

Emerging **better** and **stronger**

IDS' John Lockard explains why productivity and cost containment are linked to Boeing maintaining leadership of the defense industry



PHOTO: John Lockard, chief operating officer of Integrated Defense Systems, says that providing more value to the customer, through reduced price or more capability for the amount spent, puts IDS in a "more favorable environment." BOB FERGUSON/BOEING

John Lockard, Integrated Defense Systems chief operating officer, is overseeing initiatives to vastly improve productivity and reduce cost to remain competitive in a changing defense climate. Lockard, a retired U.S. Navy admiral, has a unique perspective on what it will take for IDS to maintain its leadership of the defense industry. He shared his thoughts with *Boeing Frontiers*.

ON IDS PRODUCTIVITY IMPROVEMENTS AND LEAN+ INITIATIVES:

"Some of the best examples of success we are seeing can be found in the factory. We have wonderful examples of where employees engaged in performance improvement have yielded results that frankly people never expected in such programs as the F/A-18, C-17 and rotorcraft.

"Some of our smallest programs are doing fantastic things and doing it in different ways because of their smaller size. JDAM and Small Diameter Bomb are perfect examples. They use innovative production systems with lean principles in everything they do.

"Lean+ involves every aspect of the business. It's not just about the manufacturing anymore, it's about the engineering that supports the new design concepts, it's about the financial planning that supports the new design and production concepts. It's a totally integrated program team approach. And we need to take those results and apply the learning across the entire enterprise so we can take Lean+ to the next level."

ON THE IMPORTANCE OF MAKING COST REDUCTION A COMPETITIVE ADVANTAGE:

"There's going to be a lot of pressure on the customer to control expense, particularly in procurement, and I believe that the customer is going to have to face the reality of buying less if we don't figure out a way to produce our products at less cost.

"So every opportunity we can take to help the customer in their very difficult decisions puts us in that trusted supplier category. That means seriously examining ways to cut costs and improve productivity. If we are considered to be a preferred supplier, then they are going to turn to us for advice and they are going to turn to us for more product. So the more we focus on providing value to our customer—whether it is through reduced price or more



capability for every dollar—it puts us in a more favorable environment, and it puts us in a very competitive position that I think the climate is going to require.”

ON OVERALL 7 PERCENT COST REDUCTION TARGETS FOR IDS:

“It looks like we need to get and can achieve about a 7 percent performance improvement across the board to improve our competitiveness. Is that something that is chiseled in stone? Absolutely not, but it is clearly within reach. What we need to do is to work to get better than that if possible. It is laid out as a guideline—something that we can measure. In some areas it will be difficult to get to 7 percent and in other areas you can exceed it by a considerable margin. So let’s attack it everywhere, and if we are doing the best that we can do, our view is we will exceed 7 percent across the board. We will be competitive in this harsh environment.”

ON THE CHANGING DEFENSE ENVIRONMENT AND CUSTOMER RELATIONS:

“I think while every moment in history is unique, there are always comparative points that can be made. This is not the first time we’ve had an economic turndown. This is not the first time that we’ve had pressure on the funding for defense. It probably is, from my memory anyway, the first time we’ve had as many factors that are as diversified as they are, that appear to be emerging at a point in time that is coupled with an administration change. So the way I try to think through these things is to

PHOTO: In this 2006 photo, a U.S. Air Force captain inspects a weapon carriage with GBU-39/B small diameter bombs. The Small Diameter Bomb program is among the Integrated Defense Systems teams that are using innovative, Lean-based production systems.

U.S. AIR FORCE

deal with data and not emotion. That means we can never have enough information.

“We really need to improve our engagement with our customer across the board. What are the things that worry them, what are the things that are pressuring them, and if we really listen to what they say, and go and try to help them—engage with them in a way that we somehow relieve some of that pressure, then we are going to come out of this with better business and a stronger company. It is that straightforward.” ■