

Partnering in support of the Defence Logistics Organisation and Royal Navy

babcock



**Presentation to DCDL Mr Tim Flesher
onboard HMS Illustrious 20 April 2005**

Introductions



Captain Ian Jess - MWIPT TL

Bill Dryburgh - Estates Director Clyde - (Ex SFMR)

Stuart Leonard - Project Director (BES)

babcock



Scope



- Fleet Capability requirements for Refit - Ian Jess
- Project Execution - Bill Dryburgh
- Tangible Benefits - Stuart Leonard
- Results - Stuart Leonard
- What next - Stuart Leonard
- Outcome - Ian Jess
- Summary - Ian Jess



Fleet capability for Refit - Customer's Requirements

 babcock

- Maintain the vessel to sustain high readiness until next upkeep period and beyond to Out of Service Date
- Update the vessel to comply with legislation, replace high cost driving equipments and improve habitability
- Upgrade the vessel
 - to enable a degree of Network Enabled Capability
 - to provide Strike Carrier with all GR7/9 Harrier force
 - to enable more effective LPH role
- Delivered within an agreed programme
- To an agreed cost - around £120M
- While allowing for 'some' changes in requirement after start date



Fleet capability for Refit - IPT Procurement Strategy



- Third Carrier refit therefore package was well specified
- But there remained high probability of growth
 - which we wished to minimise
- Inevitable changes in requirement with such a long period in refit
- Could not afford cost or programme overrun
- Also seeking a strategy that would allow ship staff buy-in to the refit
- Did have some experience from other projects
- Considered that HMS Illustrious refit offered an excellent opportunity to partner





Project Execution

babcock



Rosyth Dockyard



- Not a Naval base - No Fleet Time work
- No WSMI
- A commercial site
- The DLO is a lodger on the site
- Warship refitting is just one of the site activities



The Illustrious Partnering Principle

Put simply

Work together Grow Together – create, deliver and share more
benefits
and achieve greater end-user satisfaction



Goals

The Babcock logo, consisting of a blue teardrop shape with the word "babcock" in white lowercase letters inside.

Wanted:

Collective ownership

Best practice model - sustainable for future refits

Fleet user engagement and satisfaction

Reward and recognition

Lasting behavioural change

Tangible benefits



Partnering Contract

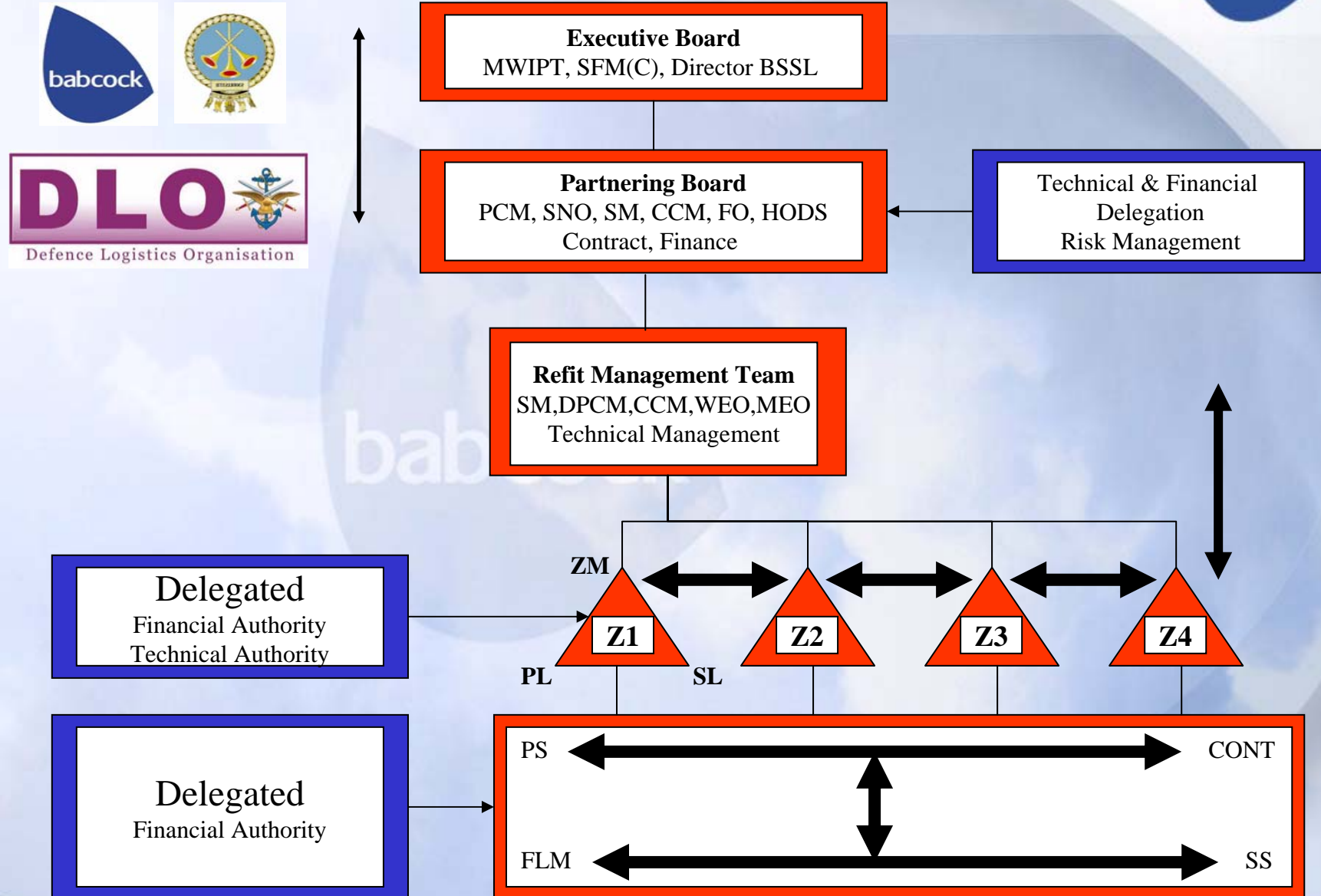
- Target Cost Incentive Fee Contract (TCIF)
- Incentivised to drive down costs
- Sharelines on under/over runs
- Set stretched targets

babcock

babcock



HMS Illustrious RP2 - Partnering Management Structure



Improved Tools and Techniques

- Shared Data Environment (SDE)
- Increased Speed of Decision Making
- Joint Performance Management
- Joint Project Reporting



Speed of Decision Making



- Refit is a dynamic environment
- 4300 changes to contract to date
- Used to take too long to action change
- All changes discussed by Zone triangle
- Empowered delegation
- All must agree
- Challenge value for money / innovate
- Reduced overhead costs



Joint Performance Management

babcock

To demonstrate the successful partnering, the Partnering Board agreed to develop a set of performance indicators based on the following criteria:

- Seven key performance indicators - (project schedule, budget control, process time, inspections, compartment handovers, payment profiles and ship's staff aspirations)
- Efficiency and Innovation
- Benchmarking with other projects
- Monitoring of the Partnering Culture
- The Measurement of Risk
- Capturing and implementing Ship's Staff Aspirations





Tangible Benefits

babcock



Tangible Benefits and Results **(Performance, Cost and Time)**

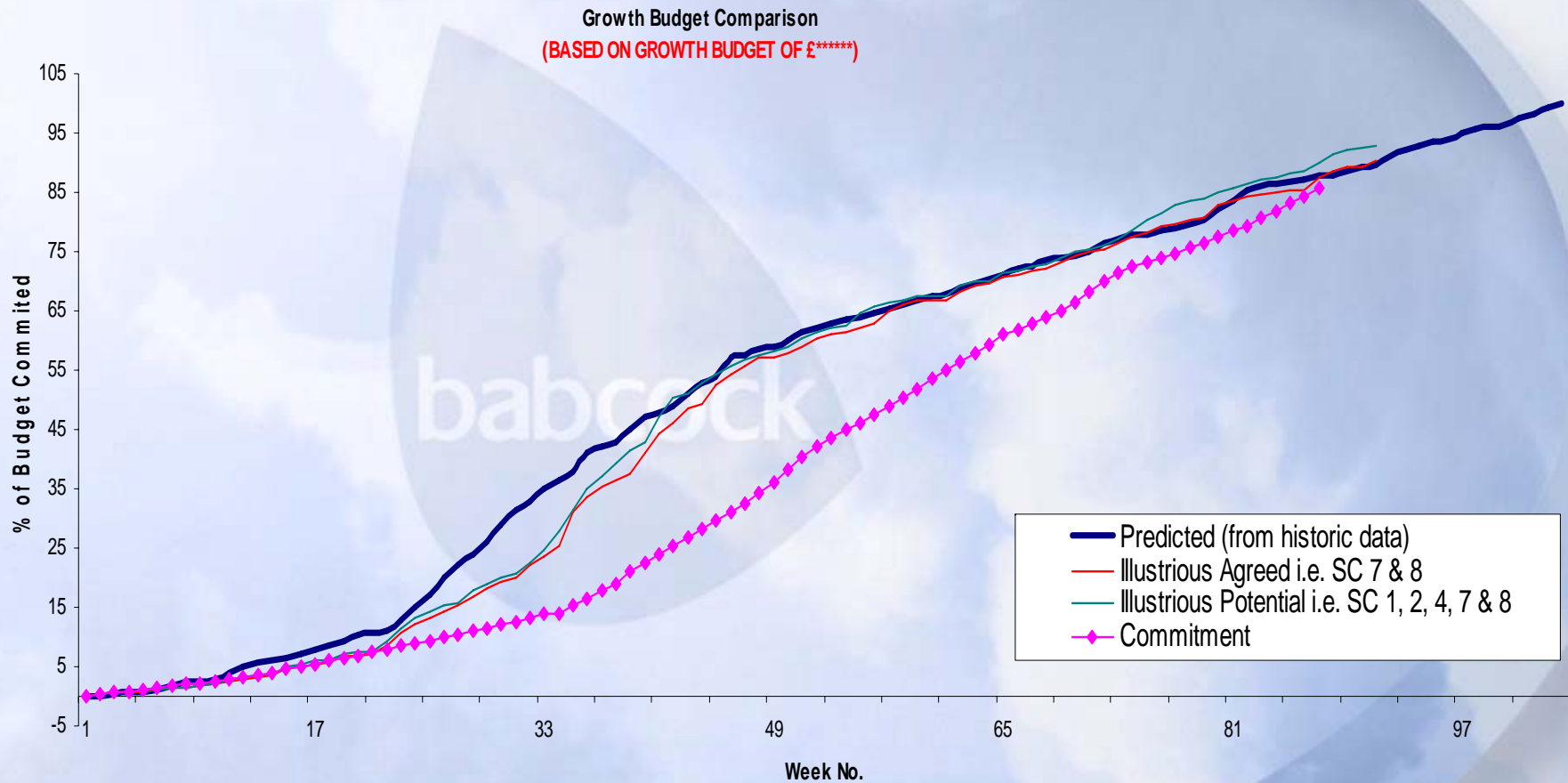


- **Open and tighter Financial Control**
- **Nurturing the Partnering Culture**
- **Delivering Ship Staff Aspirations**

babcock



Open Financial Management 'Monitoring Contract Growth'



Nurturing Positive Culture



Sept 2004

Communication is the Key: Resolve RED, Analyse AMBER, Go for GREEN

PARTNERING CULTURE - CUMULATIVE AGGREGATES (Period 15 - Starting 09/04)

	Q1 Trust	Q2 Openness	Q3 Honesty	Q4 Responsiveness	Q5 Commitment	Q6 Fairness	Overall Assessment
Partnering Board	1	1	1	2	2	2	
Refit Management Team	1	1	1	1	1	1	
Zone 1		1				1	
Zone 2			1		1		
Zone 3							
Zone 4							

= A **GREATER** than expected response to the question
 = The **EXPECTED** level of response to the question
 = A **WORSE** than expected response to the question

No of Green Responses No of Red Responses

Communication is the Key: Resolve RED, Analyse AMBER, Go for GREEN

Communication is the Key: Resolve RED, Analyse AMBER, Go for GREEN

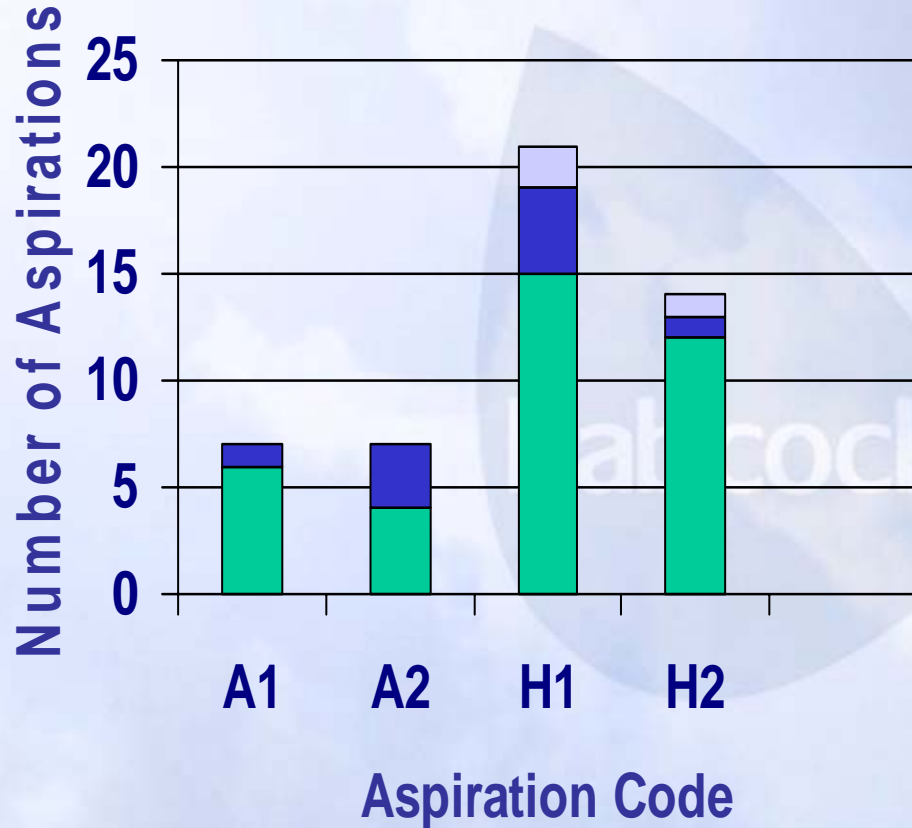




HMS Illustrious Ship Staff Aspirations

KPI No 7 - Achieve 80% of Aspirations

■ Taken On ■ Removed ■ Pending



ASPIRATION CODE INDEX

A1 - Availability Highly Desirable

A2 - Availability Desirable

H1 - Habitability Highly Desirable

H2 - Habitability Desirable

Total Aspirations Target: 40

Withdrawn/changed 9

Rejected 9

Completed 92.5 % (37)





Results

babcock



Results

babcock

Partnering Achievements

Shared data environment

Single joint reporting

Joint decision making

Reduced FAFF

Delivering Ship Staff Aspirations

Capture and record savings through efficiency & innovation (£2.6m)

85 A&A's carried out during refit (original spec)

57 BOM A&A's and updates during refit (£2.8m)

Additional work including Ship Staff aspirations (3.4m)

Holistic work package for staff sea check (£1.4m)

Delivering a financial under run (£2.1m)



Results

- Partnering contributed to the bow wave of activity taken on towards the latter stages of the refit.
- Pressure from this activity in conjunction with Ship Staff training severely strained the partnering relationships.
- Partnering held strong at working level, but not at senior level. The executive board became actively engaged in the decision making process to close the contract out.
- Relationships suffered
- Finance versus time became an issue
- Managing expectations with the ship remote from Rosyth (80,000 man hours from RFS to Fleet Date whilst dislocated)



So What Next?

- Involve major subcontractors in the structure
- Review and refine (IPT, SFM(C), Babcock)
- Communicate the outcome / aspect of this partnering used on TSSBN in DML
- Looking at partnering in competition



So What Next?

- Using this model on HMS Edinburgh's refit.
- Create a win win environment where industry can innovate to deliver MoD objectives and long term savings
- Create an environment where industry can contain upkeep programmes within MoD budget constraints

babcock

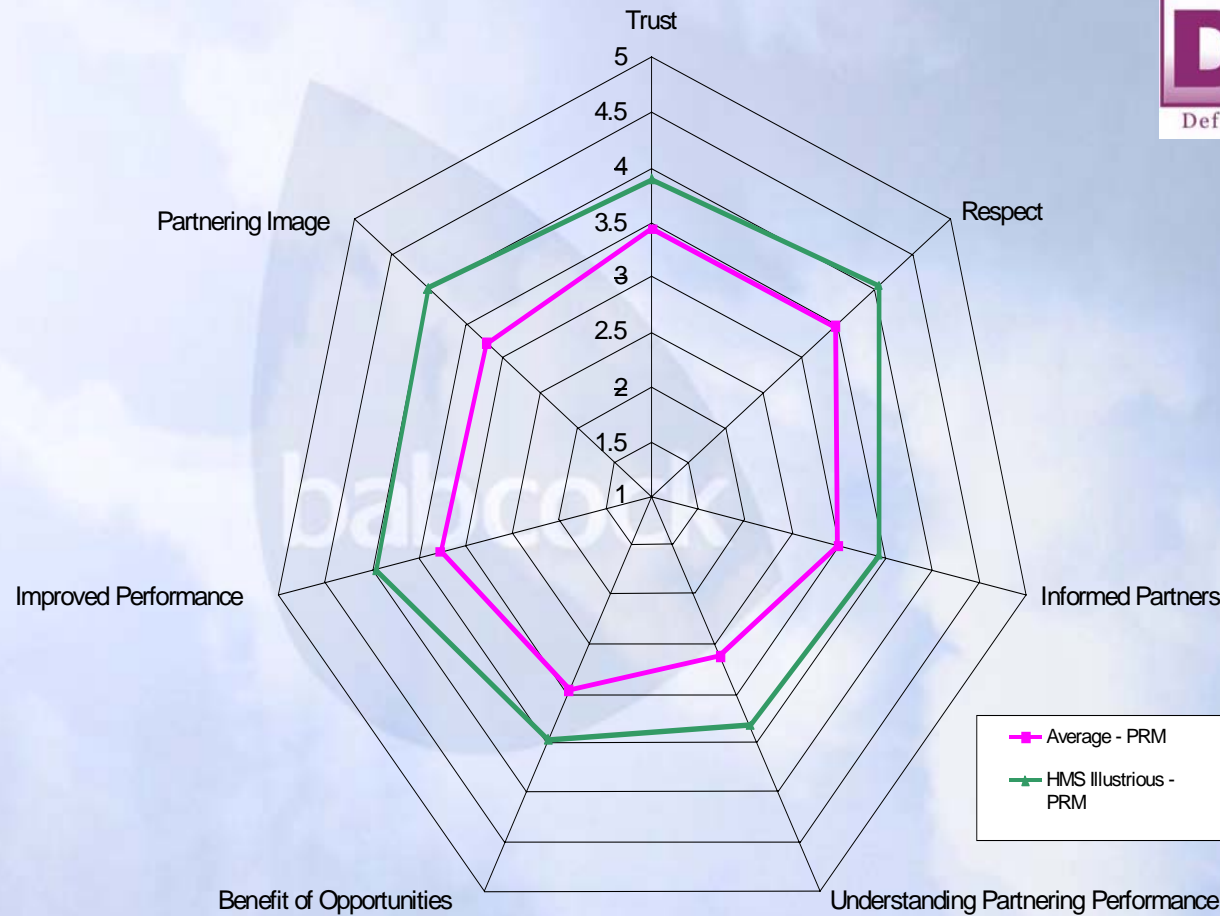


Outcome - How did we perform !

- Incorporated some very significant changes
- TCIF has generated a financial return
- Delivered to programme
- No liabilities outstanding under the contract
- The project was predominantly only at Minor Weakness
- A successful project
 - Joint risk sharing
 - Large capability enhancement package
 - Can demonstrate tangible benefit through documentation
 - Successful partnering model created
- Team subject to external scrutiny including the National Audit Office (NAO)
 - Many aspects found to be best practice
 - Shared through the use of a Collaborative Assessment Tool



HMS Illustrious - Partnering Review Model Results Outcomes



Collaborative Assessment Tool
Independent Assessment by BMT Sigma Ltd

Summary

- Successful completion of a project deemed unaffordable at the outset
- Enhanced capability - the latest upgrades throughout the upkeep
- Satisfied the Royal Navy end user (bought into the refit outputs)
- Completed work within upkeep to assist staff sea checks and OST
- Delivered the contract 1 day early at Fleet Date
- Delivered a financial under run (£2.1m)
- Evolved a partnering model now seen as **Best Practice** in industry
- Model continues to be evolved - HMS Edinburgh





Questions

babcock

