



Speeding Delivery of Aircraft for the Department of Defense

From 0% to 100% On-Time Delivery

CASE STUDY

This U.S. Department of Defense (DoD) organization's objective is to facilitate foreign military sales (FMS) of aircraft for the purpose of creating improved interoperability with Allied Forces, supporting U.S. national interests and stabilizing the associated supplier base. The organization provides total support for acquisition, production, fielding and training of uniquely configured FMS aircraft.

Business Challenges

The norm was for FMS aircraft to be delivered very late – frustrating both U.S. and foreign government leadership. During the initial review, the Hitachi Consulting* team quickly determined that while there were some significant Original Equipment Manufacturer (OEM) design and production improvement opportunities, broader upstream and cross-organization issues associated with process planning, program management and resource alignment were the key barriers to meeting aircraft delivery expectations.

The validated findings from the full assessment included the fact that a number of major organizational factors contributed to the significant delays in aircraft delivery.

First, there were unclear accountabilities and ownership for specific program planning and execution activities, at both the client (DoD) and the OEM. There were also not enough of the right resources dedicated to ensure FMS program success. Too often, client resources were

asked to perform tasks outside of their areas of expertise. The OEM was not providing enough program management, engineering and production planning focus and discipline to adequately support its FMS business commitments.

Another major finding was that existing process and program management controls did not adequately address the requirements of these complex, multi-year aircraft delivery efforts. Limited understanding of program requirements also led to quoted aircraft delivery timeframes that were consistently overly optimistic or unrealistic. Since there was a minimal focus on end-to-end program planning, the process consisted mostly of “tossing actions over the fence” with often unclear or misaligned expectations.

Despite this process requiring the involvement of up to a dozen organizations, there was only limited integration of activities between the DoD and the OEM, or even between groups within each of those large organizations. Without integrated master schedules or meaningful program performance metrics, the client and OEM leadership could only provide minimal oversight, which typically involved a significant amount of reactive, one-off “fire fighting” activities.

Complicating delivery even further was the recent introduction of an updated aircraft model (with integrated state-of-the-art cockpit) and the rolling out of stricter airworthiness testing requirements. Consistently not meeting expectations and the resulting “finger

pointing” led to both low morale within the client organization and a near hostile relationship with the OEM.

Solution and Approach

The DoD proactively engaged Hitachi Consulting to address their FMS business challenges. The team was asked to analyze the build and modification processes and determine actions to get the OEM to build aircraft on time. Following an initial assessment, Hitachi Consulting discovered much broader issues and the scope was expanded to develop recommended improvements to support on-time delivery of aircraft to foreign governments.

Hitachi Consulting worked with the DoD to align the OEM and government teams to ensure everyone was on the same page and clearly understood existing issues.

Our approach focused on recognizing the unique needs and perspectives of the client (DoD) and the OEM; we worked together to gain a common understanding of program requirements to better ensure that both parties were working toward aligned expectations and goals. In addition, Hitachi Consulting helped the DoD realize a cultural transformation where proactive, integrated program management is now the norm.

“We deliver FMS better than the other commands . . . we meet schedule, configuration and requirements”

DoD PMO FMS Representative



Hitachi Consulting implemented an Integrated Program Planning (IPP) process and the associated management systems and tools to provide linkages between the applicable DoD PMO, the OEMs, all required supporting commands and external/federal government departments.

- Restructured the military service's supporting organizations to better align with program requirements
- Helped initiate changes in the OEM's supporting organization and processes that included enhanced engineering and production planning focus, dedicated program management support and more effective utilization of existing aircraft build facilities
- Developed and leveraged initial integrated FMS program plan and process timeline template
- Stood up and supported 13 Integrated Program Teams (IPTs) and a front-end requirements definition team – all joint with both client (DoD) and OEM representation
- Developed and supported the rollout of key program and process management tools, and provided one-on-one program management coaching to the newly appointed IPT leads
- Developed initial performance metrics and supported periodic program review meetings
- Developed and successfully supported the launching of eight strategic initiatives including configuration management standards, integrated logistics planning and contracting strategy

From our previous experience, Hitachi Consulting knew that it was critical to implement an MCRS® (Management Control and Reporting System) early on. This included standing meetings between the OEM and the applicable DoD Program Management Office (PMO) with defined "Terms of Reference" for each meeting so that meetings had a clear purpose and clearly defined outcomes.

After the MCRS® was in-place, Hitachi Consulting worked with the DoD to define and document all applicable processes including front-end requirements gathering, solution development and validation, delivery planning and execution, and total lifecycle management planning and execution.

Results

- On-time aircraft delivery of these multi-year programs improved from 0% for 2007-2009, 8% for 2010, 56% for 2011, to 100% for 2012-2013
- Average days late decreased from over 200 days in 2009, 131 days for 2010, to 0 days for 2012-2013
- Proactive program management focus; "fire-fighting" is now the exception
- Numerous promotions within the organization including two Branch Chiefs promoted to Division Chiefs

With Hitachi Consulting's help, cultural transformation was achieved within both

the client's and the OEM's organizations – creating an environment where proactive, integrated program management is now the norm. Aligned expectations and successful performance has also led to a significant improvement in the working relationships between the client and the mission critical OEM, and most importantly has enhanced DoD mission capability (through Allied Forces support).

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