Kansas City Plant
National Security Asset

Missouri Quality Award
Application Summary

2007

Organizational Profile

KCP's workforce is employed by Honeywell, but the facility, capital equipment, and assets belong to the U.S. government. Honeywell FM&T, LLC, (the KCP's governance board) manages and operates the facility, as an M&O contractor. KCP's primary mission is to make, buy, assemble, and test nonnuclear components for nuclear weapons. Therefore, a highly secure environment which protects national secrets is required.

The KCP has three manufacturing areas (electronics, mechanical, and engineered materials) under one, secure roof, and prides itself on delivering unparalleled value to the NWC by using only 6 percent of the NWC budget to supply 85 percent of the specialized hardware components which comprise a nuclear weapon.

Success is based on integrating manufacturing, supply chain, engineering, and business management skills to deliver on customer schedule commitments at a rate exceeding 99.5 percent. The delivery mechanism for main products and services is directly to the customer as directed by the appropriate statement of work.

KCP utilizes Honeywell's leadership and functional counterparts for systemic improvements, business processes, and performance management. In most cases other than HR and Finance, the Senior Leaders report directly to the FM&T president and have a dotted line reporting relationship into Honeywell D&S leadership. HR and Finance have direct reporting relationships to Honeywell D&S functional leaders and are dotted lined to the FM&T President. In both situations, functional guidance, policies, and best practices are received from Honeywell.

Market Segments

KCP determines requirements, needs, expectations, and preferences of customers and market segments to ensure the continuing relevance of products and services. New business opportunities are developed through key access mechanisms. Priorities between key customer requirements are kept in balance using a Baseline Change Management Process. The Baseline Change Management Process manages and documents the scope, schedule, cost, risk, and assumptions for program budgets and commitments.

The Core Mission and Other DOE Missions represent 76 percent of the workload while WFO represents the remaining 24 percent. The KCP integrates the customers' key requirements into the key work processes. The customers' expectations are translated through VOC processes into KCP priorities.

Key Requirements

Suppliers and partners are integral in the execution of the manufacturing enterprise. The NWC's three design laboratories – LANL, LLNL, and SNL – work closely with KCP in the source selection process for suppliers by collaborating with the engineers and buyers during the product realization process. Key supplier types are direct and indirect. Approximately 350 direct production suppliers support production needs including supply chain, logistics, stores, and manufacturing represent between 10 and 15 percent of the total supplier base. More than 3,000 indirect (non-production) suppliers support infrastructure such as basic office supplies, computers, capital equipment, general services, construction services, and facilities support. The most important supply chain requirements are quality, delivery and cost effectiveness.

The NNSA's KCSO, maintains an on-site oversight office with a staff of approximately 50 employees who administer FM&T's contract, ensure compliance with laws and regulations, provide weapons programmatic guidance, and assess the quality assurance program. KCP also reports to NNSA's headquarters in Washington, DC. Communication methods with key customers and suppliers include MyPortal, MAS, KCP.COM, face-to-face meetings, and other one- and two-way methods. Face-to-face is the preferred and the most common method for the frequent communications. Additional supplier communications include drawings, purchase orders, and small business programs.

Strategic Challenges & Advantages

Key elements of the performance improvement system, which include evaluation and learning processes, are identified in the Performance Excellence Framework. KCP manages performance improvement using Honeywell SSP, the SYSTEMIC DMAIC model, and EIMF engagement. All employees are TQM trained, salaried exempt professionals are SSP Green Belt certified, and other employees are trained and certified in advanced SSP methodologies as business needs dictate. Senior Leaders, managers, and employees regularly work on SSP teams which generate significant cost savings which impact the business. Employee evaluation is implemented through the HPD system and employee learning is tracked using the eLMS training system.

Leadership

Senior Leaders set organizational mission, vision, and values using the Performance Excellence Framework. This framework focuses on customer requirements and illustrates how KCP deploys the mission, vision, and values to employees, partners, customers, and stakeholders through the methodologies described in the MAS. The first step of the Performance Excellence Framework is to establish the vision, mission, values, and leadership system. The mission and vision is communicated in all-employee and department meetings, newsletters and reports, and deployed to suppliers through ISC interactions, selection criteria, and contract negotiations.

Senior Leaders create an environment for role model performance leadership through sharing best practices to improve the NWC and local organizations. KCP regularly conducts SSP, Lean, Quality, and other training and project support for to other NWC sites. Employees participate in a number of activities, such as MQA and external technology transfer projects with outside businesses and within Honeywell Aerospace to benchmark best practices in manufacturing and other industries.

Senior Leaders create a sustainable organization for performance improvement; accomplishment of KCP's mission, vision, and strategic objectives; innovation; and organizational agility using the methodologies described in the Performance Excellence Framework and the MAS. The purpose of the MAS is to provide structure, accountability, and a means by which the NNSA customer and leadership can monitor the health of the business and take appropriate actions. MAS activities are aligned with key customer requirements from the KCSO: 1) Meeting Product Schedule, 2) Meeting Product Specification, 3) Cost Management, 4) Asset Management, and 5) Meeting Contractor Standards, including ES&H and National Security. The KCP's MAS includes a formal process to receive NNSA performance expectations and deliverables and translate them into an actionable work scope. NNSA expectations are transmitted through the CPAF PEP and with the KCP prime contract. Performance objectives and incentives are directly tied to NNSA priorities. Key methods used to sustain the organization include STRAP, MAS, BSC, Quality (ISO, Command Media), SSP, MRR and Integrity and Compliance.

Senior Leaders communicate key decisions and engage employees through a communication strategy framework which considers the subject, audience, communicator, and message. Methods of frequent employee communication include face-to-face discussions, MyPortal, Newsstand, InfoCHANNEL, WebTV, HPD, MAS, BSC, weekly Manager Update, "Ask Vince" e-mail, "Comments, Please", all-employee meetings, and posters at information centers. Key decisions and items of interest are shared in all-employee meetings, broadcasts, and Senior Leadership updates. Such meetings are simulcast via video and are available for viewing from any MyPortal network connection. Senior Leaders encourage two-way communication by holding skip-level meetings to communicate about job-related issues and to solicit feedback from employees. Senior Leaders chair and participate in employee recognition and reward programs including the Knuth and STARR Awards, Special Recognition Program, and Spot Awards to motivate employees and create a customer and business focus.

Senior Leaders create a focus on action to accomplish business objectives, improve performance, and attain the mission and vision using the Performance Excellence Framework. BOR and other project reviews are conducted regularly by Senior Leaders and managers to review progress on key work processes and BSC measures. Monthly divisional MOR meetings review key STRAP performance results and BSC measures. Action items are assigned to departments, teams, and individuals. BOR and BSC data is available online to the NNSA customer (KCSO) and the employee stakeholders.

Senior Leaders review a standardized set of performance measures (BSC) to make decisions and allocate plant resources to key action items. Focus on creating and balancing value for customers and other stakeholders include elements of STRAP, BSC, MOS, and the BOR. Among the many activities valued by the KCSO are teaming on joint projects, providing briefings on key issues, and offering oversight visibility through the MAS on MyPortal.

Conceptually, the Honeywell MOS tiers includes: 1) Functional leadership, 2) Direction and identification of core processes and best practices, and 3) Management systems sustainment. Expectations and related accountability provide inputs to the KCP Enterprise MOS. Additionally, enterprise level actions and expectations are further integrated into the KCP Core Functional MOSs. For both the enterprise and core functional MOSs:
- The adequacy and effectiveness of systems at the KCP enterprise level are reviewed.
- System level performance-related information is reviewed and acted upon.
- Specific emphasis is placed on those enterprise level assurance needs that focus on customer requirements.

Management responsibility is executed through the enterprise and core functional MOS activities to ensure support of the essential customer outcomes. These actions are executed and reviewed on a regular basis with systematic accountability measures as necessary for actionable and timely results.

Strategic Planning

Each Honeywell SBU conducts strategic planning annually. Honeywell leadership sets requirements for the entire business and then successive organizational levels provide market- and function-specific guidance. As a result, each site has the specifications to develop a plan that is compatible with other Honeywell businesses. Completed plans are rolled up to become the integrated Honeywell Strategic Plan.

The Senior Leadership team owns the site strategic plan and every member has a role in developing it. Site functional experts, employee focus groups, and staff participate in plan development to ensure that it meets or exceeds requirements. During plan development, D&S strategic plan experts conduct periodic reviews of interim work products. The FM&T President reviews the plan with the D&S President. These reviews provide independent assurance and ensure that blind spots are avoided.

Strategic challenges and advantages and blind spots are readily identified from multiple sources including:
- Annual PER
- NNSA benchmarking studies, lessons-learned reports, audits, and appraisals
- Honeywell emphasis and initiatives, corporate audits, and appraisals
- NNSA budgets
- Voice of the Customer feedback
- Collaboration with other NWC M&O contractors
- Requests from competitors and customers to benchmark KCP

Short-term planning horizons are from 12 to 18 months. Longer-term planning horizon is generally 5 years, but may be extended to 10 years to align with major NNSA events. Short-term planning time horizons are consistent with both Honeywell's AOP and NNSA's PEP. Longer-term plans are made consistent with Honeywell's STRAP and NNSA's vision for the NWC, most recently described in *Complex Transformation*. The planning process covers both short- and long-term planning horizons by developing detailed short-term action plans that accumulate for the desired long-term result. Detailed short-term plans and critical actions for long-term plans are included. The BSC team reviews the PEP and STRAP for items that translate into critical key measures and action items.

Key strategic objectives protect the mission, while delivering products and services in the best interest of the government and taxpayers. To accomplish this goal, KCP must deliver on the commitment to transform operations, facilities, and business processes while earning compensation commensurate with the transformation. The strategy of growing the business overlaps with protecting the core business. Strategies have supporting tactics with detailed action plans, high-level tactics and goals, measures, and timetables. The most important goals for these strategic objectives are integrated into the BSC measures and are integrated into salaried employee HPD goals.

Strategic objectives address strategic challenges and advantages by incorporating customers' issues directly into tactics and actions. Employees are in continual contact with customers at many levels. Strategies create opportunities for innovation in products and services, operations, and the business model. Transforming the business and focusing on core competencies drives innovations in the NWC and mitigates inefficiencies that have evolved through more than 50 years of weapons production. Many aspects of the business are involved, from selective outsourcing to retraining and retaining the workforce with the right skill set.

Key Human Resource plans are an integral part of each strategy and tactic and are reviewed using SROP, MRR, and KCRIMS. Each action plan manages potential impacts on the workforce as well as the ability to maintain core competencies, critical skills, and capacity for the future. Success is ensured through BSC deployment and continued focus on the mission. BSC measures cross key functional boundaries and reinforce organizational alignment.

Performance issues are addressed through striving to maintain the current levels or increase award fee as is standard practice for NNSA M&O contractors. KCP made commitments to the NNSA for the transformation strategy - the single most important factor in its ability to retain the contract is performing to its commitments (CMCK). KCP committed to NNSA to deliver an uninterrupted, consistent income stream as long as it meets projections and those employees who are responsible for delivery have linked them to their HPD goals. Performance gaps against competitors are identified from VOC and competitive intelligence data, and are reviewed in the BOR and the annual strategic planning process.

Customer and Market Focus

The business capture process supports Core Mission and Other DOE Missions which represents 76 percent of the available funds while WFO segment represents the remaining 24 percent of work. Funding needs determine how BD identifies customer groups and market segments for current and future products and services. Specific customers within groups are identified and pursued by:

- using customer segment identification, and
- considering the prime contract restrictions and considerations.

BD combines customer and market segment information with strategic planning data, key customer requirements, multiple VOC processes, and political climate change. Potential pursuits for current and future products and services are determined from this combined data.

Potential customers that complement the primary mission are segmented according to common needs using strategic marketing that provides information on possible new business market segments. This information is then aligned with core competencies, products and services, and the business pursuit model. Finally, the long-term value of the possible new business opportunity must align with the Technology Push strategic planning data.

Needs of customer groups are constantly reviewed for alignment with the mission, core competencies, and core business schedules for strategic leveraging opportunities. Each core functional MOS describes listening and learning methods primarily designed for and used with the NNSA, but support customers, customer groups, and market segments. Basic MOS attributes include the forum, purpose, frequency and format, owner, participants, and substitutions for each item. Each core functional MOS is integrated of the multi-level integrated MOS documents. Each MOS is developed, maintained, applied, and integrated between KCP functions to most effectively support the customer.

The VOC process ensures that key customers' feedback (NNSA, DOE National Labs, DOE Sites and Plants, and WFO) is obtained and validated by in-depth interviews. It is validated with a review of the summary and how it ties to a go-forward plan with customer groups. Customer feedback and interaction are evident within the MOS.

Information and feedback from current and former customers, including PEP scores, new business marketing and sales information, and customer satisfaction and complaint data is used to ensure that KCP remains the best choice for current DSW workload while growing new business opportunities. Employees are assigned residency roles in Washington, DC and Albuquerque, NM to influence the DSW program policy and funding decision makers, and are tasked with integrating current project activities and capturing additional business opportunities. The VOC process is a Honeywell best practice implemented at the KCP.

NWC design agencies' feedback includes technical review and cost control boards. KCSO and FM&T summarize DSW customer feedback monthly, quarterly, and annually with a scorecard. This approach identifies strengths and opportunities for key work process improvements related to the objectives deliveries. Measures of quality performance include feedback from end users, intermediate organizations, URs, IMRs, and QAIP rejects. Such measures, combined with indictors of part difficulty (Yield and CONC) are used to design processes to deliver the best value for the NNSA.

A systematic approach is used to evaluate and improve customer relationships. KCP strives to proactively avert customer complaints and is able to turn potential customer dissatisfaction into potential business growth opportunities and opportunities to delight current customers. The BD approach ensures that customer needs and expectations are fully met.

To better build relationships with customer groups, the BD and PM organizations have assigned managers to each major market segment. These managers are the primary customer interface which ensures customer needs are met and act as the customer's advocate.

KCSO and KCP partner annually on performance expectations for the coming year. Expectations are drafted by the KCSO, detailed in the PEP, and agreed to by KCP at the start of each year. The PEP is reviewed monthly with the Senior Leaders and quarterly with the KCSO. KCP provides additional documented PEP action item feedback to the KCSO as requested. Much of the PEP update information is made available on MyPortal by PM through the MAS. PEP information is used to meet and exceed primary customer KCSO's expectations, increase customer loyalty, secure continued business, and gain positive referrals.

Measurement, Analysis & Knowledge Management

Strategic Plan Deployment is used for selecting, collecting, aligning, and integrating performance, financial goals and measures. The BSC is the primary collection point for the enterprise-level financial results and performance measures. Specific performance objectives included in the BSC are identified by a cross functional BSC team which includes Senior Leaders, managers, and employees from many levels of the organization. Progress relative to strategic objectives is presented and discussed during monthly BOR meetings, quarterly at STRAP reviews, and annually during PER and STRAP planning activities helping to ensure that actions drive results.

Daily organizational activities and operations are systematically outlined in the appropriate core functional area and support area MOSs. The MOS identifies actions taken by management to evaluate the adequacy and effectiveness of systems and functional performance. The BOR is one of the activities that management uses to review and analyze measures and monitor progress toward strategic objectives and associated action plans. Key organizational performance measures are defined within the BSC. Definitions and assignment of owners and partners for each measure provide appropriate alignment of goals. Such elements provide structure for deployment of responsibility to each salaried employee through HPDs and to each union employee using the appropriate union performance summaries.

Key organizational decisions and innovations are driven by performance against the PEP and BSC metrics and through the development and execution of KCRIMS and PDRD. Key performance measures, short-term financial measures, and long-term financial measures are reflected as annual goals in the BSC. Intended actions for performance corrections of "yellow" elements are discussed by the objective owner in the BOR. Any item with "red" performance requires a formal BOR documentation of the issues and actions related to the readjustment of the unacceptable performance.

The performance management system is kept current with changing business needs and directions through several methods identified in the MAS. They include the following.
- External assessments (ISO 9001, ISO 14001, VPP, MQA)
- Customer assessments (Audits, QAS)
- Event reporting, issues management, lessons learned, concern line
- Internal audits and self assessments
- SSP improvements and innovations
- MOS activities
- Interaction with and best practices from Honeywell
- Interactions with stakeholders and customers
- Benchmarking
- STRAP
- PEP
- BSC process

The activities listed above ensure that the performance measurement system is sensitive to rapid or unexpected organizational or external changes. At the enterprise level, the BOR , STRAP, and the BSC are tightly linked, ensuring rapid response to business changes. HPD goals are also updated throughout the year. When new requirements or a change in the business occurs, management determines if additional data or information is needed. As most of the operating, resource, and financial data is electronic, queries from the Data Warehouse may be quickly analyzed. Facility MRP and ERP reports are generated nightly.

Senior Leadership uses the MAS to review organizational performance, capabilities, and progress relative to the strategic objectives, tactics, and action plans. Each BSC objective has a Senior Leader assigned who is responsible for reviewing performance indicators and reporting when performance is not meeting targets. The BOR includes an assessment of customer feedback against developed PEP actions. RAILS and recovery plans are used to maintain a focus on action items.

The frequency and type of analysis vary based on the data. As results are analyzed, adverse trends are reviewed for root causes. Analysis performed to support the reviews and ensure that conclusions are valid include lower level reviews before the data is aggregated or indexed, subject matter expert reviews, automated data warehouse information summarizations, risk-based cause analyses, root cause analyses, and application of SSP methodologies and tools. Additionally, event reporting, issues management, benchmarking, third-party assessments, internal audits, self assessments, and the associated reviews and trending provide opportunities to improve, innovate, and respond rapidly to organizational needs and challenges.

Workforce Focus

Key factors that affect workforce engagement and satisfaction are determined through prior Honeywell Engagement Surveys and currently with the Honeywell Positive Employee Relations process. Through continual improvement, ad hoc, and compliance activities the KCP addresses the differences in workforce groups and segments. Factors unique to the union workforce include grievance and arbitration issues. By adopting the best practices of Honeywell, KCP discontinued global employee satisfaction surveys in 2005 and introduced the Positive Employee Relations process in 2007.

High performance work and workforce engagement is supported with a performance philosophy. Managers actively and rigorously assess employee performance and ultimately establish pay recommendations that support a pay-for-performance philosophy. Honeywell drives accountability at all levels. Alignment to employees and customers is achieved through the VOC processes.

The workforce performance management system elements consider workforce compensation, reward and recognition, and incentive practices. Managers assess each salaried employee's overall results and behaviors and determines if standards are exceeded, are at standard, or are below standard and appropriately placed on the 9-block grid. Salaried employees are assessed against the 12 Honeywell behaviors. Such ratings determine subsequent merit increase percentage ranges. Employees assessed as exceeding standards may receive higher salary increases and challenging development plans.

Senior Leadership recognizes that training and qualification are an integral part of the MAS and overall business management. KCP maintains a comprehensive qualification and training program, encompassing, but not limited to, CTQ needs. Management ensures that personnel performing activities affecting quality and safety are competent in the appropriate areas of education, training, skills, and experience. Appropriate training records are also maintained.

Senior Leadership provides development opportunities to the workforce through team projects, leadership development, functional excellence curricula, e-learning, classroom instruction, mentoring, and experiences on the job. Learning is related to a business need, organizational learning objective, or personal development need and must be linked to Honeywell's Five Initiatives or 12 Behaviors.

The LDP provides an opportunity for potential future leaders to demonstrate and enhance leadership skills. The program consists of three one-year rotations to different areas of the business based on the developmental needs of the candidate. The program is tailored to maximize the learning potential for each participant. Throughout the duration of the program, LDP participants actively lead projects or KCP's business, the candidates travel to other sites to gain a better serve in management roles and are required to earn a SSP Black Belt or Lean Expert certification.

The MRR process ensures leadership continuity through succession planning, identification, assessment, and development. MRR is a systematic approach that guides leaders through an assessment of the organizational capability and talent pool that align with business strategies. The MRR focuses on the developing individual's behaviors and potential behaviors, building the organization's pipeline, and providing critical information to leaders about talent pool strengths, weaknesses, opportunities, and threats. Meetings are held to review MRR findings, emphasizing talent development, retention, cross training, promotability, and succession planning.

Informal assessment methods used include skip-level meetings, new-hire luncheons, departmental all-employee meetings, focus groups, multiple phone hotlines, exit interviews, and human resource generalist feedback. Other indicators are absenteeism, safety metrics, attrition productivity (HOS, cycle time, and cost savings).

Capacity needs, including skills, competencies, and staffing levels are assessed through SROP and other workforce planning activities. SROP is the process used to align customer requirements and funding with business financial plans and resource capacities. This is accomplished through a series of processes and meetings that integrate engineering, manufacturing, and quality resource demands from the requirements with the financial plans and funding. Senior Leaders from across the business review the MRR and SROP information and make necessary business adjustments required to balance the four elements. SROP focuses on the DSW, Campaign, and Reimbursable business segments. The reviews focus on fiscal and future year baseline plans. Discussions include the direct union and salary capacity, demand hours, and the available and required resources to balance the plan.

Process Management

Core competencies are the foundation of a business known for quality products, program management, common processes, and manufacturing in a secure environment. The KCP utilizes a four-step approach for determining and periodically reviewing core competencies. Three fundamental definitions serve as the foundation: 1) capability, 2) competence, and 3) core competence.

KCP's Core Competencies include:
1. Precision / pedigree: knowledge of what is possible and available to deliver desired precision and pedigree
2. Design enhancement: expertise in eliciting product functions and requirements from customers and fully managing the project on behalf of the customer
3. Rapid high-security prototypes: knowledge of what is possible and available to deliver secure rapid-build results

STRAP drives the application of core competencies that will be used in the current and foreseen competitive environment to set the action plan. Core competencies center on delivery of specialty products and services in a high security environment. Such products and services improve design quality and producibility using a strict quality profile.

In an environment seeking potential new business, the KCP relies on its core competencies to distinguish itself from the competition. Work for other government agencies are served well by the facility's ability to deliver high-security prototypes. In addition, as a WFO provider, each of the five core competencies is a differentiator for KCP. Action plans flow from the core competencies, tactics are determined, and processes put in place to serve customers.

KCP designs, innovates, and implements its overall work systems and processes utilizing SSP methodologies. The strategy requires that KCP approach every improvement project with the same logical DMAIC methodology: 1) *Define* the customer-critical parameters, 2) *Measure* how the process performs, 3) *Analyze* the causes of problems,; 4) *Improve* the process to reduce defects and variations, and 5) *Control* the process to ensure continued and improved performance. KCP utilizes Honeywell's best practices such as HOS, IPDS (IPG), and other benchmarks. Internally, the MAS is used to manage the business by fact. Process performance is monitored and measured according to goals, and changes or innovations are made in response to performance trends. The SYSTEMIC DMAIC process is a result of a SSP team applying DMAIC.

KCP decides which processes within the overall work systems are internal key work processes and which ones will use external resources based upon core competencies.
- KCP determines key work process requirements, incorporating input from customers, partners, and collaborators using the operating requirements view in CM.
- KCP uses SSP teams and a continual improvement culture to meet its key process requirement.
- Independent internal audits of process performance are performed by a staff of professional auditors.
- Cycle time, productivity, cost control, and other efficiency and effectiveness factors are monitored continually for performance and trends and are incorporated into design, innovation, and implementation using SSP.
- Quality, cycle time, productivity, cost control, and other efficiency and effectiveness factors are incorporated into design, innovation, and implementation of such processes through SSP.
- The NNSA performs on-site inspections, verifications, and audits of products and processes. Suppliers are part of PRTs that evaluate purchased materials and services to ensure the satisfaction of design requirements. Collaborators, including the national laboratories, suppliers, engineering, and quality, plan for product, cost, and process performance that provides for customer satisfaction.
- Issues or deficiencies are documented in the eCATS system.
- Utilization of the BSC, SPI, and MAS provide focus on key customer measures that provide visibility to situations needing improvement.
- Processes are performed in the certification process to drive continual improvement in administration, manufacturing, and operations.

Improvements and lessons learned are shared with other organizational units and processes to drive organizational learning and innovation. CM processes are in place describing the use of lessons learned, and the concept is integrated in a wide variety of processes.

KCP promotes lessons learned across the organization and with customers through systemic corrective actions and event reporting. In addition, KCP benefits from Honeywell's lessons learned through interfaces with its functional leadership. The corrective actions for issues identified in such programs effectively feed into site issue trending analyses.