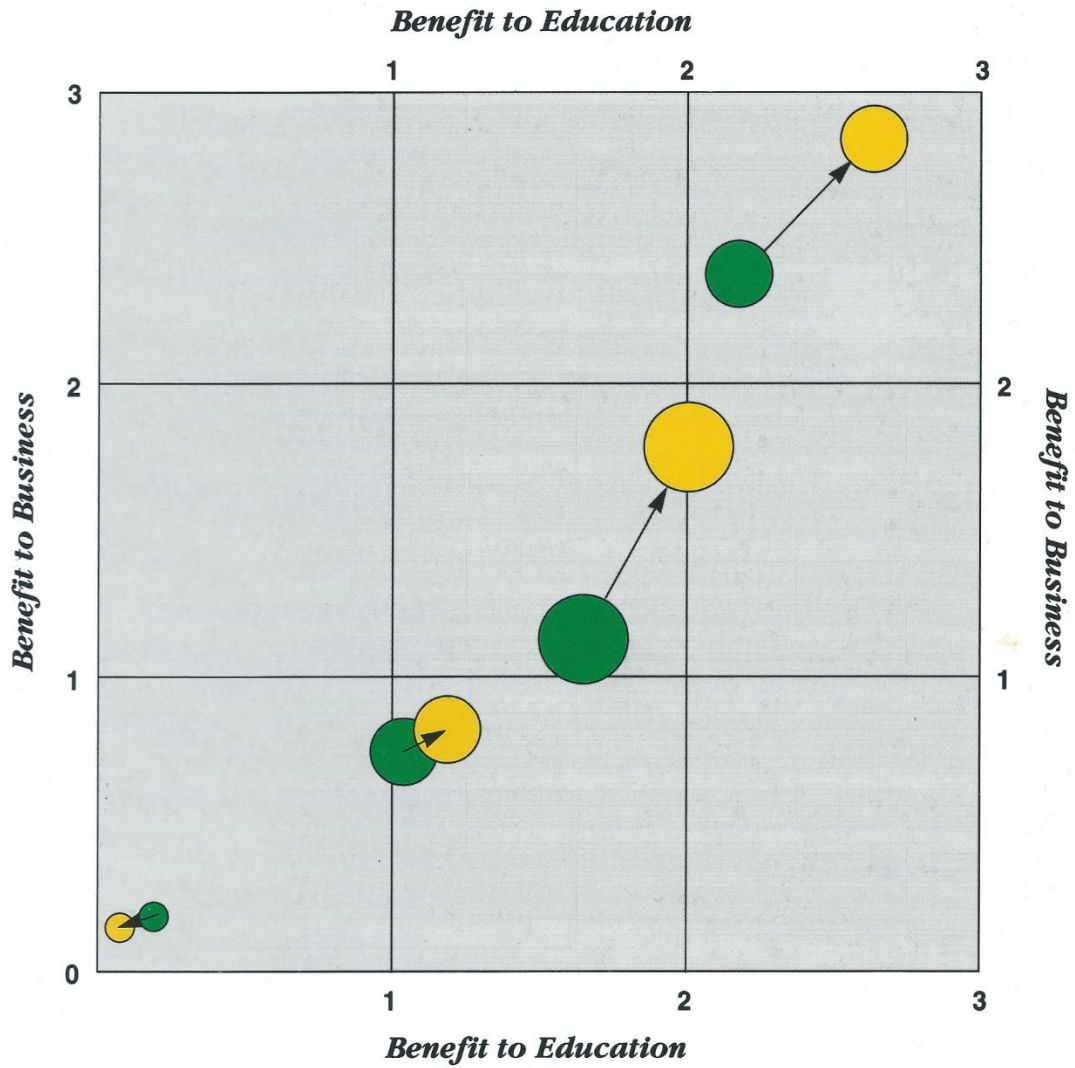




ASSESSING THE *VALUE*



Alan Smithers and Chris Marsden

First published, November 1992,
© BP plc, and Alan Smithers, 1992
ISBN 0-86165-206-1

Foreword

It is BP's policy to act as a responsible citizen and good neighbour in all our operations. A key part of this is our involvement in, and contribution to, local communities and education. This work contributes to a healthy, sustainable economic and social climate in which the company can operate profitably.

This is not a charitable activity but a business tool for enhancing our reputation and licence to operate and for investing strategically in social infrastructure which has impact on BP's business. Worldwide experience has shown us that this requires a partnership approach, through which we and our host communities develop a mutual understanding of each other's needs and concerns and, thereby, a mutually agreed definition of our community role.

In BP, our objective is that working with the community and education should become a normal part of doing business. Therefore, it should be done in a quality, business-like way with clear benefits (i.e. objectives) sought, achieved and evaluated. The value assessment process, which was developed by Professor Alan Smithers, during his year's attachment to BP's Educational Relations team, provides an excellent way to do it.

This booklet describes a full methodology for rational decision making in what is a notoriously difficult, soft area of business. I commend it to my colleagues and to the many of you from outside BP who have expressed interest in this work. It will help in clarifying objectives and making judgements about priorities, particularly important when all expenditures are subject to searching challenge.

A handwritten signature in black ink, appearing to read 'R Seal', with a long horizontal stroke extending to the right.

Russell Seal

Managing Director and Chief Executive of BP Oil

Summary

If working with education is to be a normal part of doing business then its value must be assessed in a business-like manner. In this booklet we show how it can be done.

The method produces a clear display of benefits and costs based on three key questions.

- What are the company and its education partners seeking to achieve?
- What are the impacts of particular projects?
- What are the costs?

The answers obtained through informed judgements, market research or the measurement of variables are expressed as numbers. These are used to position the projects on a graph with the axes Benefit to Company and Benefit to Education. Costs are brought into the picture through the size of the circles drawn to mark the locations.

The approach has been found valuable in clarifying objectives, setting priorities, assessing impacts, identifying opportunities and showing how more benefit can be obtained for both partners; in short, in improving decision-taking.

Contents

Working with Education	5
Business Decisions	5
Assessing Educational Programmes	7
Value Assessment	8
A Typical Session	12
Potential Impact	16
Uses of Value Assessment	19
Evaluation	21
Benchmarking	22
Extensions of Method	24
The Future for Partnership	25

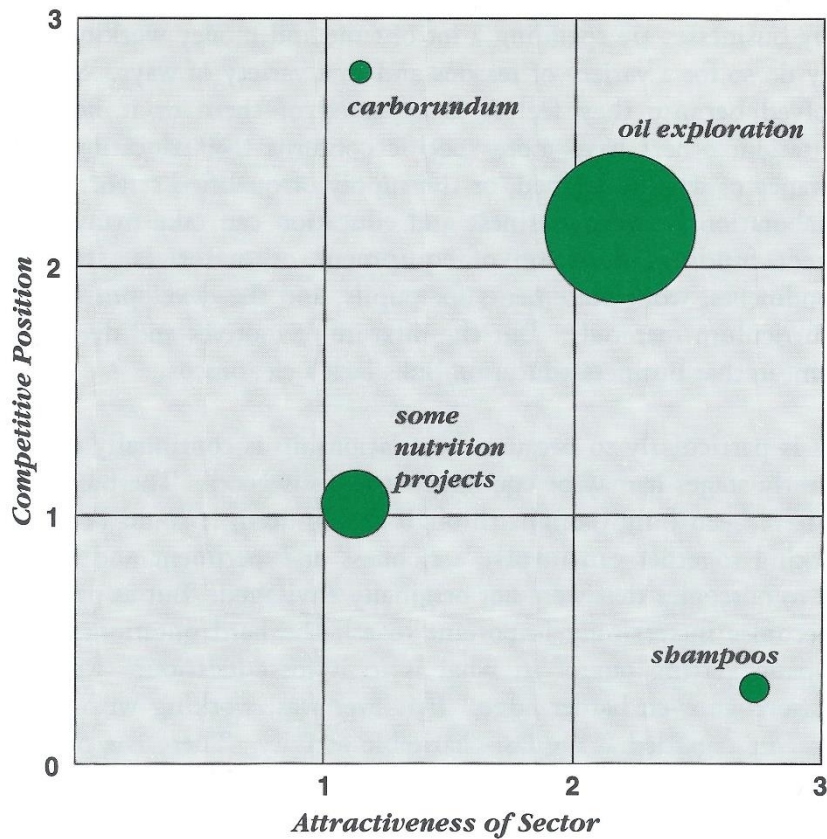
Working with Education

1. Many businesses are spending a lot of time and money working with education. They do so for a variety of reasons and in a variety of ways. Some may become involved because they feel it is expected of them or it helps further their reputation; others have more specific concerns like educational standards, the relevance of what is learned, or the supply of qualified scientists and engineers. Collaboration between business and education can take many forms including project funding, donation of equipment or materials, staff time, teacher secondments, work placements for pupils, and the development and publishing of curriculum materials. But the mixture of motives and diversity of activities can mean that business-education links lack a clear focus.
2. This is particularly so because the relationship is continually evolving. During the early stages it may be enough that it 'feels good'. The precise purposes may not have been fully thought through and, indeed, it could be inhibiting to try. Working together can involve a richness of experiment and development¹ and lead to outcomes that were not originally envisaged. But as partnership matures it becomes increasingly important to ask the hard questions; just what is the company getting out of it; what is in it for education? Recession gives the questions an even harder edge. If it ever was, working with education can no longer be regarded as a quasi-charitable activity. There is a pressing need for a means by which companies - and their education partners - can strategically review this part of their enterprise.
3. In this paper we seek to provide such a tool. It is based on the premise that working with education should be a normal part of doing business, which has the important corollary that its value should be assessed in a business-like manner.

Business Decisions

4. An important element in business decision-taking is clear display of alternatives so that they can be readily understood and rationally judged. Each company will have its own preferred methods, but, as an example, we can take a technique which is sometimes used in BP. This involves setting out the options on a graph with one axis showing the Company's Competitive Position and the other the Attractiveness of the Sector² If a project comes in the top right hand corner, if that is BP recognises that it is in a strong competitive position in an attractive market, then extra investment is worth considering. If, on the other hand, the project comes out bottom left (poor competitive position, low attractiveness) it may well be a poor investment or, if BP is already involved, a candidate for divestment. In the recent strategic review which led to BP defining Exploration, Oil and Chemicals as its core businesses, a number of projects in oil exploration, refining and marketing, and petrochemicals, came out in the top right hand corner while some projects in BP Nutrition were reckoned to be too close to the bottom left for comfort. This is shown schematically in Figure 1.

Figure 1: Business Decisions

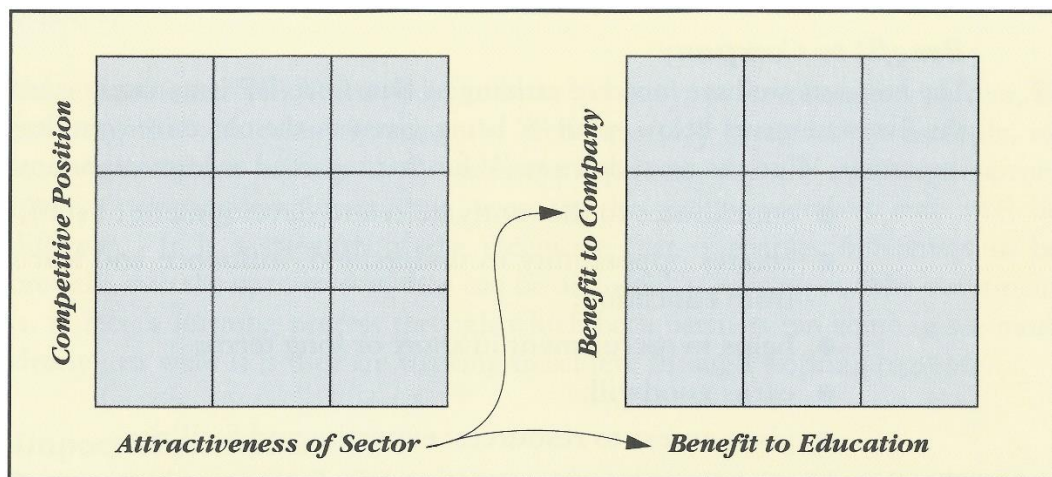


5. It is also possible for projects to come high on one dimension and low on the other. Shampoos, for example, would seem an obvious market for BP since it could easily make them at relatively low cost, but its poor competitive position vis-à-vis giants like Unilever has meant that it has not been able to gain more than a toehold, with its own brands at least. The reverse situation - where the market is limited but the company is strong - is, however, worth considering. BP's analysis suggests that, for example, it will continue to find it profitable to maintain its dominance of the world market in carborundum, even though it is a relatively small one.
6. A chart of this kind is only useful, of course, if the projects can be positioned accurately. Often this is through a process of informed judgement rather than measurement in the sense of using a thermometer. The graph therefore becomes a tool for weighing judgements carefully. 'Competitiveness' can be assessed by comparing the company's performance with that of others in terms of such things as market share, cost efficiency, technical capability and customer satisfaction. 'Attractiveness of Sector' can be arrived at from such criteria as size, profitability, market growth, and social and environmental factors. Costs can be brought into the picture through the size of the circles drawn to mark the locations. An analysis of this kind has been important to BP as it has re-structured its operations.

Assessing Educational Programmes

7. The key question then is can educational programmes be assessed in a similar way? We believe they can; indeed they should. A necessary first step is to unpack what Attractiveness of Sector actually means when it comes to working with education. Since it involves, in the main, investment without immediate monetary return, it cannot be profitability. But to be worthwhile, business-education links must bring *tangible benefits*. That is perhaps the clue. Attractiveness of Sector in this context can be taken to mean Benefit to Company *and* Benefit to Education. Our basic idea, as Figure 2 illustrates, is that these two dimensions, derived from Attractiveness of Sector, themselves be used as the two axes of a graph. This is entirely appropriate since business-education programmes are intended to bring mutual benefits.

Figure 2: Unpacking 'Attractiveness of Sector'



8. But how can the projects be placed meaningfully on the chart? We believe this can be accomplished by expressing as numbers the answers to three key questions:
- what are the company and its education partners seeking to achieve?
 - how well does a particular activity meet the objectives?
 - how much does it cost?

Techniques used with some success in social psychology, based on value-expectancy theory³, suggest that the answer to the first question can be a **ranking** of the benefits sought, and the answer to the second a **rating** of the impact of the particular activity. Multiplying the ranking and rating scores yields a **product** which is the perceived value. Scores for both Benefit to Company and Benefit to Education can be arrived at in this way and plotted on the graph. **Costs** can be shown by drawing circles of a size to represent the investment involved.

9. So much for the principles, how would it work in practice?

Value Assessment

10. Value assessment of this kind is really a whole family of methods. In this section we outline the particular method we have found most useful at BP for taking an initial overview of the education portfolio. Essentially there are four steps:
 - establishing the benefits sought;
 - assessing the impact of the educational projects;
 - deriving a product score;
 - taking account of the costs involved.

Benefits Sought

11. It is intrinsic to the idea of partnership that both should benefit. We need to think carefully therefore about what we are seeking for the company *and* what we are seeking for education.

Benefit to Company

12. The best way we have found of arriving at Benefit to BP is to obtain a ranking of the five statements below, with '5' being given to the objective considered most important, '4' to the next, down to '1' for that regarded as least important:
 - contributes to the motivation and development of staff;
 - creates opportunity to understand, influence and learn from education;
 - helps in recruitment in short or long term;
 - earns goodwill;
 - gives access to resources: expertise and facilities.

The five objectives have been chosen so as to be few in number, comprehensive, independent and of potentially equal weight. In our first trials we had more statements, but found that having two which overlapped to a large extent, for example, 'earns goodwill' and 'enables BP to be better understood', or 'helps in recruitment' and 'helps create a pool of educated people available for employment' could distort the process by allowing them to dominate the eventual score. Inevitably, the objectives as expressed are summary statements attempting to convey a construct through its central idea. Figure 3A gives the extended meanings.

13. Prioritising the objectives from '5' to '1' is, of course, not the only way of doing it, but it is the one we have found most effective⁴. It does constrain and introduce an element of artificiality in assuming that the purposes of working with education can be ordered in this way, but it has proved valuable in getting people to confront exactly what it is they are wanting to achieve.

Benefit to Education

14. The benefits sought for education are arrived at through five matching statements:
 - contributes to the motivation and development of staff and students;
 - creates opportunity to understand, influence and learn from business;
 - helps students make informed Career choices;
 - earns goodwill;
 - gives access to resources: money, expertise, materials, facilities.

As with Benefit to Company these are just labels for the more extensive constructs which are exemplified in Figure 3B. The one-to-one correspondence in the two header-lists reflects BP's philosophy that there should be mutual benefits.

15. Value assessment can be carried out by a company, or its education partner, or both together. A company using the technique may bring in, for example, its seconded teachers to help in the assessment process, and the education partner involve company employees, but, even so, the two perspectives may well be different. It is a strength of the technique that it enables differences to be brought into the open so that they can be discussed. Carrying out the assessment is, in fact, a learning process through which both partners can come to see more clearly just what it is they are wanting to achieve through working together.

Impact of Activities

16. Rating the impact of the educational programmes/projects begins with listing them. Compiling this list can itself be revealing, particularly in a company like BP where responsibility for maintaining and developing the education portfolio has recently changed hands. (In BP as part of the UK re-structuring it has passed from the Corporate Centre to the Businesses.) In drawing up the list, decisions have to be taken as to how to categorise the activities, for example, under general headings like Challenge to Youth or Aiming for a College Education (programmes), or in terms of their components, particular challenges or access schemes (projects). Our experience is that the grouping should be appropriate to the level in the company – site, business or corporate centre – where the assessment is to be made.
17. Once the education portfolio has been suitably itemised, the task is then to rate each activity on a five-point scale with '5' indicating considerable impact through to '1', little or no impact. In rating, unlike ranking, the same number, say '4', can be given more than once. In arriving at these judgements a decision has to be taken as to the target audience. How does one rate, for example, a scheme which is having a major impact in developing business awareness, but at only a single college?

Figure 3: Extended Meanings of Objectives

A. Benefit to Company

contributes to the motivation and development of staff

- job enrichment and non-formal training
- development of particular skills, including teaching and training
- enjoyment of being ambassador for company
- raises morale through belonging to socially responsible company

creates opportunity to understand, influence and learn from education

- better informed contribution to advisory councils, governing bodies, etc
- chance to influence curriculum and educational standards
- opportunity to listen to concerns of teachers and young people
- facilitates trusted access to education for more effective targeting of messages

helps recruitment in short and long term

- makes company more attractive
- increases size and quality of pool from which the company, its suppliers and subcontractors can recruit
- improves supply in disciplines key to the company
- enables company recruiters to be better informed

earns goodwill

- enhances company's reputation/licence to operate
- responds to expectations of government and opinion formers
- positive attribution in media

gives access to resources

- teacher secondments bring expertise and fresh perspectives into the company
- work placements bring willing hands and young views
- schools and colleges as venues
- joint research or development projects

B. Benefit to Education

contributes to the motivation and development of staff and students

- job enrichment and non-formal training for teachers
- development of particular skills, including management
- secondments and work placements as incentives

creates opportunity to understand, influence and learn from company

- exposes curriculum and education to an external perspective
- better understanding of world of work
- provides direct access for teachers and students to raise issues of concern about business, for example, pollution and equal opportunities

helps students make informed career choices

- access to more information, and direct sources of advice and role models
- company employees as mentors
- chance to experience work environment and find out at first hand about particular jobs while still a student

earns goodwill

- makes allies who can lobby for education
- responds to expectations of government and parents
- positive attribution in media

gives access to resources

- financial support for projects and events
- company's sites as learning environments
- specialised expertise of company's employees, for example, in science and technology
- use of company's equipment, materials and case studies
- access to management expertise

18. What does one make of a volunteering scheme which is very successful for those taking part, but involves relatively few employees? Success in reaching the target audience is a factor. For sites the focus may be local and for the Group, national, and hence assessments of the same scheme differ. Again it is a strength of the technique that differences are exposed for discussion.
19. The rating procedure is gone through twice, once for impact on the company, and again for impact on education. Generally those making the assessments preferred to work through all the programmes/projects in relation to one partner first rather than take each activity in turn and alternate between them.

Product Scores

20. The next stage is to multiply the ranking scores by the rating scores to arrive at a product. Since there are five items carrying a total of 15 ranking points, each being rated from 5 to 1, the product score can fall anywhere between 15 and 75. A score is obtained for both Benefit to Company and Benefit to Education, and from them a point can be marked to locate the activity on the value assessment map.

Costs

21. As well as categorizing the activities it is also necessary to take account of their costs. This may not be easy since the costs can be spread across several different budgets and involve staff time (both within and outside of normal working hours) as well as money. But since this is a business decision we suggest that they should be arrived at through the company's usual procedures. Once determined the costs can be brought on to the diagram through the size of the circles used to mark the position of the projects.

A Typical Session

22. Those are the bare bones of the method but to show it in action we here describe a typical session at BP. It does not have to be conducted in this way, but it was appropriate to the Company's purposes at the time. Responsibility for educational affairs in the UK had just been devolved from the Corporate Centre to the Businesses, and those newly in charge were keen to review the portfolio they had inherited and think about the future. The assessment therefore tended to be extensive, taking a whole day, and involving detailed discussion of the benefits sought for the company and education, considering the actual and potential impacts of all the activities in the education portfolio, and scrutiny of the costs. But it is also possible to take the process in stages. A company might wish, for example, to concentrate on clarifying its objectives and perhaps comparing them with those of its education partners, or it might wish to review only particular projects, or it might be more interested in future potential than past performance. All of this is possible and the technique can be tailored to the time available, perhaps as just one item on the agenda.
23. But for the moment let us return to the person responsible for education in one of BP's Businesses sitting down with his (in this case it was a man) advisory

network of site superintendents, others from within the company and seconded teachers, about ten people in all. A value assessment workshop of this kind would usually last a day, from 10.30 (allowing for travel) till 5.30 and be facilitated by a consultant. Outside advice was generally found to be essential to ensure the meeting focused on the essential questions and to help tease out the answers.

24. In advance of the meeting the person responsible for education within a business (perhaps as part of wider responsibilities including community relations) would list the portfolio of education activities together with their costs, and the first task of the meeting would be to consider the details of the list, whether it covered everything, whether the categories were appropriate, and whether the costs were accurate. This could often be very revealing for the people concerned, with them perhaps realising for the first time the full extent and costs of the activities in which the Business was involved. This part of the workshop could take perhaps 30-45 minutes.
25. The next step is to decide as a group just what are the benefits sought for the company through working with education. Before attempting the ranking exercise the group would discuss each of the five possible purposes to agree its extended meaning and satisfy themselves that the field was adequately covered as far as they were concerned. Our experience is that this usually has been an important learning process where the dispassionate advice of a consultant has been invaluable. Some of the groups we have worked with have preferred to use their own items but most have eventually gravitated back to the five shown. The meeting works as a group to establish priorities, and seeking to reach agreement can lead to lively, even heated, discussion.
26. Having achieved consensus or perhaps voted, the group then moves on to the benefits sought for education. Again this is an opportunity for learning, particularly if people from education are present, and views frequently change considerably during the course of discussion. What emerges, however, from a meeting of this kind is the benefits sought by a business (since it is a business workshop) at a particular time. It does not set them in concrete. But clarifying the objectives and getting them in black and white does mean that they can be communicated, discussed and, if necessary, modified.
27. Agreeing the objectives for business and education in working together, that is, both sets of priorities, can take the meeting through to lunch. After lunch attention turns to the impact of each education programme/project. This can mean anywhere between ten and twenty or more to be considered. The impact ratings can be made by each person individually and aggregated to obtain a group view, or the group can come to a collective decision about each activity. It is for the meeting to decide but our experience has been that reaching a collective view can be a lengthy process (partly because it can be so interesting to talk about each item) and if the portfolio contains more than about a dozen items then it may be better to work individually and add up the scores.

Figure 4: Value Assessment of School Links

BP’s School Link scheme has been running in the UK for nearly a quarter of a century. It encourages BP employees to become directly involved with schools close to their sites. More than 20 sites and 300 schools are now taking part. Schools participating in the scheme appoint link teachers who liaise directly with a named BP link officer for each school. BP works with schools in this way to meet local needs. Each particular link can mean something different but it can lead to work experience for pupils, secondments of teachers, BP staff teaching in schools, the supply of materials and equipment, and specific joint projects. The benefits are mutual, for example, an engineer having to think out carefully how to put across process engineering to third year pupils may find his future explanations to BP training operatives are that much clearer because he has learned to strip out the jargon.

Benefit to BP

Ranking	Objective	School Links	
		Rating	Product
4	contributes to the motivation and development of staff	3	12
1	creates opportunity to understand, influence and learn from education	2	2
2	helps recruitment in short and long term	4	8
5	earns goodwill	5	25
3	gives access to resources: expertise, facilities	2	6
Benefit to BP Score			53

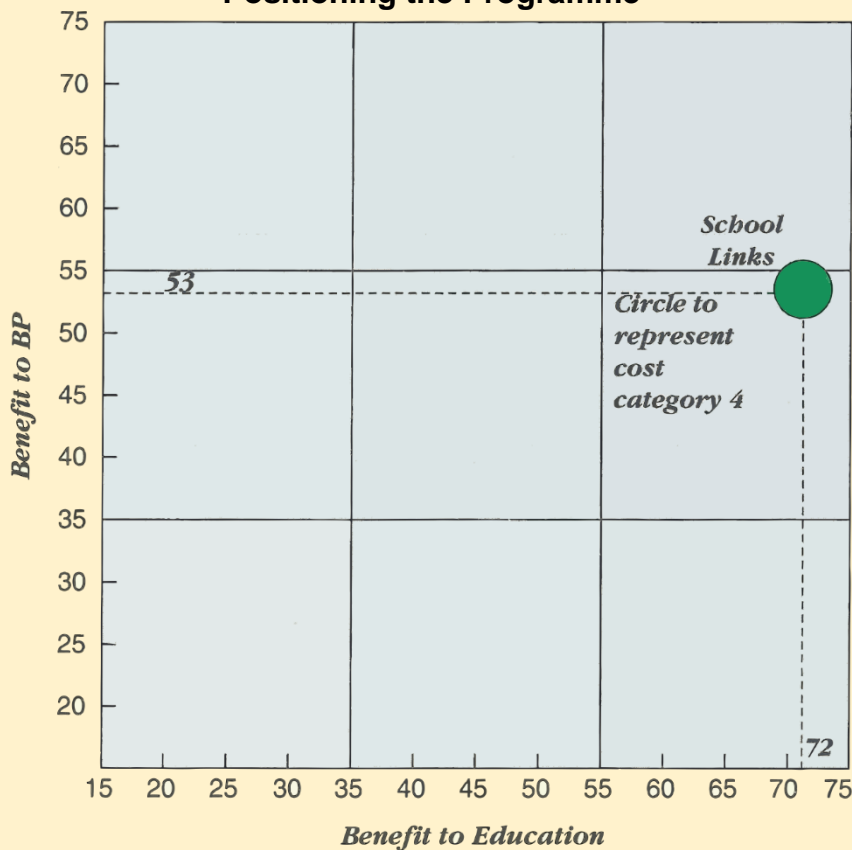
Budget Forecast

Item	Forecast in £1000	Cost Category
School Links	56	4

Benefit to Education

Ranking	Objective	School Links	
		Rating	Product
3	contributes to the motivation and development of staff and students	5	15
4	creates opportunity to understand, influence and learn from BP	5	20
2	helps students make informed career choices	4	8
1	earns goodwill	5	25
5	gives access to resources: money, expertise, materials, facilities	5	25
Benefit to Education Score			72

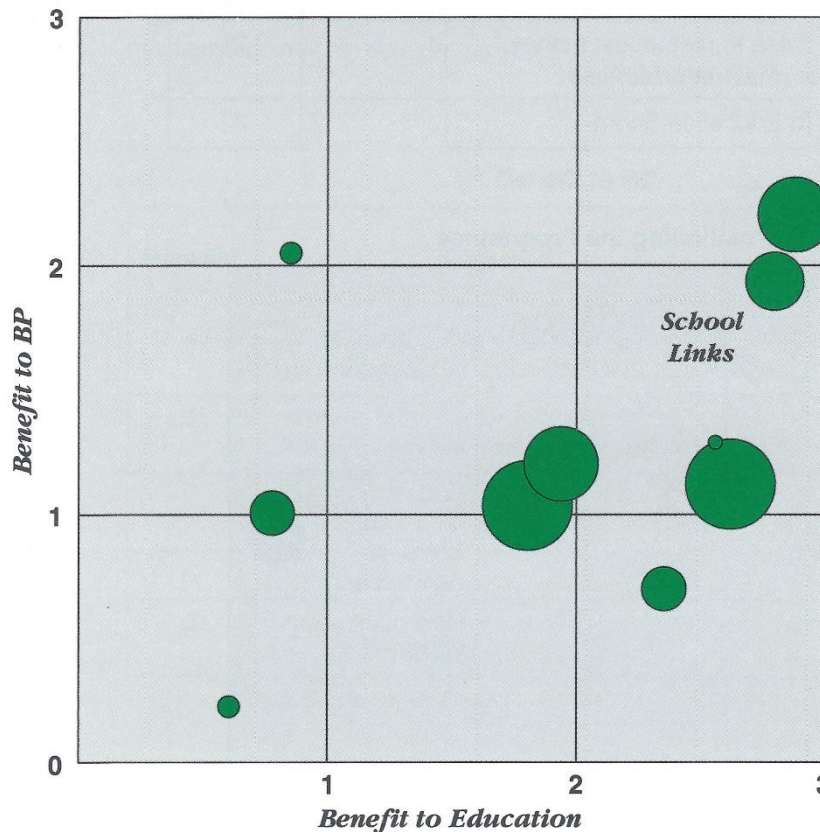
Positioning the Programme



Booklet blanks with details of how to carry out Value Assessment are available from the addresses shown on the inside back cover.

28. Having completed the rating part of the exercise the group can take a break while the product scores for Benefit to BP and Benefit to Education are calculated. These are entered into a table along with the costs categorised in some Way. We have found a scale of '1' to '6' convenient, with '1' being for activities costing per year £10,000 or less and '6' for those costing more than £200,000⁵ Circles of appropriate size and colour (if potential impacts are also to be rated) can be pre-prepared and used to transfer the information on to an OHP acetate. When people return, the information is projected so that the group can consider whether the display accurately reflects its systematic judgements. If it wishes for changes, they can be made.
29. In Figure 4 we work through the whole process for BP's School Links programme using the actual numbers assigned by one of the Businesses. In Figure 5 we show the assessments for all the activities in the education portfolio of that Business (with the names removed for confidentiality).

Figure 5: Actual Impact



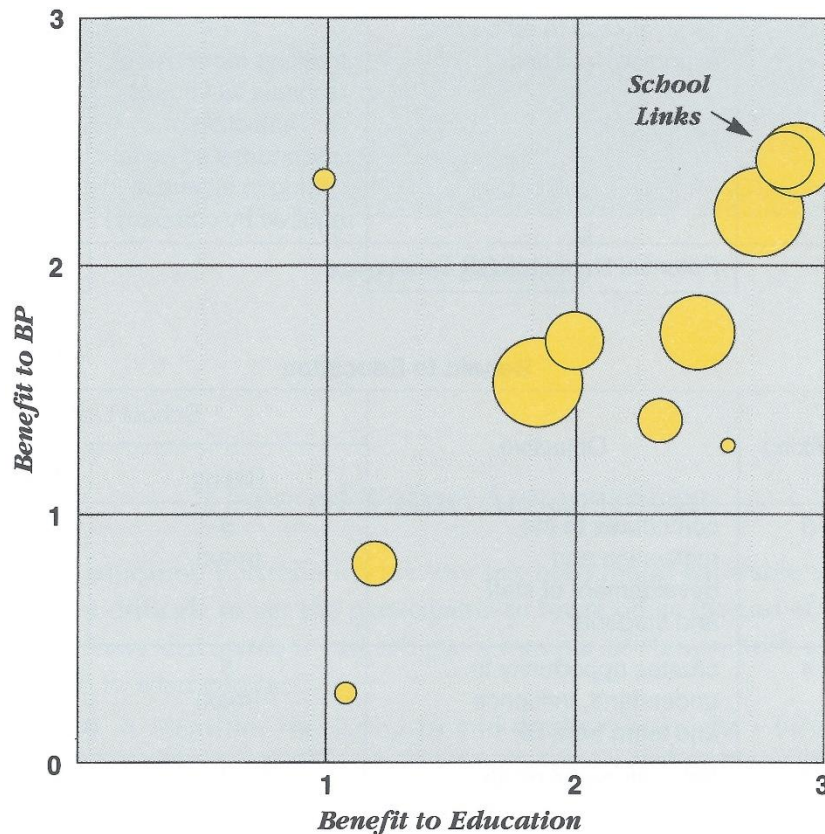
Potential Impact

30. So far we have been attempting to rate the *actual* impact of education projects. We can repeat the exercise to assess what the impact would be if delivery could be improved. This we call *potential impact*. The rule has to be, however, that potential impact can only be set higher than actual impact if particular actions can be identified to warrant the increase. That is, the method can also be used to find specific ways of achieving more benefit for the company and education from

current education programmes, as well as suggesting those which merit more investment or are candidates for the chop. Potential impact can also be assessed for projects which are at the planning stage and those which have been running for too short a time to assess their actual impacts.

31. In Figures 6 and 7 we show how the method works in practice. Concentrating on the School Links scheme again we can see that it was thought possible to obtain greater benefit for BP by involving more employees as link officers and making more use of the premises of education partners as venues for meetings, moving it up the Benefit to BP scale. But this group had already rated Benefit to Education so highly that it did not really leave much room for improvement. Another BP Business, however, thought it possible to obtain added value for education by working with more schools and earning more goodwill for both partners by making the scheme more widely known.

Figure 6: Potential Impact



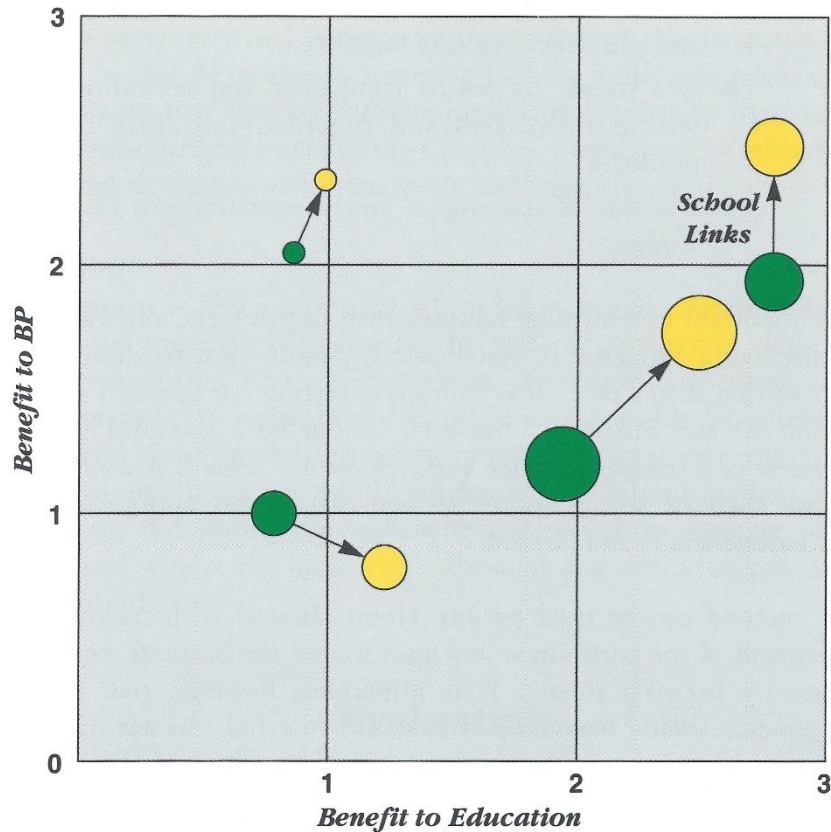
32. In Figure 6 we show the potential impacts of the projects whose actual impacts are displayed in Figure 5. Value assessment therefore not only provides a means for reviewing work with education, but can also be used to identify specific actions to increase the benefit obtained. This aspect can be highlighted by showing both actual and potential impacts on the one map as in Figure 8.

Figure 7: Adding Value to School Links

Benefit to BP			
Ranking	Objective	School Links	
		Rating	Product
4	contributes to the motivation and development of staff	3 → 4 (involving more staff)	12 → 16
1	creates opportunity to understand, influence and learn from education	2	2
2	helps recruitment in short or long term	4	8
5	earns goodwill	5	25
3	gives access to resources: expertise, facilities	2 → 4 (making more use of schools as venues, selection of secondees so as to bring in expertise required by company)	6 → 12
Potential Benefit to BP Score			53 → 63

Benefit to Education			
Ranking	Objective	School Links	
		Rating	Product
3	contributes to the motivation and development of staff and students	5 (max)	15
4	creates opportunity to understand, influence and learn from BP	5 (max)	20
2	helps students make informed career choices	4 (no ideas for raising)	8
1	earns goodwill	4 (no ideas for raising)	4
5	gives access to resources: money, expertise, materials, facilities	5 (max)	25
Potential Benefit to Education Score			<i>remains at 72</i>

Figure 8: Actual and Potential Impacts



Uses of Value Assessment

33. Sifting an education portfolio in this way has been found enjoyable to do (it has always been difficult to get the participants to break off at the end of the session) and, as we have discussed, it can achieve a number of things, both as a learning process and in what emerges:
- it identifies the strengths and weaknesses in the education portfolio suggesting how it can be developed and improved;
 - it clarifies the extent of involvement and expenditure;
 - it clearly establishes and prioritises the objectives of working together;
 - it enables systematic judgements to be made both about the Benefit to Company and Benefit to Education;
 - it leads to a clear display of perceived benefits and costs;
 - it is a basis for identifying how more value can be obtained for both business and education.

It also, as we shall see:

- provides a language for thinking and talking about business and education working together;

- is a means by which companies and education partners, within themselves and together, can agree on and set priorities
 - is a way of arriving at precise specifications for evaluation studies.
34. It is important to remember however that, in this form, value assessment is a way of displaying judgements systematically, more akin to deciding a gymnastics competition than a race. It is a means of setting out opinions so that they can be considered and discussed. As such, it can be a powerful tool for taking an overview of a company's work with education. Nor is it confined to education. As we shall be seeing (paras 49 and 50), it has application to community relations generally and beyond.
35. The method can be used by any group charged with making a dispassionate assessment of the portfolio at any level within the business, or education partner, or jointly between them. It is important, however, that those making the judgements should have no particular axe to grind. In our trials we have found the assessment process can be distorted if members of the group have vested interests. This can mean that they talk endlessly trying to bid up the marks for their pet schemes or that they continually endeavour to trade high marks with other members of the group who also have particular concerns.

Clarification

36. Business-education partnerships are continually changing. In the early stages the objectives of working together are usually framed more to motivate than be tested. They tend to be couched as shared aspirations such as 'the promotion of mutual benefit' or metaphors, for example, 'licence to operate'. Partnership is promoted as 'a good thing' even if one cannot say precisely why.
37. But as working together develops it becomes increasingly important to clarify just what is being achieved. Value assessment provides the means: it involves stating the objectives in operational terms, prioritising them, assessing the impact of the education projects, and displaying the perceived benefits and costs.

Language

38. As such, value assessment provides a language for thinking and talking about business-education co-operation. With a tool like value assessment it is open for the board of a company to ask those responsible what a business is doing in the field of education and why, and to what end; similarly the education budget holder for a business can ask a site education superintendent what is happening. Business and education have access to a common language and method of reporting through which to share their mutual concerns.
39. Value assessment also brings precision. Without an appropriate language thinking cannot be sufficiently incisive, nor dialogue sufficiently grounded, to carry collaboration very far. Value assessment provides that language. Its appeal can be seen in that BP is already receiving bids for projects in terms of the 3 x 5 map with claims that they are sure-fire candidates for the top right-hand corner.

This is not necessarily something the Company would want to encourage, but it can mean that the case is well thought out and cogently argued.

Goal-Setting

40. Value assessment is also a means by which business and education, both within themselves and together, can agree on the goals of partnership, and distinguish what is important from that which is less so. A company's board of directors, for example, can use it to signal priorities to those responsible for education in the businesses and those in the businesses can use it to educate the board. The business can use it to set priorities for a site superintendent and a site superintendent can through it explain to the education manager just what is happening and why at the local level. Business and education can use it to set their goals jointly.

Evaluation

41. The judgements, on which value assessment as described so far depends, are based on the hints and clues those carrying out the process have picked up as they have gone about their work. They are subjective and do not necessarily correspond to reality, but they are important in themselves since the people involved are frequently those responsible for allocating and implementing the education budgets. It may be, however, that on occasions a company would want to make some check on the external validity of the judgements. If, for example, it were thinking of investing a lot of money in an educational programme or, conversely, withdrawing.
42. The judgements can be checked against 'external reality' through:
 - market research of the views of defined groups, for example, employees or teachers;
 - measurement of variables such as recruitment costs, or return on investment.

Assigning numbers by these methods will take longer and be more expensive than weighing judgements, but the importance of the decision may justify the outlay. If, for example, education is seen as a major tool for promoting employee morale or enhancing a company's reputation then it should be possible to detect the outcomes in surveys. If it were held that there should be some financial return on the investment, then measurements could be obtained in relation to such indicators as recruitment costs. A study by the Swedish Employers' Confederation⁶ has found that cost per recruit tends to be lower in those companies with school links. An American study⁷ has found that employee morale tends to be higher in those companies with community involvement programmes, and there is a correlation with return on investment and employee productivity. We can therefore go beyond systematic subjectivity to measurement.

43. What we are in essence arguing is that value assessment can also be used as a tool for clearing the ground for more extensive evaluation studies. Companies at present frequently spend a lot of money evaluating projects. This often brings in compendious and elegantly written reports saying how difficult it is to generalise about people, presenting lengthy and interesting quotations, and a judicious conclusion. But, at the end of the day, it is not always possible to see whether the initiative is a good thing or a bad thing, whether it is working or not, or what the opportunities are for adding value. Assessment such as described could help here by providing the basis for specifying the questions to which the company wants answers and identifying the kinds of evidence that it would find acceptable. That is, preliminary sifting through this process should enable a company to give a much clearer specification for the work that it wants carried out.
44. Another strength of value assessment is then that it can be used to prepare the ground for more detailed studies by:
- bringing precision to formulating questions;
 - specifying and prioritising criteria against which a judgement is to be made;
 - indicating the kinds of evidence that would be acceptable and at what level,
 - systematic opinions of significant people in a company or education,
 - market research,
 - measurement of variables.

It also allows interpretations to be made in a standard form so that they can easily be read and compared.

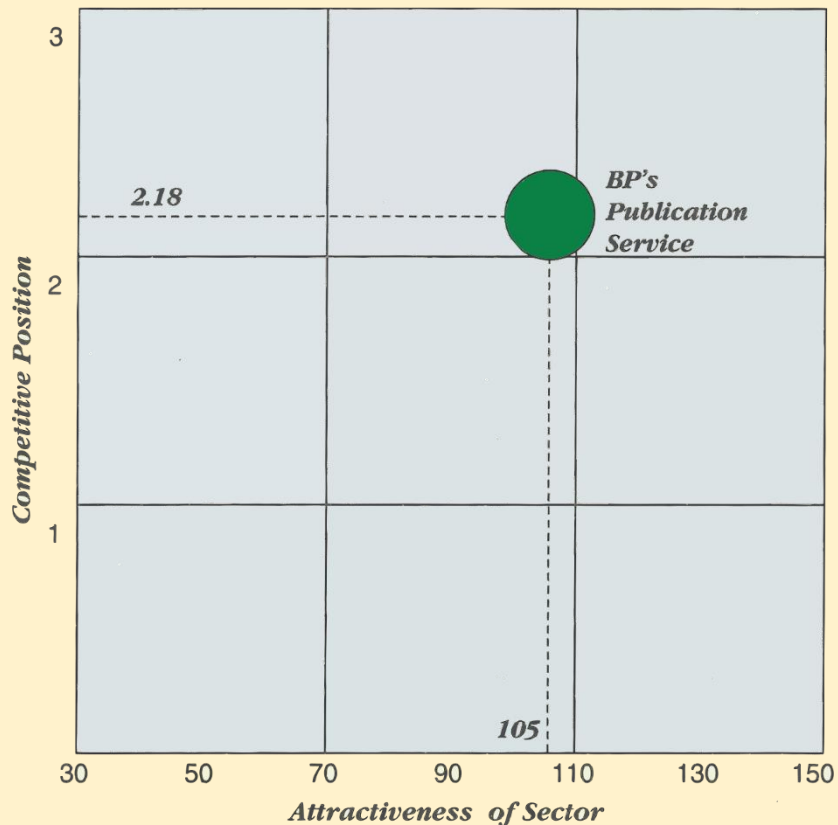
45. Unpacking, 'Attractiveness of Sector' as 'Benefit to Company' and 'Benefit to Education' therefore introduces an important and healthy discipline into considering business-education collaboration. But it is only one dimension of the original chart; the other was 'Competitive Position'.

Benchmarking

46. Comparisons with other companies are an important element in business decision-taking. BP feels that it is a leader in working with education, but it would like to establish just what is its relative standing, and it does wonder from time to time whether it has been doing too much. Inter-company comparisons can be difficult in many areas because the data needed are commercial secrets and not available, but, in education, companies often co-operate and share information with a view to influencing the system as a whole. Benchmarking in terms of our 3 x 3 chart is therefore a real prospect.

Figure 9: Benchmarking

In market research of teachers' reactions to the publications produced for schools by BP and other companies, BP obtained a score of 2.18 on a scale that ranged from 3 'very useful' to 0 'not at all useful'. This was behind the BBC, 2.47, and ICI, 2.20, but above nine other companies. Competitive position determined in this way can be plotted against Attractiveness of Sector measured as the combined Benefit to Company and Education scores (scale 30-150). In this case, Benefit to BP was assessed at 38 and Benefit to Education at 67 giving a total of 105.



47. Benchmarking requires that comparisons be made along a common dimension. In the case of the materials which many companies, including BP, produce for schools this could be through teachers' reactions (an aspect of customer satisfaction). This can be ascertained through market research designed to elicit perceived usefulness on a scale from '3' - 'very' to '0' - 'not at all'. In studies of this kind BP tends to come out quite well, behind the BBC but on par with ICI and above a number of other companies.
48. The relative standing of other education programmes can also be elicited through customer satisfaction, or some other indicator such as 'market share'. Even in the field of education it thus becomes possible to plot Competitive Position against Attractiveness of Sector (cf Figure 1), with Attractiveness of Sector here being the sum of the benefits to both company and education. Figure 9 shows how these ideas can be applied in practice.

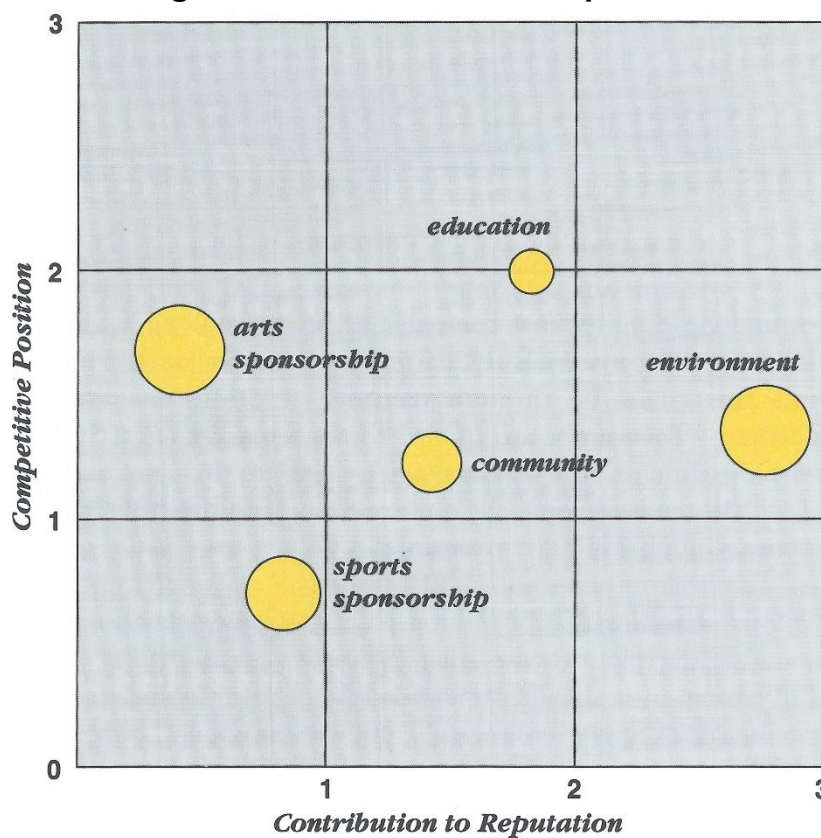
Extensions of Method

49. Our focus so far has been working with education. But these days it is rare for the education liaison function within a company to stand alone. It is usually part of community relations, government and public affairs, or some other broader grouping such as human resources. The portfolio to be assessed may therefore not just be about education but include such things as caring for the environment, working with the community at large, and sponsorship of the arts or sport. In principle, the same method of assessment can be used, expressing as numbers the answers to three key questions:

- what is it that the company and its partners are seeking to achieve?
- what is the impact of particular programmes?
- what is the cost?

In practice, this means replacing the five 'education' objectives with a set relevant to the portfolio to be considered. There do not have to be five objectives nor do there have to be matching lists for both partners, providing the axes are scaled accordingly. The important thing is that the statements should be an authentic reflection of the benefits sought.

Figure 10: Contribution to Reputation



50. The method can also be extended to comparisons of different kinds of support and partnership activities where they have a common aim. For example, it is

possible to look upon caring for the environment, working with education, community relations in general, arts sponsorship and sports sponsorship all as ‘tools’ for enhancing a company’s reputation. The same principle of clear display on a 3 x 5 chart can be used to show their relative contributions. Market research can be used to establish how much a defined population knows about the company’s efforts in these various fields and how much it approves of them. In comparisons of this kind working with education tends to come above sports and arts sponsorship, and such community schemes as help for AIDS sufferers, assisting small businesses get started, or third world development projects, but below caring for the environment. Market research can also be used to compare a company’s standing with that of its competitors in terms of how its contribution is perceived in these various fields. We can again plot a company’s Competitive Position but this time against Contribution to Reputation rather than Attractiveness of Sector. This is a possibility for the future, but Figure 10 shows how the chart might look.

The Future for Partnership

51. Our starting point was that if education is to be a normal part of doing business then it must be assessed in a business-like manner. In this paper we have proposed a family of methods beginning with taking a systematic overview of the portfolio based on the judgements of those in the know (often those controlling the budgets) through to market research and measurement. The approach has been found valuable in reviewing the portfolio, clarifying thinking, setting priorities, judging impacts, identifying improvements, and as a common language for addressing the issues. It can, among other things, be used to compare views on the benefits sought, to evaluate particular programmes and to benchmark.
52. The future for business-education partnerships rests with being able to justify themselves in terms~ of explicit criteria. Our experience is that in BP the education programmes are standing up well to this hard-nosed scrutiny. Working with education is not to be regarded as a soft area nor a quasi-charitable activity. It must be planned and implemented so as to bring real benefits to both the company and education. This implies that there must be careful monitoring of its performance, and value assessment, we believe, provides the means of doing so.

Notes

1. Hirsch, D. (1992). *Schools and Business: A New Partnership*. Paris: CERI, OECD.
2. Porter, M.E. (1980). *Competitive Strategy: Techniques for Analysing Industries and Competitors*. New York: The Free Press, Appendix A, page 365.
3. Fishbein, M. and Ajzen, I. (1975). *Belief, Attitude, Intention and Behaviour*. Reading, Massachusetts: Addison - Wesley.
4. Originally we had ten ranking points that could be shared out in any way thought fit - 10, 0, 0, 0, 0; 6, 4, 0, 0, 0; 4, 3, 2, 1, 0; 2, 2, 2, 2, 2 - but the participants in our workshops found this unappealing and difficult to handle.
5. The full scale we used was: '1', 0 - £10,000; '2', £10,001 - £30,000; '3' £30,001 - £50,000; '4', £50,001 - £100,000; '5', £100,001 - £200,000; '6', £200,000+.
6. Swedish Employers' Confederation (1991). *Good School Contacts Pay Off*. Stockholm, Sweden: SEC (cited in ref. 1).
7. Private communication, David Logan, Corporate Community Relations International, London.

Further Information

Professor Alan Smithers
Centre for Education and Employment Research
School of Education
University of Manchester
Manchester M15 9PL

Tel. 061-275 3446
Fax 061-275 3519

Chris Marsden OBE
Community and Educational Relations
The British Petroleum Company plc
Breakspear Way
Hemel Hempstead HP2 4UL

Tel. 0442 223701
Fax 0442 225910



£10.00 inc. VAT, p&p

First published, November 1992,

© BP plc, and Alan Smithers, 1992

ISBN 0-86165-206-1