



2010 WINNING CASE STUDY

Best Small Firm

Boxwood with Balfour Beatty



Executive Summary

Balfour Beatty Ground Engineering (BBGE) was showing solid performance in a competitive market but wanted to break out of a pattern of steady but unspectacular growth and marginal profitability. With Boxwood as their partners, they embarked on an ambitious programme of transformational change to increase revenue and profit and transform the way the organisation worked in order to secure their place as Industry Leaders. Whilst BBGE's industry experience and technical skills were as important as ever, they recognised that additional skills would be required to initiate and sustain a real transformation to the business.

Throughout the programme, Boxwood worked closely with BBGE staff to transfer and embed these key skills: the design and implementation of change so that it really sticks even in difficult and resistant environments, a robust approach to project and programme management and a process improvement mindset together with the skills to deliver it. Boxwood and BBGE jointly designed and implemented a structured programme of change impacting all areas of the business from site operations to internal business processes, customers and suppliers. The journey was long and tough but after 20 months of working alongside Boxwood, BBGE could see that real change had taken place in their organisation, as demonstrated by uplifted financial results and a workforce with new skills and a new way of working that would continue the upward trend.

Opportunity faced by the client

In 2007 Balfour Beatty Ground Engineering was formed following the acquisition of Pennine Vibropiling by Stent Foundations, to provide a platform for further acquisition in the ground engineering discipline. Graham Wren, the MD of BBGE had the ambition to grow quickly through acquisition to become Industry Leaders in Ground Engineering – the company that everyone wants to work for and with. Whilst the two BBGE businesses were already well regarded and successful with solid performance and acceptable margins, the market was extremely competitive and the goal of Industry Leadership would only be achieved with a step change in performance and mindset, breaking out from traditional performance standards in construction. BBGE chose Boxwood as their partners for this transformation because of their track record in delivering such changes and their focus on capability development and skills transfer to their partners.

Project Background

The Excellence Programme was launched within BBGE in May 07. The vision and targets for Industry Leadership were articulated across all areas of the business:

- Industry-leading revenue and profit
- Maximise value to our customers
- Operational excellence every time
- The employer of choice

Specifically, the financial targets for the programme were to increase turnover from £82M to £120M and net profit from 5% to 10% in 2 years. Most importantly, the Excellence Programme would act as a vehicle to equip the BBGE workforce with the skills and capability to continue the upward trend in performance. The programme consisted of three phases:

- Prepare phase – an eight week investigation into the nature and size of the opportunities that existed within BBGE, carried out by a joint client/ consultant team

- Deliver phase – delivery of a coordinated set of projects to achieve the goals, again carried out by a joint team with an emphasis on skills transfer and coaching
- Sustain phase – the business continues to perform and deliver to agreed targets and continuously improve after the consultants have left.

Consulting Activity

From the outset the programme was a joint partnership designed to combine the industry knowledge and technical skills of BBGE with the Boxwood experience of making large scale business transformation happen, their track record of success in operational performance improvement in similar industries and their project and programme management skills. There was a joint team consisting of Boxwood consultants and full time BBGE people – the kind of people who were key to the organisation and hard to release, demonstrating that this programme was top priority for management.

Prepare Phase

The purpose of the initial eight week Prepare phase was to identify the opportunities which would deliver the objectives of the Industry Leadership goal. Additionally, and crucial to the overall success, it was designed to really engage the organisation and start the process of making a large scale transformation happen. During this phase the joint team consisted of 11 BBGE employees from all levels across the business including site staff, operations staff, sales, marketing and internal business management. The Boxwood team numbered nine.

The team started by interviewing more than 10% of the organisation to understand the culture, issues and aspirations of the organisation. Then, guided by a number of hypotheses, the team investigated the opportunities for improvement in site operations, plant and maintenance operations, manufacturing operations, sales and marketing and internal business functions – HR, internal communications etc. At this stage, the results of the investigations quantified the scope and size of opportunities, rather than prescribing solutions – this was to come in the next phase.

During the Prepare phase, the Executive team were kept involved and informed through four formal updates and informal discussions in between. The updates were prepared and presented by the joint team, with the BBGE element of the team taking sole responsibility for presenting the final update.

Overall, the findings of the Prepare phase helped compile a business case and implementation plan for the next phase which was signed off by the Executive.

The solution was focussed on achieving the financial targets set as part of the Industry Leadership goal. The scope of work stretched right across the business in recognition of the fact that true transformation needs everyone in the business to play their part.

Whilst the deliverables of the individual projects in the plan would themselves add value to the business, the process of carrying out the projects was designed to change the way people worked – to become more focussed and rigorous in approach and hence more successful in making change happen. A key aim was that this capability would become embedded within BBGE and create a sustainable uplift in performance, not just a quick fix.

Deliver Phase

The programme plan for this phase was split into six workstreams, each led by a BBGE Executive Sponsor. Each workstream comprised a number of individual projects, led by a BBGE Change Agent and supported by a Boxwood consultant. For this phase there were approximately 20 part time change agents at any one time and six Boxwood consultants.

The workstreams and examples of some of the projects were:

- Business Excellence – Internal Communication, Key Performance Indicators, Knowledge Management, Managing Business Improvement Projects

- Strategy & Growth – Business Strategy, Geographic Expansion, Risk and Opportunity Management
- Sales Excellence – Estimating and Bidding, Customer Relationship Management, Cross Selling (between BBGE businesses), Sales and Marketing Organisational Structure
- People & Structure – Recruitment, Competencies, Performance Management, Acquisition Integration, Graduate Recruitment and Development, Employee Engagement
- On-site Excellence – Reducing downtime and delays on site, Efficient Contract Start-Up,
- Plant and Materials – Procurement of Key Materials (concrete, steel), Factory Efficiencies, Future Factory Strategy, Plant Yard Improvements and Efficiencies
- Overall 50 individual projects were kicked off during the 20 months that Boxwood worked with BBGE with the discipline of regular monitoring and steering used to manage and focus activity, allocate resources and ensure benefits delivery.

The Boxwood consultants worked closely with the Change Agents and Sponsors, coaching and transferring skills in performance improvement techniques, project planning, managing stakeholders, influencing people, making change happen and measuring results.

Governance

The programme was steered monthly by the Executive team, with the Boxwood Programme Lead in attendance. The Industry Leadership goal, articulated across a Balanced Scorecard was used to determine Key Performance Indicators towards which all projects worked. The aspirational balanced scorecard was also used as a simple and visual communication tool.

Sustainability

In order to ensure a lasting culture of performance improvement, BBGE and Boxwood jointly developed and embedded a continuous cycle of: measuring performance; identifying ways to improve; creating and managing improvement projects through to successful completion and; measuring the impact on performance. This process was rolled out in every department, with relevant measures cascaded down from the BBGE level KPIs.

BBGE also needed to transition from 'The Excellence Programme' to 'Business as Usual'. This was a deliberately low-key and planned transition from a high profile Programme, with consultants present in the organisation, to a new way of working, led by a motivated and aligned management team.

Success Factors and Challenges

Benefits

The Excellence Programme delivered well against its objectives. After 20 months turnover had increased by 40% to £115M, and net profit had doubled at 7.9%. The other KPIs across the balanced scorecard had also delivered well; in particular operational down-time had decreased from 35% to 15%.

The organisation now had a performance improvement culture, led from the top and there was the vision to continue setting more ambitious targets and the skills to deliver them.

Challenges and Lessons Learnt

The biggest challenge was the downturn which started to affect the business around 6 months into the Deliver Phase. The reaction of the MD was to stress the importance of the Excellence Programme more than ever and to ensure that it was focussed on delivering benefits that would strengthen the company through the recession. Although the turnover target looked increasingly unattainable in the context of a market slump, the improvements in gross margin were a source of great strength in such challenging times. For example in one of the BBGE businesses, gross margin (on site margin, not taking overheads into account) previously at an average of 15%, rose to 24% as a result of Excellence Programme work and continues at this level today.

The lesson that strong sponsorship = successful delivery was reinforced here in BBGE. A huge emphasis was placed on the pivotal role of the sponsor - the time, drive and personal qualities needed to be a strong sponsor. Careful consideration was given to who was the best fit sponsor for each project. In the Deliver phase, the majority of the BBGE employees were involved in projects on a part time basis. This frequently created tension between time spent on the day job and time spent on improvement work with resulting delays in progress at times. The solution to this was to ensure that individuals were allocated or volunteered to work on projects closely aligned to their day job and personal targets so that time invested in the project would improve their day job in due course. This message was reinforced by senior leadership on a regular basis.

The Client/ Consultant Relationship

The client/consultant relationship was a true partnership. Both partners shared their skills with the other to work towards a common goal. BBGE employees were involved, side by side with consultants, right from the start and this continued throughout. The Boxwood team built strong relationships with their client counterparts, coaching and providing support. In many cases the Boxwood consultants were pleased to receive genuine personal thanks for the contribution they had made to helping with an individual's work and career. These deep relationships that last beyond the life of the project are a mark of the way Boxwood work.

“Working with Boxwood was a breath of fresh air – they were direct and honest, making us address issues we were avoiding or ignoring. They got under the skin of our organisation and really made things happen differently so that our goal became a reality.”

Graham Wren – MD of BBGE

“When we set our targets with you at the start of this programme, nobody actually believed that they were truly achievable and yet here we are 18 months later and those same targets start to look unambitious – that is the true measure of just how much this business has changed.”

Justin Perry – MD of Stent