

STEALTH TECHNOLOGY

Presentation To

Mayberry Center for Quality and Performance Excellence

by

Dr. Allen R. Atkins
Retired, Vice President
The Boeing Company

DAY PHOTO

NIGHT PHOTO

aratkins@earthlink.net



**McDonnell Douglas Technologies, Inc
(MDTI- 1995)**

- San Diego State's Southern California Institute for Quality and Productivity Annual Award (2nd Time)
- James S. Cogswell National Award for Security (2nd Time)
- Positive Cash Flow
- Exceeded All Cooperate Goals
- Financial Improvements > 22% for 3rd Year in a Row (MDC < 5%)
- Customer Ratings Higher than ever
- Supporting other Divisions with TQM Programs



**McDonnell Douglas Technologies, Inc
(MDTI- 1990)**

- Wholly Owned Subsidiary of MCD – Purchased in 1988
- Located San Diego California
- “Niche” Market Base – “Invisibility”
- Minimum Production
- ~ 500 People, \$20 Mil Rev/year, Overhead 250%
- Capital Intensive (Worlds Largest Indoor RCS Range)
- Mediocre at MANY Things – Good at None
- Process Problems in Security(Significant), Mfr, R&D, & Infrastructure
- “New Management” Approach – Total Quality Management (TQM)

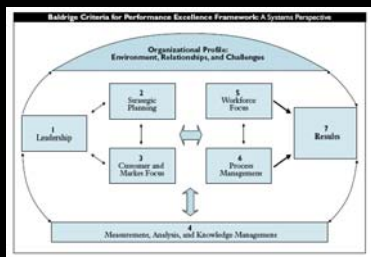


MDTI Before ARA



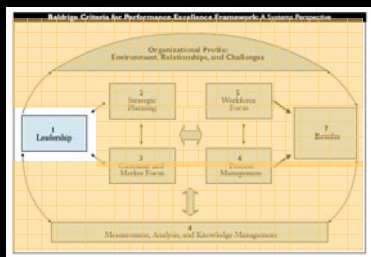


Malcolm Baldrige Criteria Framework





Malcolm Baldrige Criteria Framework (Leadership)



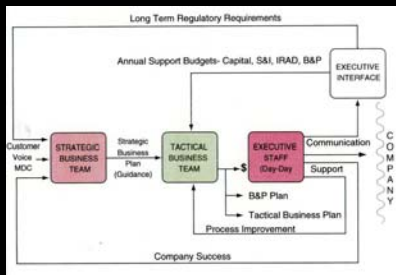


Leadership Approach

- Golden Rule
- Train the Leaders to Train their Teams
- Team approach
- Enablers/Facilitators
- External “Culture” Evaluation
- Quick and Lowest Decision Tree
- Deming Point # 8 – Drive Out Fear
- New Structure – Helped our Competition



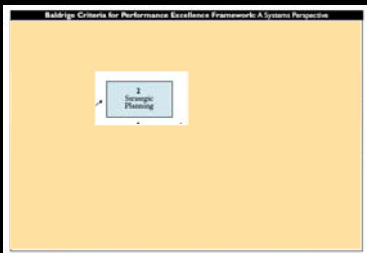
MDTI TQM Leadership Approach



Malcolm Baldrige Template Management Guideline



Malcolm Baldrige Criteria Framework (Strategic Planning)





Value of A PLAN

Plans are WORTHLESS;

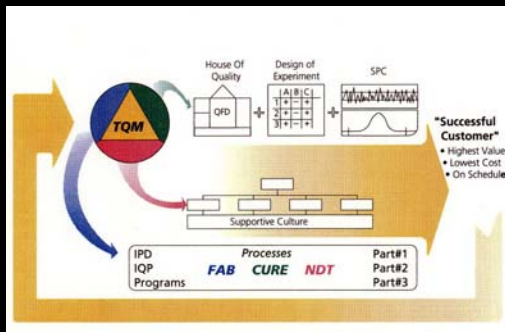
BUT,

Planning is **EVERYTHING!!**

Dwight D. Eisenhower
12-14-57

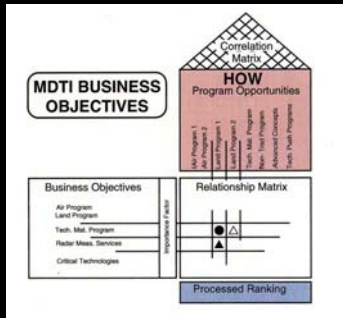


MDTI's Integrated Approach



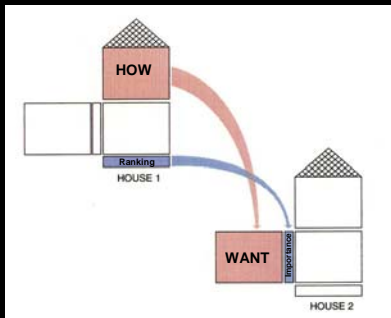


MDTI Strategic Planning Process (QFD Based)



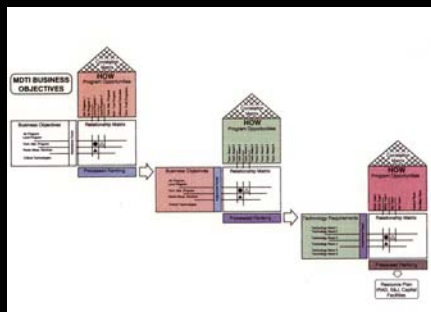


Transference of QFD House To Individual Level



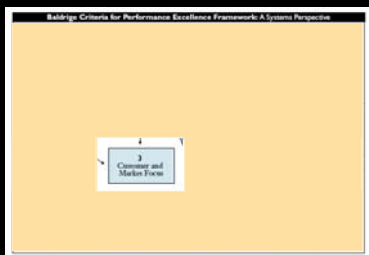


MDTI Strategic Plan "Big Picture"





Malcolm Baldrige Criteria Framework (Customer & Market Focus)





Customer Relations

- Get to Know – Communicate
 - Family
 - Hobbies
 - BD Cards, Anniversary Cards, Sympathy Cards
 - Talk non-Business Talk
- Talk on regular basis-Good News-Bad News-Useful News
- Part of Review Process
- TOWS vs. SWOT

CUSTOMER "S"

16



MDTI Customer Relationship Icon "Satisfaction Based"





MDTI Customer Relationship Icon "Satisfaction Based"





MDTI New Customer Relationship Icon "Success Based"





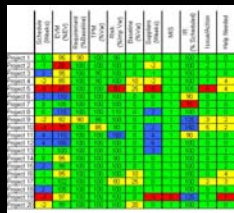
Malcolm Baldrige Criteria Framework (Measurement, Analysis, & Knowledge Management)





Measure – Measure

Category	Measure	Value
Customer	Customer Satisfaction	85
	Customer Retention	92
	Customer Churn	5
	Customer Loyalty	88
	Customer Feedback	78
	Customer Engagement	82
	Customer Acquisition	90
	Customer Service	80
	Customer Retention	92
	Customer Churn	5
Customer Loyalty	88	
Financial	Revenue Growth	12%
	Profit Margin	18%
	Operating Income	15%
	EBITDA	20%
	Net Income	10%
	EPS	15%
	Market Capitalization	100M
	Debt to Equity Ratio	0.5
	Return on Assets	10%
	Return on Equity	15%
Operational	Production Volume	10000
	Quality Control	98%
	Inventory Turnover	5x
	Manufacturing Costs	10%
	Supply Chain Efficiency	95%
	Logistics Performance	90%
	Customer Satisfaction	85%
	Employee Retention	92%
	Customer Churn	5%
	Customer Loyalty	88%



- Consistent Measurants
- Normalized Measurants



Malcolm Baldrige Criteria Framework (Workforce Focus)



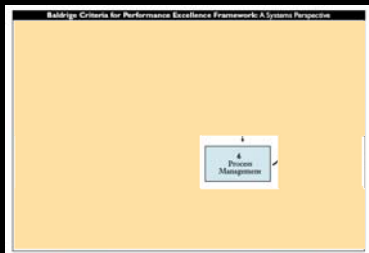


Work Force Continuous Learning Opportunities

- Technical/BA/BS/MS/MB/PhD
- In-House On The Job Skill Training
- Seminars – Lecture Courses (External)
- Personal and Personality Seminars(OJT) - GTD
- Patent Reviews – Einstein
- Deming Point # 13 Education & Self Improvement
- Concept of Employability vs Employment Guarantee



Malcolm Baldrige Criteria Framework (Process Management)





Process Management Approach

- Team Responsible – Continuous Improvement
- Deming Point # 9 – Breakdown Barriers
- Deming Point # 3 – Cease dependence on Inspection
- Integrated Quality Product Approach
 - Customer Skeptical
 - Corporation Skeptical
 - Team Skeptical
 - Required Significant Leadership
- Result vs Action Project Management Approach

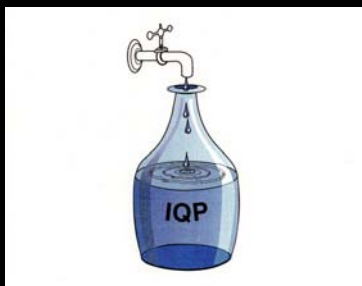


“Integrated” Quality Product (IQP)





INTEGRATED Quality Product



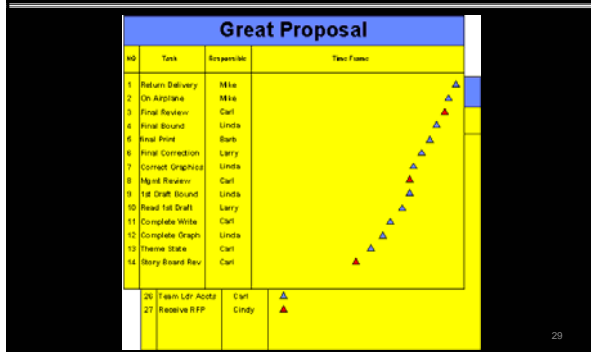


Process Management Approach

- Team Responsible – Continuous Improvement
- Deming Point # 9 – Breakdown Barriers
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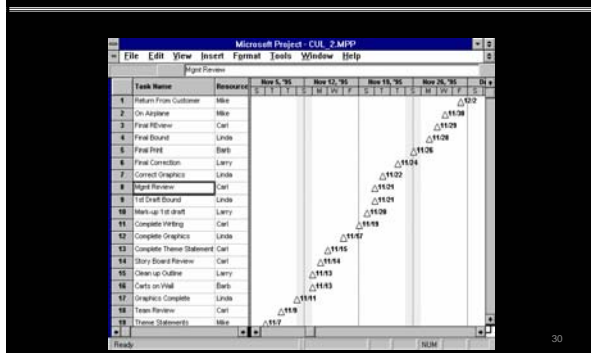


RESULT (Veritable) Milestone Chart



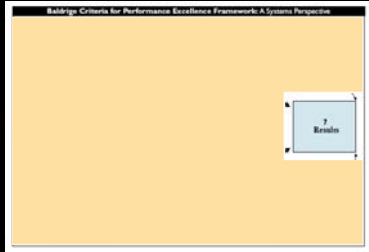


RESULT (Veritable) Milestones (Microsoft Project Format)





Malcolm Baldrige Criteria Framework (Results)



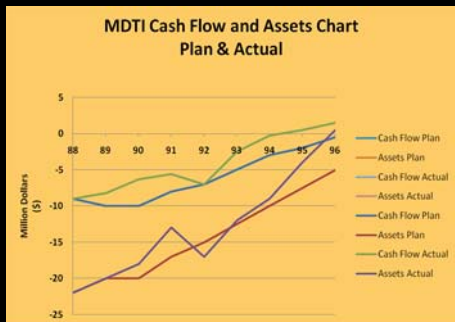


"TQM" Results

- 3 Institute for Quality and Productivity Awards – 2 First Place & 1 Second Place
- 2 National Cogswell Awards
- 1st Secretary of the Air Force Security Education Award
- Benchmark Company for Numerous National Companies
- Benchmark Business Unit within McDonnell Douglas/Boeing
- Transference of Concepts to other Companies
- Higher Customer Bases
- Highest Employee Cultural Measurants
- Process Development Resulting in "Can Do" Products
 - Production > 60% of Revenue
 - R&D Producing New and Highly Innovative Products
- Exceeded Financial Goals



MDTI Financial Results to Plan 1996



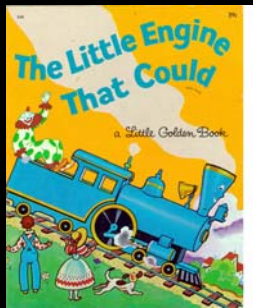


Some Thing I want YOU to do.

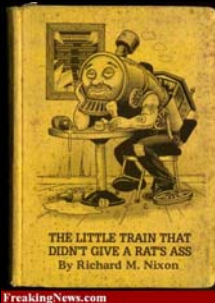
- Be a Leader/Be an Enabler.
- "Failure IS an Option"
- Be like the "Little Engine that COULD"
- Support Paradigm Shifts
- Set Goals.
- Continuously Learn
- Consider Graduate School.
- Make a difference to someone.
- Be PROUD of Tenn. Tech.
- Have Fun.



Which Are You???



OR





Some Thing I want YOU to do.

- Be a Leader/Be an Enabler.
- "Failure IS an Option"
- Be like the "Little Engine that COULD"
- Support Paradigm Shifts
- Set Goals.
- Continuously Learn
- Consider Graduate School.
- Make a difference to someone.
- Be PROUD of Tenn. Tech.
- Have Fun.



SHIFT HAPPENS





Some Thing I want YOU to do.

- Be a Leader/Be an Enabler.
- “Failure IS an Option”
- Be like the “Little Engine that COULD”
- Support Paradigm Shifts
- Set Goals.
- Continuously Learn – See GTD Video
- Consider Graduate School.
- Make a difference to someone.
- Be PROUD of Tenn. Tech.
- Have Fun.



Which Way Do YOU Go Now??