



VESTED[®] For Success Case Study

BP and JLL

Reimagining Real Estate and Facilities Management
Outsourcing

A Report Authored By: Kate Vitasek

bp and JLL: Reimagining Real Estate and Facilities Management Outsourcing



Since its inception in 1908 the bp story has always been about transitions; from coal to oil, from oil to gas, and then from onshore to deep water. Most recently bp launched a transformation to reimagine and reinvent energy towards a new mix of energy sources as the world moves into a lower carbon future. Any bp employee will tell you the company is not just reimaging energy; they are also reimaging how their entire organization works. And that includes how they work with JLL as a strategic business partner to reimagine facilities and real estate operations globally.

The transformation of bp's facilities and real estate contracts began when Wendy Cuthbert – bp Global Head of Workplace Solutions – joined bp in the fall of 2019. Wendy encouraged bp's RE/FM leaders to explore the University of Tennessee's (UT) Vested methodology. Vested is a business model, methodology, mindset and movement for creating highly collaborative business relationships that enable true win-win relationships in which both parties are equally committed to each other's success. bp engaged UT to host three regional workshops where key bp real estate and facilities management team members could do a deeper dive on Vested.

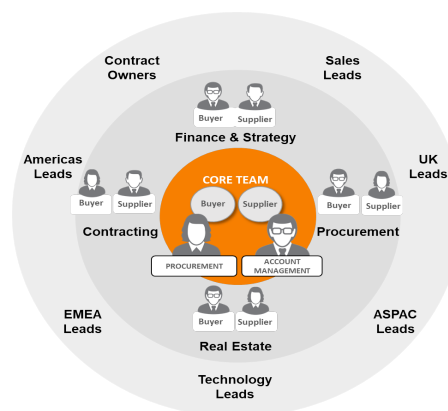
Wendy explains the impact of the workshops: "The workshops helped team members take the Vested theory and see how it could work with what bp wanted to do. I remember the team had to complete some self-assessments. We scored ourselves against the '12 Ailments of Outsourcing' as well as how well our contracts followed the Vested Five Rules. The team would see the gaps and use the workshop time to understand how the Vested methodology could help bp close the gaps."

In the spring of 2020, bp made the strategic decision to create a Vested agreement and ultimately sought to the best supplier from the three down-selected candidates. JLL was ultimately selected as the partner of choice the first week of June 2020 with the goal to work with bp to reimagine workplace solutions across the globe.

This meant big changes. For starters, bp would shift from four primary suppliers with the goal to have one global supplier.¹ In addition, it would mean bp and JLL would create a joint deal architect team to go through the Vested process, challenging all aspects of how bp had worked with the existing service providers. It would also mean both bp and JLL would mutually engage a Vested Center of Excellence as a neutral third-party Vested coach to guide them through creating their Vested Agreement.

Getting Ready for the Vested Journey

The parties began their Vested journey with a two-week "getting ready" phase that included finalizing who would be on the Deal Architect Team and getting team members ramped up to participate in the Vested training courses. The Deal Architect Team would work side-by-side to translate the intent of the relationship into a win-win contract that follows the Vested Five Rules (see figure to the right).





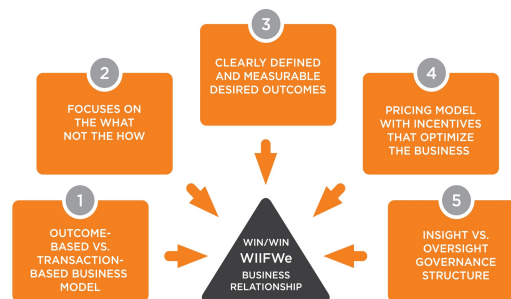
bp and JLL also established Guardrails - which were the companies' pre-agreed walk-away zone. The Deal Architect Team had to honor the Guardrails as they challenged the new ways they would work. JLL's Ardell Bunt (JLL Head of Sales, EMEA) explains, "The concept of Guardrails differs greatly from the traditional approach to negotiating a contract where organizations rarely put all of their cards on the table upfront. In addition, traditional deals are negotiated with an across-the-table mentality. The negotiating team will come up with something but they then need to go back and run decisions up each organization's flagpole to be vetted by each company separately, which rarely are approved by one or both companies. This is highly inefficient and creates a back-and-forth classical negotiation stance."

The Deal Architect Team also established a timeline they would use to put the Vested Five Rules into practice.

Creating the Vested Agreement

The Deal Architect Team began to work through the Vested methodology starting in late April of 2020.

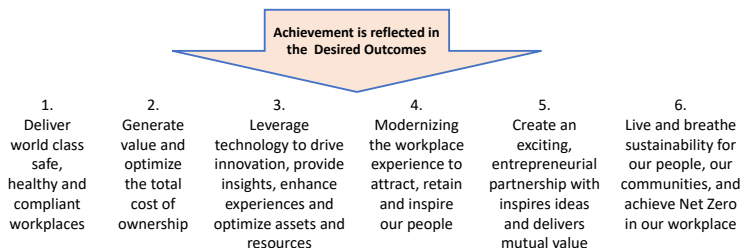
As part of the Vested process, the team took the UT **"Creating a Vested Agreement"** online course and attended workshops where they collaboratively made decisions that were translated into formal contract language. Team members integrated "learning" and "doing," – learning the theory during the course and applying the concepts in practice during facilitated workshops. The order of workshops flowed to the Vested Five Rules (figure to the left).



Rule 1: Focus on Outcomes, Not Transactions

One of the first deliverables from Rule 1 was defining the end-game Shared Vision and Desired Outcomes (figure to the left). As part of the process the partners named the partnership 'wevo' – short for short for Workplace Evolution.

Creating Inspirational, sustainable workplace experiences for our people and our communities



The partners also adopted Guiding Principles which are proven social norms used to create the foundation of a Vested partnership. The Guiding Principles were formally incorporated into the contract which meant not only using the Guiding Principles to make fair and balanced decisions



during the workshops for creating a Vested agreement, but also using the Guiding Principles post-contract signing to guide the parties' behaviors for working together. The Guiding Principles direct team members to avoid the temptation to fall back on power-based or short-term opportunistic behaviors.

Rule 2: Focus on the What, Not the How

Rule 2 is where the parties agreed on the overall “what,” making key decisions and commitments around the scope and responsibilities for the partnership. The scope was vast - spanning 47 sites across 18 countries throughout EMEA, America’s and APAC regions. Facility types ranged from bp’s expansive corporate campuses and the sprawling Pangborn R&D facilities to strategic data centers. It even included a single one-story childcare facility in Houston.

A key part of scoping the wevo relationship was to create what is known as the Taxonomy and Workload Allocation in the Vested methodology. The Taxonomy is an end-to-end inventory of the work needed to be done to achieve the Shared Vision within the scope of the partnership. Completing these two key deliverables differed greatly from the traditional approach of doing a “statement of work” because it is both bilateral and it does not go into detail on telling the supplier “how” to do the work. To finalize Rule 2 the team identified “Ponies” which are transformation initiatives the parties agreed to work on. The Ponies were also used to derive the appropriate incentives for JLL.

Rule 3: Clearly Defined and Measurable Outcomes

The goal of Rule 3 is where the team determined how they would measure and monitor the success of the wevo partnership. A simple way to think about it is that Vested buys the future, not just measuring supplier performance on what they are doing today.

As part of Rule 3 the parties created a Requirements Roadmap which linked measures to each of the mutually agreed Desired Outcomes. The wevo team had 10 strategic objectives linked to six Desired Outcomes. The team then mapped metrics to each objective– with a total of 11 metrics. Mike Jackson (bp’s procurement lead on the Deal Architect Team) explains: “Using the Requirements Roadmap toolkit really helped us think about where we were going. The Vested methodology forced us to think about how to measure where we were going.”

Rule 4: Pricing Model with Incentives to Optimize the Business

The Deal Architect Team selected a smaller subteam of the team to co-creating a pricing model. Some of the key features of the pricing model include:

- *Fully transparent “cost-is-the-cost” mantra* – Full transparency enabled the parties to identify the true cost drivers for both organizations and to create a model that incentivizes JLL to drive down cost and reward JLL for achieving non-cost-related Desired Outcomes such as helping bp achieve its zero-emissions goal
- *Ensure cost savings are not prioritized over quality and safety* –The pricing model included “unlock” targets based on certain conditions; a safety lock meant that JLL must achieve a certain safety threshold to unlock other incentives



- *Include both monetary and non-monetary incentives* – such as contract extensions, recognition/reference cases and expanded scope as non-monetary incentives

Rule 5: Insight Versus Oversight Governance

Rule 5 is where the parties design the governance mechanisms to keep in continual alignment when “business happens.” The governance framework spans four elements (Relationship Management, Transformation Management, Exit Management and Compliance against special concerns and external regulations) and includes 22 design principles. To help operationalize the agreement, the parties agreed on key personnel who would work together in a “2-in-a-Box” manner on key aspects of the agreement. For example, Alan Kane and Lawrence Walker held the role of Commercial Managers and together are chartered to manage and maintain the commercial aspects of the partnership.

Living into the Agreement

bp and JLL signed signing their Vested agreement in November 2021 – a first for bp and the third for JLL. With the contract inked the next step was to shift into deployment. The deployment consisted of the physical transition of the scope and work processes under JLL, and the onboarding of team members around the world on the new Vested Way of working.

bp wanted a smooth transition – what they coined as a ‘safe landing’. bp and JLL agreed to a KPI to measure the effectiveness of the transition. Wendy Cuthbert was impressed with the success of the transition. “We went from contract signing to going live in four months with virtually no major bumps. It was literally the smoothest transition I have ever seen. When you think about the fact we were in the middle of Covid and everything was done virtually, that is mind-blowing.” Wendy continues, “One of the things that made the transition so easy and successful was that we had spent the time building the relationships and co-creating the solution through the Vested Five Rules. We were totally aligned and that paid off during the mobilization. Normally, as you go through a mobilization effort you'll be arguing about scope and budgets and what is not included in the price. With Vested, we didn't have those conversations. Instead, we began seeing some of the Ponies (transformation initiatives) coming to fruition.”

Results and Advice

When bp set out to renew its facilities and real estate contracts it had no idea it would lead to a massive transformation effort and bp's first Vested outsourcing agreement. The wevo team is now past transition and into the transformation phase of their partnership. To date, wevo team members have partnered to deliver over 100 projects in the first year alone with no impact on business-as-usual. They are also breaking safety records – with the U.S. achieving 0 (Zero) recordable incidents. At the time of writing this case study, there have been over 1,000 nominations for both individual and team acknowledgments.



Dom Soocoormanee (JLL’s Sales and Solutions Development Director) is pleased the companies had the courage to make the shift from transactional to transformation. “Going through the Vested process was rewarding and shows the art of the possible when it comes to outsourcing. A well-structured win-win deal aligns everyone’s interests and helps both parties look beyond transactions and seeks the true value in creating transformation efforts. The entire process of a collaborative contracting a deal is so much less stressful and fun than the conventional approach that pits the buyer against the supplier in a classic negotiation.”

Wendy Cuthbert agrees, and challenges organizations to rethink their traditional approaches to outsourcing. “The traditional way of working with suppliers, I'd like to think as has had its day now and that people will start seeing the real benefits of working alongside business partners in a mutual win-win relationship rather than it being one-sided.”

The Deal Architect Team would like to encourage other companies to consider making the shift to Vested and offers the following advice.

Making the Decision to Go Vested	Getting Ready for the Journey	Creating Your Vested Agreement	Living into the Agreement
1. Be brave to challenge the status quo 2. Have a visible champion	3. Don't rush – be ready	4. Have an open heart and open mind 5. Leverage the UT training 6. Follow the Process 7. Get legal in early	8. Onboard! Onboard! Onboard! 9. Live into the Agreement – quickly
10. Use a neutral coach 11. Don't be afraid to go virtual – but go all in virtual and not a hybrid 12. Stick with it			

ABOUT THE AUTHOR

Kate Vitasek is one of the world's authorities on highly collaborative win-win relationships for her award-winning research and Vested® business model. Author of seven books and a Graduate and Executive Education faculty member at the University of Tennessee Haslam College of Business, she has been lauded by World Trade Magazine as one of the “Fabulous 50+1” most influential people impacting global commerce. Vitasek is a contributor for Forbes magazine and has been featured on CNN International, Bloomberg, NPR and Fox Business News.

¹ Project Apollo had multiple “waves” and at the time of this case study wave 1 was complete and wave 2 was in process.

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FOR MORE INFORMATION

The University of Tennessee is highly regarded for its Graduate and Executive Education programs. Ranked #1 in the world in supply chain management research, researchers have authored seven books on the Vested business model and its application in strategic sourcing.



We encourage you to read the books on Vested, which can be found at most online book retailers (e.g., Amazon, Barnes and Noble) or at www.vestedway.com/books.

For those wanting to dig deeper, UT offers a blend of onsite and online courses including a capstone course where individuals get a chance to put the Vested theory into practice. Course content is designed to align to where you are in your journey ranging from Awareness to Mastery. For additional information, visit the University of Tennessee’s website dedicated to the Vested business model at <http://www.vestedway.com/> where you can learn more about our Executive Education courses in the Certified Deal Architect program. You can also visit our research library and download case studies, white papers and resources. For more information, contact kvitasek@utk.edu.



* Prerequisites for *Creating a Vested Agreement* class are:

Five Rules, Is Vested Right?, Getting Ready, and the Vested 3-Day Executive Education Course



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