

CONFERENCE CALL



Senior industry panel members Robert Feldmann, Vice President (VP) and General Manager, Airborne Battle Management, Boeing Defense and Security Office; Ralph Heath, Executive VP, Aeronautics, Lockheed Martin Aeronautics Co.; and Michael Petters, Corporate VP and President, Northrop Grumman Shipbuilding, discuss aligning contractor teams with their government counterparts on product development at the 2010 PEO/SYSCOM Commanders' Conference. (U.S. Army photo by Erica Kobren, Defense Acquisition University.)

Senior Industry Leaders Seek Alignment with Government Teams

Jaclyn Pitts

Senior industry leaders gave insight into their corporations' efforts to achieve affordable and executable programs by aligning with their government counterparts on product development, at the PEO/SYSCOM Commanders' Conference on Nov. 2–3, 2010.

The conference's senior industry speaker, William H. Swanson, Chief Executive Officer, Raytheon Co., discussed his company's Integrated Product Development System (IPDS)

and other Raytheon contracting processes. Senior industry panel members Michael Petters, Corporate Vice President and President, Northrop Grumman Shipbuilding; Ralph Heath,

Executive VP, Aeronautics, Lockheed Martin Aeronautics Co.; and Robert Feldmann, VP and General Manager, Airborne Battle Management, Boeing Defense and Security Office, provided a

forum for the audience of senior civilian and military officials from throughout DOD to discuss contracting challenges and possible solutions.

Swanson explained that the key to achieving significant efficiencies while providing maximum capability to the warfighter is for government and industry to work together toward that end. He quoted, in part, a famous excerpt from President John F. Kennedy's 1962 address on the Nation's space effort: "We take on important challenges, 'not because they are easy, but because they are hard; because that goal will serve to organize and measure the best of our energies and skills; because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win, and the others, too.'"

Integrated Product Development System

Swanson said that Raytheon runs approximately 8,000 programs and 15,000 contracts, and that about 60 percent of its business is conducted with DOD. He explained that business practices such as the IPDS are used throughout Raytheon's programs. IPDS is a system of common processes, reference materials, and training, deployment, and support resources integrated into a repeatable, efficient process for program planning and execution. The system involves a detailed "gate" process (see figure on Page 57) to keep programs on track. "The IPDS process starts long before the program wins," Swanson explained. "As soon as we get an idea or hear something about a new customer requirement, we ask if we understand it and if it's worth pursuing [Gate -1]."

The programs you and I work on are about the safety and welfare and uncompromised capability of our warfighters. Our warfighters deserve an unfair advantage on the battlefield.

The steps up to Gate 4 are aimed at assessing opportunities, deciding on a bid, and making sure it is correct and is likely to be a win. Gate 5 is a start-up gate. "The program has got to start the right way, and the best approach is making sure budgets and staffing are in place," Swanson said. Gates 6–10 are similar to DOD Milestones, at which requirements and design are checked to ensure readiness for production. The final gate is Gate 11, transition and closure, during which contractual completion is checked and all necessary disposal, transformation, or retiring of a system is completed.

Swanson also gave an example of a program quad chart including contract background; contract status; a red, yellow, and green comparison grid of past, present, and projected program performance; and program accomplishments and issues. "One of my first questions is, 'Does your customer agree with this chart?'" he said. "You'd be surprised how many times I hear, 'no.' I would encourage to all of you that this is important. Do we have a joint shared understanding between us of where we need to go for ensured success of the program?"

Obstacles to Success

Swanson outlined ways in which programs can be hindered, as well as how

they can succeed. He explained the obstacles to success:

- Poor process discipline—a mindset of "checking the box" versus doing the work, or skipping steps without understanding the risk of doing so.
- Not heeding warning signs, such as not reacting to strained customer relationships or not acting on team reviews.
- Lack of change management, i.e., constant clarification of program scope and requirements.
- Inability to compromise.
- Overly optimistic costs, schedules, and technical capabilities.

Swanson described attributes of a successful program:

- A shared vision of success between customer and contractor, with teams working in parallel.
- A shared sense of urgency to resolve issues.
- Good leadership.
- Use of key data and metrics to manage the program. "The earlier we can identify a problem, the less it will cost to fix," Swanson said.
- Commitments and solutions that are self-evident.
- Teams with the ability to discuss capabilities, not just requirements.

"The programs you and I work on are about the safety and welfare and uncompromised capability of our warfighters," Swanson said. "Our warfighters deserve an unfair advantage on the battlefield. ... We in industry have an obligation to deliver the promised performance on cost, on schedule, and

The foundation of a program is really in its integrity, credibility, and realism of an integrated program. If we don't have that at the outset, the program is not going to be successful.

GATES ARE PROGRAM LEVEL REVIEWS AT KEY MILESTONES

Gate -1: Customer Review

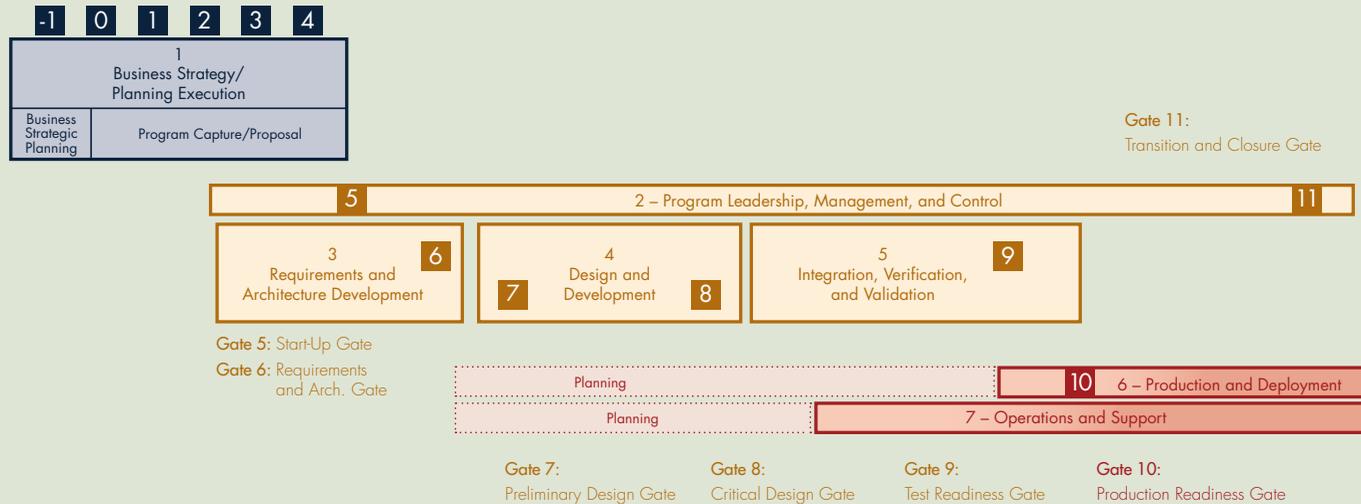
Gate 0: Opportunity Validation Review

Gate 1: Interest/No Interest

Gate 2: Pursue/No Pursue

Gate 3: Bid/No Bid

Gate 4: Bid Approval



The Integrated Product Development System uses gates to guide a program from initial customer review to transition and closure. (Image courtesy of Raytheon.)

with a level of quality that contributes to the success of the mission.”

Quality, Affordability, and Partnership

Petters noted that Northrop Grumman Shipbuilding’s focus is on quality, affordability, and execution. To get these priorities right, three things are required:

- A clear and stable set of requirements
- Realistic and stable funding
- Solid program execution

DOD is in charge of the requirements, according to Petters. Stable funding comes from Congress, and program execution is up to the contractor. As for partnership, “there needs to be health on both sides,” Petters said. “This requires some honest and frank communication between the partners. One area we can all improve on is how we talk about risk, how we discuss the issue of risk—not just with each other inside our programs, but also with our taxpayers. ...

It’s a challenging issue because if you start to be really frank about risk, people start to think the program is wounded.” He explained that the goal is to discuss risk openly, but not in a way that gives the perception that a program has major problems, because then a workable and practical solution could be dismissed.

Heath reiterated the need for a common understanding of program requirements, as well as contract form and desired results, between government and contractor teams. “The foundation of a program is really in its integrity, credibility, and realism of an integrated program,” Heath said. “If we don’t have that at the outset, the program is not going to be successful.”

Feldmann stressed that there is no better time to get things right than during the development stage, when production design and cost bases are set. If teams can manage change and risk and be schedule-driven, there is a much

better chance of success the first time. “If a team is focused on schedule and taking care of the schedule, you won’t have to worry about cost,” he said. “That is truly what I believe.”

In conclusion, Feldmann emphasized the importance of stakeholder alignment around risks. “The best programs are the ones that have risks going in and out every week,” he said. “An intense focus by a team around risk management is clearly the best... to predict what’s going to happen and get ahead of it. It’s all about achieving capability, our promise to the warfighter, and achieving it on time.”

JACLYN PITTS provides contract support to the U.S. Army Acquisition Support Center through BRTRC Strategy and Communications Group. She holds a B.S. in journalism from West Virginia University and a B.S. in criminal justice from Kaplan University.