Managing the Supply Chain Using the Malcolm Baldrige Model

Lockheed Martin Missiles and Fire Control

Supply Chain Environment

Facts
- 70% of product costs in the supply chain
- Seasoned generations retiring
- External pressures... off-shore competition
- Technology obsolescence

Environment
- Increased government oversight
- Domestic & foreign budget constraints
- Poor performing programs at risk
- Increased regulatory requirements

Focus on Supply Chain
- Greater visibility into the supply chain
- US government
- Lockheed Martin
- Risk sharing
- Supply chain collaboration

Supply Chain Engagement Model

Malcolm Baldrige Model

Leadership
- Partner with supplier leadership to positively impact supplier culture

Strategic Planning
- Invest in supply chain short and long term sustainment & affordability

Customer Focus
- Demonstrate partnership with our customers & suppliers by hosting & participating in collaborative initiatives

Measurement, Analysis & Knowledge Management
- Use analytics to drive organizational excellence

Workforce Focus
- Maximize workforce potential through cultural optimization

Operations Focus
- Share best work practices to improve operational performance

Results
- Expect 100% quality and delivery from ourselves and supply chain

Goal: Increase Velocity of Knowledge to Increase Product/Service Quality
Leadership

• Partner with supplier leadership to drive quality culture
  • Strategic Focus
    – Collaborative continuous improvement approach
    – Culture of treating product/process escapes as jewels
  • Tactical Focus
    – Functional & program executive leadership
    – Commitment & accountability
    – Open & candid two-way communication

Strategic Planning

• Invest in supply chain short and long term growth, sustainment and affordability
  • Strategic Focus
    – Forecast to long range plan
    – Baseline suppliers against world class
    – Partner with suppliers to close gaps
  • Tactical Focus
    – Improve supply chain analysis tools
      • Risk Assessment Tool
      • Global Disaster Analysis Tool
      • Trend Tool
      • Characteristics of Supplier Excellence
      • Other collaborative tools and strategies
    – Invite suppliers to where their products/services are integrated to leverage end user insight

Joint Improvement Team (JIT)

• Joint customer/supplier cross-functional team to proactively detect, resolve & prevent production line impacts
  • Strategic Focus
    – Partner with customer & suppliers at multiple tiers to eliminate escapes through continuous improvement
  • Tactical Focus
    – Executive Engagements, Focused Production Process
      Baseline, Requirements Crosswalks, Controlled Builds

Impact of JIT

• Proactively Protect the Brand, Strengthen Relationships & Reduce Non-conformances

Malcolm Baldrige Model

Leadership
• Strategic Planning
• Customer Focus
• Measurement, Analysis & Knowledge Management
• Workforce Focus
• Operations Focus
• Results
Characteristics of Supplier Excellence

**What Good Looks Like**

- Provide all LMMFC suppliers with a clear set of expectations so that our partners can align their culture with LMMFC’s focused vision to meet all customer requirements and support us on the “journey to excellence”

- “Good Suppliers” will embrace / demonstrate all of the characteristics

- “Poor Performing Suppliers” will clearly display a lack of these characteristics

- **Strategic Focus**
  - Foster a culture of partnering and disclosure
  - Remove barriers
  - Lead by example

- **Tactical Focus**
  - Partner with customer and industry associations
  - Supplier conferences, webinars & workshops

**Malcolm Baldrige Model**

- **Leadership**
  - Strategic Planning
  - Customer Focus
  - Measurement, Analysis & Knowledge Management
  - Workforce Focus
  - Operations Focus
  - Results

Customer Focus

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Measurement

- Data measurement & analysis drives operational excellence

- **Strategic Focus**
  - Understanding that when something is measured and focused on by leadership the measure will improve

- **Tactical Focus**
  - Supplier Performance Metrics integrate in Balanced Scorecard
Measurement
• Tactical Focus
  – Measuring the supply chain to drive performance

Tactical Focus
  – Deploy and embed resources within supply base
  – Deeper understanding of “voice of the process” through supplier surveillance
  – Additional level of risk mitigation

31 CONUS Supplier Quality Field Engineers

Workforce Focus
• Supply chain is an extension of the workforce

• Strategic Focus
  – Leverage internal talent development tenets to improve supplier talent and diversity

• Tactical Focus

Supplier Development is Synonymous with Talent Development
Operations Focus

- Strategic Focus
  - Teaming relationship with supply chain
  - Sharing best operational practices

- Tactical Focus
  - Benchmarking
  - Webinars
  - Structured Improvement Activities
  - Supplier Performance Management Teams

Benchmarking Topics

- Key Quality Metrics
  - Escape Process / System
  - Corrective Action System
  - Supplier IT Tools
  - Supplier Management Strategy
  - Counterfeit Parts Strategy
  - Lean Six Sigma Strategy

Results

- Expect 100% quality and delivery from ourselves and supply chain

World Class Supply Chain Performance while Increasing Procured Volume
Results

Malcolm Baldrige Model

Leadership

Strategic Planning

Customer Focus

Measurement, Analysis & Knowledge Management

Workforce Focus

Operations Focus

Results

Expect 100% quality and delivery from ourselves and supply chain

Supply Chain Engagement Model

Malcolm Baldrige Model

Leadership

Strategic Planning

Customer Focus

Measurement, Analysis & Knowledge Management

Workforce Focus

Operations Focus

Results

Return On Investment Substantially Exceeds Industry Benchmarks

Drive culture of excellence through leadership engagements

Partner with supplier leadership for short and long term growth

Share best practices to improve operational performance

Supply chain is an extension of the work force

Demonstrate partnership through collaborative initiatives

Use analytics to drive organizational excellence