

SUMMER 2010

update

Balfour Beatty

THE MAGAZINE FOR ALL BALFOUR BEATTY PEOPLE

VALUES IN ACTION

Putting **integrity**, **teamwork**, **excellence** and **respect** at the heart of what we do



INSIDE

Welcome to the Summer issue of update.

Our business world is more complex and challenging than ever before. The pace and scale of change in recent times has been dramatic, but what has and will endure are the qualities that set us apart. This edition is dedicated to those qualities – the values that unite us as we build our future.

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Integrity is about trust, between ourselves, our customers and the communities in which we work, and how we conduct ourselves as a Group. **Teamwork** is how we are working together on projects and increasingly sharing knowledge across sectors and geographies.

How we deal with each other and the outside world on a daily basis shows what **Respect** means to us, while

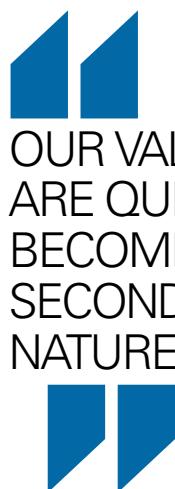
Excellence is about delivering the best performance for our customers and colleagues.

As the following pages reveal, our values are quickly becoming second nature.

I hope you enjoy the issue.



Andrew McNaughton,
Chief Operating Officer

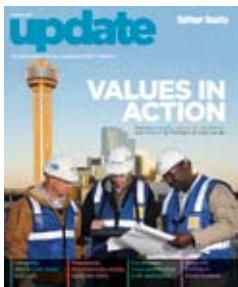


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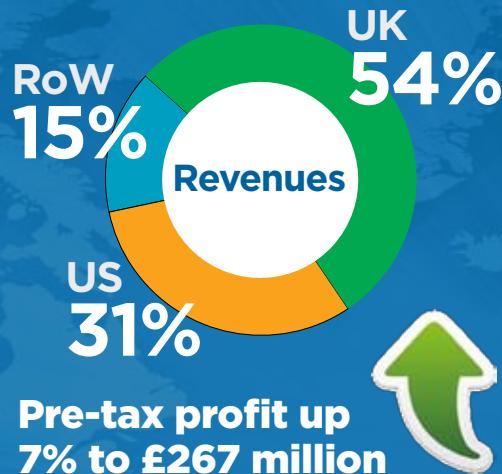
Cover image: Dallas Convention Center Hotel By Kevin Brown

Highlights from across Balfour Beatty

The beat goes on

April 2010 witnessed the third annual Heery from the Heart Community Service Month, when employees dedicate themselves to addressing the needs of the communities in which they live and work. Already the proud winner of a national Communitas Award, the programme touched 31 different organisations and charitable groups around the United States. Both Heery and Parsons Brinckerhoff, which joined in the activities this year, benefitted from the experience. "We enjoyed working side by side with our new Heery colleagues to make a difference," said CEO George J. Pierson.

Preliminary results



Calling at... Illinois...Ohio...Florida

"There's no reason why Europe or China should have the fastest trains when we can build them right here in America," said President Obama as he awarded high-speed rail grants worth \$8 billion under the American Recovery and Reinvestment Act (ARRA). Parsons Brinckerhoff is managing projects accounting for around half of the total.

Fort what it's worth

Balfour Beatty Construction US has added the world's third-busiest airport, Dallas Fort Worth International Airport (DFWIA), to the Group's growing list of airport infrastructure projects. It will be at the centre of an approximate \$900 million renovation at the North Texas airport, as part of a joint venture team, called BARC. Across the US, Balfour Beatty also has experience at O'Hare and Midway International Airports, Chicago; Seattle-Tacoma Airport; and Reagan National and Dulles International Airports in Washington.



Adding up to zero carbon

The UK education sector represents 15 per cent of the public sector's carbon emissions and 2 per cent of total UK emissions. Although carbon is only one aspect of a school's environmental impact, it has become a key area of focus in delivering sustainability in the sector through zero-carbon schools by 2016. Balfour Beatty Capital's website shares research, best practice and case studies on what can be achieved beyond carbon reduction, including wider environmental and social impacts. See www.towardssustainableschools.org

£47m

is the estimated value of the UK fire service's biggest public private partnership (PPP) project, for which Balfour Beatty Fire and Rescue has been appointed preferred bidder. The PPP contract will see 16 fire stations upgraded for North West Fire and Rescue Services. The upgrades will include meeting rooms, lecture rooms and gyms.



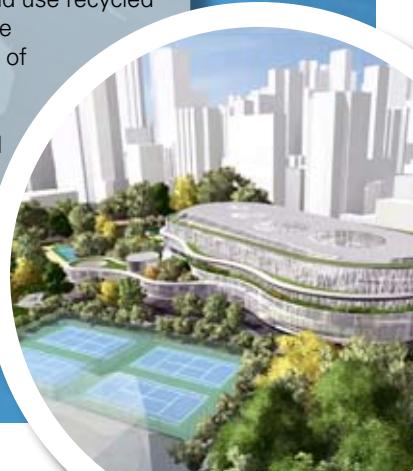
Light fantastic

Abu Dhabi is not your average city. It is home to the Yas Marina Hotel, which straddles the Formula 1 race track. Its defining feature is an incredible architectural gridshell of LED lights that mimics the throw of a local fishing net and lights up the night sky for miles around. BK Gulf, the mechanical and electrical engineering business jointly owned by Balfour Beatty and Dutco, commissioned and installed the lights.



Making a splash

An eco-friendly swimming pool is at the heart of a major contract recently won by Gammon Construction, worth HK\$928 million. Gammon will harness natural energy, reuse waste and use recycled materials for the redevelopment of Hong Kong's Victoria Park swimming pool and leisure complex.



Your guide to...

Balfour Beatty Capital Group Inc. by President and CEO Bruce Robinson



Dr John Pritchett, President (Interim) of Florida Atlantic University and Bruce Robinson, President and CEO of Balfour Beatty Capital Group Inc.

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Q Why did you rebrand as the Balfour Beatty Capital Group?

A Previously we were primarily involved in development, investment and facilities management with military housing, but over the past year we have been expanding into higher education, social infrastructure and renewable energy and we needed the marketplace to see that diversification.

Q You've recently opened an office in Canada. How is business?

A There is a mature market with regard to privatisation in Canada. It's similar to the UK, where decisions are driven by central

government. The opportunity was there to take the Balfour Beatty name, reputation and all our operating companies and team up with existing Canadian partners to give the customer the best scenario.

Q What is your most promising market?

A There is real potential in the higher education, social infrastructure and energy markets. Many capital projects on campuses have been put on hold because of lack of investment – but as that market begins to fully understand the public private partnership (P3) model, we are optimistic that there is real growth potential. With the recent award of the Florida Atlantic University

(FAU) project, which is a joint venture between US Balfour Beatty Capital and Balfour Beatty Construction, we can all build on that success. Also, state and local governments are experiencing the same issues because tax revenues are down. We believe using the P3 model will solve these problems. Renewable energy is relatively new, but there are tremendous opportunities – the Department of Defense aims to cut its energy usage by 20 per cent by 2020.

Q How does the P3 market in the US differ from those elsewhere?



A Every state is like its own country in the US, so funding is driven by state, city and local governments. And in many cases they all have a vote as to where

dollars go. That said, if we can pursue strategic opportunities and have some success, then people looking for solutions will come to us. We're excited, but it's an uphill climb in the US compared with the UK and Canada.

Q What is unique about your culture?

A We have spent a lot of time trying to create an environment where employees feel appreciated, and find work challenging and rewarding. In 2009 and 2010, we received a "best places to work" award in the greater Philadelphia area, based on blind ballots from employees. This shows that employees recognise what we are trying to accomplish, and believe we are a good firm to work for.

Q What have you learned from working with other Group businesses?

A There is an opportunity to team successfully with Balfour Beatty companies across North America. We've been shortlisted for a hospital bid in Bermuda and a courthouse in Canada – both with other US-based Balfour Beatty companies – and this shows that our footprint is growing. The recent Florida FAU (see page 8) demonstrates the power of the Group to create opportunities that might not exist if we were going it alone.

What is the Ethics Helpline?

If you have a serious concern that something may breach our code, please speak up. Raise it with your manager or someone in HR, legal or compliance. If you're not comfortable doing that, you can contact our confidential Ethics Helpline.

Log onto
www.bbethicshelpline.com

or call free on:

023 0555 8798

See the Code of Conduct for more guidance.

Balfour Beatty

If you have a concern about behaviour that may breach Balfour Beatty's Code of Conduct, you can now contact a confidential Ethics Helpline at www.bbethicshelpline.com



Neighbourhood watch

It is always a good idea to keep the neighbours on side, especially when the builders are in. The bigger the project, the greater the risk of disturbance, and that is certainly the case with Balfour Beatty's

major reconstruction of the Thameslink rail line in London. A major part of the job involves the widening and strengthening of Blackfriars Bridge and the construction of a new station across it. Because of the site

location and the out-of-hours working required, Balfour Beatty introduced high-tech measures to combat noise pollution, including super-silenced plant and machinery and acoustic curtains to limit demolition noise.

Landmark investments



On the surface, you would be forgiven for wondering what Barking Power Station, Exeter Airport and the Fort Jackson Military Housing Project could possibly have in common. Dig deeper and

you will discover that they are part of an exclusive group – Balfour Beatty's infrastructure investment business – which has recently announced a landmark 50th investment with the £450 million Blackburn

with Darwen and Bolton Building Schools for the Future programme. The business offers major infrastructure investments across the complete life cycle of a project. See www.50investments.com

News in brief

Gone to plan

The first phase of London's £1.4 billion East London line has been completed on time thanks to Balfour Beatty Rail and project partners. The mammoth three-year project involved track, third rail electrification, signalling and telecommunications, and construction of three major bridges, four new stations and a depot.

News in brief

From the Ground up

Balfour Beatty Ground Engineering (BBGE) is amalgamating Stent Foundations, Pennine Vibropiling and Branlow Piling. Graham Wren, BBGE Managing Director, said: "By working together as a single team, we are in a much better position to streamline our processes and provide our customers with the right ground engineering solution each and every time."

In safe hands

Balfour Beatty Rail employee Jim Erskine of South Queensferry Foundry in West Lothian, Scotland, has won the inaugural Balfour Beatty Rail Zero Harm awards and revolutionised foundry working by introducing a remote control ladle to prevent injury from molten metal. He found a US firm that manufactured a battery-operated pump and then sourced a British system with the same capability. His was one of 54 entries from the business.

Flourishing in Florida



The combined forces of Balfour Beatty Construction and the newly-branded Balfour Beatty Capital Group Inc. (see page 6) have sealed a deal for the US\$123 million Florida Atlantic University (FAU) student accommodation project.

Bruce Robinson, President

and CEO of Balfour Beatty Capital Group Inc., says: "Balfour Beatty Construction reached out to us to structure a PPP deal. If it wasn't for us coming together, we both may have missed the opportunity. This shows the power of the Group to reach

across boundaries."

Balfour Beatty is part of a development and design team that will design, build and operate the accommodation, which covers more than 489,000 square feet, and includes an outdoor pool and sand volleyball court.

Strength in numbers

The global financial crisis has forced all businesses to look closely at their cost base in a bid to increase efficiency and optimise spend. Market pressures have created a culture of "more for less" and customers are increasingly demanding evidence that Balfour Beatty is using its scale to deliver best value.

In the UK, Balfour Beatty has launched project GrACE under the leadership of Manfred Leger, Group Managing Director, to bring greater co-ordination and maximise volume buying in the areas of indirect spend (office stationery, travel, etc).

The project is also looking at different methods of engaging with suppliers, for example by

the use of online e-auctions.

By reducing the number of suppliers, it is hoped to reduce the costs for both Balfour Beatty and key suppliers. It would be wrong, however, to simply focus on cost. The project is looking to give greater visibility of service levels, which will hopefully drive improvements.

From idea to reality

It is one thing to talk about innovation, but placing it at the heart of company culture is altogether more challenging. Through the Chairman's Graduate Prize for Innovation, Balfour Beatty is making originality a grass-roots policy.

"I think being at the forefront of innovation is critical for Balfour Beatty to retain its position in the marketplace," says Ben Muncey, winner of the 2010 prize, which attracted more than 60 entrants from across the Group and was judged by a panel of senior managers, including Mike Peasland, Nick Flew, Paul Raby and Brian Osborne.

His idea is a high-tech version of the "goalposts" used on construction sites to prevent over-height vehicles from colliding with power lines. The intention is to develop a portable ultrasonic or light-gate technology device that operates from a single pole, which would reduce costs and make it easier to set up and move. The concept is already at the patent pending stage and he plans for it to be fully operational within a year.

Unlocking Britain's talent

Balfour Beatty Education has joined forces with Blackburn, Darwen and Bolton Councils to create Balfour Beatty Apprenticeships to offer sustainable jobs to young people in sectors including construction and facilities management. The ambition is to maximise benefits during the local Building Schools for the Future (BSF) project, leaving a long-term skills legacy.



"A key advantage for participating companies is the removal of the risk associated with having insufficient continuity of work for apprentices to complete their full terms," says Mark Howden,

Head of Regeneration at Balfour Beatty Education. "Once an apprentice has completed their time with a host company, they return to Balfour Beatty Apprenticeships and are reassigned to another business within Balfour Beatty's supply chain."

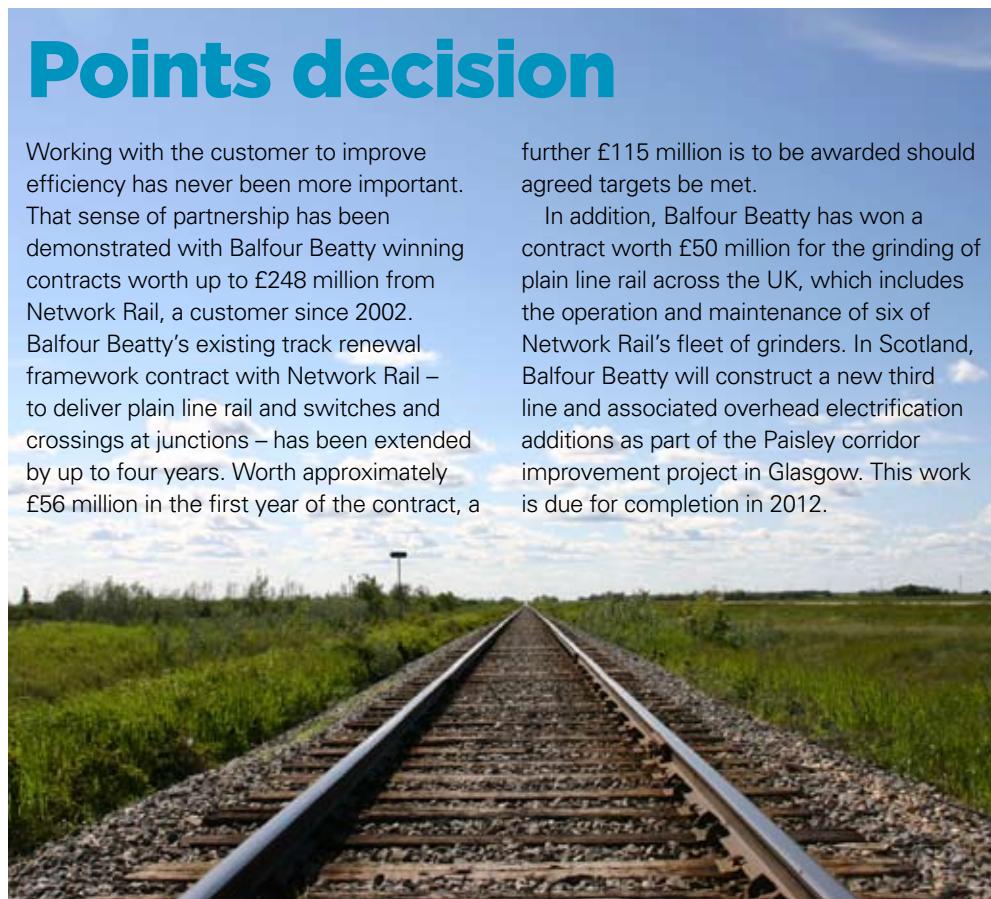
The intention is to roll out the scheme to other BSF programmes and potentially to the Group.

Points decision

Working with the customer to improve efficiency has never been more important. That sense of partnership has been demonstrated with Balfour Beatty winning contracts worth up to £248 million from Network Rail, a customer since 2002. Balfour Beatty's existing track renewal framework contract with Network Rail – to deliver plain line rail and switches and crossings at junctions – has been extended by up to four years. Worth approximately £56 million in the first year of the contract, a

further £115 million is to be awarded should agreed targets be met.

In addition, Balfour Beatty has won a contract worth £50 million for the grinding of plain line rail across the UK, which includes the operation and maintenance of six of Network Rail's fleet of grinders. In Scotland, Balfour Beatty will construct a new third line and associated overhead electrification additions as part of the Paisley corridor improvement project in Glasgow. This work is due for completion in 2012.





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COAST TO COAST

Balfour Beatty Construction US is bucking the market trend and achieving recognition for employee engagement, as it evolves into a more national business



Heading into 2009, Texas-based Balfour Beatty Construction US (BBC) was a \$2.2 billion revenue company with 1,600 employees. A year on, its revenues have grown to \$3.3 billion, with more than 2,100 employees, and a \$5.6 billion order book. The numbers tell a compelling story.

"We are evolving from a multi-regional business to a true national business with leadership coast to coast," says Chairman and CEO Robert Van Cleave.

The company's growth is the result of strategic planning, Group restructuring, and reacting to local opportunities. John Parolisi, Senior Vice President of Strategic Planning and Marketing, explains: "We looked at regional markets across the United States and decided which cities were most attractive over the long term, based on the volume of their existing construction market and their expected population and market growth."

Priority markets included Houston; Southern California; Northern California; Seattle; Portland; and potentially Phoenix. The company also began evaluating potential firms that complemented BBC in terms of location, sectors, size, and particularly culture. "We were able to come up with a shortlist of firms in those markets and when we reached out to them, several were very interested in talking with us," says Parolisi.

So far the firm has made two acquisitions, and restructuring in the Group has led to two further companies becoming part of the business. The first, family-owned contractor RT Dooley, was purchased in February 2009. "We were doing a large project for Bank of America in Charlotte, North Carolina and RT Dooley was performing the corporate interiors work. Over time, we realised we would be a great team, as they bring

expertise not only in interiors, but also within the fast-growing mission-critical sector," says Parolisi.

The next step, in November 2009, was the acquisition of Houston-based SpawMaxwell Company. "Around 75 per cent of our business is interiors and the other 25 per cent is core and shell," says SpawMaxwell President Steve Mechler. As such, the company brings not only a new revenue stream to BBC but also key customer relationships, which are fostered through the 300 to 400 interiors projects completed each year. And as SpawMaxwell also carries out base building construction, the existing Balfour Beatty operations and portfolio strength can help them further grow this area of business.

The latest additions to the company, Charter Builders and Barnhart, were already a part of Balfour Beatty, but were aligned with Heery International.

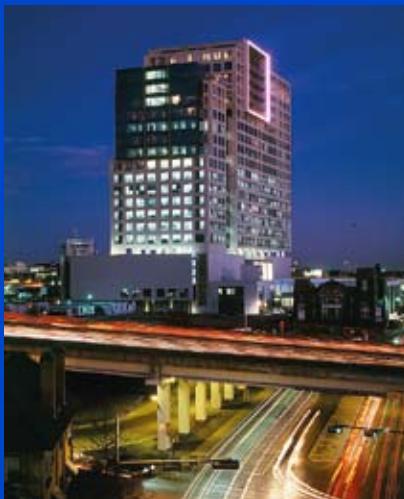
"Charter is focused on education, construction management, general contracting, retail and some small office developments," explains Charter President Charles DeVoe. He says the move into the construction arm is a more natural fit, considering the long-term view of the Group's US operations. By sitting within the construction group and leveraging BBC's other offices and expertise, DeVoe says Charter is in a stronger position. "The restructuring has been a great opportunity for us. It gives us immediate entry into new areas like Houston and Austin, where we had tried to penetrate in the past." ▶

SAN DIEGO



On the West Coast, BBC performs a significant amount of construction for the military including the recently-dedicated projects at the Berth Lima Pier, Naval Base Coronado in San Diego, California, completed by BBC's team at Barnhart Balfour Beatty.

DALLAS



BBC's Dallas location is one of the company's founding offices. The team has been responsible for some of the area's most recognisable landmarks, including One Arts Plaza residential housing and many K-12 education projects by Charter Builders.

AUSTIN



Selected in 2009 as 'Contractor of the Year' by *Texas Construction*, BBC's team at SpawMaxwell is a leader in corporate and healthcare interiors construction. Last year, they completed the Lance Armstrong Foundation Headquarters in Austin, Texas.

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Eric Stenman, President of Barnhart (now Barnhart Balfour Beatty), shares DeVoe's thoughts. "Our business is now able to grow in a more accelerated way, building on BBC's portfolio and relationship strength. For example, we can pursue and win larger education and healthcare projects."

For Charter Builders, entry into Houston and Austin is made easier by the presence of SpawMaxwell in these areas. For SpawMaxwell, an immediate benefit was the chance to co-locate with BBC's offices in Dallas. And for RT Dooley and Barnhart Balfour Beatty, the opportunity to leverage BBC's extended national reach has already resulted in key pursuit opportunities outside their typical footprint.

"For the past seven years, we've operated as a collection of regional divisions within a common framework of values, shared

beliefs and similar services. But with the addition of these new businesses and the growth we are experiencing in select markets, it no longer makes sense for all of these divisions to operate as separately as before. So we are leveraging senior leadership to create a more regional organisation model for our businesses," explains Van Cleave. "It should be pointed out that this regional model has been our long-term strategy since early 2004. However, we decided it would only be deployed when the business was of a size and scale where the move made sense."

Today's national structure at BBC consists of operations in the South East (Florida, Georgia, the Carolinas and a national Military Housing business); South Central (Tennessee, Texas and the surrounding states); South West (Southern California, Arizona



WE ARE CREATING
A MORE REGIONAL
ORGANISATIONAL
MODEL



and Nevada); and the North (Washington DC, the Northeast and select customers and markets across the entire Northern US and Canada). To lead these areas, two senior officers have been appointed as Regional CEOs: Al Petrangeli for the South East and John Tarpey for the North. Van Cleave says further appointments will be made "over

ORLANDO

BBC has significant experience providing construction management services on university campuses and higher education facilities, including Seminole State College, University of Central Florida University Partnership Center near Orlando, Florida.

CHARLOTTE

The Ritz-Carlton, Charlotte in North Carolina was completed by BBC and its team at RT Dooley in September 2009. The luxury hotel recently earned its official LEED Gold Certification, the first in the Ritz-Carlton chain to earn this level of green distinction.

WASHINGTON

700 Sixth Street is a 12-storey office building in the Penn Quarter of downtown Washington DC. It was built by BBC's team in Washington, features over 300,000 square feet of office space, and achieved the prestigious designation of LEED Platinum.

the next year or so" for the South West and South Central regions.

Alongside this reorganisation, BBC is focusing on three key themes: growth, leverage and differentiation. In terms of growth, the company plans to penetrate deeper into existing business streams such as federal, education and healthcare, and expand on the additional locations that have come with the new businesses. "Over the long term, we want to continue expanding our geographic market up through Northern California and into the Pacific Northwest. A likely way we would expand our reach is through acquisition," says Parolisi.

Focusing on leveraging the synergies, capabilities and locations of all parts of the business has already led to different teams working together, meeting new customers and winning more work.

The final theme is differentiation.

"We want our core focus areas of service, talent and choices to continue to set us apart," says Van Cleave. A key component of service involves the Mission Alignment Process, understanding and meeting their customers' unique priorities and expectations at the outset and then revisiting them continuously through active partnership with the customer.

Engaging top talent continues to be critical to every part of the business as BBC continues with strategies to attract, develop and retain the industry's best employees.

Sustainability and safety are other key areas of differentiation. By 2012, BBC plans, like the rest of the Balfour Beatty Group, to be a Zero Harm contractor. Today, it already outperforms the US industry safety average by 70 per cent. And in 2009, the company's continued strength in green

construction resulted in its ranking by industry magazine *Engineering News-Record* as a Top 10 Green Contractor in the US.

"However, not all days are rosy and tough choices have been made to help keep the company on track," says Van Cleave. "We have not been immune to the impact of a tough economy and have worked hard to remain competitive in every area where we work."

This has meant losing 200 of the original 1,600 BBC employees to make the company more efficient, implementing a salary freeze and renegotiating supply contracts. But by making acquisitions at the same time, the company is ensuring greater opportunities for future growth into new sectors and markets. "We have cut to the muscle and are set to go forward. We have great people and are in a great position," says Van Cleave. ▶



FORTUNE FAVOURS THE BRAVE

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Every year more than 500 companies fight it out for a place on Fortune's list of the 100 Best Companies to Work For, as compiled by the Great Places to Work Institute.

"It is very unusual for a first-time applicant to make the list," explains Balfour Beatty Construction US (BBC) Senior Vice President and Chief Talent Officer Jeff Schippmann. "Around 50 repeat companies are on the list every year; companies like Google and Microsoft. So, that means 450 companies are vying for the other 50 spots," he says.

The odds were long but the BBC HR and Communications teams had done their homework – and it paid off, as BBC won a place (no. 76) in the coveted list.

Many of the Fortune 100 criteria matched items within the company's own employee engagement survey. "We had benchmark data from companies that have participated in the listing in the past and as we compared ourselves with their scores, we felt we were doing exceptionally well. Our employees felt very engaged, they felt great about their managers, and they felt there was a strong basis of integrity and trust around the organisation. So, we said: 'We compare very favourably to the Fortune 100 crowd. Let's go for it.'

In assessing the top 100, the Great Places to Work Institute puts the greatest weight on its anonymous surveys with company employees. Of the company's 1,400 employees at the time, the 58-question survey went to a stratified sample of 800. An incredible 96 per cent (768 people) responded.

Further, BBC employees felt more positive than employees from the other Fortune 100 companies on 57 out of 58 questions. In total, BBC respondents had answered favourably to 89 per cent of the questions; the average score of the top 100 was a lofty 84 per cent.

"We have worked hard to identify the key dimensions of our corporate personality," says Schippmann. "This means establishing which elements are most critical to ensuring the best performance from employees. These include base pay; fair and equitable benefits; and great manager quality. Knowing what is most important means the company can make improvements in the areas that matter most to our employees. Having a relatively low score in an area that is highly valued by employees – that's where we want to focus our greatest attention," he says.

Schippmann believes these continuous improvements should ensure the company creeps higher in next year's Fortune 100. "What BBC is doing is more insightful and business-relevant than other employee surveys you see in 98 per cent of companies in the US. Our HR team has taken it to another level," he says, "and so far that's paying off for us, our employees, and – we believe – for our customers."



IT IS UNUSUAL
FOR A FIRST-TIME
APPLICANT TO
MAKE THE LIST



Letter from Australia

Marisa Feher is a geological engineer specialising in contaminated land management. With Parsons Brinckerhoff, she's helping communities in Victoria reclaim land lost to environmental abuse



My work has taken me across Australia, from Queensland to Darwin, and most recently to the national parks of Victoria. It's here that I manage a diverse and talented team of engineers and scientists working on contaminated land projects.

I have covered a lot of ground with my job, discovering beautiful bits of country that I would never have experienced otherwise and meeting some wonderful people along the way.

It's the same reason I enjoy bushwalking – I'm doing the Oxfam 100km walk that will take us through amazing landscapes – and it's all for a good cause.

Apart from travel, I love the social aspect of helping communities reclaim land that would have been fenced off and lost forever without our intervention. It is rewarding to see a contaminated site transformed into residential housing or parkland, undoing the environmental mistakes of past generations.

One of our projects is Liddell Sands in Victoria, where 33,000 tonnes of sand contaminated with

arsenic were sitting in the middle of a national park surrounded by residential properties. The sand was uncovered by the Black Saturday bushfires of 2009, which burnt the vegetation that had hidden it since the days of gold mining more than 100 years ago. This posed a big problem for our customer, Parks Victoria. The sand particles were



becoming airborne, so there was a risk of contaminating the local water supply. I've been involved since day one and we are currently planning the remediation of the sands, and dealing with key stakeholders including government bodies and local residents.

As well as the more technical aspects of geological engineering, a key part of my role is managing the

people in my team and supporting their growth. I make sure they have everything they need to do their job so the team can perform at its peak; if there are any issues, it is my responsibility to address them. I also liaise with colleagues on a national level – the 26 people in Victoria are part of a wider team of 155 Parsons Brinckerhoff (PB) employees across the country working on contaminated land management. We share knowledge and work together on new business proposals.

New business tenders are something I really enjoy because

I love the thrill of the chase – that wonderful project that will help the team to grow both technically and commercially. I relish the chance to talk to people about what we do because I feel very proud of our work and the company. At PB, we hold our values up high and take them seriously.

We always aim to put safety, the environment and the customer first. I have now been here two years – I think my journey has been and will continue to be a great one.

COUNTRY FILE

Population: 21.3 million (UN, 2009)

Main exports: Ores and metals; wool, food and live animals; fuels, transport machinery and equipment

Capital: Canberra

Area: 7.7 million sq km

HEAD FOR HEIGHTS

Mike Sparrow, the new kid on the block at Balfour Beatty Utility Solutions, sees growth opportunities all around. And, as his career so far has proved, he's adept at grabbing the right ones



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I START BY GETTING THE TEAM LINED UP BEHIND A COMMON GOAL



When Mike Sparrow was offered the chance to run Balfour Beatty

Utility Solutions (BBUS) at the end of last year, it wasn't a difficult decision. As the Managing Director of UK facilities management firm Romec, owned by Balfour Beatty and Royal Mail, he already had a good feel for the way the Group worked, and he liked what he saw.

"The Group is enormously diverse and interesting, and the people are accessible and take an intelligent approach to running the business," he says. As Managing Director of BBUS, he has also been impressed by the technical expertise of the frontline staff and their wide portfolio of projects.

Sparrow leads a team of about 4,500 staff focused largely on the design, building and maintenance of water, gas and power infrastructure. Working across sectors has its benefits, particularly when demand is flat in some areas, but Sparrow is keen to ensure that

people work together as one unit.

"Success in business is determined by your numbers. At BBUS those relate to safety and financial performance. Those are the two things I look at first to get a steer on how I'm doing, but if you don't have the goodwill of the people in the business you're never going to succeed," says Sparrow.

"I start by trying to get the team lined up behind a common goal that can be articulated in a simple way, that is easy to understand and inspiring to follow," he says. "I try to get the frontline team to focus on the things that are critical to our customers and get the support functions lined up behind them."

A key challenge for Sparrow will be ensuring that the business makes the most of growth opportunities in global markets. The UK currently represents about 90 per cent of overall turnover.

"We need to be careful to focus our resources where we will get the biggest bang for our buck. The biggest market opportunity by a country mile is the US, where the ➤





power business is tiny – £30 million out of a total turnover for the Utility Solutions business of £600 million.”

Career path

Sparrow's career has been a question of hard graft and grabbing opportunities. London-born and bred, he started out on a building site after he didn't get the grades to study marine biology at university. He could have retaken his exams but was too eager to start earning a living. When he had a second chance to take the academic route, he made the same choice. “I was working as an architectural draughtsman for a small practice in Harpenden for a year and they wanted me to go to university for six years to do an RIBA [Royal Institute of British Architects] qualification. I thoroughly enjoyed the job but I didn't feel like doing that once I had cash in my pocket.”

After that he got a job in a pub, before working his way up in the hospitality industry. He then ran restaurants and hotels for Chef & Brewer and Allied Domecq. His next move was into contract food

service and facilities management at Compass Group, where he spent 13 years until he joined Romec. As well as getting to grips with serving a range of customers, it was also an opportunity to run a fast-growth business. “When I joined Compass, it had a turnover of just over £500 million in the UK only. When I left, the turnover was maybe £3 billion



WE WILL HAVE TO BE CAREFUL ABOUT HOW WE PRIORITISE EMERGING MARKETS OPPORTUNITIES



in the UK and £12 billion for the group, which then operated in 100 countries,” he says. “The growth was huge and my career developed along with it. I also got strong sponsorship from one of the UK managing directors, who gave me the opportunity to run education, defence, some healthcare, police and prisons as part of a government

Collaboration in New Zealand

As Balfour Beatty Utility Solutions (BBUS) takes on more international projects, its ability to draw on expertise across the business and at Group level, as well as collaborating with external partners and customers, will be critical to success.

This style of working is being put into practice on a project on New Zealand's North Island to upgrade to a 400kV overhead power line that will stretch for 186km. The contract, valued at about NZ\$230 million, is being carried out by BBUS through its joint venture business with United Group Limited, an Australasian engineering and property services company. The two companies won the project after putting together a competitive alliance proposal, where they not only had to explain how much it would cost and how it would be structured and delivered but also articulate their values and

approach to working with the customer. This level of detail and collaboration is becoming more common on tenders as customers with large-scale capital expenditure plans seek to build long-term relationships with contractors.

The joint venture benefited from the support and expertise of Balfour Beatty management when it came to carrying out an evaluation of the risks and opportunities involved in the project. The customer, Transpower, which owns and operates the grid, was also involved throughout this process. One of the outcomes of this process was that an alternative form of tower erection was identified which brought BBUS expertise into play. As a result, BBUS has trained its team to use a derrick method to erect towers from the air, as an alternative to the crane method.

service portfolio."

This experience of managing growth should help as Sparrow builds BBUS's position in new markets. This will mean working with the US management team to get a critical mass of people with the right skills to unlock the power opportunities in that market. "Organic growth is always more cost effective but there are some gaps in our capabilities where acquisitions could be useful, particularly as we establish a bigger market presence in the US," says Sparrow.

It will also mean working with management at Group level to capitalise on opportunities in other overseas markets. Outside the UK, the business has operations in the US and Canada, Australia, New Zealand, Hong Kong and the Philippines, and it is also working on a joint venture in Indonesia.

BBUS has commissioned some research into possible new markets in terms of the sustainable scale of investment in utilities services, their political fit, the legal and ethical environment in which it would trade and the level of competition.

It is early days, so Sparrow rules nothing in or out. "We will have to be careful about how we prioritise emerging markets opportunities and determine whether they fit with the Group's aspirations," he says. "If the Group is already in a territory, such as the US, it gives us market intelligence and contacts that can help to build relationships before tendering for contracts or a platform for potential acquisitions in those territories," he says.

Sparrow is also focused on strategies for growing the UK business and making it more

competitive. The UK power market offers plenty of growth potential over the next five to 10 years due to substantial government investment in the clean energy sector. Marine cabling could also be an interesting market for BBUS.

The amount of work and relative shortage of skilled manpower are likely to ensure that this business commands better margins than UK water and gas markets. Although there is a programme of work to improve water quality and the safety of gas pipes, competition is intense and margins are tight. Sparrow will be relying on the work of BBUS's Innovation and Development team to keep coming up with ideas to make the business more efficient (see box).

Work/life balance

Although Sparrow has a lot on his plate, he retains a healthy attitude to work. He lives with his wife and three children in North Yorkshire, which was a lifestyle choice, rather than moving house to follow his job. He freely admits that holidays are important to him. "We have a place in Montana in the US that we try to get to for four to six weeks a year."

That said, he is also an accessible boss. "I don't find business a burden. If I was on holiday, I wouldn't have the slightest concern about someone ringing me from work," says Sparrow. "I would rather people have the opportunity to talk than get back to find a problem or someone who is unhappy," he says, demonstrating the same approachable attitude that he admired when he first got to know Balfour Beatty. It is easy to see why he felt it was the right

In practice: the work of the Innovation team

Imagine a day when a robotic tool can be lowered through a fire hydrant into the water mains, locate a leak by camera, diagnose the best solution and carry out the repair, all without any disruption to the water supply or transport on the roads above ground.

This isn't science fiction – it is a project that Balfour Beatty Utility Solutions's Innovation and Development team hopes to complete within the next three to five years. The business invests a minimum of £2 million a year in R&D work, mainly through its Innovation unit, which is a 12-strong team with a mixture of utility industry expertise in operational management or safety roles as well as a variety of engineering skills.

These kinds of solutions will be critical to the competitiveness of the gas and water business by helping to rebuild margins. In the power business, a recent breakthrough has been mobile extended working platforms, allowing the team to work on high-voltage transmission lines without climbing up to the power lines. "If the power market is going to be buoyant in terms of volume, it will attract new entrants, and we will have to continue to innovate to stay ahead of existing and new competition," says Sparrow.



1 TRANS-HUDSON EXPRESS TUNNEL PROJECT INCREASES CAPACITY

Nearly 170,000 people commute between New Jersey and Manhattan by train each day, using a century-old, two-track rail tunnel under the Hudson River. The Trans-Hudson Express project will double capacity when it opens in 2018, and includes new tunnels in New Jersey and Manhattan, and the extension of Penn Station. Parsons Brinckerhoff is the managing partner of a joint venture providing tunnel engineering, architecture and environmental services.

2 NO. 7 SUBWAY HEADS FURTHER WEST

Construction is under way on the No. 7 Subway Line Extension from Times Square to 34th Street and 11th Avenue. The station at 34th and 11th is unusually deep because it lies below existing tunnels – the deepest point of the structure will be about 40m (130ft) below street level. Parsons Brinckerhoff is providing design services to the Metropolitan Transportation Authority.

UNLOCKING NEW YORK

From New Jersey to Long Island, Parsons Brinckerhoff has a leading role in each of the four major projects under way to revolutionise the city's commuter rail services

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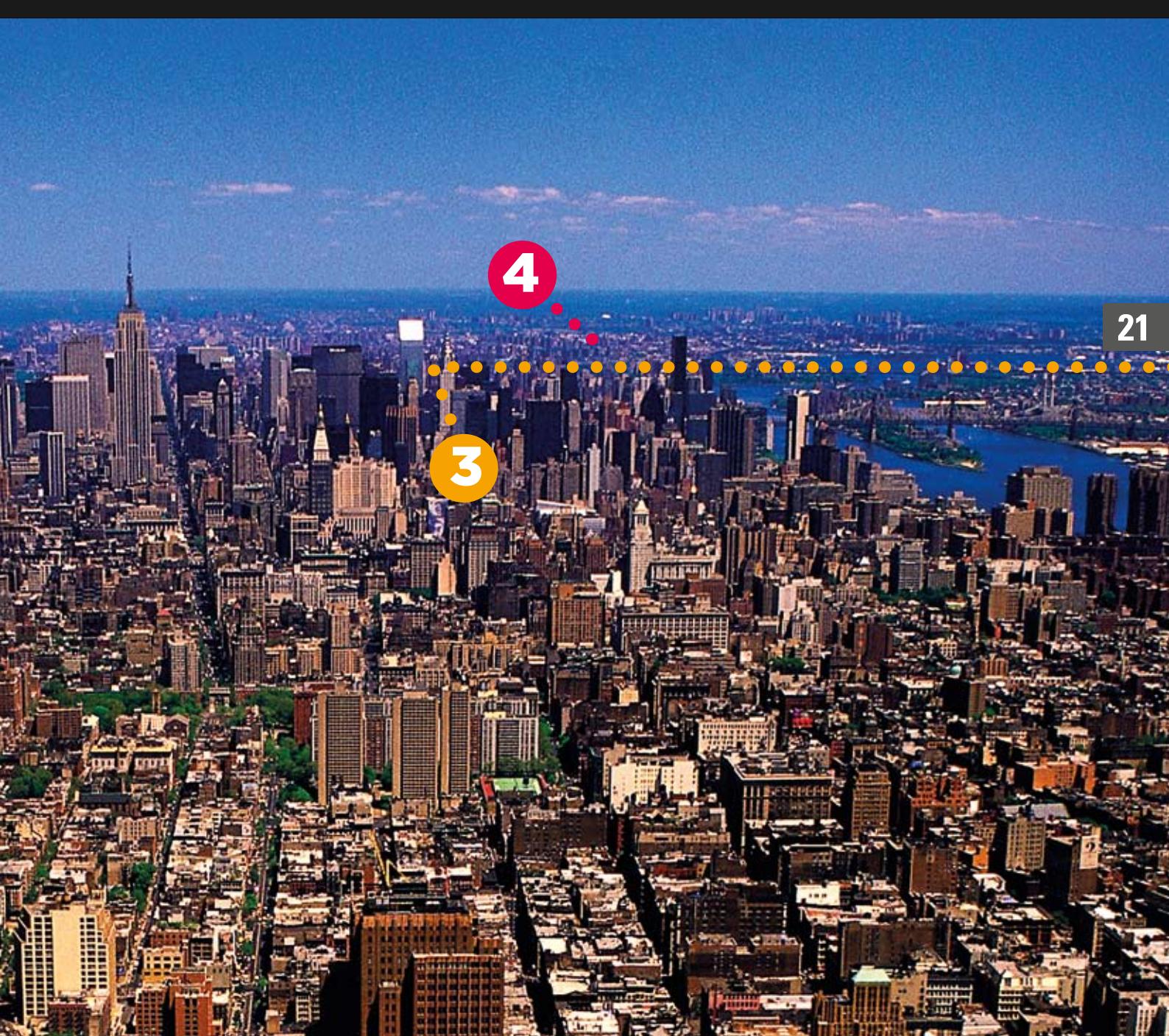


3 EAST SIDE STOP FOR THE LONG ISLAND RAIL ROAD

Currently the Long Island Rail Road (LIRR) arrives at Penn Station on the West Side of Manhattan, and many commuters then backtrack to the East Side via subway or on foot. The East Side Access project will bring the LIRR to Grand Central Terminal on the East Side via the existing 63rd Street Tunnel. Parsons Brinckerhoff is leading a tri-venture that is serving as general engineering consultant for the project.

4 RELIEVING CONGESTION ON THE EAST SIDE

The Second Avenue Subway will relieve overcrowding on the Lexington Avenue line. Work is under way on the 2.4km section between 96th and 63rd Streets. The first phase is expected to be completed in 2016 and in subsequent phases the line will be extended south to Lower Manhattan and north to 125th Street. Parsons Brinckerhoff is leading a team that is providing construction management services.



WHAT LIES BENEATH

Archaeological discoveries are surprisingly common on construction sites. So what happens when the mechanical diggers stop and the trowels are brought in?

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Digging brings history to the surface, whether that is in the shape of animal bones, pottery shards or a hoard of Anglo-Saxon gold. For Balfour Beatty, finding archaeological artefacts is an unexpected part of the build or construction process on major infrastructure schemes and civil engineering projects.

If the find is significant enough it can mean delays, although it is often possible for construction work to continue in parallel with the archaeological dig. It also signals the start of a collaborative process with key partners and stakeholders.

Balfour Beatty and its contractors must ensure that whatever is unearthed is made known not only to English Heritage or Scottish Natural Heritage – government



advisers on the historic environment – but also, where appropriate, to local council archaeologists. English Heritage is often involved from the very beginning and has a particularly close relationship with the Highways Agency, the government agency responsible for managing and maintaining England's motorways and trunk roads.

Archaeological activity forms an important part of the Environmental Impact Assessment (EIA) drawn up at the initial planning stage for certain projects (often road schemes) and can, for example, directly inform route options. For

the EIA, archaeologists will consider existing material such as historic maps, documents and reports from earlier finds to help plan ahead. Much of this is about mitigating the impact of construction on important archaeological sites by preserving on record (detailed photographs, for example) what is found for future generations. But no amount of desk research can entirely predict what might lie underneath the ground.

During the Fife hospital project in Kirkcaldy, Dom Gallagher, Project Director, received a call informing him that bones had been found on the construction site. "My first reaction was – are they human or not? For example, smallpox spores can remain 'live' for a long time, so bones have to be sealed in a lead-lined coffin."

The Archaeological Unit at Fife Council examined the site and established that the bones were the remains of a working horse which had been buried in a lime pit in the late 19th or early 20th century. There was a colliery nearby where it was common for horses to be used on the surface.

While this was interesting from a local history point of view, for Gallagher the best news was that

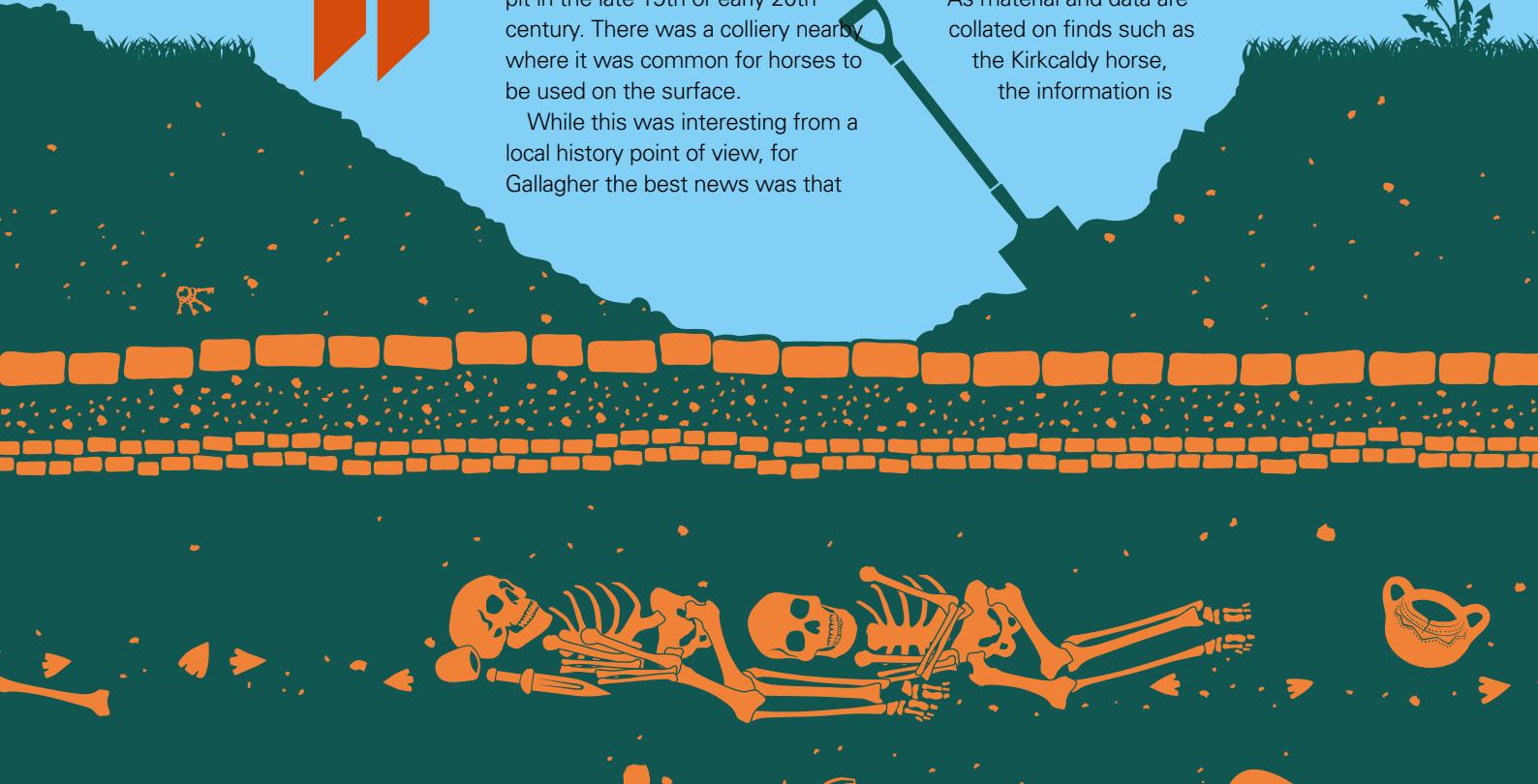
Project: A46 link road between the M1 motorway at Leicester and the Newark Relief Road
Location: Leicestershire, England

Much of this route follows the Fosse Way, a major Roman road. It traverses a number of important sites, including early prehistoric Farndon.

"Farndon dates from the late Upper Palaeolithic period – around 11,000 BC," says David Aspden, Archaeological Consultant for Scott Wilson, Balfour Beatty's designers for the project.

"We found flint objects used as tools and preserved a large part of the site for future generations by deploying a geotextile membrane above the top soil before placing fill material for the road embankment."

The site at Stragglethorpe Junction revealed a 30m-diameter ring ditch. "We suspected a burial monument or barrow," says Aspden. "There was a central pit-like structure but it was empty, perhaps robbed. We found eight human burials and a beaker pot."



WE FOUND FLINT OBJECTS USED AS TOOLS

Illustration by Illovedust

the team was able to cordon off the area and carry on working. "If the bones had been human, it could have been a very different scenario," he says.

As material and data are collated on finds such as the Kirkcaldy horse, the information is



Two 19th-century lime kilns were unearthed at the A3 Hindhead project

Community Relations Managers to key interest groups, such as history or archaeological societies, as well as local schools.

When two 19th-century lime kilns were found at the A3 Hindhead project in Surrey, Dianne Jarvis, Environmental Manager for the project, made presentations to

a local school about how the kilns were excavated and provided information to local museums. Although not a statutory requirement, this type of work is a vital part of Balfour Beatty's public outreach programme.

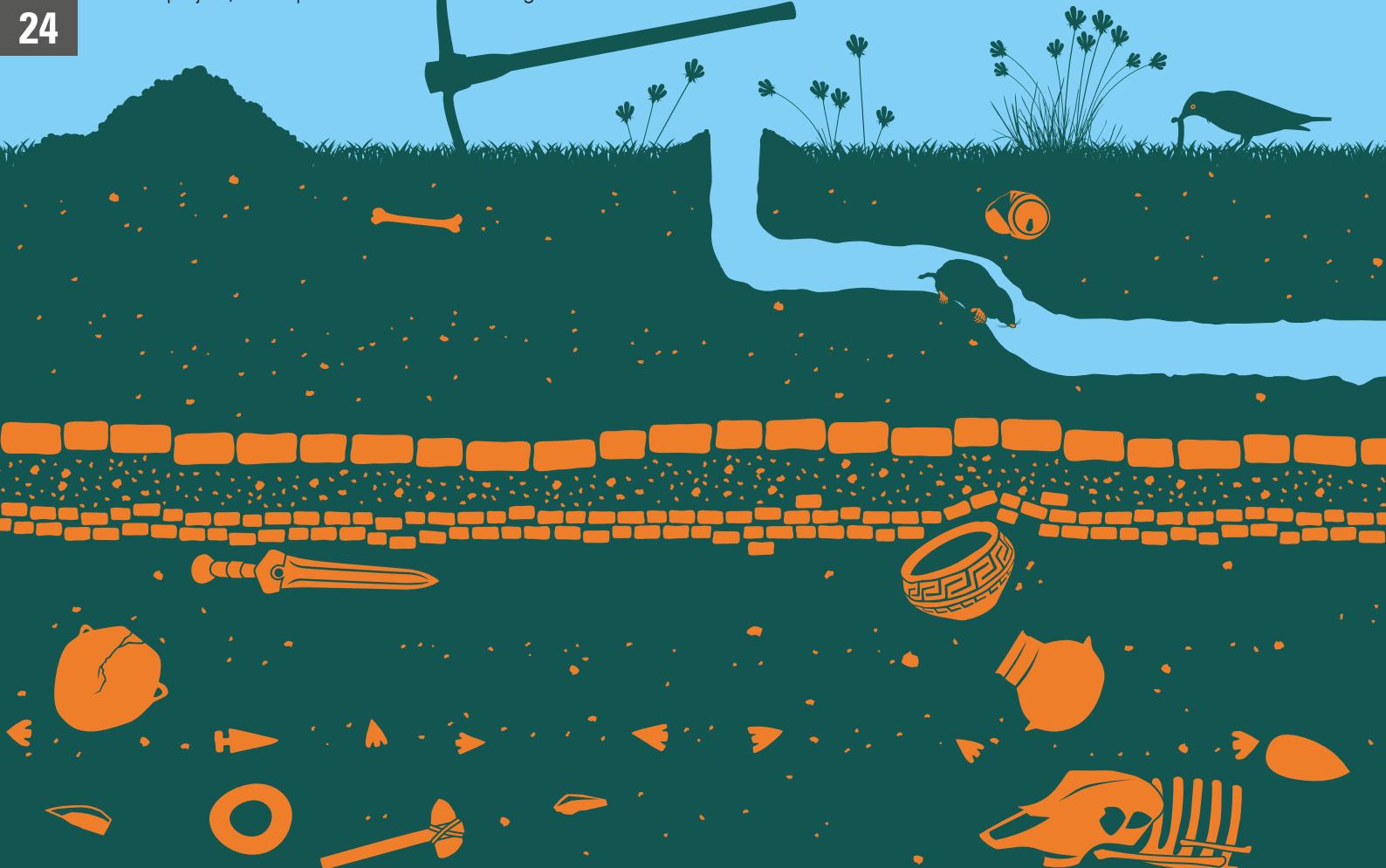
Other recent Balfour Beatty projects have unearthed a range of finds, from late Upper Palaeolithic tools to Iron Age settlements and Roman roads. Even when the project is completed, archaeologists continue to examine their findings. For example, by scrutinising soil samples for pollen content, archaeologists can discover what crops were grown at the time and what the environment was like.

And it is these small things that can result in big revelations about the ground beneath our feet.

Project: Carlisle Northern Development Route
Location: Cumbria, England

A team of archaeologists from Oxford Archaeology North, monitored by English Heritage and Cumbria County Council's Heritage Environment Services, has been excavating sites along the route of the new road on behalf of Birse Civils.

Fraser Brown from Oxford Archaeology North says: "Some of the amazing finds over the past few months include prehistoric remains from some of the earliest Cumbrians, dating back more than 8,000 years, as well as a decorated pottery vessel, several arrowheads and four stone axes from around 3000-4000 BC. As the construction of the road gets under way in earnest, the archaeological fieldwork programme is coming to an end, but the team is only just beginning to make sense of all the findings. These sites are some of the most important ever identified in northern Cumbria. It is hoped that, one day, the finds will go on permanent display at Tullie House Museum and Art Gallery."



WHAT IT MEANS TO BE A...



A plc may be able to raise money by issuing shares, but with this power comes responsibility – to maintain good corporate governance and satisfy shareholders. And these obligations require clear and effective communication

Toing the line
One of the most distinctive aspects of being a listed company is the challenge of complying with corporate governance standards. Plcs are required to observe a corporate governance code, which sets out good practice on issues such as board composition and development and relations with shareholders.

Chris Vaughan, Balfour Beatty's General Counsel and Company Secretary, says: "Good corporate governance is all about honest self-evaluation, and companies are advised to undertake an annual review of the effectiveness of the board, committees and directors." The Code is based on

Illustration by Sarah J Coleman

a system of comply or explain, meaning companies that choose not to comply must publicise their decision and explain why. This approach has been championed in the UK, and is slowly being adopted elsewhere in Europe and beyond.

"It is perfectly legitimate for a company to decide not to comply, but then in their annual report they must justify why to shareholders," says Richard Sheath, Director of Independent Audit, a strategic corporate governance consultancy.

Balancing the boardroom
The increased public profile of listed companies serves to amplify the level of boardroom scrutiny. The UK corporate governance code states that there must be at least an equal ratio

of non-executive to executive members and meetings must be presided over by a non-executive chairman. "Getting the right mix of people with the right qualifications and experience is vital," says Sheath. "If you have the right directors and the chairman has some leverage and expertise, it should bring a lot of value in terms of helping the board manage both itself and risk better."

Non-executive board members spend between 12 and 20 days a year dealing with issues related to the company. "It's another form of external scrutiny that we have as a listed company," says Duncan Magrath, Finance Director of Balfour Beatty. "Non-execs bring a different perspective and therefore a valuable challenge." ▶

Behaviour Compliance. Media SCRUTINY

Decision Making "Yes" "No"

The role of the Board.

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O pen and honest Displaying transparency to the external world is of vital importance and contributed to Balfour Beatty changing the way it reports the financial performance of the business. "Previously we reported in four segments – building, civil, rail and investments. But increasingly we are building complicated structures such as the East London line, which could be described as both a railway and a civil activity, and as a result does not fit naturally into those categories," says Magrath.

The inadequacy of this reporting structure was highlighted by the growth of the support services business and the acquisition of Parsons Brinckerhoff (PB). As a result, four new segments were agreed – professional services, construction services, support services and infrastructure investments – each of which can be viewed as a strong area of the Group in its own right, as well as, increasingly, having the capacity to work together. The new structure highlights the different types of activity within the Group, enabling investors to have a clearer picture of the underlying activity and to get a better handle on its value.

Having a clear reporting structure is of no use if the data is poor, however. Collating good-quality data requires a huge team effort – both at Head Office and by the finance professionals within the operating companies.

B igger and better? The employees of the formerly private PB now find themselves part of a London-

listed plc with 50,000 employees in more than 100 countries. But will day-to-day life change? "The only changes should be positive ones," says Duncan Murray, Balfour Beatty's Director of Corporate Communications. "If you are part of a bigger company, you have the capacity to work with bigger customers on more interesting projects and the Group continues to attract the best people."

The challenge is how to unite people across a business of such scale. "You might be doing something fantastic in the UK, but how do you know about it in the Far East? Sharing must happen horizontally and the answer is more effective internal communication."

t's good to talk

With growth, comes greater scrutiny as to whether the business is delivering against its promises. "The acquisition makes us a more complex business so investors need the ability to clearly identify the separate parts and understand how they might be reacting differently to the economy," says Magrath.

Announcing financial results is one of the key days of the year for listed companies and the hard work of all employees in producing the profit of the company is potentially negated if the numbers are not communicated effectively to analysts and media. "It starts early in the morning, talking to a number of newswires once the announcement is made," explains Murray. "There could be interviews with the national media before the analysts arrive – then a presentation and webcast to

analysts and investors, followed by meetings with banks and then more interviews."

Following this year's results, Balfour Beatty produced a team review, aimed at employees. "The idea was to communicate our performance and potential, devoid of the corporate language often associated with formal plc announcements," says Murray. The rationale was to give employees a clearer view on the shape and future direction of the Group.

Satisfying shareholders

Although having shareholders gives listed companies the potential to raise money through the issue of new shares – Balfour Beatty's recent £350 million acquisition of PB was made possible in a credit-starved climate by a timely rights issue – managing shareholder expectations can prove tricky.

"When you are dealing with a multitude of shareholders, some of whom have different opinions, life becomes a bit more complicated," says Magrath. "Part of the management role is ensuring they understand the company strategy – the more shareholders you have, the more likely it is, however, that some of them will disagree with you." As a result, it is a requirement to hold public annual general meetings (AGMs) when a company presents its accounts to shareholders and they have an opportunity to question management and vote on various matters.

In addition to an AGM, and depending on the size of the transaction, listed companies might also require shareholder approval before making an acquisition, as

happened in the case of PB. In such cases, the company makes an initial offer that is conditional on the approval of shareholders, to whom the board must make a proposal supported by relevant information and earning projections. The decision is then put to a shareholder vote. For the acquisition of PB, a combined document was issued



NON-EXECS BRING A DIFFERENT PERSPECTIVE AND THEREFORE A VALUABLE CHALLENGE



asking shareholders for additional money. "That document, which had to be approved by auditors, financial advisers and sponsors, is testament to the huge amount of teamwork that has to go into an acquisition of this scale," says Magrath.

So, being a listed plc brings both responsibility and opportunity.

A responsibility to look after the shareholders' interests, and deliver them a return on their investment through dividends and by generating value for the business, which is hopefully reflected in an increased share price.

And a good track record on shareholder returns helps persuade investors to invest more money which can be used to grow the business further and makes Balfour Beatty an exciting place to work.



The Royal Free Hospital in London needed to keep the main entrance open during building work, so Mansell constructed a tunnel for visitors



nurturing RENEWAL

Regeneration projects can be messy affairs that are not always welcomed by residents, so engaging local people from the start is one of the keys to success

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Urban renewal improves lives. In the words of the British Urban Regeneration Association (BURA), "improvements to the physical environment lead to better homes and neighbourhoods, which in turn help the most disadvantaged to help themselves."

But urban renewal can also cause upheaval and worry. The arrival of large digging equipment on residential streets is rarely greeted with cheers, no matter how positive the end results are likely to be.

"Often, people don't want things in their backyard, and the initial reaction is to complain," says Gavin Crawley, a Senior Site Manager for Mansell in the UK. "So you've got

to treat the residents with respect and explain what's happening."

His own experience includes a project originally opposed by residents, which ultimately got two "very good" Considerate Constructors Scheme reports (see "Community involvement" box).

Paul Evans, Vice Chair of the British Urban Regeneration Association, agrees. "Think about the daily routine of people's lives – the promise of a gleaming future in five years' time can be little compensation for disruption now," he says.

But ensuring maximum benefit with minimum disruption is a fine balancing act. And the bigger the scale, the bigger the challenge. Mansell is currently in the latter ▶



Parsons Brinckerhoff Project Visualization used photo simulation and animation to give the public a true experience of the plans for downtown Denver

Community involvement

Gavin Crawley, a Senior Site Manager for Mansell in the UK, explains how direct contact with residents eased concerns over the building of the Krishna-Avanti Primary School in Edgware, north London.

"The land was originally a football club, and the residents association had opposed the planning because they wanted to keep it as sports fields.

"Once Mansell was involved, it was down to me to liaise with the residents. We issued monthly newsletters and put up a Considerate Constructors notice on the site with my phone number on it. One rang to ask, 'there's a stake up against my fence, is that where you're building, in my back garden?' Someone else was concerned we were going to undermine their shed with our excavation. But everything was resolved at site level. The response they got from me meant they didn't need to go any further.

"We also helped the neighbours. In the local park there was a sculpture being made for a fête and they asked if we would donate some clay, so we did. On another occasion, we donated materials for fencing to segregate a donkey derby.

"If someone asked, and we were able to help, then we did."

stages of a five-year, £57 million renewal project in the UK's West Midlands. The project, in West Bromwich, Sandwell, involves demolishing 148 houses and 78 garages, and building 198 homes in their place. There will also be repairs to almost 900 other homes, with work ranging from minor fixes to complete refurbishments.

And the community work here has been almost as intense as the construction. In the first stage, the Tenant Liaison team sent out information packs to residents, explaining the project aims, and giving details of who to contact with concerns or complaints. But this has been a project that has gone some way beyond standard procedures, and face-to-face contact has been core. Site visits have let adults and children learn about the project in detail, the latter getting demonstrations of construction skills and talks about site safety. The firm's resources were also put to use with the free refurbishment of a local school.

But perhaps more significant were efforts to step out into the community, rather than inviting them in. Staff joined neighbourhood watch meetings and a litter collecting initiative, as well as charitable drives such as the Cares

at Christmas scheme, in which a raffle raised £1,200 for the charity Acorns Children's Hospice Trust.

And there was direct, practical action too. When heavy snow fell and limited the mobility of older residents, Tenant Liaison Officer Tracey Astbury and Site Manager Doug Jewell led staff on shopping trips for basic foodstuffs. "Many of the residents couldn't possibly leave their houses in the conditions, so we were delighted to come to their aid," says Jewell. This kind of community thinking helped the Sandwell project score a rare 37 out of 40 and a Silver Award in its Considerate Constructors Scheme ratings.



ALWAYS
EXPLAIN WHAT
IS HAPPENING
WHEN THERE
ARE DELAYS



Of course, urban renewal doesn't begin when the first steel-capped boots arrive on site. James Price is a Senior Project Manager with Parsons Brinckerhoff, which is in the latter design stages for a renewal project that will cover 12 city blocks in downtown Denver, Colorado. From the outset, engaging the local community has been top of the agenda.

"One of the first things we did was put together a team that involved a PR firm and a well-respected landscape architecture company," says Price. "We put together a series of workshops to investigate the potential of the project and the upside of the economic development."

This team was key in getting out the message that the development would be beneficial. "One of the things we did when selling this to the economic development committee of the City and County of Denver was an animation of the project," explains Price.

"Finding project consensus among all the stakeholders was the critical issue. PB built a virtual

Part of the works in West Bromwich, Sandwell, involves removing internal and external walls, often while the next-door neighbours are in residence



model of the project design, and then created an animation of the corridor including cars, bicyclists, pedestrians, day and night time, and even changes in the seasons."

The results were made available on YouTube and helped clarify the immediate benefits. "As a stakeholder, property owner or city council person, you could almost experience walking down this roadway with new pedestrian improvements, the plantings, the spill-out cafes, from the eye of the pedestrian, or a bird's-eye view. You got a true experience of the upside, and we felt that was also invaluable in getting a complex project with complex stakeholders through the process," says Price.

The right people

But perhaps the hardest sell was to private property owners and residents, who were being asked to contribute their own money to go alongside public funds. Here, says Price, the key was being in touch with the right people. "We were really dealing with community leaders," he says.

"I'm convinced the project never would have happened otherwise." In November 2009, property and business owners and residents voted to supplement the City and County of Denver's \$10 million with \$4 million of their own funds.

It's a sentiment echoed by BURA's Evans. "Developers and constructors work best with local communities if they start early – very early," he says. "Communicate – face to face, openly, widely, frequently and honestly – listen as much as you talk, never promise more than you can deliver and always explain what is happening when there are delays."

It's simple advice, which is applicable on any continent.

Taking a flexible approach

Andy Instance, Operations Manager (Health) in the London Major Works business at Mansell in the UK, says flexibility is vital.

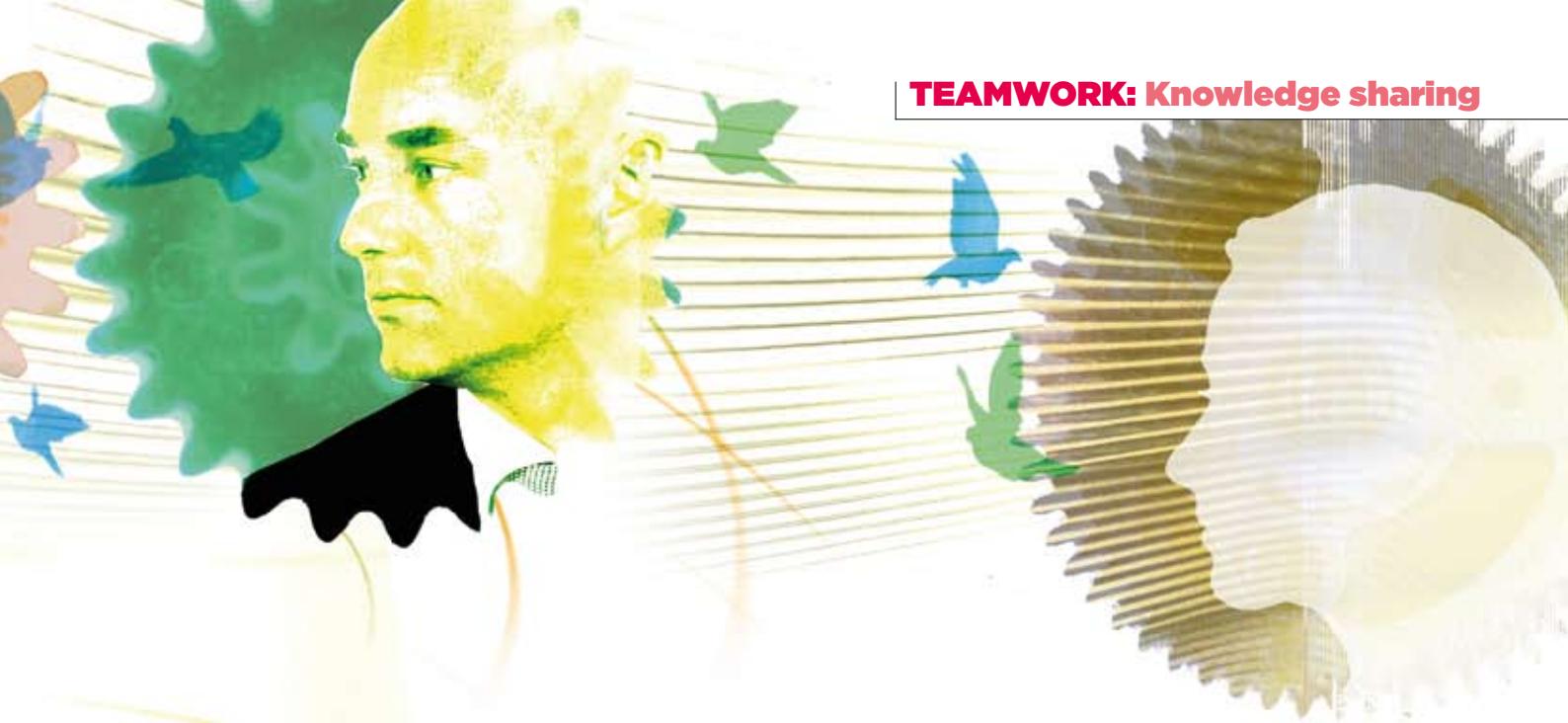
"The Royal Free Hospital [in London] is a big, inner-city hospital environment with a very big accident and emergency department on the lower level, and the main hospital entrance on the upper level.

"To start with, we were in our own self-contained area, where we had some heavy demolition work and created a new level of multi-storey car park. Doing heavy demolition in close proximity to sensitive hospital equipment meant we had to use silent demolition techniques: instead of pneumatic breakers, you use crunching equipment.

"The customer originally said they would shut down the whole main entrance, then as the day approached they realised they needed to keep an access point. So we created a complete, physical tunnel that allowed pedestrians to go through while we were building on either side of them and above them.

"There was quite a bit of out-of-hours working, limitations on the contractors and working at night, but, by being flexible, we got the job done."





GREAT MINDS.

Sharing knowledge in a large organisation is a big challenge but Balfour Beatty is determined to break down barriers – and create a culture of collaboration

One of the Group's main differentiators is the depth and breadth of its expertise, but when you are expanding as quickly as Balfour Beatty, how do you ensure that expertise is accessible to those who need it? Individual operating companies already pool know-how to some extent, but as the Group grows, so does the need to adopt an effective knowledge-sharing strategy.

"Our ability to share knowledge across the Group to help our customers has gained greater

focus in the past five years," says Group Managing Director, Brian Osborne. "Due to acquisition and organic growth, we have much more firepower, many more people working on innovative ideas and we see customers award us contracts at least partly on the basis that they get access to that expertise."

Osborne recognises that most innovative practice is carried out by the people right at the coalface and is not pushed down from the top. "People solve problems and exploit opportunities locally on site and we need to get them to share their methods with others so they

can learn from each other. Feeding the value they create back into our wider business is so important."

Joined-up working

Dominic Grace, Innovation and Knowledge Manager, says that knowledge sharing and collaboration are vital to retain a competitive edge, but they are by no means new concepts for the business. "We can find examples of operating companies sharing expertise and working collaboratively at all levels of the business. For instance, Balfour Beatty Education brings to bear the expertise of several operating companies to present a unique, multidisciplined offering to the UK education sector. Our UK Major Civil Engineering business and Gammon Construction in Hong Kong are collaborating on tracking technology to improve the safety of tunnel workers – pushing towards our goal of Zero Harm by 2012. The sustainability working group ►

has pooled the knowledge and experience of all our operating companies to come up with a global vision for sustainability."

Across Balfour Beatty, there are countless other stories of where knowledge sharing has already reaped rewards and that experience needs to be shared. Equally, there is a wealth of undiscovered potential that needs to be tapped into.

Andrew McNaughton, Chief Operating Officer, is all too aware of this need. "Sharing best practice gives staff ready access to knowledge to support them in their day-to-day tasks," he says. "But consider our planning and scheduling disciplines, where, despite having the best experts available, we have not unlocked their value by consistently applying collective best practice."

Follow my leader

Inevitably, there are different levels of maturity in knowledge-sharing practices across the business. Some are further along the journey than others, which creates a great opportunity to learn and build on what works well.

"For some people, sharing knowledge will come naturally, for others it will be a little more difficult," admits Grace. "When asked, people are very receptive to help. But whether we are good at sharing proactively or seeking knowledge that might be out there, as a matter of course, is a different thing. Every organisation struggles with that. It's not something that technology is going to solve – it has to be in the DNA of our culture."

The company's knowledge-sharing strategy, adds Osborne,

will include a number of initiatives to engender a Group-wide culture shift, while ensuring the diverse nature and needs of different parts of the business are respected. This is something he recognises will not be achieved overnight, as any culture change takes time.

As Darryn Warner, Chief Information Officer, says: "For a long time, we have thrived on the uniqueness of each business. Trying to get knowledge and information to flow across them has traditionally been quite difficult.

"We need to eliminate technology barriers and put the right tools in place to let collaboration happen quickly and easily, so we help nurture our knowledge-sharing culture. This is something that has significant focus and activity this year.

"Identifying and focusing on where the value is, like locating our expertise, making that knowledge available through technology and inspiring behavioural change to use it, will be where the real success comes from," says Warner.

"There are two streams of knowledge sharing – cultural and technological," Osborne explains. "The technological part is simply a tool and we're working on providing a platform on which every operating company will be able to communicate, connect with colleagues and work together in new and effective ways. On the



FEEDING THE VALUE PEOPLE CREATE BACK INTO OUR BUSINESS IS SO IMPORTANT

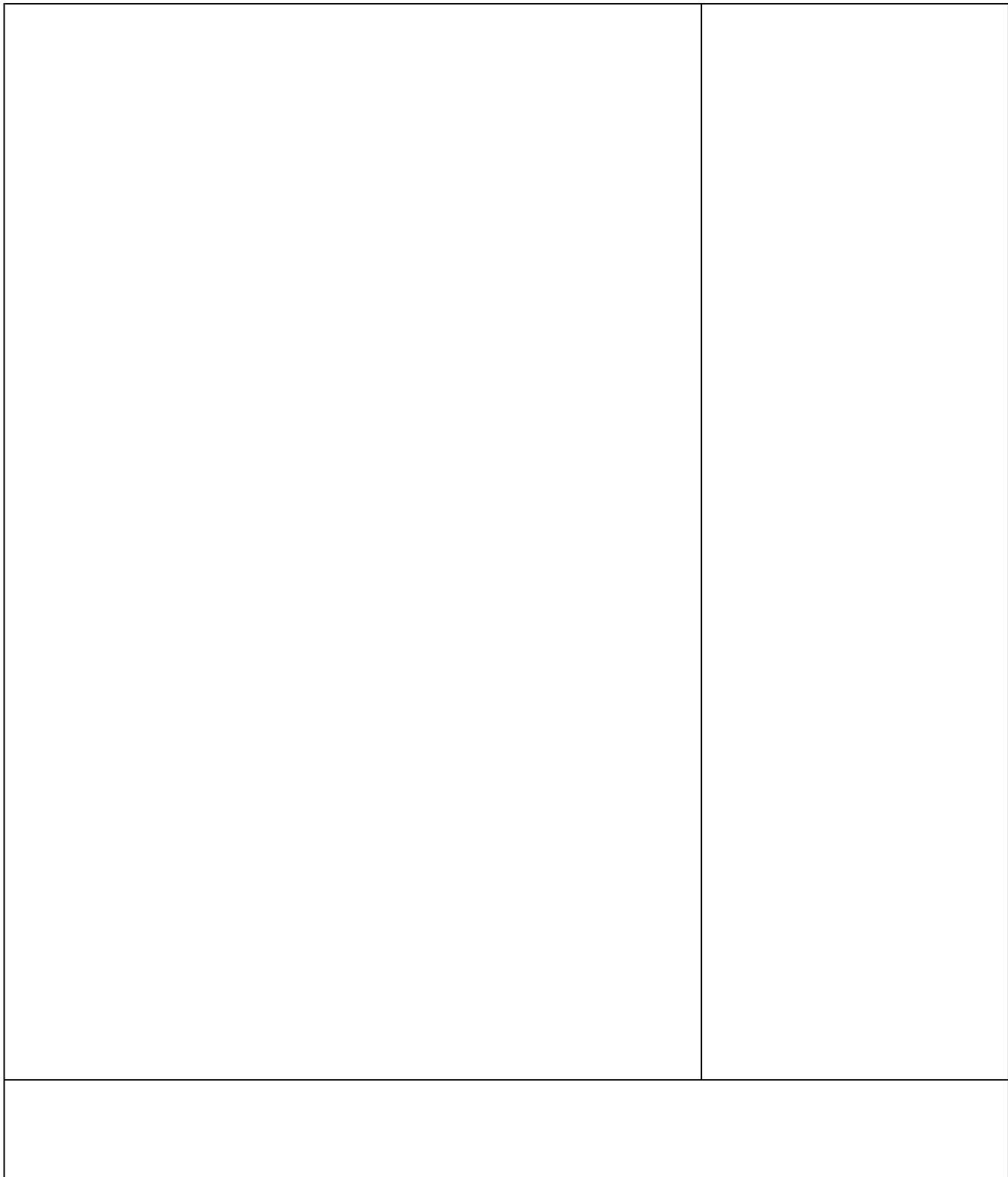


cultural side, we will work closely with our businesses to understand what cultural levers work for them and share what we find works well across the Group."

"The technology is just an enabler but an important one, nevertheless," says Grace. To this end, the Group has developed "people finder" – an online contact directory of all Balfour Beatty staff – and is developing tools such as "expertise finder", to enable employees to search for skills, collaboration tools, intranet platforms and corporate social networking services.

Grace adds: "The Group would not be where it is today if its people did not share knowledge. What we're trying to achieve through the knowledge-sharing strategy over time is to make that process simpler, more accessible across the Group and more embedded in the way we work."

backtofront



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