



A Space Systems Company Aims for the Stars

Space Systems/Loral—formerly a division of Loral Space and Communications, and now a subsidiary of MacDonald, Deltwiler and Associates—is one of the world's largest designers and manufacturers of satellites and satellite systems for weather monitoring, TV broadcasting, direct-to-home TV services, digital audio radio, and broadband, wireless, and military communications. Loral needed a more proactive management culture and new operational processes and training tools to help them reduce costs, increase production without compromising quality, and help the company increase its market share in the highly competitive satellite manufacturing industry. Partnering with DB&A Associates was the clear solution.



The DB&A Difference

Analysis Financial Proposal

- ▶ Proposed Guaranteed Savings: \$10,000,000

Actual Financial Results

- ▶ Annualized Savings Rate: \$15,500,000

Project Results

- ▶ Increased productivity with no negative impact on quality
- ▶ Helped front-line supervisors align with overall company goals

Not only is the satellite manufacturing industry highly competitive, it is also highly complex. Because most satellites must operate in space without failure for a minimum of 15 years, adhering to stringent quality standards at every stage of production and operation is absolutely critical. In addition, the varied political interests of the countries over which the satellites are positioned must be taken into account.

That being the case, precision and scheduling had traditionally been Loral's primary areas of focus, and cost issues were often subordinated. In fact, Loral had no efficient tools or processes in place to evaluate where time and money were being lost throughout the production process. As a result, Loral had historically encountered significant differences between their estimated costs and the actual costs incurred after being awarded a project.

DB&A also discovered that Loral's organizational goals were not specific or measurable. Therefore, managers lacked a clear understanding of their roles and responsibilities, and in some cases, lowerlevel managers and supervisors were not aware of overall company objectives at all.

Intensifying the problem, team members from within Loral were advanced into supervisory roles based on their technical expertise, rather than an aptitude for managing projects. They were more focused on solving technical issues than spending time interacting, guiding, directing, or motivating their teams. Because there was little in the way of leadership training, many managers lacked the confidence to effectively address issues surrounding resource allocation, cost accountability or goal achievement

Implementation Actions

Because of the highly technical nature of building satellites, Loral tended to develop its workers and promote from within. Most of the managers had been there many years and hadn't been exposed to new or different processes or influences. Loral knew outside help was needed to develop a productivity-focused management team that could balance the technical issues with costs, and they turned to DB&A, based on the firm's history of helping companies achieve objectives using existing resources.

As with all engagements, DB&A's relationship with Loral began with a thorough two-week analysis of a client's organization to evaluate and quantify pertinent issues. Likewise, as always, the first week of the analysis was provided at no risk to Loral; they were asked to make a commitment to continue with the second week of analysis only after DB&A showed how its proven process would deliver an opportunity for savings and a return on investment. Working with every level of the company—from executive leadership and managers to front-line workers—DB&A then designed and implemented a carefully constructed plan to transform Loral's co-workers and managers into high-performance, results-oriented teams.

From the outset, it was critical that Loral's executive leadership garner the support of the front-line team—because the success of the initiative was largely dependent on the managers' willingness to execute

the plan. In the past, Loral would come up with great ideas to reduce costs but then had trouble executing the plan because no single individual was responsible for managing the plan or tracking results. That's a big part of what DB&A consistently brings to the table—working closely with a client's executive leadership and front-line managers and supervisors to develop a plan and then providing tools and training to help them execute it.

Leveraging Data to Streamline Change

DB&A's engagement at Loral spanned 48 weeks in the engineering group and 34 weeks in manufacturing—far longer than the firm's average 26-week engagement. The 14 members of the DB&A team spent a significant amount of time in the beginning of the project establishing productivity metrics, such as developing parameters for work content.

In the engineering group, for example, DB&A helped Loral break down every production activity into individual tasks, and then define the time needed for each one, so that the company could schedule and estimate projects more accurately. After generating a standardized activity list, the next phase included developing specific, measurable, achievable, realistic, and time-based goals; creating tactics to achieve them; and then aligning the organization accordingly. Then DB&A educated the managers on how to collect, use, and share performance data to measure productivity. This information gave managers a basis from which they could create weekly goals and production plans.



Once the plan was established, the DB&A team began working with individual units to help supervisors understand how their roles and responsibilities fit within the larger company objectives of improving productivity and reducing costs. DB&A implemented specific tools to assist Loral's managers on a day-to-day basis. In daily huddle meetings, supervisors and their teams could review the day's tasks and discuss any safety, quality, or scheduling issues. From this meeting, supervisors also developed a Daily Schedule Control Sheet to obtain commitments from operators as to how many tasks or units they would complete each day. Supervisors could then check in with their teams every two hours to pinpoint areas of lost time and help operators solve problems throughout the day.

At the outset, some Loral team members were concerned that quality would suffer as a result of the additional tools being added to their daily operations. However, over the course of the project, DB&A found that Loral's increased productivity had absolutely no negative impact on quality.

Project Results

For many front-line managers, incorporating these new tools created additional work in the beginning. However, as time went on, it became clear the tools' were adding significant value—not only in opening the lines of communication among teams but also in establishing new performance metrics to gauge progress.

This improved synergy within individual teams and across units helped Loral make steady progress toward the goal of doubling its annual satellite production. As part of their dedication to sustain the momentum, the Loral executive team went on to develop an incentive program tailored specifically toward reaching the objectives that DB&A had assisted in developing.

As a result, while DB&A had projected at the outset of the project that it could help Loral achieve cost savings of \$10 million within 13 months, Loral ultimately achieved savings of nearly \$15.5 million within that period of time, with the added benefit of a lasting corporate culture of proactive communication, collaboration and accountability.

Operational Results:

- Helped front-line supervisors align with overall company goals
- Reversed management culture from reactive to proactive
- Improved communication and information sharing among teams and between levels of management
- Increased productivity with no negative impact on quality Productivity

C-Level Officer, Space Systems/Loral

"I was very impressed with DeWolff, Boberg & Associates. They really stayed with us until the results started coming. Now it's our managers' turn to run the show, and we'll keep the pressure on and provide training to ensure this process endures—with continuous improvement."



Space Systems/Loral

Since 1987 DB&A has provided cross-industry management consulting delivering 15-20% in operational and financial improvements to our clients with a financial guarantee. We deliver customized solutions that maximize existing resources to increase efficiency, capacity, and productivity. Our approach is to work with all levels of management to transform management culture in order to drive accountability where it matters most: the front-lines. For more information visit www.dbareresults.com or email contact@dbareresults.com