canada provides maintenance services for Continental and shares schedules, reservation codes, and frequent flyer benefits with United. Similar approaches

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to cooperation are evident in the automobile industry. For example, Jaguar-Ford and Saab-Scania-General Motors have formed alliances to ward off Japanese competition in Great Britain. Daimler-Benz is beginning joint activities to build busses with companies in China, thus providing the Chinese with needed production technology while enabling Daimler-Benz to expand its presence in Asia.[3] General Motors, Ford, and Chrysler, in a significant policy departure, are exploring an alliance to design pollution-free, technologically advanced cars, building on research links among the three automobile companies and governmental laboratories.[4]

The communication and media industries likewise may be characterized by a wave of alliances as telephone, cable, and computer hardware/software companies seek to be at the forefront of rapidly developing technological breakthroughs. Pushed by changing technology, rising competition, and a European economic common market (EEC) deadline for ending all state monopolies, European telephone companies are forming international partnerships.[5] Emerging are alliances linking British Telecommunications with MCI; France Telecom with Deutsche Budespost Telekom (Eunetcom); and Dutch, Swedish, and Swiss companies (Unisource). AT&T is considering allying with major cable companies to bring its customers into one interactive multimedia network, tying the current disparate cable systems into an integrated network of common switching and transmission functions.[6] The evidence is clear that many companies in many industries, including former and present competitors, are entering into a variety of alliances.

What are alliances designed to achieve?

Alliances arise out of mutual need and a willingness between and among organizations to share risks and costs, to share knowledge and capabilities, and to take advantage of interdependencies to reach common objectives.[7] The basic aims of alliances are to gain competitive advantage, leverage critical capabilities, increase the flow of innovation, and improve flexibility in responding to market and technology changes. For example, alliances allow participation in highly volatile industries, where knowledge spreads rapidly, at substantially lower investment and risk than would be the case for a single organization.[8] Alliances also enable partners to enhance flexibility and accelerate getting to the market by taking advantage of complementary strengths and capabilities in areas such as production, marketing and distribution, and technology.

The influence of new knowledge and technologies on interorganizational structures, coupled with the need for new ways to coordinate the complexity that comes with alliances, will be continuing themes in organizational relations. Figure 1 summarizes the benefits and costs of interorganizational cooperation.

How do alliances seek to achieve their goals?

Alliances are established along a variety of lines—joint ventures, marketing and distribution agreements, consortia, or licensing arrangements. Alliances require thinking in terms of "combinations" of firms. For example, Japanese firms often cooperate in order to penetrate new markets, which has often proven to be a key step to market dominance.[7] International

FIGURE 1

BENEFITS AND COSTS OF INTERORGANIZATIONAL COOPERATION[13]

Benefits
Develop opportunities to learn and adapt new competencies
Gain resources
Share risks
Share cost of product and technology development
Gain influence over domain
Gain access to new markets
Enhance ability to manage uncertainty and solve complex problems
Gain mutual support and group synergy
Respond rapidly to market demands and technological opportunities
Gain acceptance of foreign governments
Strengthen competitive position
Costs
Lose technical superiority
Lose resources
Share the costs of failure
Lose autonomy and control
Lose stability and certainty
Experience conflict over domain, goals, methods
Experience delays in solutions due to coordination problems
Experience government intrusion and regulation

companies often ally with local companies to yield successful entry into new markets, drawing on the knowledge and customer bases of the local company, in conjunction with the capital and technological resources of the international firm. Working with competitors often is the basis for an alliance against a common enemy. Newspapers often share facilities to compete with television, auto dealers compete yet share advertising, and pharmaceutical companies use each other's sales forces.[7] Joining forces is further desirable in the face of difficult economic conditions or the combined power of other alliances. Alliances may also be useful in enhancing flexibility, innovation, and performance in customer–supplier relationships. Captive supply units, not subject to market pressures, tend to develop cost, quality, and technology gaps. Alliances may thus be able to secure the benefits of vertical integration, without the drawbacks associated with ownership.

Successful alliances appear to have several key ingredients, beginning with shared objectives among the participants. Commitment is based on mutual need; the alliance will endure only so long as mutual need exists.[9] Risk sharing completes the bond, creating a powerful incentive to cooperate for mutual gain. It is important to note, however, that mutual reliability means mutual vulnerability. Relationships matter a great deal in alliances, the success of which requires mutual trust, cooperation, and understanding.[8]

Alliances have been labeled as "virtual corporations," seen as temporary networks of companies that come together to exploit fast-changing opportunities.[10] Such corporations share costs, skills, and access to global markets. Their key attributes are identified as technology and information networks; excellence, as each partner brings distinctive competencies; opportunism in meeting specific market opportunities, trust, as partners share a destiny; and borderlessness, as suppliers, competitors, and customers cooperate. The key is flexibility—absent hierarchies and vertical structures, as alliances enable companies to broaden offerings or produce sophisticated products less expensively.

What problems face alliances and how are they managed?

Alliances must be carefully entered into, with clear objectives, a realistic appraisal of an organization's skills and resources, and knowledge of the strengths of each partner.[11] Alliances should be approached carefully and systematically; it is often critical that potential partners share common or compatible cultures, and similar approaches to issues and problems. Partners must understand their motivation in entering an alliance. Alliances are designed to create competitive strength or augment a strategic position, not hide weaknesses.[12] As such, they are seen by many as anticipating long-term relationships, established for strategic purposes. Furthermore, alliances must generate tangible value, leading to win–win relationships. It has been found useful in organizations to have a "champion," or "boundary spanner,"[13] whose personal objective it is to see the alliance succeed. In many ways, the notion of alliances, and the underlying premise of strength through cooperation, are hard for American companies and managers to accept. The sense of individualism, desire for control, and "not invented here" syndrome often make American companies uncomfortable with alliances.[14] The close bonds required by alliances are inconsistent with traditional American business practices. For example, the IBM–Apple alliance will be successful only if the two companies are willing to place their need for this alliance above other priorities.[15] They must learn to appreciate and adjust to each other's views, rely on each other's information, and respect each other's need to maintain their own internal cultures.

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How have alliances performed?

Surveys indicate that chief executive officers (CEOs) of American companies tend to be much less positive about the results of alliances as compared to their European and Asian counterparts.[14] Joint ventures appear to be especially problematic. In examining why alliances are seen as unsuccessful, the following reasons have been suggested:

- alliances are judged by short-term financial results rather than long-term strategic objectives
- there is a lack of trust among the partners

- an uneven commitment and imbalance of power exist
- individuals at lower operating levels (who must make it work) are not informed about or involved in the alliance
- there is an absence of clear understanding of partners' respective motivations and expectations
- there is a lack of mutually accepted performance measures[16,17]

Thus, lessons from other industries and countries suggest that alliances provide the opportunity and potential to add value to organizations, but that many challenges need to be addressed in their development and operation. At issue now is how the concept of alliances applies in health care.

WHAT WE THINK WE KNOW: ALLIANCES IN HEALTH CARE

Alliances in health care function in a larger environment, and that larger environment is likely to influence the development and performance of alliances. As described by Zuckerman and Kaluzny:

> In health care, much of the development of alliances can be traced to changes in the environment. As access to needed resources is threatened and new challenges are presented to health services providers, organizations seek to reduce their dependencies on and their uncertainty about the environment by banding together. . . . While there is clearly a growing degree of interdependency, there also remains a substantial amount of organizational independence and autonomy not possible under other interorganizational arrangements such as horizontal and vertical integration. Alliances appear to offer flexibility and responsiveness, with limited effects on the structure of participating organizations. In recent years, we have seen these new organizations become institutionalized as a form of organizational cooperation involving organizations heretofore considered autonomous, if not competitive, entities.[18,p.5]

These conditions apply to all parts of the American health care industry. Health care providers enter into alliances in order to gain economies of scale and scope, enhance the acquisition and the retention of key resources, expand their revenue and service bases, increase their influence, and improve market position.[19] Alliances, transcending existing organizational arrangements, permit activities not otherwise possible, link organizations through shared strategic purpose, provide access to technologies previously unavailable, and capitalize on the growing need for organizational interdependence.[20,21] Alliances make it possible to gain access to resources without owning them, encouraging organizations to look outward as well as inward as they struggle with how to do more with less.

What are the types of alliances in health care?

Alliances in health care may be categorized into two general types. The first may be described as "lateral," or "service alliances,"[22] in which similar types of organizations, often with similar needs or dependencies come together to achieve benefits such as economies of scale, enhanced access to scarce resources, and increased collective power.[19] For example, alliances have formed among hospitals based on common religious preferences, particular types of hospitals, or geographic distribution. These alliances serve to take advantage of pooled resources, thereby expanding the strength and capabilities of any single members to benefit the entire membership. Their domain can be extensive, including group purchasing, insurance, information sharing, and human resource management, among the array of programs and services.

The second type may be described as "integrative," in which organizations come together for purposes largely related to market and strategic position and securing competitive advantage. Many of the attributes of such alliances are incorporated in Kanter's[22] formulation of "stakeholder alliances," emphasizing linkages among buyers, suppliers, and customers; Johnston and Lawrence's[23] "value-adding partnerships"; and Alter and Hage's[13] notion of "systemic networks." These alliances may be illustrated by the emergence of "corporate partnerships," linking providers and suppliers through long-term agreements and close relationships. Of particular interest will be the role of alliances as a mechanism to build integrated delivery and financing systems.[24] Such systems are defined as regional, market-based organizations, serving the health care needs of a defined population.[25] These systems are being developed to achieve vertical as well as horizontal integration, clinical as well as administrative integration, and integration of financing as well as delivery. How such systems achieve integration is a key issue. There is reason to believe that alliances will play an important role in their evolution, representing a mechanism to

achieve integration without the necessity of ownership and/or control of each of the key components. These integrative alliances will likely prove especially important in the context of an already changing environment.

How do alliances form?

The formation of health care alliances may be described in terms of stages of development or a life-cycle model. Each of the stages or each step in the life cycle has important implications for successful development of the alliance. For example, the Kanter[26] formulation, which appears quite applicable, proposes that alliance formation moves through stages defined as "selection or courtship," "engagement," "setting up housekeeping," "learning to collaborate," and "changing within." The first stage requires each organization to undertake a realistic appraisal of itself, as well as of each of the potential partners. After developing the basic agreement in the engagement stage, partners next begin to experience the difficulties in making the transition to a new form and relationship. They experience problems with coordination of resources, cultural differences, opposition to the alliance, lack of understanding, and dissimilarities in operating styles. Thus, the learning stage calls for building mechanisms—strategic, tactical, cultural, interpersonal, and operational—to bridge these gaps and overcome the barriers, while the final stage involves the internal changes needed to sustain the relationship over time.

In a comparable approach, Forrest[27] proposes three stages: "prealliance," "agreement," and "implementation." Like Kanter, Forrest emphasizes the importance of careful appraisal and selection of an appropriate partner, calling for a close fit in terms of expectations, values, goals, interdependence, trust, and commitment. The agreement stage serves to specify the terms and conditions of the alliance—its scope, objectives, resource requirements, management structure, mechanisms for conflict resolution, exit terms, and performance measures. In the implementation stage, emphasis is on open communication, timely decision making, ongoing review of objectives to ensure consistency with a changing environment, and strengthened mutual commitment.

Viewing the development of alliances in terms of a life cycle, steps along the way may be portrayed as "emergence," "transition," "maturity," and "critical crossroads."[28] Perhaps most applicable to the "lateral" alliances noted earlier, alliances among organizations that share ideology or resource dependencies emerge in response to environmental threats or uncertainty. Seen as a less costly organizational alternative and providing an opportunity to reduce dependency, members early on develop purposes, expectations, and criteria for participation. In the transition, mechanisms for control, coordination, and decision making are established, and trust and commitment are heightened, setting the foundation to enable the members to secure anticipated benefits as the alliance matures and grows. In reaching the critical crossroads, members face demands for greater commitment, more centralized decision making, and more dependence upon the alliance for needed resources, which are, to some extent, counter to the reasons for initially forming the alliance, thereby raising the specter of withdrawal or creating a more hierarchical type of organization.

Moreover, public policy is likely to greatly influence the stages of the life cycle.[29] For the past decade, public policies have stimulated the growth of alliances as they have forced health care systems into greater efficiency or at least into imposing lower costs on public and private sector purchases of their environment. These policies have presented serious threats to some health care organizations, as illustrated by the efforts of the federal prospective payment system for reimbursing Medicare services, as well as state policies restricting capitation expansion in the industry.

Much of the alliance activity of recent years may have been stimulated by threats to continued success of organizations, or at least by the perception that these threats existed or would soon exist within their environments. These policy initiatives may change over time from essentially negative to more positive. This shift will likely stimulate even faster growth of the alliance phenomena in the next few years. One clear example of a policy shift toward such supportive effort is found in the possible changes in antitrust laws. The Clinton proposal for health care reform, for example, included specific attention to the effect of existing antitrust laws on the shift to vertically integrated delivery systems. As these systems move into place, initially conforming to the cooperative spirit characterizing alliances, other forces pushing for stability and accountability will influence the nature of these relationships, thus moving toward a more permanent interorganizational relationship based on ownership among former alliance participants. As

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such, we may well witness the influence of public policy shifting focus from a "lateral" to an "integrative" arrangement.

How are alliances operated?

Sustaining alliances over time requires constant vigilance. It is clear that the relationships within alliances are fragile and characterized by constant change. Members must believe that they are stronger together than they would be separately, and that ongoing commitment of time, energy, and resources is needed to secure the anticipated benefits. Indeed, in contrast with the long-standing control model of organizations, alliances are more appropriately defined in terms of a commitment model. As Kanter suggests, "... if an increasing amount of economic activity continues to occur across, rather than within, the boundaries defined by the formal ownership of one firm, managers will have to understand how to work with partners rather than subordinates. . . ."[22,p.192] Such a model underscores the importance of designing and communicating common purposes; developing realistic expectations; and clearly framing the domain, scope, and activities of an alliance. As the purposes of an alliance may shift over time, the operating domain and the membership, too, may need to be reassessed. For example, as many hospital alliances evolved from "association" type efforts toward a "business" focus, areas of activity and criteria for members had to be reassessed. Likewise, as noted by Weinstein,[30] as member organizations address their attention to building vertically integrated health care systems, the role and contribution of their national alliances likely will be reassessed. Managing these potentially profound changes and balancing the interests of multiple constituencies are delicate and difficult tasks, testing the commitment, openness, and willingness of members to share resources and information, and challenging the alliance to add value and provide strategic benefit continually.

In assessing how alliances are sustained over time, several key themes emerge. First, is the critical nature of the selection of an appropriate partner(s). It is seen as essential that participating members or partners of an alliance are rigorous in analyzing themselves and each other as to compatibility and complementarity of goals, purposes, vision, and values, and possession of clear indications of interdependency. Second, is the underlying "glue" of alliances—trust and commitment. Partners must be candid, open, and fair in the workings of the alliance, and able to recognize that continued nurturing is needed to maintain the alliance over time. In fact, the fragile nature of alliances leaves open the question of whether they will prove to be temporary or permanent organizational phenomena. In large part, the willingness of members to remain will depend on their perception as to the extent to which the alliance is crucial to the long-term viability of their organization. Third, the terms and terrain of the alliance must be clear, the operating rules explicit, and expectations mutually understood and agreed upon. Fourth, partners must learn from and be strengthened by the alliance. Alliances are seen by many as mechanisms to supplement and complement the core capabilities and knowledge of an organization, not as substitutes for internal development.[31] Indeed, as Lewis notes, "there is no reason to cooperate unless you grow stronger by the experience."[7,p.50]

How effective are health care alliances?

Defining and assessing the effectiveness or performance of alliances are subjects of serious attention in many quarters. The performance of alliances may be viewed along either or both of two dimensions—performance as seen by those who are key internal stakeholders within the alliance and by those who are external stakeholders, outside but affected by or otherwise interested in the alliance and its impact. To date, attention has been devoted primarily to performance or effectiveness as perceived by those within the alliance. For example, Kanter[22] suggests that effective alliances are those characterized by the "six I's":

1. The alliance is seen as Important, with strategic significance, and getting adequate resources and management attention.
2. The alliance is seen as a long-term Investment, from which members will be rewarded relatively equally over time.
3. The partners in the alliance are Interdependent, maintaining an appropriate balance of power.

4. The alliance is Integrated, in order to manage communication and appropriate points of contact.
5. Each alliance member is Informed about plans for the alliance and for each other.
6. The alliance is Institutionalized, with supporting mechanisms that permeate Interorganizational activities and facilitate the requisite trust relationships among the members.

The effectiveness of health care alliances can be considered in terms of both a variance and process perspective.[32] The variance perspective focuses on outcomes, seeking to identify variables that explain variation in alliance performance. For example, are there identifiable changes in market share or financial performance attributable to alliance membership? This perspective is appropriate for analyzing the effects of an alliance on various indicators of performance and/or factors that account for specific stages of the adoption process. The process perspective, on the other hand, focuses on particular conditions, events, or stages in the overall development process. For example, are problems faced in the early stages of alliance development different from those experienced in later stages? This perspective is appropriate in considering the interaction among various factors as alliances and participating organizations adapt over time. Furthermore, application of both the variance and process perspectives occurs at two levels, the first being the alliance as a whole and the second being the organizations comprising the alliance. A related approach views performance in terms of an alliance's ability to achieve stated objectives, acquire needed resources, satisfy key stakeholders, and add value to the membership.[19] Performance would be judged in the context of an economic dimension (e.g., economies of scale, new sources of revenue and capital), an organizational dimension (e.g., market position, human resource management), and a social/political dimension (e.g., access to care, availability of services).

WHAT WE SHOULD KNOW ABOUT ALLIANCES

While lessons can be learned from industry, and alliances are a reality in health care, the future will demand greater insight in the development and operation of alliances in health care. The issue of effectiveness will take on greater meaning and impact. With major structural and strategic changes already underway in the marketplace, the role of alliances as a key component in the development of integrated health care systems will be scrutinized carefully. These emerging integrated systems will be held broadly accountable for their performance, not only internally but externally as well. Such organizations will continue to evaluate themselves in order to enhance operating performance, and thus they will continue to assess financial performance, changes in market share, employee satisfaction, and so forth. However, they will also find increased accountability in the context of public and social demands, and will be assessed in terms of such factors as access to care, availability of services, and improvements in the health status of a defined population. Furthermore, the unit of analysis will shift to a broader perspective, centering on episodes of care and indicators defined on a per capita basis. Health care managers and providers are entering a new era of defining and assessing the characteristics and performance of alliances.

What is, and how do we measure, an alliance?

Alliances, as emerging realities, present some fundamental challenges. Their lack of definition, dramatic development, and need for measurement all suggest that attention needs to be given to fundamental questions of definition and measurement.

Definition of an alliance—the need for a taxonomy

When we see new forms of organizations emerging, how we cognitively describe them is important in itself. The process of naming social activity creates bounds and a context for understanding and expectations. As Scott (1993) suggests, "old dichotomies have failed,"[33] citing organization–environment and markets-hierarchies as the two that are most inappropriate in a world of alliances. We need to develop a more sensitive scale and determine if there are directional effects or multiple, organic systems that can explain and predict.

Alliances can and do take on very different forms while adhering to a general concept. That general concept of independent organizations collaborating for common goals is too general to allow comparison with other forms of production. One useful set of dimensions to describe alliances is based on strategic intent, scope of activities, and degree of control.[34]

A taxonomy is key to understanding a system of structures as they change. New and old versions of an alliance are different from alternative types of alliances; maturing alliances may become yet another

type. The naming of types reflects the differences we can see and represents the distillation of our assessment of an organization.

Indicators of alliance performance and operations across varying forms

A major requirement is to understand the range and mix of outcomes of alliances and how they both differ from and are like outcomes from other organizational forms. We must be able to scale and quantify outcomes that are multiple and potentially conflicting. Obviously, there are conflicting goals among alliance members as they enter networks or agreements, and successful alliances begin to develop a feeling of consensus over the outputs of the arrangements, while those that fail cannot agree. This process is important in and of itself, but the measurement of whatever is agreed to be an alliance and its output is the necessary condition for comparing and measuring their effectiveness.

What are the managerial challenges?

Effective management requires basic understanding of structure, process, and outcomes, as well as developmental process. There are many substantive questions that should be asked about alliances and their effectiveness within the context of health services. Below, specific questions corresponding to the process, structure, and outcomes of alliances, as well as their development, are presented.

Outcomes

Outcomes of the alliances are of key interest because these describe the social goals of organizations, and their future depends on the quality and relevance of these outputs. Outcomes are the basis for measures of the effectiveness, efficiency, and productivity of alliances, and how we define outcome is crucial to performance.

- What alliance forms are most effective? For example, are the same forms that have proven useful for short-term, temporary alliances, proven equally useful for longer-term, permanent alliances? Similarly, are there differences among alliances organized informally, or via contractual arrangements or equity positions? Clearly, we must find the most efficient and effective forms to promote in policy and to guide practitioners toward implementation. This process rests heavily on the decisions we make about outcomes measurement.
- Can performance influence structure? It is equally clear that the structures of alliances have evolved as a reaction to conditions that demand rationalization of effort and superior performance, and may cause changes in the rules that guide structure. It is important to predict how much of this does happen and can happen.
- What feedback loops are available? Alliances require significant investments in information transfer for the maintenance of the alliance itself, and this maintenance burden may overwhelm any planning, review, and modification process.
- Does prior alliance experience or prior relationship among partners predict success in future alliances?
- What alliance forms are most effective for implementation? Implementation is a necessary, but not sufficient, condition for effective performance. Are different alliance forms more easily implemented—yet have only marginal effect—versus forms that are more difficult to implement, but have more substantive effect? Consideration needs to be given to the breadth of relationships among participants, degrees of commitment, exclusivity, and the authority of alliance to act on behalf of members.
- Is there learning in alliances as in other institutions? For example, do alliances serve to shorten the product development cycle? Do alliances reduce capital requirements in product development?

Structure and process

Alliance structure and process are of interest because they focus on the mechanics and activities and represent the potential leverage points for the development of policy and management options.

- What are the organizational and environmental predictors of alliance success and performance—legal, geographic, cultural experience, governance scale, and traditional network characteristics such as centrality and dominance? For example, cultural differences have been cited as barriers to effective alliance performance. Complementarity among participants has been suggested as a key variable. Degree of dependency may be another important factor associated with alliance success—supplementing and complementing, not substituting for, competen-

cies. Degrees of trust and commitment among parties are continuously referenced as factors related to success.

- How does the structure and size of an alliance relate to the types of services and resources shared across the alliance? Are there negotiation process and conflict resolution strategies that are effective, and under what conditions?
- How can we effectively create governance structures that take into consideration the needs of rural components who have relatively fewer resources to bring to an alliance, but that demand equal voice and influence?
- What information systems and transfer mechanisms can best cope with the demands for quality, sharing, and accountability? What mechanisms can be put into place to ensure technology transfer among participating organizations, and how does the alliance assume that existing information technology is used?
- How do alliances develop their products and services and get them to the market? Do alliances serve to shorten the product development cycle and/or reduce capital requirements?
- What are the antitrust issues alliances face? Specifically, do the cooperative structures that characterize alliance activities interfere with competition? For example, do alliances seek to engage in dividing up markets, fixing prices, or limiting competition? This will be of particular concern where organizations in the same market seek to build an integrated system using the alliance as a connecting mechanism.

Formulation

Alliances are not static, but involve a dynamic interchange with a larger environment providing resources for their various activities. Resources include funds, information, and personnel, all of which shape the way in which the alliance functions.

- What competencies are required in alliances that we do not have in adequate supply? This relates directly to several observations that we will need more boundary-spanning workers who can process paradoxical and conflicting organizational goals and who also understand the diverse needs of rural and urban members.
- What is the role of needs assessment in the allocation of resources? How does the approval process differ with an alliance configuration? This is especially relevant when there are imbalances tied to geography.
- How do we develop a standard of effectiveness and quality that can be used for accreditation of alliances, taking into consideration size and location? Perhaps more basic is whether the concept of accreditation is relevant to the alliance form.
- Are there transference skills that are effective in horizontal and not in vertical alliances and vice versa?
- How do you manage alliances in such a way as to accommodate political and policy influences? Many policy differences exist between urban and rural constituencies based on differences in their economies; these differences spill over into institutional arrangements and must be considered.
- What is the proper role of academic medical centers in alliances? Particular emphasis is needed on vertical dimensions—what is the role of academic health centers in building integrated delivery systems? How well can academic health centers integrate into clinical teaching and research functions within such systems without adversely affecting overall cost structure of the system? How can academic health centers link with rural communities to provide access to technology, as well as ensure a systematic flow of patients.

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Alliances have come to health care and while we are learning from their development in other industries, the future lies in developing an alliance between both the research and practice communities, better determining what we "should know," and distinguishing that from what "we think we know." A strong working relationship between the health services research community and the practice community benefits all parties. The practice community, concerned with the rapid and chaotic changes in health care and its own markets, wants to know what will work "on Tues-

day," not in 1997. Managers are entering into uncharted territory for their organizations. They are looking at financial incentives that have shifted completely, seeing former competitors as possible partners, and are beginning to realize that their organizations may have to take on a radically different form if they are to survive and fulfill their missions. They are desperate for some guidance, history, and indication that they are on the right track.

The research community is anxious to understand the changes that are taking place, the incentives that are driving them, and what changes are successful. They need real world laboratories and input to make this research relevant and useful. This curiosity is born out of a wish to know what the future will bring. This desire to know what will happen is not unique to the research community; providers need to know what the future will be like in order to adjust in time and anticipate changes that will affect their ability to perform. Effective action, however, requires that we distinguish what we know from what we think we know and what we should know.

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