A big project to pool the skills of MIT and BP

Della Bradshaw looks at a US venture that combines leadership training with technical know-how and detailed company knowledge.

It must be unnerving for a business school when one of its major clients moves in next door. But such was the case when the Massachusetts Institute of Technology's Sloan School of Management partnered BP and the MIT School of Engineering to set up BP's Project Academy, in 2003.

Jim Breson, the director of the academy, is now in residence in Cambridge for much of the time, in an office directly across the street from the Sloan school.

As Marie Eiter, executive director in the Sloan school's office of executive education points out, it really makes you realise how seriously the client takes the project.

To the outside world, the Project Academy might look like any other corporate university, and many of the issues it deals with would be familiar to any company that has expanded through acquisition rather than organic growth. With nine mergers and acquisitions tucked under its corporate belt over the past six years – of companies such as Amoco, Arco and Veba – BP needed to consolidate the corporate culture, says Mr Breson.

The academy, however, has a further role that is specific to BP, to improve the company’s efficiency in managing big projects. For BP, which has a market capitalisation just short of $200bn, these global projects are a way of life. Today the company is executing 19 global projects in oil and gas with a total investment of $55bn. Every year the company spends $14bn on developing these projects. Knocking just 1 per cent off the cost of that bill would be a vast saving for BP.

From MIT's point of view, the academy has been particularly innovative in that it has enabled the business and engineering schools to work together to develop a programme and to teach it with BP. About half the programme is taught by BP executives and half by MIT faculty, says Mr Breson. “It is a joint venture in a truly operative way.”

From the outset, the programme was designed with two groups of people in mind: those who head the most significant projects today; and those who are earmarked to lead these and similar projects in the future.

As executive education courses go, the format is much like any other, with three two-week long modules carried out over the period of a year at MIT in Boston, plus a three-day induction programme. Each cadre of participants has between 25 and 30 managers in it.

Project work is carried out between the three modules by teams of between four and six managers. Managers select their own working groups, each of which has an MIT and a BP faculty member attached. Theoretically the groups could comprise participants from every continent, but managers are advised to be pragmatic in their choices, in particular to consider working hours and time zones, says Mr Breson.

For the Sloan school, its challenge has been to provide leadership training to the project managers and it has looked at the topic through an ever-widening lens. In the first module the managers learn about interpersonal leadership, says Ms Eiter, and in the second they explore negotiations with third parties. In the third term the participants explore themes around institutional leadership.

Ms Eiter points out that BP is working in many areas of social and geopolitical complexity and on projects such as exploration or pipeline building that can last for decades. As well as issues about the environment, many schemes involve more than one country, government and local culture. It involves new ways of teaching from the Sloan school, too. “It raises the bar for us,” says Ms Eiter.

While the Sloan school provides the leadership input, the engineering school provides technical know-how. BP provides detailed knowledge of the company — so detailed, in fact, that frequently the academics from MIT are not privy to it; financial data, for example.

The success of the programme now means that BP is considering whether it can open it up to managers from outside BP – specifically those who work for BP’s long-term suppliers. Beneficial though this may seem, the use of so much proprietary information in the BP-taught half of the programme raises real issues of confidentiality, says Mr Breson.

What is clear is that running a major project academy is a major project in itself.