

In 2004, BP's Lubricants business set out to establish a rigorous performance management model. The goal was to produce reliable tracking information to measure the impact of business-critical communication and engagement activities. Here, Simon Elliott and Helen Coley-Smith describe the building of a model that has pioneered a common strategic framework for the whole organization.

# Building a new performance management model at BP

## A program to track communication's impact on business performance

By Simon Elliott and Helen Coley-Smith

**W**hen BP's Lubricants business introduced its "winning formula" business strategy in 2004, the communication priority was to align the organization around a powerful and compelling vision for the future. To achieve this, we recognized the need to provide employees with strategic clarity and meaning so they could actively participate in the changes needed to realise our business goals and aspirations.

Given the importance of the strategy to the future of the business, and the risk associated with people at any level failing to understand or buy into it, measuring the effectiveness of our communication and engagement activities was high on the agenda from the start.

The obvious solution was to develop a quick and simple method to track strategy implementation. On reflection, however, it soon became apparent this was unlikely to deliver the depth of insights into employee knowledge and motivations that was needed.

Instead the team took the decision to design a much broader performance management approach that we could apply across our entire communication and engagement program. While measurement would be at the heart of the approach, we wanted to go much further; to demonstrate through measurement the contribution and value that communication and engagement brings to the business. The only question was how to do this?

To help us in this task we enlisted the help of Helen Coley-Smith, an independent consultant. Helen provided much needed strategic input, challenged our thinking and brought a wealth of measurement experience to the project.

### Establishing objectives and ideals

Work began on researching what tools, approaches and methodologies were already out there. But it quickly became clear there was not a lot to go on. The inevitable conclusion; we would need to design an approach from scratch, using the best of what had gone before but creating something more tailored to our needs.

Establishing a clear set of objectives was the obvious starting point. We had four:

1) To ensure that communication and

BP's Lubricants business is best known for its Castrol brand of automotive oils. Employing over 7,000 people and operating in some 60 countries worldwide, Lubricants forms part of BP's Refining and Marketing operation.

engagement activities are effective in meeting the needs of the business.

- 2) To evaluate the contribution of communication and engagement activities in terms of impact on employees; and the value it creates for the business.
- 3) To help us allocate limited resources where they would have most impact.
- 4) To deliver insights into key business issues that can be tracked over time and used to influence and inform decision-making.

In addition, we set ourselves a further set of ideals which, if we were successful, would raise the profile and understanding of communication as a strategic driver of business performance:

- To focus the business on areas of strategic importance.
- To make sure employees have the right information, at the right time, to make the right decisions in support of strategy.
- To clearly understand the value-to-cost relationship of communication activities.
- To develop a measurement mindset that focuses people on improving performance.

These objectives and ideals formed the mainstay of our performance management model. The steps we took to reach them are described below.

### Step 1: External research

This was the starting point to help us better understand what we needed to do. It was particularly important to get a strong grasp of the work that had already been done to determine the contribution that communication could make to business performance. This would be at the heart of our approach.

Research reports from organizations such as Sears, Watson Wyatt, Gallup, Melcrum, IABC, MORI, Mercer, Towers Perrin and the Future Foundation were all studied at length. Each provided different and valuable perspectives.

The Sears “employee – customer – profit” model in particular (*Harvard Business Review*, 1998) proved very influential in our thinking. The relevance and power of this model as a way to link communication and engagement activities to customer satisfaction and the bottom line was immediately obvious. We needed something equally compelling and robust for our business.

Investing time in desk research revealed some important clues about the dependencies between actions and consequences. From this, we were able to put in place what was perhaps the most important cornerstone of our methodology – our

**Simon Elliott** is communication manager for BP’s Lubricants business, and is responsible for managing internal communication across the business.



**Helen Coley-Smith** is an independent consultant specialising in organizational communication, engagement and change.



“first principle” as it became known: Identifying the relationship between our communication and engagement activities (our inputs), to what employees know, think and feel (outputs); to the effect this has on employee attitude (behavior and actions); to the contribution to business performance and value creation (bottom line).

### Step 2: Linking measurement to strategy

A next challenge was to apply our “first principle” thinking to our business model in a way which would ensure that when it came to developing our measurement program, we focused on the right things. The solution; a communication “value tree” (see Figure One, next page). This firmly linked our communication activities to the relevant aspects and drivers of Lubricants’ gross margin. The concept of the value tree became our “second guiding principle.”

The added benefit of the value tree was that it fundamentally changed the kinds of conversation we had with stakeholders – it helped people to understand much more clearly the role communication and engagement plays in supporting the business.

### Step 3: Deciding what to measure

With a robust and relevant model in place, our attention turned to how we could bring this to life. We needed measurement to provide critical insights into how we were doing.

This was arguably one of the most difficult

### ↓ KEY POINTS:

- In 2004, BP’s Lubricants business started work on a new method of tracking the impact of communication and engagement activities.
- This was to gain in-depth insights into employees’ understanding of – and motivation to support – a critical new business strategy.
- Five guiding principles underpin the approach. They revolve around enabling communication and engagement activities to be linked to specific performance outcomes in a clear and compelling way.
- BP uses at-a-glance communication dashboards to share measurement results in a way that all stakeholders can relate to.

- ◉ parts of the process. We knew that having absolute clarity on what was to be measured would underpin the entire process. We set ourselves some rules to help keep us on track:
  - What we measure should be strategic rather than tactical and should be completely aligned to our first and second principles.
  - Our approach should be engaging and capable of influencing stakeholders, particularly the leadership team.
  - We needed to explain to people the unique nature of the measurement program and how it differed from other measurement going on in the business.
  - Employees should feel motivated to want to participate in the measurement process. This would require our approach to be relevant and interesting, and to have an unequivocal commitment to feedback and actions.
  - We should defend the survey from being diluted by other requests to measure things outside of communication and engagement.

### Identifying key performance indicators

Armed with a clear idea as to what we were aiming at and why, we were able to move confidently into the next phase; design. Using our first principles we selected two input and four output measures. The inputs were obvious – communication and engagement – the two dimensions that we can directly influence and manage and that drive all that follows.

The outputs were harder to determine. We looked at a wide range of possibilities but in the

end aligned around just four:

- 1) Awareness and understanding (principally around business strategy).
- 2) Commitment to making the strategy a success.
- 3) Confidence in leadership and the future of the business.
- 4) Trust in leadership and the strategy.

These are the key “effects” of communication and engagement – its influence on what employees know, think and feel. Collectively, these six measures were to become our communication and engagement key performance indicators (KPIs) and represented our “third principle.”

### Clarifying KPIs for all stakeholders

In order to provide sufficient depth and meaning to each KPI and to allow us to be more sophisticated in our analysis, we made two important additions to the approach:

- We put a very concise definition against each KPI so that it was clear as to what each represents.
- We introduced three sub-dimensions for each KPI – a strategic, personal and organizational element. This was designed to give us more focus in developing our measurement methodology (particularly when it came to designing survey questions) and to enable us to “dive deep ” into each area. Again a clear definition of what we meant by “strategic,” “personal” and “organizational” was developed for each KPI.

Figure One: BP Lubricants’ communication and engagement “value tree”



The introduction of definitions, while contentious and difficult to do, certainly paid dividends when it came to helping stakeholders understand the results of our work.

### Staying focused on communication

An important realization at this point was that communication is not the only factor that influences our four outputs. Many other things will be at play. We tried to factor this into our thinking in two ways:

- We set out to make sure any questions in our measurement approach were about communication and engagement only – nothing else.
- We estimated the proportion of each KPI that was influenced by communication as opposed to other factors. This varied by output. The proportional impact of communication on “awareness and understanding,” for example, is higher than that for “confidence and trust.”

While allocating proportional impact could never be precise, it was important to manage expectations around what communication can do in a practical rather than an overstated way.

### The Insight survey

Given the importance of understanding how well communication was supporting the introduction of the new Lubricants strategy, it was obvious that “strategy” should be the subject matter and focus for our first round of measurement activity.

We decided on a survey approach that would use a combination of online and paper-based questionnaires to provide the insights we needed. The questionnaire would be a census – going to all 7,500 employees in the business. This meant a serious commitment to translation – we translated the survey into 17 languages – but underpinned our philosophy of inclusiveness.

The questions were designed in such a way that each and every answer would feed directly into and inform one of our six KPIs. This was a key component in the design – our “guiding principle number four.” If a question did not relate to one of the KPIs it was not included. This makes life a lot easier and is a principle that will make future questionnaire development much quicker and more obvious.

We thoroughly tested the questions in advance with a global cross section of employees. MORI was commissioned to carry out the fieldwork.

We also decided to brand the measurement work “Insight,” to promote recognition among audiences and convey the message to people that

## BP'S CRITICAL SUCCESS FACTORS

Based on the key factors that have made measurement a success at BP Lubricants, here are some suggestions for practitioners working on similar measurement projects:

- Develop a tailored solution. Combine expertise in communication and engagement with expertise in research techniques.
- Stay the course – there were several times when we wanted to launch the survey and were asked not to. Being patient and not giving up was important.
- At the outset ensure you and your stakeholders have absolute clarity on why and what you are measuring.
- Do this *before* you think about *how* to measure.
- Position the survey carefully – make sure everyone knows its focus, how it differs from/complements other surveys and why it's a valuable use of their time.
- In working out what to measure, link communication strategy to business strategy, and make linkages with business performance.
- Present the results in an impactful way – avoid death by PowerPoint.
- Enlist the support of external experts to help with both the thinking around measurement strategy and with running the fieldwork.
- Make sure local communicators fully understand and support the survey.
- Make sure you maintain focus throughout and don't get derailed by requests to include issues/questions not related to your objectives.
- Be inclusive; translate the survey into local languages to increase response rates.
- Get the “buy in” and interest of leadership and key stakeholders early in the process, and enlist their support during implementation.

the aim of the survey was to generate insights into how people think and feel, not just produce a book of data which is hard, if not impossible, to act upon.

### Linking survey questions to KPIs

There was nothing special about the questions themselves – it was more the fact that each had a clearly defined purpose in the wider performance management methodology. Typically we explored areas such as:

- I feel I have a part to play in realising our business strategy.
- I receive good communication about the changes that are happening in my area.
- I have opportunities to discuss what changes mean for me in my role.
- My manager gives me opportunities to talk about the communication materials I receive.
- I have opportunities to discuss important business issues with my manager/team.

We had already determined that our primary measure of performance would be the number of employees who responded positively to each question. A five-point scale was used for most questions; any response that was “agree” or “strongly agree” was taken to be “positive.”

In parallel, we developed a performance indicator onto which we could map the extent of

◀ the positive scores. This would show the strength of the business contribution for each KPI. The scale ranged from little contribution (where the combined positive score from employees was below 50 percent) to optimum contribution (when the combined positive score from

employees was above 70 percent). In reality, our KPI's ranged from 50 percent to 72 percent.

## “The results confirmed some suspicions as to what was working and what was not.”

The premise we worked to was that, ideally, we would want all our employees to be positive. The higher the number of positive employees, the greater the business performance.

### The logistics of making it happen

Implementing a survey across 60-plus countries and involving 17 languages brings with it a fair amount of complexity. Thanks to MORI, we were able to manage things smoothly and achieved a return rate of 62 percent. Such a high response was due to careful planning. Notes from local leadership teams to the organization in advance of the survey launch paved the way. Our communication and engagement network based in each of our regions and functions were

### Presenting the survey findings

We recognized from the outset that a key component of this work was to present the results of our insight survey in a clear, informative and compelling way. How many times has measurement fallen down at the final hurdle by not engaging stakeholders sufficiently in the findings?

A communication “dashboard” was our chosen route (see Figure Two, below). It would enable us to present complex data in a dynamic and simple way (also in a format that has more than a passing relevance to our business so people should feel at home). The dashboard would also provide us with the flexibility and means to bring together the other components of our measurement methodology – in one easy-to-understand format. It became our “guiding principle number five.”

While our dashboard provided an at-a-glance view of the business, it also allowed us to access, in much greater detail, how we were performing across the different parts of the organization; and across different dimensions (see Figure Three, next page).

### What we found out

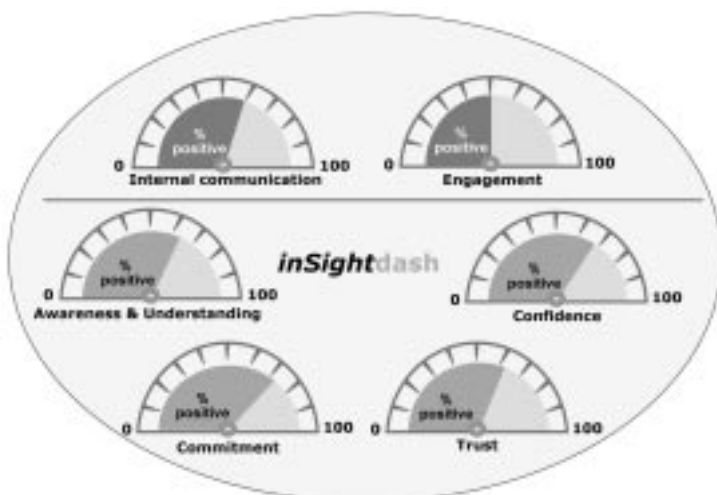
With the Insight survey results gathered, it was time to analyze the results and apply these to our six KPIs. Dashboards were created for the Lubricants business as a whole and also for each of our geographical regions and functions. This way we were able to see and understand variances and to establish key priority areas for action.

The results confirmed some suspicions as to what was working and what was not (we are much better at communications than engagement, for example). But it also provided some surprises and new insights that we could not have imagined.

While there are many actions that we are now looking to take forward, there were four common themes that emerged. These themes pointed us towards some overarching issues we need to address:

- Simplifying and bringing more clarity to the messages, channels and tools we use to communicate with and engage employees.
- Introducing more effective communication and

Figure Two: BP Lubricants’ at-a-glance communication dashboard



engagement planning to reduce confusion and help employees better understand and focus on business priorities.

- Better supporting line managers; helping them better engage their teams – providing more relevance and meaning for employees particularly in the area of business strategy and change.
- Leveraging the very strong pride we see in our brands and in the business to underpin employee motivation.

### Adopting the approach more widely

Other communication and engagement professionals in BP Refining and Marketing, who were also considering how best to go about measurement, quickly became aware of our work in Lubricants. Since then our approach has been adopted by many other parts of the business, which employs some 38,000 people.

This work has been led by Dean Salter, communication and engagement manager for the Refining and Marketing Segment. “Value tree thinking was a key factor in our decision to adopt Lubricants’ measurement approach.” says Salter. “It was instrumental in focusing us on what to measure. It also helped our leaders and managers to understand the specific contribution communication and engagement can make to strategy delivery.”

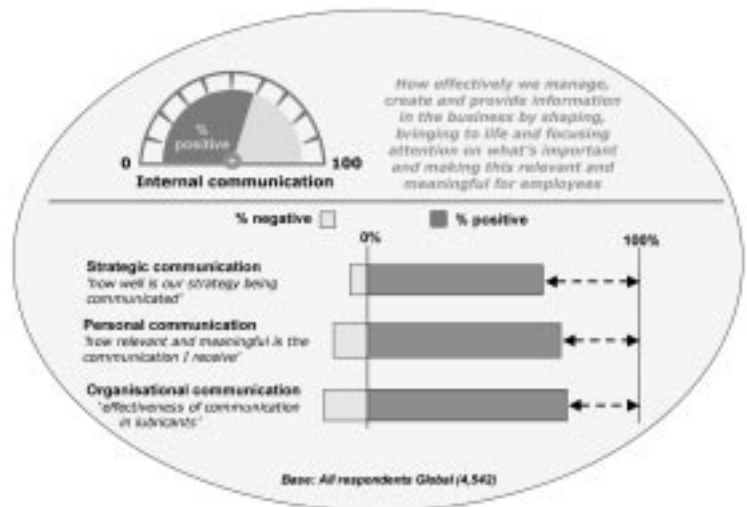
Interestingly, one of the other businesses that have adopted the Insight approach has adapted the methodology for qualitative research and measured communication and engagement effectiveness through focus groups. This is something we will be able to learn from and hopefully introduce in Lubricants later this year.

### Reflecting on the project

It took us from November 2003 until February 2005 to complete our measurement program. Developing our thinking took a number of months. Making sure all of our communication managers fully understood and supported the survey also took time. We had to ensure the logistics of survey distribution and collection worked well, and several times we were asked not to launch the survey due to the timing of other events in the business. It took time, energy and effort – being patient and persistent was important.

At the end of all this we returned to where we had started this journey; our overall model for performance managing communication and engagement. Now, for the first time we had the complete picture and a way to describe

Figure Three: A more detailed communication dashboard



communication and engagement activity as a strategic driver of business value. Not perfect by any means but a major step towards a conversation that for the first time can talk about “communication and engagement return on investment.” [scm](#)

Further reading:

“Ten things we should know about evaluation,” “Revealing the fault lines in communication measurement” and “Using dashboard metrics to track communication.”

SCM August/September 2004 (Volume 8, Issue 5).

#### CONTACT

Simon Elliott  
BP Lubricants

e-mail: [elliots2@bp.com](mailto:elliots2@bp.com)

Helen Coley-Smith  
HCS Consulting

e-mail: [helen@hcs-consulting.co.uk](mailto:helen@hcs-consulting.co.uk)