



## BP Capability Accelerator Program

### Creating a Step Change in Procurement Expertise

Following a period of mergers and acquisitions, BP is focused on an organic growth agenda which recognizes Procurement as a **key lever** for delivering business value from an annual spend of approximately \$40 billion (excluding crude oil and associated products). Delivering value requires unlocking more complex sources such as total cost of ownership, revenue enhancement, innovation and process improvement – in partnership with the business strategies. To capture these sources of value, the **Capability Accelerator Program** was implemented to quickly achieve a significant step change in procurement capabilities.

The program was designed to compress three years of personal development, into an intensive six month period using expert, on-the-job coaching. This comprehensive approach improved technical procurement and non-technical capabilities through **eight core modules**. These are:

Module 1	Living Strategy and Programme Management
Module 2	Leadership Partnering and Enrolment
Module 3	Strategic Communications and Storytelling
Module 4	Internal Performance Management
Module 5	Strategic Sourcing
Module 6	Financial Decision Making
Module 7	Strategic Cost Management
Module 8	Supplier Performance Measurement and Management

Three waves of participants over 16 months were selected according to their role, interest level, and potential ability to develop further expertise within the Procurement discipline. Each wave of the program began with an initial **Orientation** event where they are introduced to the program. Prerequisite activities were given to level set understanding of Management Accounting and Economic Evaluation principles and Stakeholder Management and Engagement. They also created a clear plan of their business deliverables to effectively target the coaching.

Participants were then independently assessed against the desired comprehensive skill set for their role. A tailored **Personal Learning Plan** was developed for each individual, informed by the identified skills gaps and the ability to apply the skills to a deliverable. Following this, an **Induction** event was held at which participants received their **Personal Learning Plan** listing the modules and coaching hours deemed appropriate and relevant for them.

A formal **Graduation Day** marked completion of each wave of the program, in which participants demonstrated new found skills through an interactive sourcing game with Procurement leaders participating in the 'game' as stakeholders. Achievements were recognized with an evening event.

### Scope of Step Change

The program targeted 140 senior members of the global Refining & Marketing ("downstream") and Corporate & Functions ("indirects") Procurement community who either create or deliver procurement strategy. This group, located in Europe, North America, Africa, Australia, Indonesia,

Dubai, India, Singapore and Mexico, represented one-third of the total Procurement community and were responsible for managing around one half of BP's total third party spend.

## **Innovation in Delivering Capability Step Change**

The innovative design and delivery of the program increased the effectiveness of learning by aligning the content and timing of skills development to business challenges facing the participant - -- unlike conventional training which is generically delivered and used opportunistically.

The modular curriculum was designed to cover the technical and non-technical procurement skills needed. The framework within the modules enabled flexible application to participant's needs. Additionally, two learning enablers were used to enhance learning. A 3<sup>rd</sup> party tool called '**Master it Faster**' was used to provide participants with accelerated learning skills. **Peer Learning Groups** were established, which provided networking opportunities to discuss challenges they face in their various roles and attempt to solve common procurement issues.

The program applied skills development to delivery of business results in 'real time' through a combination of techniques:

- One-to-one expert coaching;
- Interactive structured learning sessions in groups; and
- e-Learning

Skills delivery was supported by expert coaches from both internal sources (including BP Finance) and external sources (IBM Business Consulting, JMW, and Anklesaria) and applied to participants' deliverables such as category strategies, programs, projects, and implementation plans.

## **Measuring Impact of Capability Step Change**

Both the progress in delivery of each participant's Personal Learning Plan and the satisfaction with coaching received was monitored weekly by the BP Program Office. Coaches also met to identify any synergies that would provide greater impact on learning/deliverable. Demonstration of the participant's increased effectiveness after completion of the program was measured through stakeholder/line manager surveys. All of these actions ensured that both quantitative and qualitative performance targets were achieved.

Other parts of BP have brought into and acknowledge the program's benefits. For example, Exploration & Production are piloting the program within Procurement while the Retail business has applied design principles into their convenience store trading & category management community.

## **Sustaining the Change**

Participants received follow up plans to support continuous education. For Procurement professionals throughout BP worldwide, many features of the program have been developed into a sustainable learning framework. These include:

- Creation of a "pull" for learning;
- Proactive management of selection into learning modules that cover total skills required;
- Consistent calibration of assessment of skills gaps;
- Consideration of relative importance of skills and timing of skills application in personal learning plans;
- Inclusion of expert coaching in order to take the application of skills to the next level;
- Program management in creation, delivery, and measuring impact of learning plans



**Capability Accelerator Program  
Endorsements**  
*Supplementary Material*



# Quantitative 360° feedback from Wave 1 confirms that the Accelerator is having a significant impact



## Results

Almost 50% of responses indicated a perceived significant improvement in the skills area

Most of the remaining responses indicated some improvement with evidence of application, for an average score of 3.3 on a 4 point scale

This level of improvement was seen by business stakeholders, line managers, participants and coaches

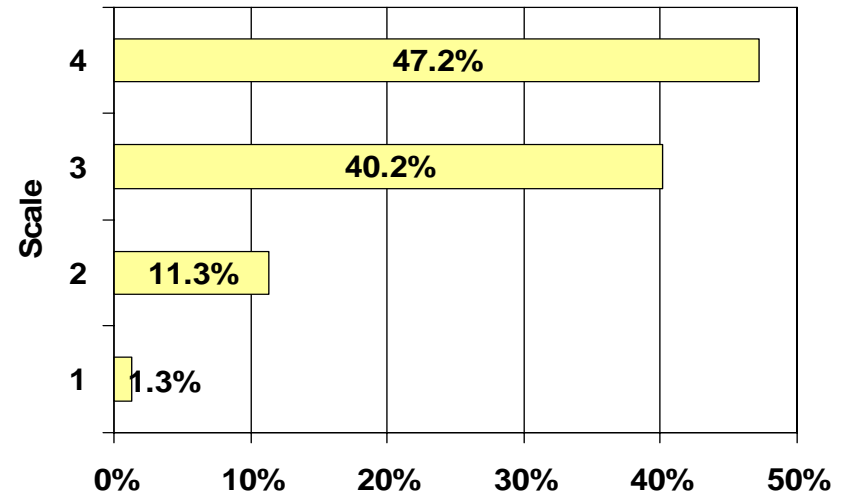
## Response Rate

- 80% of participants issued, on average, 6 to 7 surveys to line managers, stakeholders, coaches (& themselves)
- Each survey contained, on average, 13 questions on skills areas covered by the candidate's learning plan
- 67% of these surveys completed/ returned

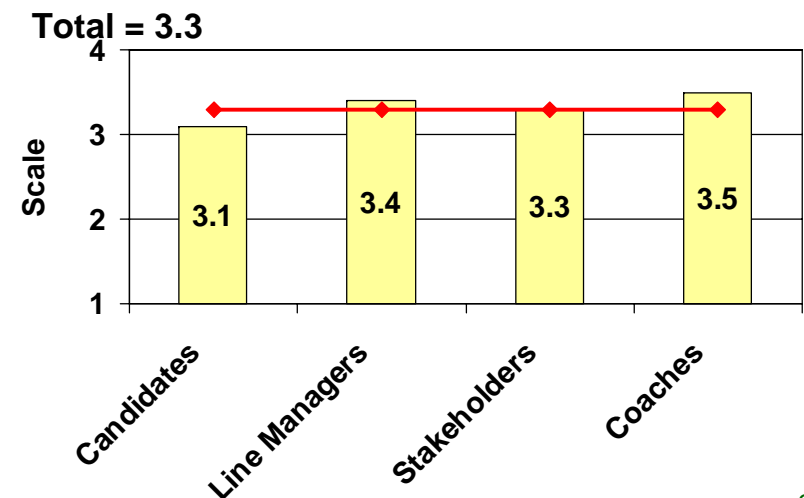
## Scale

1. No improvement
2. Some improvement with little opportunity of application
3. Some improvement with some evidence of application
4. Significant improvement with evidence of application

## Level of Improvement



## Average Score by Respondent



# Stakeholder feedback reinforces quantitative feedback on perceived skills improvements



## What stakeholders said ...

“great progress in telling a compelling story around the packaging strategy”

“good analysis is leading to well planned negotiations”

“engaging different suppliers outside of existing markets”

“approached tasks with a win/ win mentality”

“knowledge of the market, value/ risks ... and an innovative and effective supplier strategy”

“lots more interaction with local Aral teams”

“improved negotiating tactics on fuel additives”

“noticed X applying skills in strategy review meetings, site visits, emails, documentation, phone calls”

“training of Procurement support to USCO enormously valued ... excellent success story”

“how X is leading procurement and commercial meetings”

“excellent support in negotiation of Ogilvy contract”

“work done on tobacco demonstrates significant improvements around strategic sourcing”

# Manager feedback reinforces quantitative feedback on perceived skills improvements



## What line managers said ...

“helped create the pull we are now receiving from the business”

“ development of supplier KPIs in managing supplier performance”

“marked improvement in how she approaches conversations”

“superb job in telling the additives story”

“delivery of extraordinary value in the catalyst area”

“pull from businesses to add resources”

“communicates in structured way that wins hearts and minds of key stakeholders”

“moved supplier relationship to a significantly new level”

“articulates clear and compelling story with both context and hard edged financials”

“communications with stakeholders aligned with broader strategy”

## The program has been recognised by others outside BP Procurement as a leading initiative



**“The BP Procurement Accelerator is a most impressive capability building programme which measures team members’ competency levels and proposes a tailor made development programme to close identified gaps. I am delighted that I have been able to afford the same opportunity to members of the European retail category teams and in addition to buying skills extend the scheme further to include category management.”**

**Simon Galkoff**

**BP European Convenience Trading Director**

**“At a time when many purchasing organisations are going through tremendous change, it is great to see an organisation such a BP having the foresight to recognise the need for new skills in purchasing and to invest in their purchasing people in such a novel way. AstraZeneca were very impressed by the way that BP deployed this programme and are now piloting the approach in Europe and the USA.”**

**John Miller**

**Procurement Capabilities Director**

**AstraZeneca**

**Capability Accelerator referenced in enclosed  
IBM 2005 Chief Procurement Officer Survey  
“Taking Center Stage”  
(See following page)**

# Excerpt from: IBM 2005 Chief Procurement Officer Survey “Taking Center Stage”



...In the end, transforming procurement into a competitive advantage depends on winning the battle for talent. With the marketplace's shallow talent pool and internal financial constraints, companies cannot depend on hiring to fill all of the gaps; businesses have to develop expertise among their existing staff. And, with today's economic and competitive pressure bearing down, companies do not have time for traditional staff development approaches. The re-outfitting of procurement personnel must happen in months, not years.

## **BP: Building capabilities for complexity**

As part of BP's transition from inorganic to organic growth, procurement has been identified as a key value lever in delivering the business strategies. In order to capture this value, the focus has been on taking Procurement from a somewhat reactive, internally facing, service function to a proactive, market-facing, business capability. As the organization and accountabilities have progressively moved toward market-facing lines, attention has shifted toward building the capabilities necessary to capture and deliver the increasingly complex sources of value. The first priority has been to build category strategies in support of the business strategies. These were developed in 2004 in consultation with stakeholders using a common framework. Performance management within the function is progressively shifting toward category lines as these strategies become operational.

The next priority has been to build both the skills (leadership, strategic, financial, program management, technical and communication) and the knowledge (business strategies and supply markets) within the organization necessary to capture complex sources of value. BP is using recruitment and coaching to achieve this objective. Recruitment covers sourcing commercial talent from within BP, expanding its graduate programs and finding experienced professionals from outside BP who can fill key gaps (for example, market knowledge/experience or strategic process expertise). Coaching helps develop the key talent already existing within the organization. BP has taken an innovative, programmatic approach to capability development which it calls the "Capability Accelerator." The approach is designed to compress three years of development into six months through expert, on-the-job coaching. Individuals are independently assessed against "role model" job profiles, and receive a tailored, blended learning plan that covers the full set of skills required - not just technical ones. The program is being delivered in **waves** to 140 key members of the global procurement community between July 2004 and October 2005. Program management is being driven internally by BP, with expert coaches coming from both internal (such as BP Finance) and external sources (such as IBM), depending on the module. The program's impact has been encouraging so far, and many of its features, including blended learning and expert coaches, are likely to form part of BP's ongoing learning program beyond this "Accelerator" phase.