



# “What Good Looks Like”

## Characteristics of Supplier Excellence

**LOCKHEED MARTIN**



# Purpose of “What Good Looks Like - Characteristics of Supplier Excellence”

Provide all LM MFC Suppliers with a clear set of expectations so that our partners can align their culture with LM MFC’s focused vision to meet all Customer requirements and support us on the “Journey to Excellence”.

This information provides a universal set of imperatives to reinforce values and behaviors that are important to LM MFC both internally and externally.

***Read, Embrace, Share, Implement & Sustain***

# Characteristics of Supplier Excellence



# Engaged Leadership

- Emphasize **flawless execution** will lead to orders, sales, profit and protection of brand name/reputation
- Be **proactive, visible, and engaged** in all operations including sub-tier supply chain management
- **Empower employees** to “**stop the line**” or “**raise their hand**” if they see a **potential** non-compliance
- **Clearly communicate a vision with passion** that is embraced by employees and is focused on delivering results to the customer
- **Support investment** in capital equipment and staffing to assure that the company can independently meet all requirements



# Shared Cultural Excellence

- Individuals take full **ownership, accountability, and responsibility** for all of their performance and actions
- Encourage all employees to demonstrate **good Corporate Citizenship / Ethical Behavior** within the community and with customers, stakeholders, and suppliers
- Focus the organization on being recognized as an **industry leader** – driven to be a Customer's preferred supplier
- **Open, honest, and consistent communication** with employees, customers, and the supply chain



# Customer Focus

- **Conduct regular face-to-face communication** with customers
- **Actively reviews and manages** customer report cards – **takes actions**
- **Shares Customer report cards** and feedback with Employees
- Proactively builds **effective** and **collaborative working relationships** with the customer
- Takes time to **understand how their products are used** by Customers and the **impact of an escape** on their Customer



# Embracing Measurement & Analysis

- Capture **meaningful metrics applicable** to a specific task to achieve the desired outcome (i.e. HPU, SPC, DPU, yield, scrap & rework, supply chain, engineering changes, administrative processes, obsolescence, etc.)
- **Hold metric reviews with executive leadership** (at least monthly) and **share results** with customers and employees
- Create a business rhythm that incorporates and **acts on the “right” metrics** to increase customer/shareholder value
- **Track all escapes** (a non-compliance that is delivered to a Customer) and **effectiveness of corrective action**



# Driving Continuous Improvement

- Regularly encourage the **involvement and feedback** from employees, customers, and sub-tier suppliers on how to improve
- **Consistently evaluate and implement** ways to **eliminate waste** in every step of the process internally within their own operations and at sub-tier suppliers
- **Communicate all changes** to your Customer
- Maintain a robust corrective and preventive action system that **senior management owns**
- Evaluate the current design and how it is used at next higher assembly to **drive the highest level of production** without compromising requirements
- **Publically recognize and celebrate** successes with employees





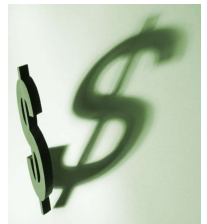
# Driving Supply Chain Excellence to Sub-Tier Suppliers

- Maintain a **robust supply chain** (A-Z) that produces quality products delivered on-time at a fair and reasonable price
- **Measure and audit** all suppliers' performance to **fix or delete** poor performing suppliers – communicate all changes to Customer
- **Drive Supply Chain Excellence Characteristics** to all suppliers
- **Engage suppliers** on a regular basis to assure that they understand performance expectations
- **Recognize and reward** Suppliers for demonstrated excellence



# Affordability

- Seeks cost reduction through performance and quality to **maximize customer satisfaction** and provide the **best overall value** (not simply providing the lowest price)
- **Practice Design for Affordability (DFA)** initiatives that are focused on reducing total cost of ownership or life cycle costs
- **Fully understand** the cost of each process and identifies the savings that can be achieved from process simplification (LSS mentality and training)
- **Challenge requirements** that drive cost with no customer value
- **Encourage and reward** employees / suppliers to identify and drive affordability opportunities



# Delivering Results

- Pursue **flawless program execution and total contract compliance** (100% quality and 100% delivery) of ALL requirements (i.e. hardware, data, software, terms & conditions etc.) at an affordable price
- Submit **compliant proposals on-time**, IAW FAR 15.4, and support customer's price to win strategy
- **Create value** by providing superior customer responsiveness and collaboration
- **Proactively manage risk** to mitigate impacts of the unknown
- Need to **maintain and sustain** performance excellence



## Take Away

“Good Suppliers” will embrace / demonstrate all of the characteristics and “Poor Performing Suppliers” will clearly display a lack of one or more of these characteristics.

***Where Do You Stand?***

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