

# DCMA Lockheed Martin Marietta Finds PBM Success

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**D**efense Contract Management Agency Lockheed Martin Marietta earned a 93 percent validation score from the mission review team in April 2007 with some teams scoring as high as 100 percent. This was evidence of the success of our effort to implement performance-based management, no doubt, but how did we get there?

As with most difficult projects, our successful implementation of PBM required hard work, overcoming resistance to change, learning curve adjustments, teamwork, persistence, benchmarking off another contract management office and more.

DCMA LMM oversees a number of high-visibility acquisition programs. Among these important programs are Air Force F-22 *Raptor* and C-130J *Hercules* production. The CMO also manages the manufacture of

C-130 center wing boxes — the structure that fastens the wings to the aircraft — and C-130J foreign military sales contracts. Also under DCMA LMM's oversight are the Air Force's C-5M *Galaxy* modernization and sustainment and C-27 *Spartan* programs, the Navy's P-3 *Orion*, S-3 *Viking* and SH-3 *Sea King* helicopter programs, Air Force spares, Navy spares and the Air Force Plant 6 Facility in Marietta, Ga.

One of our implementation challenges was that Lockheed Martin had no codes describing the breakdown of labor tasks required by PBM's work breakdown structure. Instead, we had to interpret Lockheed Martin's "aero codes" — the company's system for managing and integrating policies and core processes.

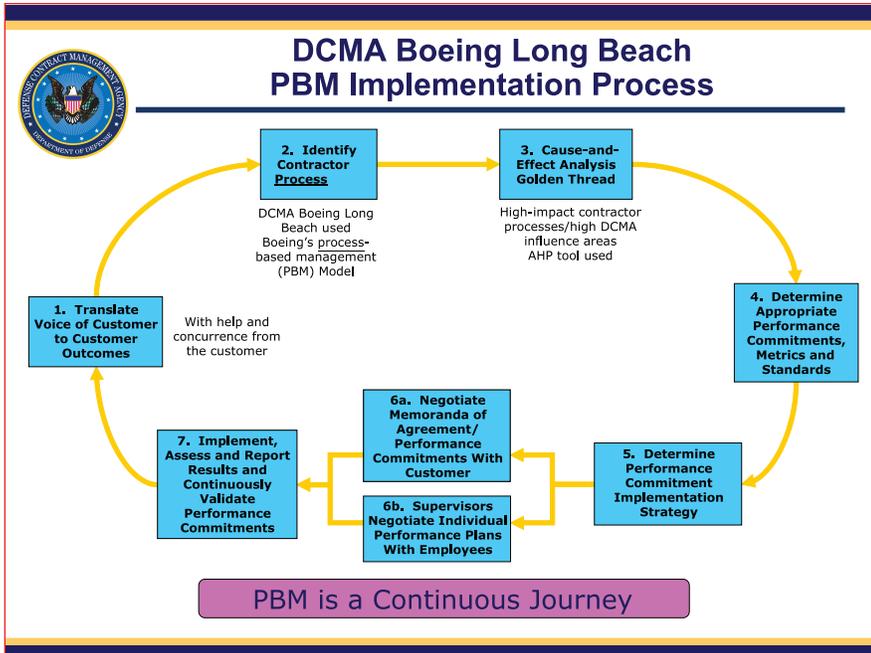
We also examined the system used by DCMA Boeing Long Beach, Calif. Since this organization is also

involved with aircraft production, we quickly adopted its model into our PBM formula: activities and outcomes, memoranda of agreement, letters of delegation, historical data, risk assessments, fishbone and metric charts, analytical hierarchy process, performance commitments and connections to employees' individual performance plans.

DCMA LMM institutionalized the PBM process in November 2004 after team members at every level received proper training, direction and appropriate tools. From the beginning, employees were encouraged to provide feedback from each of their areas of expertise.

CMO leadership promoted teamwork through challenging projects, vision, goal setting, people skills and high standards and led us through to PBM success shared by all the teams. Having seen the transformation firsthand, Carol Bowlin, DCMA LMM's senior management analyst, stated, "The implementation of [PBM] at DCMA Lockheed Martin Marietta helped employees to realize their individual contributions to customer outcomes and focus their efforts." This is evident in the

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DCMA Lockheed Martin Marietta adopted DCMA Boeing Long Beach's performance-based management implementation process into its own PBM formula: activities and outcomes, memoranda of agreement, letters of delegation, historical data, risk assessments, metric charts, analytical hierarchy process, performance commitments and connections to employees' individual performance plans.

employees' individual performance plans, feedback session content, evolved performance commitments and involvement with their customers.

The memoranda of agreement stressed customer care and the warfighters' needs, capturing the importance of supporting customer goals and objectives. Each team had programmatic elements in common, which facilitated crosstalk and the sharing of similar concepts, plans, etc.

For example, a common target for a performance commitment is the "on-time delivery of safe and reliable aircraft — at the right cost." Each team also seeks improved mission capability for its aircraft through sustainment, modernization and/or spiral development efforts, depending on

the current timeline in production/acquisition phase/milestone events.

The teams used the following steps in the CMO's PBM implementation plan: identify all key customers; identify program/organizational elements; determine performance commitments; construct employee individual performance plans; and establish multiple databases for organizational and individual performance data.

The first step affected relationships between the primary contracting officer, engineers, product assurance personnel, software teams and program managers. This allowed us to ascertain customer needs and expectations and determine the level of performance or commitment that DCMA needed or desired.

The CMO used a seven-step process for determining its performance commitments. Further, the process served to identify contractor processes, perform an analysis of the contractor's processes, identify high- and medium-risk processes that impact outcomes, determine DCMA's impact or influence on the contractor's processes, create strategies for high-influence areas, develop performance commitments and, finally, implement, assess and report results and validated performance commitments.

As customer-focused organizations, both Lockheed Martin and the CMO leadership value these types of communications that encourage close cooperation between the contractor and customer. One of the most important elements in fostering communication is the joint advisory group in which key items of concern can be turned into initiatives and shared goals and then submitted to the next level.

Within the complex framework of PBM, change is expected. It is integrated into every area of expertise and has proven to be adjustable for new activities, performance commitments and focus areas. This flexibility is required across the PBM spectrum so that we are ready to measure, monitor and, ultimately, minimize cost and risks for the customer.

The DCMA LMM CMO continues to meet PBM objectives and to satisfy our customer's goals. **C**