



# 2006 PEO-SYSCOM CONFERENCE: THE VALUE OF ENTERPRISE BEHAVIOR TO THE PROGRAM MANAGER



NAVAL AVIATION ENTERPRISE



COMMANDER  
NAVAL AIR FORCE

A WARFIGHTING  
PARTNERSHIP

SINGLE PROCESS OWNER



AND OUR INDUSTRY PARTNERS

SINGLE FLEET DRIVEN MEASURE OF SUCCESS:  
*AIRCRAFT AND CARRIERS READY FOR TASKING AT REDUCED COST*

**VADM WALLY  
MASSENBURG**

COMMANDER,  
NAVAL AIR SYSTEMS  
COMMAND

**08 NOVEMBER 2006**



# OUTLINE

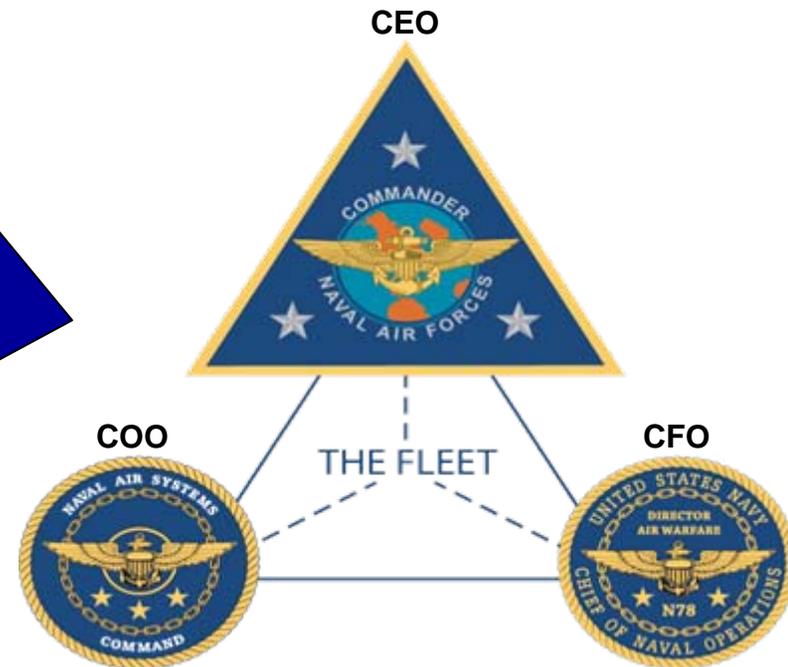
- **OUR ENTERPRISE JOURNEY**
- **AIR *SPEED* SUCCESS STORIES**
- **NAVY ENTERPRISE: THE WAY AHEAD**





# NAVAL AVIATION ENTERPRISE LEAN SIX SIGMA (LSS) JOURNEY

- **THE YEAR IS FY01 . . .**
  - CURRENT READINESS . . . \$1B DEFICIT
  - FUTURE READINESS . . . NEED MORE AIRCRAFT
- **CNO EXECUTIVE BOARD DIRECTION . . . DECEMBER 2000**
  - SINGLE PROCESS OWNER FOR NAVAL AVIATION
  - FIX CURRENT READINESS
  - AFFORD FUTURE READINESS





# NAVAL AVIATION ENTERPRISE

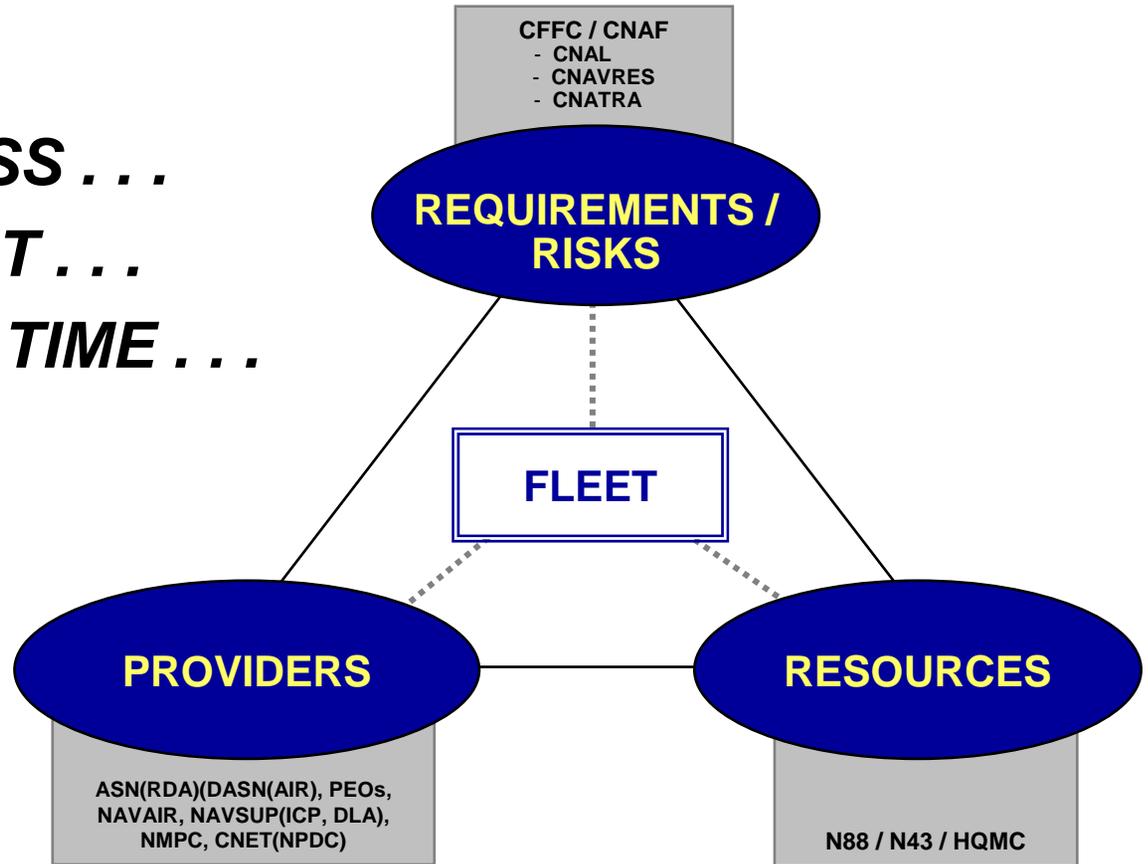
## NAVAL AVIATION VISION

***RIGHT FORCE . . .***

***RIGHT READINESS . . .***

***RIGHT COST . . .***

***RIGHT TIME . . .***



***. . . TODAY, AND IN THE FUTURE***



# THE INSPIRATION . . . PAY FOR THE NAVAL AVIATION OF THE FUTURE

## # AIRCRAFT

PRESIDENT'S BUDGET (PB)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
PB00	74	105	140	163	183	187	201						
PB01	73	116	128	130	173	177	187						
PB02	73	115	124	88	92	115	119	143	155				
PB03		115	124	90	83	85	105	147	193				
PB04			124	91	99	104	104	134	192	255	303		
PB05				92	98	107	108	136	186	240	285		
PB06						105	110	128	173	200	249	259	254
PB07							111	124	165	192	257	267	254

**PB00 PLAN: BUY 201 AIRCRAFT IN FY05**

**FY05 REALITY: PURCHASE 111**

**PB04 PLAN: BUY 303 AIRCRAFT IN FY09**

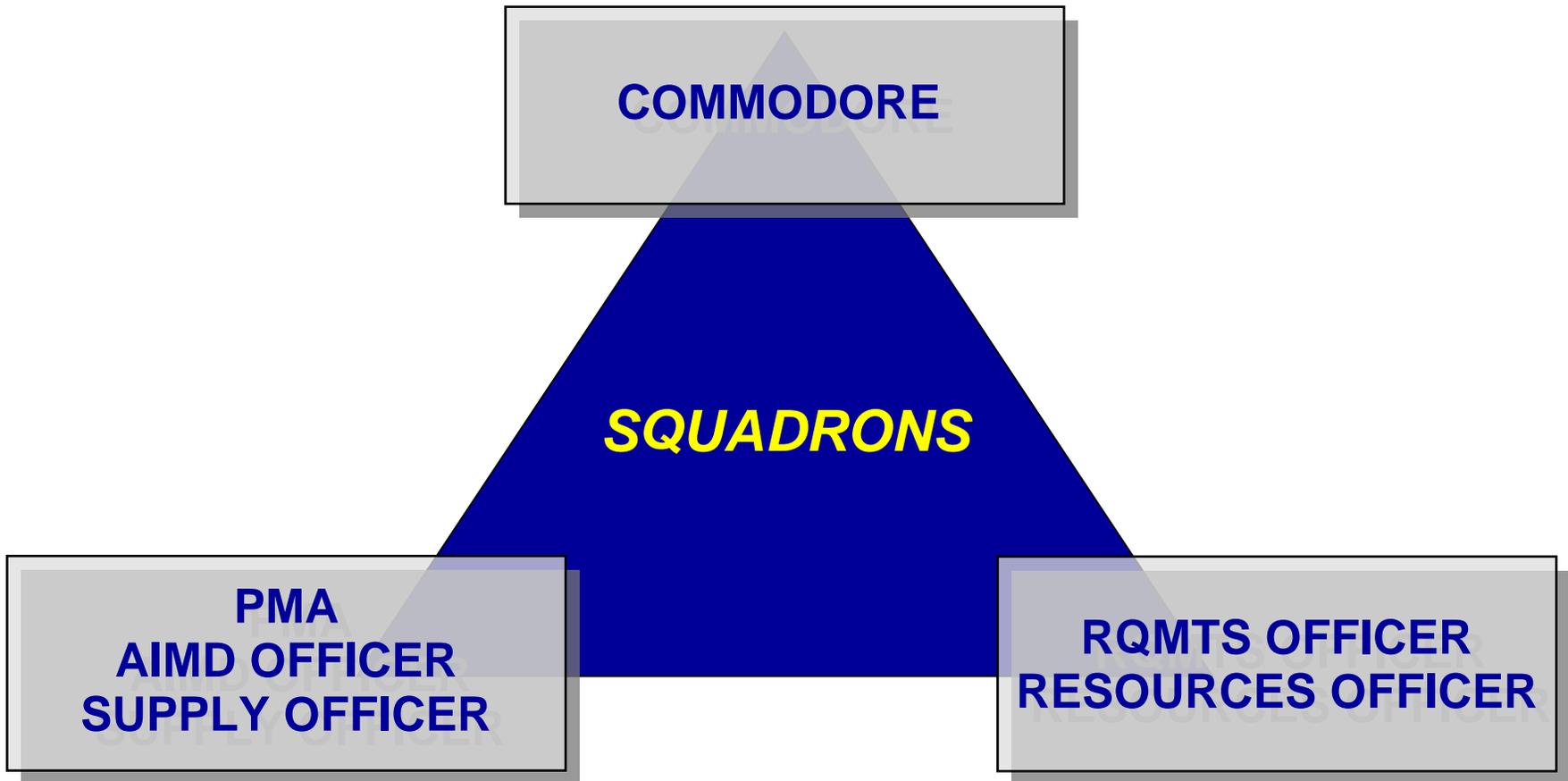
**FY09 PROJECTION: ON SCHEDULE TO BUY 257**

UPDATED: 15FEB06



# AIRCRAFT T/M/S TEAMS BASIC BUILDING BLOCKS

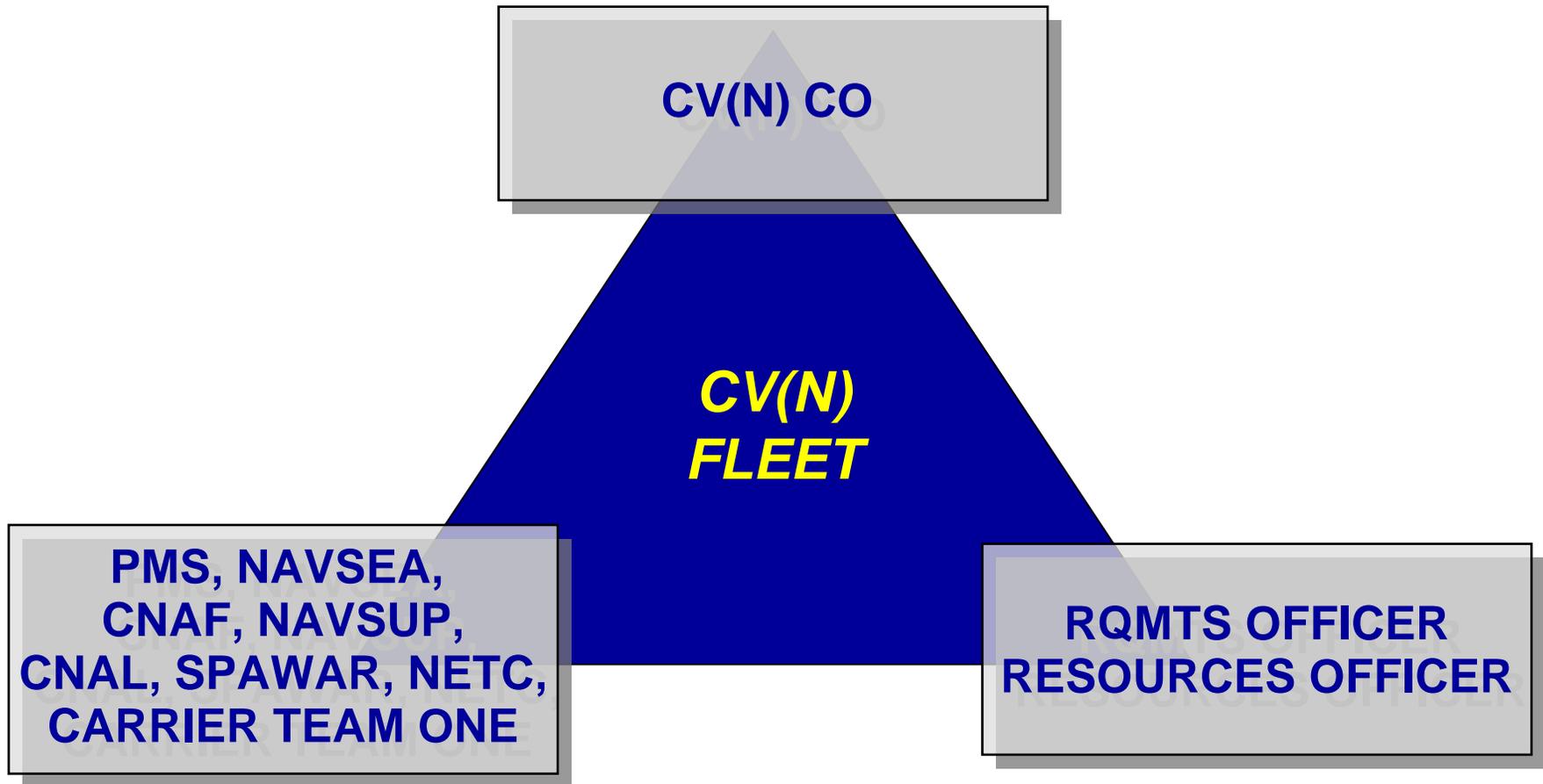
DAY-TO-DAY READY FOR TASKING (RFT)  
MANAGEMENT BY ENTITLEMENT





# CARRIER T/M/S TEAMS BASIC BUILDING BLOCKS

DAY-TO-DAY READY FOR TASKING (RFT)  
MANAGEMENT BY ENTITLEMENT





# ENTERPRISE PRINCIPLES

- APPLY A **PROCESS** PERSPECTIVE
- UTILIZE A SET OF CONSISTENT, INTEGRATED, AND HIERARCHICAL **METRICS**
- ENSURE FULL AND CONSISTENT **TRANSPARENCY** OF DATA AND INFORMATION THROUGHOUT
- ESTABLISH AND MAINTAIN PROCESS **DISCIPLINE** THROUGHOUT
- ESTABLISH AND MAINTAIN **ACCOUNTABILITY** FOR ACTIONS AND RESULTS THROUGHOUT
- APPLY AN **INTEGRATED GOVERNANCE** STRUCTURE

**A DELIBERATE, DISCIPLINED PROCESS TO ACHIEVE AVIATION UNITS READY FOR TASKING AT THE RIGHT COST . . . TODAY AND IN THE FUTURE**



# OPERATING AS AN ENTERPRISE

- **SINGLE PROCESS OWNER**
- **SINGLE FLEET-DRIVEN METRIC:**  
***AIRCRAFT AND CARRIERS READY FOR TASKING AT REDUCED COST*** (CONTINUING TO MATURE)
- **VALUES – WHAT WE BELIEVE**
  - ***FLEET READINESS***
  - ***“COST-WISE” (LESS \$s)***
  - ***TIME ON WING (LESS STUFF)***
  - ***SPEED (LESS TIME IN MAINTENANCE)***
  - ***PEOPLE (CONTINUOUS IMPROVEMENT)***
- **THREE MAIN FOCUS AREAS:**
  - **READINESS: TODAY, TOMORROW, AND FUTURE**
  - **TOTAL FORCE READINESS**
  - **COST MANAGEMENT**



# APPROACH

## NEED TO DEFINE:

- DESIRED OUTPUT FIRST, THEN . . . . .

- POLICIES / PROCESSES  
NEEDED TO OBTAIN OUTCOME; LASTLY. . . . .

- BEHAVIORAL CONSTRUCTS / CONOPS  
TO ACHIEVE COST-WISE & RESPONSIVE OUTCOMES. . . . .

**A BEHAVIORAL MODEL FOR THE GREATER GOOD**



# ACHIEVE ENTERPRISE COST EFFICIENCIES

## **AIR *SPEED* PRINCIPLES OF OPERATION:**

- **PLACE THE RIGHT INVENTORY AT THE RIGHT SPOT**
- **TRADE SPEED FOR WIP**
- **OPTIMIZE MATERIAL / LABOR CONSUMPTION**
- **DRIVE VARIANCE OUT OF THE ENTERPRISE**
  - **THEORY OF CONSTRAINTS**
  - **LEAN MANUFACTURING**
  - **SIX SIGMA**

**SHIFT REFLEX BEHAVIOR FROM “BUY MORE STUFF AND PEOPLE”  
TO “BUY MORE SPEED”**



# WHAT WE'VE LEARNED

... "OR WHAT I WISH I'D KNOWN FROM THE START"

- A TOTAL ENTERPRISE APPROACH IS REQUIRED FOR BEST RESULTS
- CHANGE REQUIRES COMMITMENT / WILLINGNESS TO DRIVE
- **THROWING MONEY AT BROKEN PROCESSES IS PRETTY CLOSE TO A CRIME**
- ESTABLISHING THE RIGHT METRICS (OUTPUT / CUSTOMER) IS ESSENTIAL
- NOT EVERYTHING CAN BE FIXED INTERNALLY—OUTSIDERS CAN IDENTIFY, DRIVE AND ACCELERATE CULTURAL CHANGE—NEED HELP IN MANAGING PROCESS AND DISCIPLINE IN EXECUTION

## PROCESS DIMENSION:

- PROCESS *SPEED*:
- PROCESS *QUALITY*:
- PROCESS *EFFECTIVENESS*:
- PROCESS *EFFICIENCY*:

## AS MEASURED BY:

**INVENTORY ON HAND**  
**FIRST-PASS YIELD**  
**TURNAROUND TIME**  
**COST PER UNIT**



# ENGINE REPAIR CONSOLIDATION AND PRODUCT ENTERPRISE TEAMS (PET)

## F404 ENGINE I-LEVEL CONSOLIDATION

- EFFORT BEGAN EARLY '04
- IDENTIFIED EXCESS CAPACITY (57%)
- SIGNIFICANT SAVING PROJECTED
  - 9-5 SITES (FY05)
  - 5-3 SITES (FY06)
  - \$161M SAVINGS THROUGH FY11
- SPOTLIGHTED THE POTENTIAL OF PROCESS IMPROVEMENT ACTIVITIES
  - AIRSPEED, LEAN, TOC, SIX SIGMA
- NAE-WIDE APPROACH
- NOV 04: NAE PROCESS LAUNCHED

## THE PET PROCESS BRINGS:

- STANDARD PROCESSES & METRICS
  - PRIORITIZATION OF WORK AND INVESTMENT
- TO MAXIMIZE
- RELIABILITY, CYCLE TIME, INVENTORY, COST, AND SAFETY
  - INTEGRATION OF OTHER TOOLS
    - (AIRSPEED, BLACK BELTS, ETC.)
  - FOUNDATION FOR NAE-LEVEL PRIORITIZATION

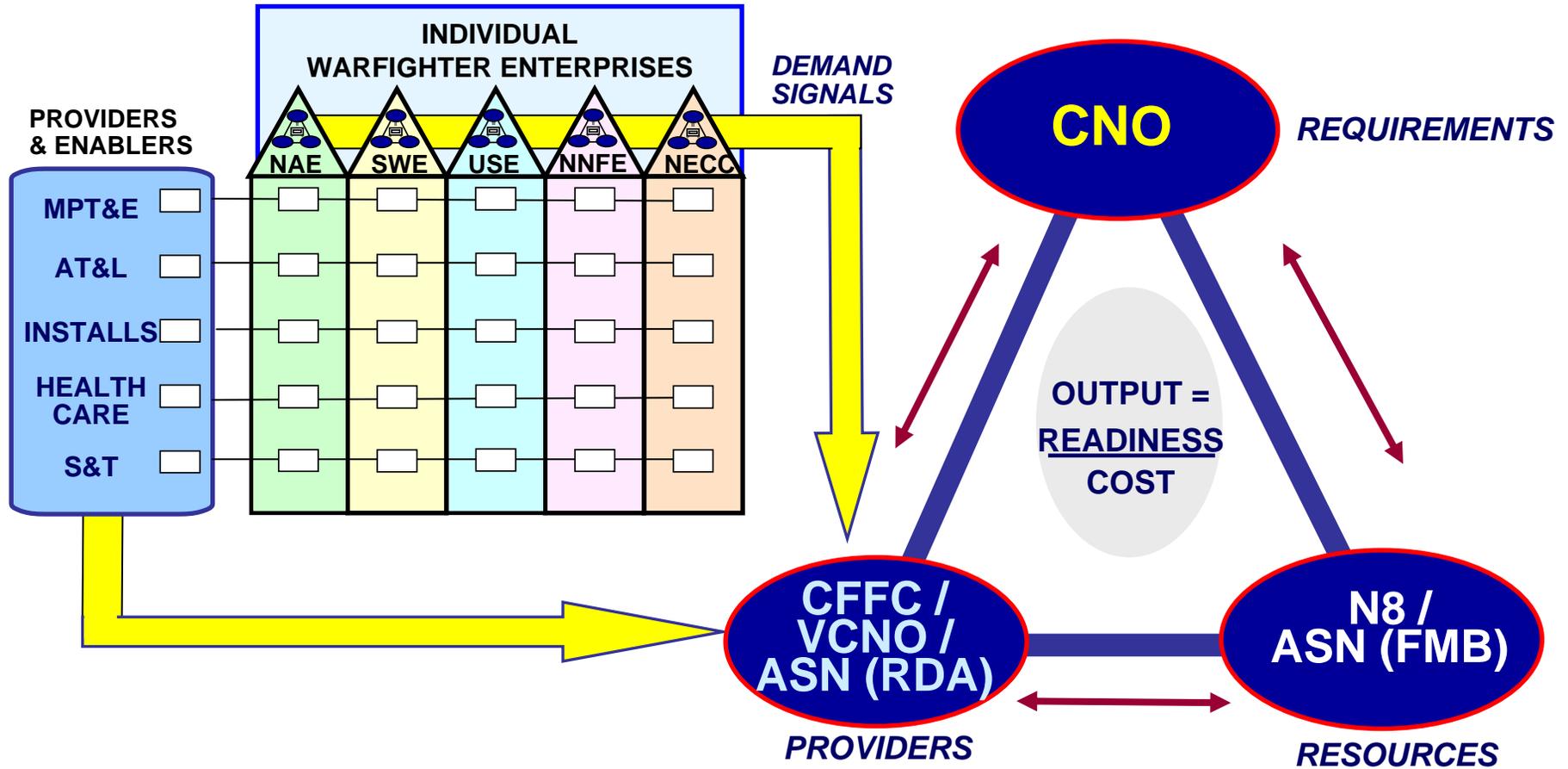
***A NEW WAY OF DOING BUSINESS***



# **NAVY ENTERPRISE: THE WAY AHEAD**



# NAVY ENTERPRISE



## PRODUCTIVITY DRIVERS:

- PRIORITIES
- BEHAVIORAL CHANGES
- SINGLE PROCESSES / OWNERS
- COMMON METRICS
- INTEGRATED CAPABILITIES
- TRANSPARENCY OF INFORMATION

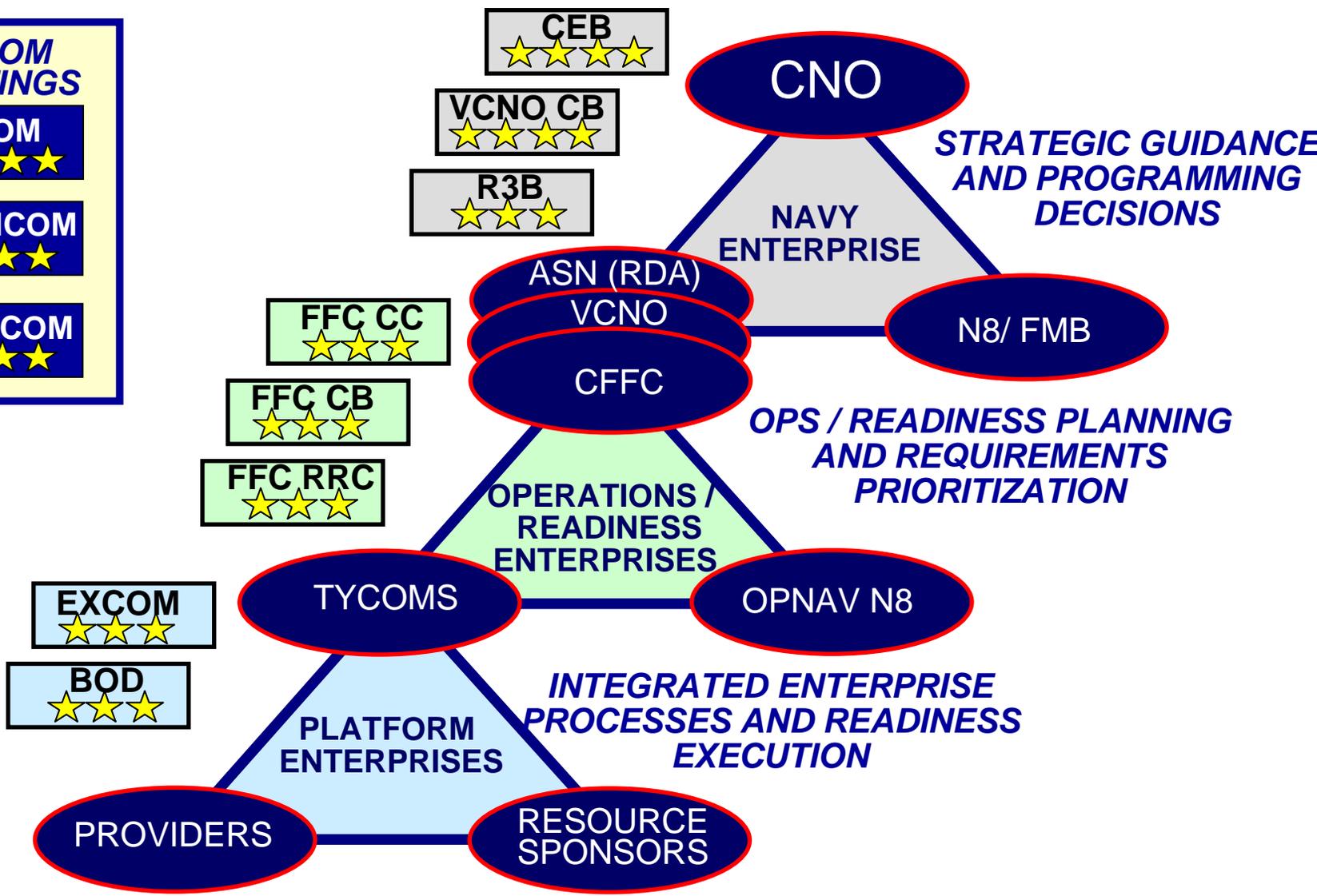


# CRITICAL NAVY ENTERPRISE PROCESSES AND BEHAVIORS

- IDENTIFY DOMAINS AND ASSIGN SINGLE PROCESS OWNERS
- ASSEMBLE THE RIGHT ENTERPRISE TEAMS AND GAIN COMMITMENT
- OPERATE IN SUPPORT OF A SINGLE FLEET-DRIVEN METRIC (*WHAT THE ENTERPRISE VALUES*)
  - *AGREEMENT ON SCOPE, OUTPUTS, AND LINKED METRICS*
  - *TRANSPARENCY OF DATA TO PROMOTE TRUST AND MONITOR PERFORMANCE*
  - *SHARED KNOWLEDGE ON ISSUES AND KEY PROBLEMS AFFECTING THE DOMAIN*
  - *RECOGNIZE, NURTURE AND RESPECT TECHNICAL AUTHORITY*
  - *IDENTIFIED ENTITLEMENTS (WHAT'S NEEDED, WHEN, HOW MUCH, AND NO MORE)*
- AGREE ON DESIRED OUTPUT (E.G., READINESS OVER COST), WITH FOCUS / TRADE-SPACE INVOLVING CURRENT AND FUTURE READINESS
- OPERATE WITH DISCIPLINE, GOVERNANCE, AND A REGULAR (TIMELY) DRUMBEAT
- BASELINE EVERY DOLLAR, ALL THE PEOPLE, ALL THE STUFF, AND ALL THE CAPABILITY WITHIN THE DOMAIN, WITH ASSIGNED ACCOUNTABILITY FOR OUTCOMES
- ESTABLISH ENTITLEMENTS; CONTINUALLY MEASURE GAPS-TO-ENTITLEMENT
- REMOVE BARRIERS TO PRODUCTIVITY



# NAVY ENTERPRISE CONSTRUCT





# HOW SENIOR LEADERSHIP CAN HELP: AREAS OF EMPHASIS

- **COMMIT TO THE CHANGE – MAKE IT LAST THROUGH LEADERSHIP TURNOVER**
  - INCLUDE IN PERFORMANCE EVALUATIONS / FITNESS REPORTS (FITREPs)
  - INCENTIVIZE GROUP PERFORMANCE GOALS FOR SENIOR LEADERSHIP
  - INCLUDE PRODUCTIVITY IMPROVEMENT TRAINING IN LEADERSHIP DEVELOPMENT PROGRAMS
- **PARTICIPATE IN THE EFFORT**
  - PROVIDE EXECUTIVE SPONSORSHIP FOR PROJECTS
  - GET TRAINED AS A GREEN BELT
  - DEMAND DATA AND METRICS . . . STAMP OUT OBFUSCATION
- **PROVIDE RESOURCES – VISION WITHOUT MONEY EQUALS HALLUCINATION**
  - PROVIDE STABLE FUNDING TO ENSURE SUCCESS
  - DEMAND VALIDATED RETURN ON INVESTMENT

**LEADERSHIP COMMITMENT AND ACCOUNTABILITY  
MAKE CULTURAL CHANGE A REALITY**