

# Doing More Without More – While Ensuring Mission Success

*THE VALUE OF PERFORMANCE.*

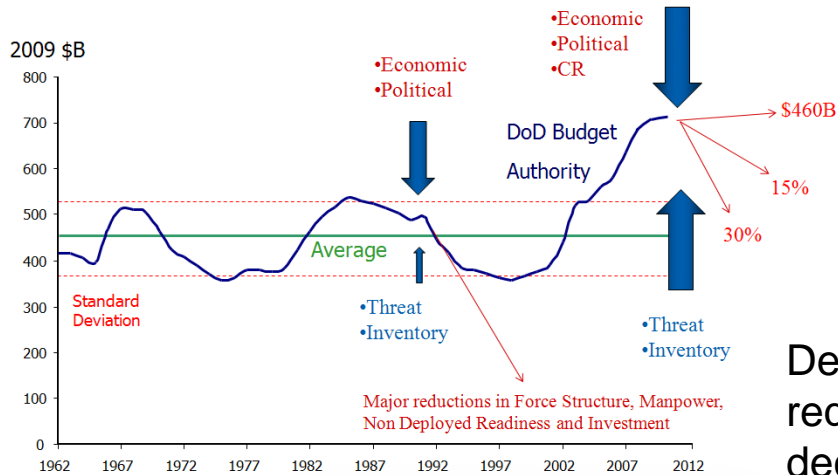
***NORTHROP GRUMMAN***

**CQSDI Panel:  
“Achieving Desired Results with Less”**

March 20, 2012

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Corporate Director of Quality

# The Crisis/The Paradigm Shift



Source: National Defense Budget Estimates for FY 2009, Office of the Under Secretary of Defense (Comptroller), March 2008

- Decreased budgets
- Increased threats
- Complex, evolving regulatory environment

Delivering to the new paradigm – requires a focus on priorities and tough decision making



Our Shared Challenge is Unprecedented

# Northrop Grumman's Dedication to Efficiency & Affordability

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### **Reducing the Cost of Doing Business**

- Effective Program Execution
- Infrastructure
- Cultural focus on performance



### **Elevating Quality**

- "Quality is Personal"
- Right the first time, Enterprise-wide
- Individual & organizational accountability



### **Embracing the Spirit of Innovation**

- Alignment with Customer Priorities
- In Everything We Do
- Optimizing strategic investments



### **Leveraging Partnerships**

- Customers
- Suppliers
- Employees
- Academia



### **Through A Values-Based Performance Culture**

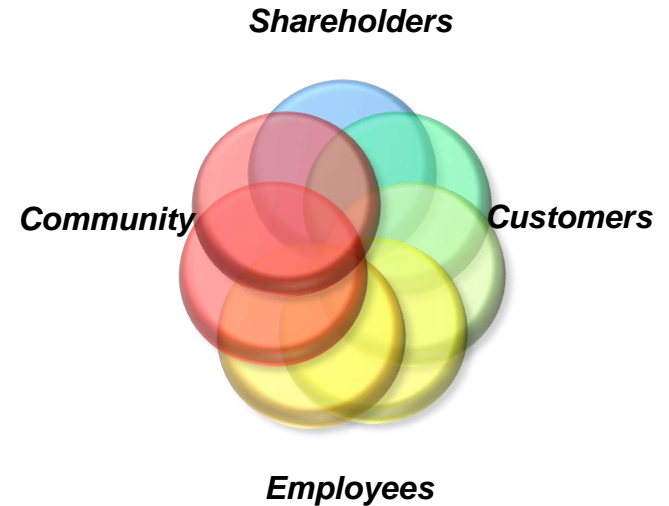
- Employee Engagement
- Accountability
- Acting With Speed and Agility



**Broad Focus on Innovation, Meeting Our Commitments**

**Cultural Focus on Performance**

- Quality is a key non-financial metric with CEO-level visibility
- Program-Specific Quality Targets
  - Relevant to program requirements, type and phases
  - 600+ programs
- Aggregated indicator, locally actionable
- Metric includes:
  - Product and Process Quality
  - Measures Across the Program Value Stream
  - Supplier Quality
- Corporate Quality Council drives companywide focus



Improvement Starts with Performance Measurement



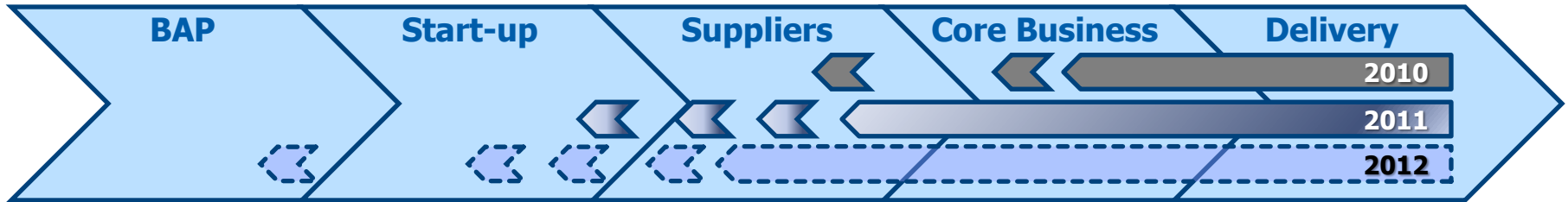
- Company-wide “Quality is Personal” campaign
- Gallup Q12 employee engagement survey
- Company-wide Quality survey – are we “walking the talk”?
- Quality is an element in company-wide performance management framework
- Engaged employees drive innovation

- Early supplier engagement to drive quality & efficiency
- Incorporating “voice of supplier” into improvement initiatives
  - Supplier peer reviews to identify best practices and improvement opportunities
- Supplier engagement to drive innovation – active participant in solution creation
- Strengthening supplier quality practices company-wide

Harnessing the innovation – product and process – of our supply base

- Engagement, prioritization
- Effective & efficient approaches to compliance, emerging regulations
- Collaborating to develop a framework for Cost of Poor Quality
  - Sponsored by AIA, DCMA participation
  - Better understand cost of poor quality
  - Framework to drive improvement

## Quality Metric Progression up the Value Stream



### Examples

- Schedule Quality
- Design Process Effectiveness/ Yield
- Standard Part Usage
- Critical Process measures

...Early Assessment Drives Performance & Affordability



- Cultural foundation & Partnership is key
- Understand your performance – baseline for improvement
- Critical self assessments a must

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