Lockheed Martin's Experience

Where we started & Why

LeadingAgile Engagement Kick-off

STC

October 29 & 30, 2019

LOCKHEED MARTIN

The journey started almost 2 years ago!

Our Mission

To establish and increase agility as a strategic business capability, as evidenced by increased organizational speed & responsiveness; customer intimacy & innovation; employee engagement; and delivered customer value


Customer Value Focused

Value must be inseparably connected to the business. The relentless pursuit of enabling and ensuring business success must be a driving force.
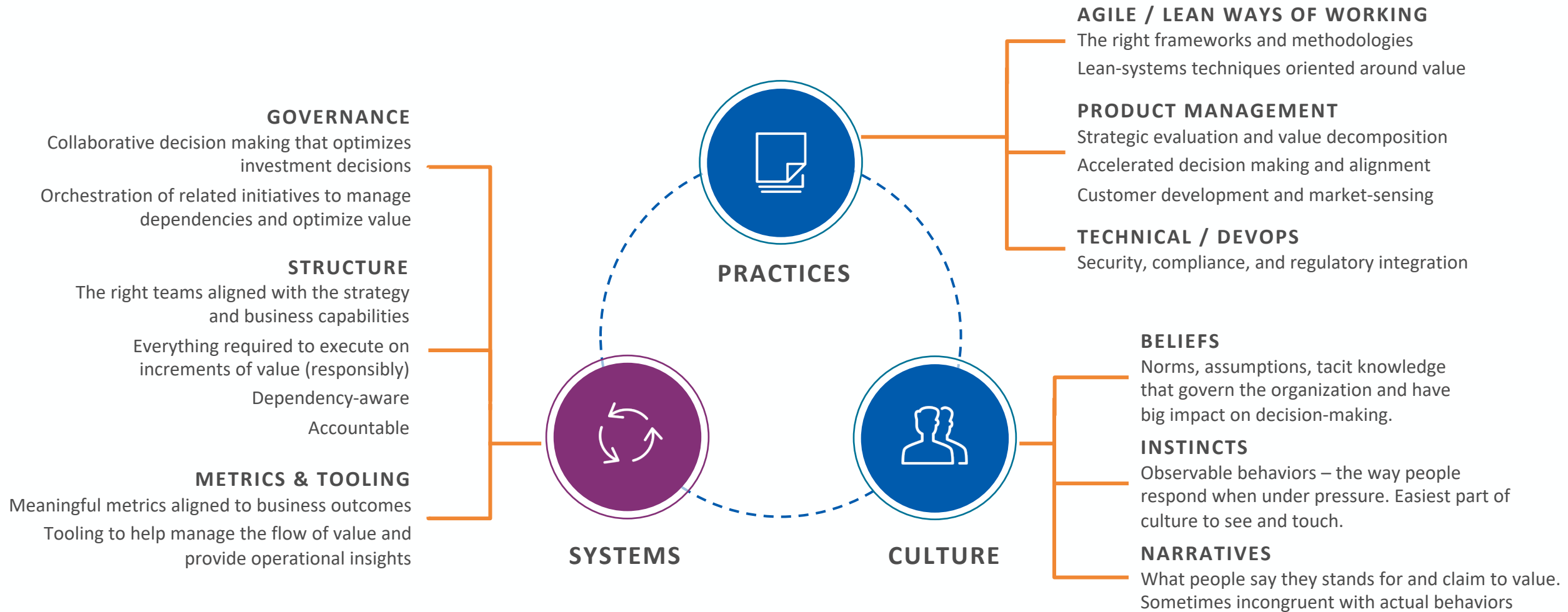

Product Focused

The org must clearly understand and appreciate the vehicles by which it delivers value. To reinforce this clarity, enable line of sight to customers, and optimize business performance, product management must be at the core of all of our business systems.
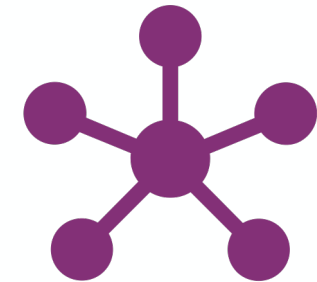
Strategy-led Governance

We require a shared and collaborative approach to product management, led from the center—not by the center—by establishing an investment model for each product and developing integrated strategic goals and objectives.

GOVERNANCE
Collaborative decision making that optimizes investment decisions

Orchestration of related initiatives to manage dependencies and optimize value

STRUCTURE
The right teams aligned with the strategy and business capabilities

Everything required to execute on increments of value (responsibly)

Dependency-aware

Accountable

METRICS & TOOLING
Meaningful metrics aligned to business outcomes

Tooling to help manage the flow of value and provide operational insights

PRACTICES

SYSTEMS

CULTURE

AGILE / LEAN WAYS OF WORKING
The right frameworks and methodologies
Lean-systems techniques oriented around value

PRODUCT MANAGEMENT
Strategic evaluation and value decomposition
Accelerated decision making and alignment
Customer development and market-sensing

TECHNICAL / DEVOPS
Security, compliance, and regulatory integration

BELIEFS
Norms, assumptions, tacit knowledge that govern the organization and have big impact on decision-making.

INSTINCTS
Observable behaviors – the way people respond when under pressure. Easiest part of culture to see and touch.

NARRATIVES
What people say they stands for and claim to value. Sometimes incongruent with actual behaviors

AgilityTransformation

Create the Conditions for the Desired Outcomes

If we want more of *these*...

| Speed & Agility | Customer Intimacy, Insights, & Competitiveness | Employee Engagement & Satisfaction |

...we need to establish business systems founded on *these*.

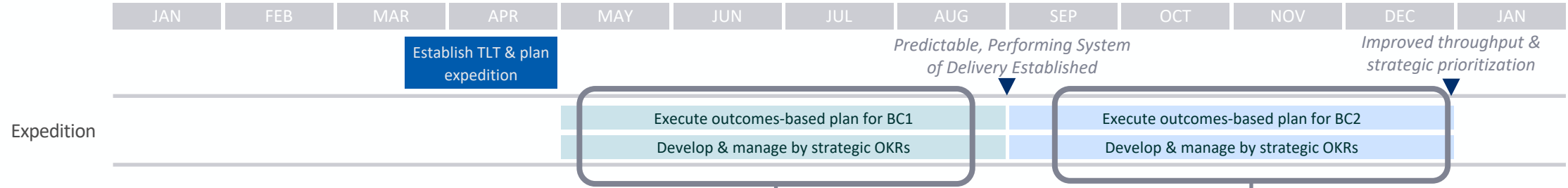| Teams	Value	Flow	Empowerment
Form dedicated teams and give them the resources and agency they need to be successful.	*Create alignment and understanding by articulating and clearly connecting all work to strategic goals.*	*Understand and accelerate the ongoing delivery of customer value by measuring & managing the movement of value through the organization.*	*Create the necessary conditions and lead by establishing strategic intent to harness the full power of the organization.*

Intentional, Directed Change

Establish TLT & plan expedition

Predictable, Performing System of Delivery Established

Improved throughput & strategic prioritization

Expedition

Execute outcomes-based plan for BC1
Develop & manage by strategic OKRs

Execute outcomes-based plan for BC2
Develop & manage by strategic OKRs

- **Outcomes-based planning** provides alignment and clarity around what is to be achieved at each step of the transformation

- **Measurable** outcomes provide **insight** into the overall success and performance of the transformation

- Focusing on outcomes helps support a **systems-oriented transformation**

Base Camp 1 Outcomes

Form Teams
Establish Governance
Make & Meet Commitments
Stabilize Throughput
Roadmapping & Release Planning
Establish Rolling Backlog

Base Camp 2 Outcomes

Reduce Backlog Item Size
Sequence Work for Max Value
Schedule for Completion
Improved Strategic Alignment
Identify & Plan to Eliminate Waste
Economically Prioritize Improvements

Value Delivered

Team Performance

Transformation Progress

Three Lenses of Metrics

Impact of change can't be understood without deliberate measurement and review.

Delivered via a System of Transformation

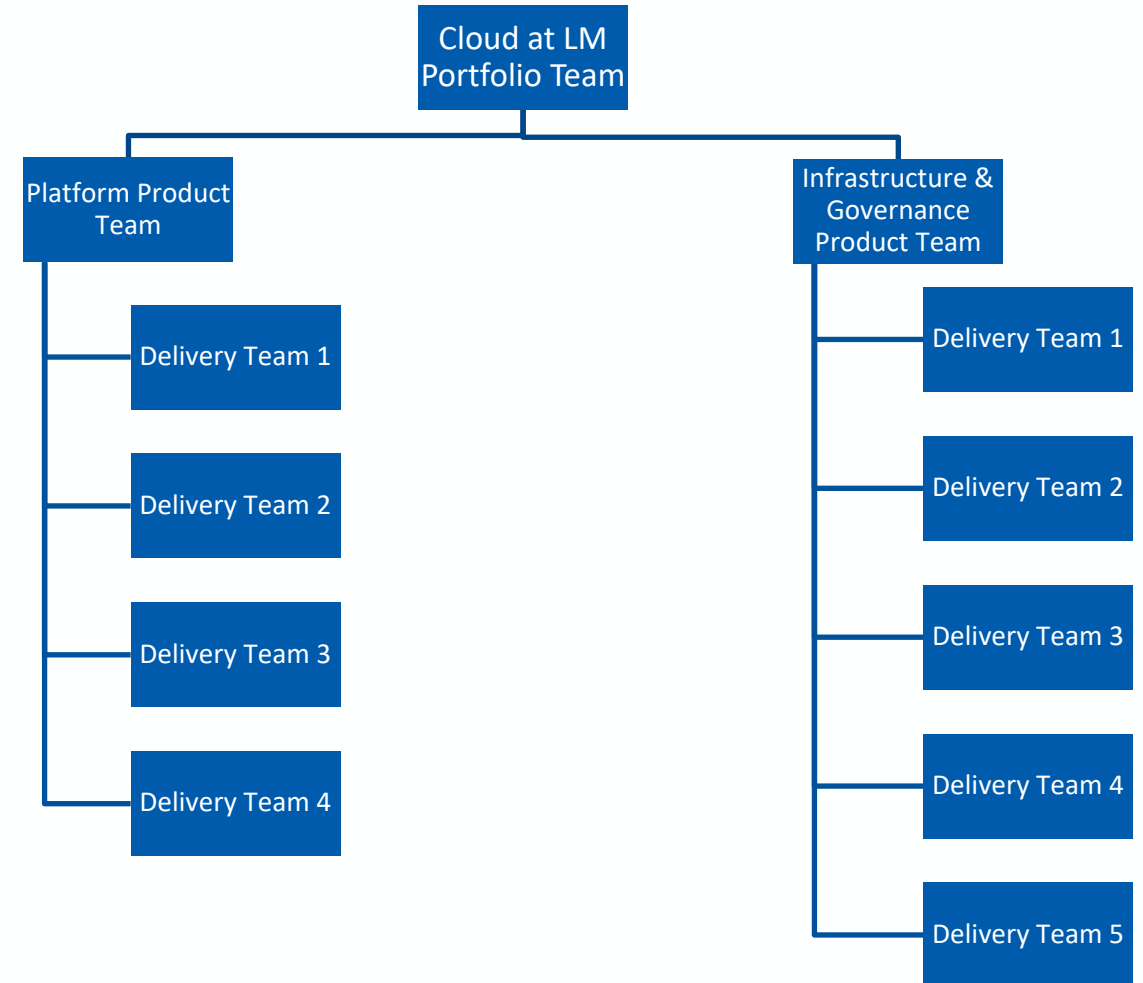| Structure	Vision	Roadmap	Outcomes-based Planning	Coaching
Teams dedicated to create and maintain the scaffolding and communication needed to successfully transform	*A singular vision of the future state guides transformation activities and enables distributed decision-making*	*The transformation roadmap sequences focus areas and ensures that resources aren't diluted to the point of ineffectiveness*	*Outcomes-based plans keep everyone focused on the most important thing for the expedition and provide a framework for measuring results*	*Teams of coaches provide support in accordance with the outcomes-based plans, delivering coordinated, systemic change*

AgilityTransformation

8

Why compute?

First Expedition

Scope
- Products and services
  - Compute, storage, and platform
  - On prem and cloud service provider hosted
  - Enterprise offerings
  - New modern offerings
  - All development and operations of those products
- ~100 people
  - Came from a variety of existing teams across different organizations
  - Informal process to set up leadership roles and teams
- Ran from 4/2020 through 2/2021

Successes

Differentiator: An Engine for Change

From 0 → new operating model in 3-4 months

	APR	MAY	JUN	JUL	AUG
Identify Customers & Goals					
Design Portfolio					
Names in Roles					
Gain Leadership Approval					
Form Teams					
Establish Governance					
Make & Meet Commitments					
Stabilize Throughput					
Roadmap & Release Plans					
Establish Rolling Backlog					

90 – 120 days to implement new operating model

Faster Delivery + Increased Customer Value

50–60%	64%	100%
Cycle Time Improvement	Existing WIP Misaligned	OKR-linked WIP

Predictability improvement (projected)	**70%** (or more)
Throughput improvement (projected)	**30%** (or more)
Expected annualized improvement value	**$4.8M** (or more)

Estimated payback period → 6 months (or less)

Cloud@LM Impact

417%
Increased Product Team Throughput

- Deliberate, managed change focused on intentional outcomes
- Requires leadership commitment & investment
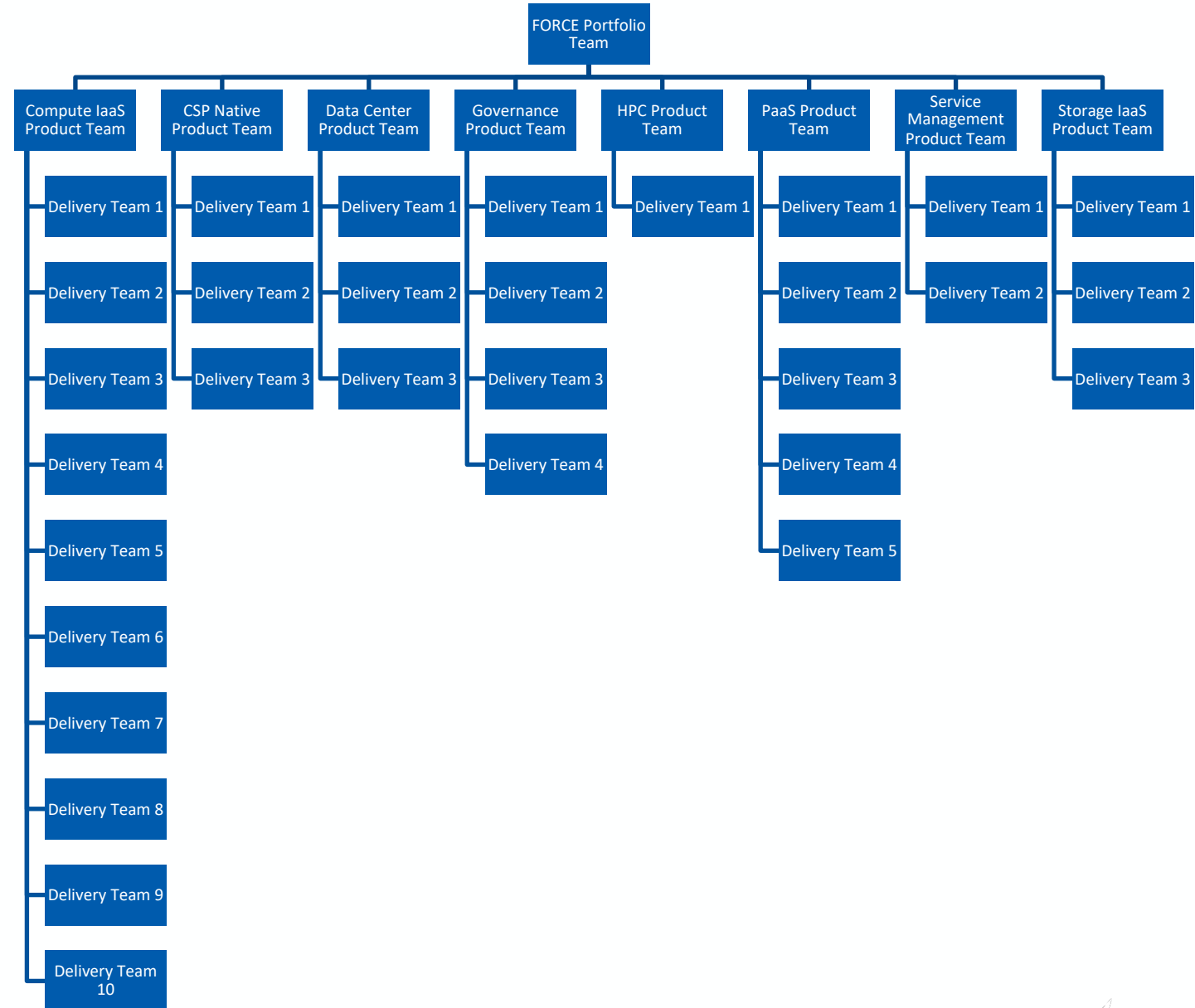- Predictable, repeatable, proven methodology

Struggles

A Rose by any other name is still a rose

'Culture eats strategy for breakfast'
- Peter Drucker

TRUST Empower

Current Expedition

Scope
- Products and services
  - Compute, storage, platform and HPC
  - On prem and cloud service provider hosted
  - Enterprise and business area unique offerings
  - Legacy & new modern offerings
  - All development and operations of those products
- ~330 people
  - Came from a variety of existing teams across different organizations including absorbing the Cloud at LM portfolio
  - Formal HR processes to fill leadership roles and teams
- Started in 7/2021

How is it going?

LOCKHEED MARTIN