**LCOR@Work**  
**Northrop Grumman, Integrated Systems Sector, Materiel**

**Change Agent**  
Tom Vice, Sector Vice President, Operations, Northrop Grumman Integrated Systems, El Segundo, California

**Company Setting**  
Northrop Grumman, a defense contractor based in Century City, California

**Business Challenge**  
To transform the organization while continuing daily process execution and meeting customers’ affordability targets.

Tom Vice attended *Leading Change & Organizational Renewal* at the Stanford Graduate School of Business in November 2001. He liked what he saw in the LCOR frameworks and initiated the training sessions with his direct leadership team while he was sector vice president of the Materiel organization at Northrop Grumman’s Integrated Systems sector.

“The goal of the Integrated Systems sector is to position itself as a total system-of-systems solutions provider for products and services that include aircraft, weapons, sensors, battle management, communications, command and control, information, electronics, and support. The Materiel organization is a key player in meeting the sector’s objectives because it is responsible for total supply chain management. We manage 1200 people in the Materiel organization and procure more than $1.2 billion in goods and services from approximately 900 production suppliers. To truly be successful, we have to efficiently manage the supply chain while creating innovations that provide our customers with the highest quality, state-of-the-art technology products for our nation’s defense. I saw the LCOR framework as a common language with which our senior executives could diagnose problems, explore new opportunities, and improve our organization’s alignment with customer requirements.”

Not long after returning from Stanford, Vice engaged Harvard Business School Interactive (HBSI) to facilitate four workshops for his senior team and a number of representatives from other aligned business units. The workshop topics were *Solving Today’s Problems, Building the Ambidextrous Organization, Culture as Competitive Advantage, and Leading Change*.

Over the course of workshops, the attendees worked through the following issues:

**Workshop #1:** Learning the congruence framework, defining performance gaps, and identifying root causes.

“One of the things I liked about these sessions was how quickly we moved from discussing concepts and frameworks to actually putting them to work. In the first day’s session, we identified a number of performance gaps, performed root cause analysis, and then charted where the root causes existed in different parts of our organization. This analysis helped us see the interrelationships and interdependencies across the organization.” --Don Reuss, Director, Air Ground Support Integrated Delivery Team

**Workshop #2:** Considering innovative initiatives and designing how they should be managed, supported, and delivered, and who should best lead them.

“...”

“In the second session, we considered both our progress and our objectives as a company. We looked at how the organization’s history (Northrop Grumman has orchestrated a number of mergers and organizational changes in the last
several years) has shaped our business, and in turn why change is so difficult. Next we brainstormed ways that Materiel could improve the way we serve our customers and discussed what kind of organizational alignment it would take. Throughout the day-long session, we worked on two specific initiatives that subsequently have become important innovations towards achieving a competitive advantage for our business.” --Chris Hayes, Director, Air Combat Systems Materiel Integration

Workshop #3 Diagnosing organizational culture: what is it now and what does it need to be in the future?

Workshop #4 Developing shared understanding of leadership capabilities and challenges.

Each workshop was built on concepts from the prior session. Combined, all four provided a course of action for the Northrop Grumman managers. The group now wants to integrate the problem-solving concepts into its normal course of business.

When asked what impact the workshops had, a few managers replied:

"These workshops have been great for priority setting and thinking about our work in manageable steps."

"After a couple of sessions I really understand the model and what it can do for us organizationally. This method for attacking problems should be institutionalized."

"There are great case examples with relevant content; now, we can move quickly to apply the lessons."

"It was helpful to have other people from our company present to provide additional perspective."

Betty Koller, Manager, Materiel Training and Development, coordinated the sessions for Northrop Grumman. She said:

"The tools were excellent and easy to deploy. Applying the frameworks to an ongoing initiative has helped us accelerate our planning. Participants particularly liked the CD-ROM format that included lecture, case study, and exercises. The NGIS Materiel leadership team indicated that the LCOR courses were an excellent model that would be highly beneficial for presentation throughout the corporation."

Early in 2003 Tom Vice was promoted to Sector Vice President, Operations, for the Integrated Systems sector at Northrop Grumman, which includes the Materiel organization as well as Manufacturing and Quality organizations. His span of control moved from 1,200 to approximately 7,000 employees. Northrop Grumman is considering expanding the program within the IS sector and perhaps throughout the corporation.

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