



## Major Defense Contractor Take the Offensive

United Defense, a major defense contractor with facilities throughout the U.S., started producing amphibious landing craft for the military after the start of World War II. After a merger, they began manufacturing some of the leading combat support vehicle systems and weapons delivery systems. Over time, the company's Steel Products Division began to experience problems with on-time delivery, productivity, and excess scrap. Even for an organization used to dealing with the tensions of combat readiness, it was shaping up to be the most crucial struggle in the company's history. Fortunately, management and employees joined forces and, with help from DB&A, they underwent a turnaround that exceeded all expectations.



### The DB&A Difference

#### Project Results

- 23% increase in productivity
- 21% reduction in scrap
- 71% reduction in rework

Based in Anniston, Alabama, the United Defense Steel Products Division was one of the largest steel-forging operations in the southeast. The facility housed the nation's only overhaul and conversion program for the M113 Family of Vehicles—the foremost line of armored-tracked vehicles at that time.

It was no secret to upper management that serious problems were brewing. The foundry—a critical component of the division's operation—had been sold because of operational deficiencies stemming from a lack of controls and measurements. Internal quality control procedures were failing to solve long-standing problems. The facility's computer system was shut down for several months, resulting in a total loss of productivity reports for the period. Even worse, there were problems with actually knowing what customers wanted and when they wanted it because there were no real quantitative

measurement processes in place. Simultaneously, a general sense of confusion among employees—who had no sense of their roles within the company—was breeding an environment of dissatisfaction. All of these shortcomings were manifesting in a plummeting bottom line.

### Implementation Actions

Upon accepting the invitation to engage, DB&A impressed the team at United Defense by making its first mission an immediate, two-week, in-depth analysis of the Anniston facility, covering all three shifts. The review consisted of an intensive study of supervisors' on-the-floor behavior, the company's Supervisory Opinion Questionnaire (SOQ), and important diagnostic tools such as capacity utilization studies, production variance studies, and key interviews.

During the analysis, 32 hours of direct observations revealed that less than 14% of the supervisors' available time was spent actively interacting with employees, and only 12% of their time was spent responding to problems brought to their attention by the operators. In addition, the SOQ revealed that most of the supervisors had only a marginal understanding of effective supervision processes. For example, they generally believed in infrequent follow-up on work assignments, refused any responsibility for employee training or planning, and made general and vague work assignments that lacked specific expectations.

Following its analysis, DB&A began to release its initial findings and suggestions. What set the firm apart to many at United Defense was DB&A's respectful candor. "They didn't hold back," said one United Defense manager. "If your baby was ugly, they told you your baby was ugly." While some appreciated the straightforward approach, many workers did not. With employee morale at its lowest point, an assessment by "outsiders"—especially a review intended to hold people accountable—was perceived as a threat that prompted the filing of a strong protest by the workers' union. Acting quickly, however, United Defense management immediately informed employees and the union that the goal was to find solutions that would head off further difficulties and closings, and most people agreed to work together to get things back on track and save jobs.

Over the next several weeks, DB&A worked closely with

United Defense leadership to set about defining specific roles and responsibilities for the different levels in the organization, from front-line operators to supervisors, managers and executives. Systems were developed to ensure hourly interaction and follow-up sessions between supervisors and operators. A Daily Schedule Control was set up to track productivity, scrap, lost time, and capacity utilization on an hourly basis, complete with tools that enabled prompt analysis of variances so that managers address them more proactively. A multi-month Master Schedule was also developed to help anticipate manpower requirements using current productivity levels to determine workforce needs, with adjustments for absenteeism and vacations.

A Barrier Update Resolution Process was activated to help managers and supervisors identify obstacles (both internal and external) that were prohibiting United Defense from achieving its goals. Training programs were also developed to help supervisors identify these barriers, get to the root causes and develop corrective actions.

One major concern was a lack of effective communication regarding each department's daily performance level. This was solved with frequently updated Visual Control Boards throughout the facility that noted job status, operating barriers and the resulting performance-improvement action plans.

Methods of reaching new goals were discussed at "Morning Huddles" and Shift Review Meetings that



were attended by representatives from all the major departments—Maintenance, Engineering, Scheduling, Quality, and Production. After implementing the Daily Schedule Control, Master Schedules, Barrier Update and Resolution Process, Visual Control Boards, Morning Huddles and Shift Review Meetings, the lines of communication improved and operating barriers were not only discussed—they were resolved.

As in all of its collaborations, DB&A helped United Defense leverage its existing resources in the most productive way possible, and United Defense employees also took ownership of the systems by actively participating and—with coaching from the DB&A team—managing activities and developing new initiatives.

## Project Results

One of the most important improvements was the supervisors' level of interaction with employees. Direct communication between the two groups quickly increased from 14% of available time to 26%, and use of the Visual Control Boards pushed that number even higher. Operationally, there was a 23% increase in productivity with a corresponding 21% reduction in scrap and 71% reduction in rework—results that had a significant, positive impact on the bottom line.

Once United Defense managers started to see that the tools and processes were making their jobs easier and improving production, they continued the process—and because they were being recognized for their achievements, they embraced the concept of being accountable for the goals and objectives, which led to a further lift in morale and self-esteem.

As a result, the company's hiring and evaluation practices also changed. Understanding the importance of having workers who could successfully function in the new system, United Defense began looking for candidates based on their interpersonal skills as well as their tactical competence, and evaluating supervisors based, in part, on their proven problem-solving abilities.

Importantly, the entire process established by DB&A and United Defense was designed to be repeatable. This meant that, even though markets, priorities, and company focus would undoubtedly continue to change, use of the various tools and procedures would help the company react, adjust and achieve the desired results in a timely manner.

Although United Defense was expected to lose money, it exceeded everyone's expectations in the wake of the DB&A engagement and turned a profit. Later, UK-based defense contractor BAE Systems acquired United Defense for \$3.97 billion surpassing offers from other respected industry players, including Northrop Grumman.

### Operational Results:

- Direct communication between supervisors and front-line employees increased from 14% of available time to 26%
- 23% increase in productivity
- 21% reduction in scrap
- 71% reduction in rework

### **Site Manager, United Defense**

*"The one thing [DB&A] said that I really liked—and they stuck to it—was, 'We're not here to manage your business. We're only here to make recommendations. It's you who will receive the rewards when you take the recommendations and do something with them.'"*

The logo for United Defense, featuring the company name in white, bold, sans-serif font on a black rectangular background. A solid red horizontal bar is positioned directly below the black background.

# United Defense

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](http://www.dbareresults.com) or email [contact@dbareresults.com](mailto:contact@dbareresults.com)