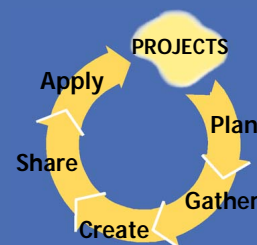


# Global Alliance

## BP and Bovis Lend Lease

### Radical re-thinking pays dividends



## Background

BP and Bovis Lend Lease established the Global Alliance in 1996 with the aim of improving capital productivity in BP's retail site development process by aligning the business objectives of the two partners. Bovis Lend Lease's remuneration each year is linked to the Alliance's performance measured against agreed benchmarks on a balanced scorecard which covers health and safety, cost, time and quality, and performance in maintenance activities. Personal incentives for UK employees are linked to pan-European weighted average performance. The whole culture of the Alliance emphasises teamwork, learning from experience and sharing knowledge across national boundaries as the keys to success.

The latest Global Alliance agreement runs until 2004 and covers Austria, France, Germany, Greece, Netherlands, Poland, Portugal, Spain, Switzerland, Turkey, United Kingdom, and the USA. In the UK, it covers both management of BP's retail capital investment programme and maintenance of the service station network.

## Learning at the Global Alliance

The Alliance has run a successful 'Lessons Learnt' initiative for several years, and its facilitated knowledge sharing system (called 'konnnect') gives all its staff access to lessons learned and expertise worldwide. Knowledge management is not a separate business activity: it is the result of numerous daily acts of searching for better ways of doing things.

The alliance is expected to challenge existing practices in order to deliver performance and cost improvements. The 2002 challenge for the UK team was to cut the total cost of a standard service station by more than 25% and save 2 weeks in construction time, while maintaining service levels. They were expected to:

- make capital expenditure savings which could be replicated across the network in the UK and other countries
- use new thinking to deliver BP's retail services more efficiently and effectively.

Given the savings which had already accumulated since 1996, this target required a major paradigm shift, rethinking the assumptions and functional requirements behind the current design of a service station.

The team tackled the challenge with a combination of Foresight Review and standard value management techniques such as a focus on function rather than product, and involvement of experienced people to get the benefit of their individual and collective knowledge.

## Using Foresight Review

A multi-disciplinary team of eight was formed with representatives from design and innovation, project management, commercial, procurement and external suppliers and contractors. Further knowledge and experience was brought in on an ad hoc basis from Bovis Lend Lease.

Four half day working sessions, one to two weeks apart and facilitated by the team leader, worked through three main phases:

- **understanding** the challenge and the influences affecting the achievement of the target and **identifying** focus areas
- **brainstorming** ideas and alternatives, including experience from previous projects, and
- **analysis and evaluation** of proposals using pre-set evaluation criteria.



*“Our ability to apply the best available knowledge is a key point of difference for us in the marketplace”*  
(Bovis Lend Lease)

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### **Phase 1: Understanding the challenge and identifying focus areas**

In the first session the team reviewed information on cost and performance from historical projects to give them fresh insights into BP's functional requirements for a service station and provide them with the basis for developing an evaluation criteria for new proposals.

They evaluated every focus area and building element to find those which had both the potential to make a big impact on cost and scope for new kinds of solution. The easy cost saving measures had been adopted in earlier years so the team looked at whole systems — for example, the design, source and installation of the whole electric system.

They designed their evaluation criteria to recognise the same benefits as the Alliance's scorecard — capital cost, life cycle efficiency, safety, and ease of installation and maintenance.

### **Phase 2: Functional analysis and brainstorming alternatives**

There were two sessions in this stage. In the first, the team investigated the basic functionality required by each of the chosen areas and elements, focusing on what they wanted it to do rather than dwelling on its physical nature. This made space for creativity, enabling participants to share functional solutions they had used or tried before. In the second session they brainstormed alternatives to current systems, looking for solutions that had worked before and would do what was required. Team members selected ideas they each wanted to pursue and develop further from the brainstormed list, according to their own areas of speciality.

Although this process was divided into two sessions the identification of element functionality and brainstorming of ideas was actually iterative. This was a peak learning activity for the team: sharing tacit knowledge for the benefit of the project.

### **Phase 3: Proposal analysis and evaluation**

In the final working session each team member presented a draft proposal showing how their chosen solution could be implemented and how it would pass the evaluation criteria.

The approach finally adopted is expected to reduce costs by 29 - 33%, beating the 25% target by a substantial margin.

## **Lessons learnt about Learning from Experience**

The Global Alliance's approach aligns with the three key questions for Foresight Reviews:

- the multi-disciplinary team brings in people with experience of similar projects and understanding of what works
- gathering information and identifying focus areas concentrates energy and resources into providing powerful insights into what is important and relevant
- defining components by their desired functionality creates space for creativity and brings objectivity to the examination and evaluation of ideas.

But they believe learning activities and programmes can only achieve business benefits if the right enablers are established and reinforced — a committed leadership, a performance need for sharing experiences within the organisation, a focal point for a learning journey, and appropriate team and individual motivators for achieving excellence.

In the work on the 2002 challenge, three enabling factors were particularly important:

- the inherent purpose of the business virtually eliminated resistance to the proposal, and the common purpose encouraged the sharing of ideas
- the Alliance leadership made a visible commitment to the project by facilitating the process and helping the team achieve its targets, and
- the participants knew that success would bring career benefits such as the opportunity to lead the transformation process and to share their outcomes with Global Alliance teams in other countries.

### **An example**

With traditional contracting and delivery methods the process for fitting out the shop on a service station used to take three weeks. Through the Alliance Network, the team reviewed experiences across Europe for the supply and installation of shop furniture and equipment. A Portuguese supplier was identified and found to be competitive and effective. In discussion with the company a process was developed where much of the shop interior was pre-fabricated in Portugal, then transported to the UK together with a Portuguese installation team. This cut on-site installation time to one week and cost 20% less than the original method.



Foresight Reviews aim to answer three key *Learning from Experience* questions:

- 1 Who's done this before, is working on something similar, or knows something about it?**
- 2 How did they do it, and what else do we know that's relevant?**
- 3 How can we do better?**

The Learning from Experience project was supported by DTI under the Partners in Innovation scheme