

International Integrated Program Management Conference

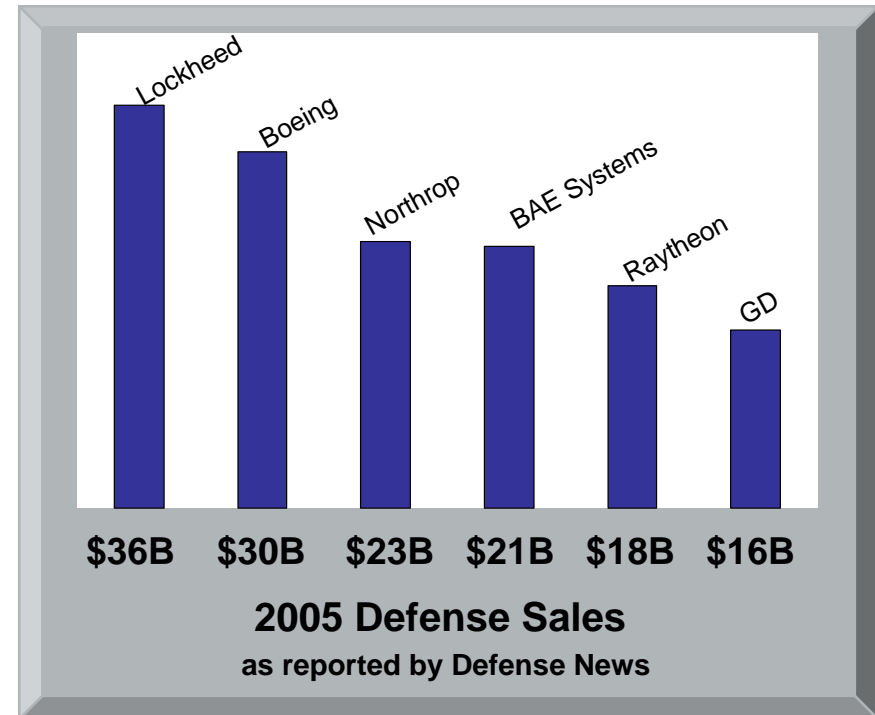
“High Performance Culture”

Dennis Morris
Vice President, Mission Success
BAE Systems, Inc.



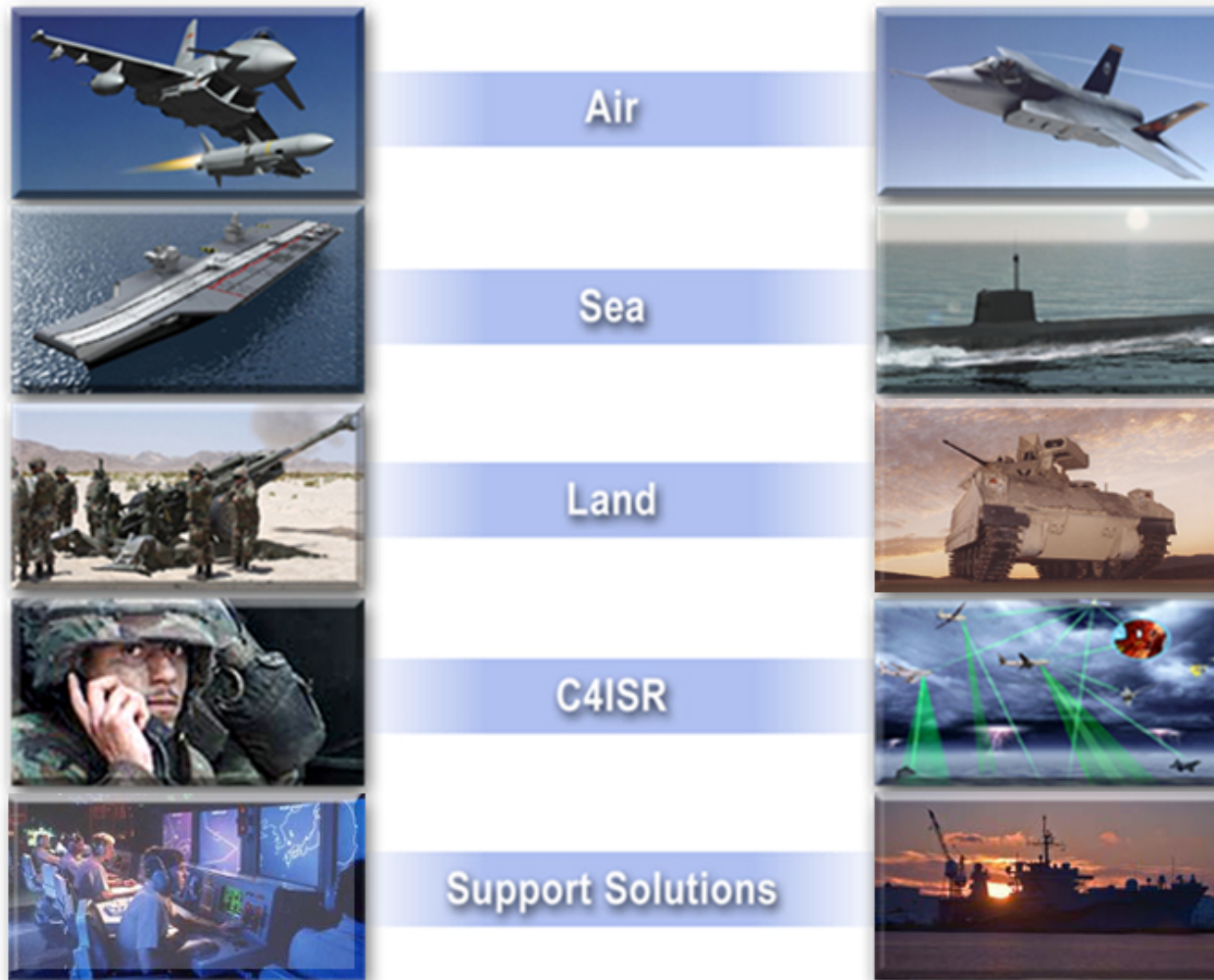
One of the World's Largest Defense Companies

- BAE Systems Plc
 - 100,000 Employees
 - \$75B Order Book
 - \$28B Annual Sales
 - 4th Largest Global Defense Company
 - 7th Largest U.S. Prime Contractor
 - Five Home Nations
 - Presence in More Than 100 Nations
- BAE Systems, Inc.
 - 45,000 Employees (38,000 in the U.S.)
 - \$10B Annual Sales
 - Major Operations in 30 US States, the UK, Sweden, Israel, Turkey, and South Africa
 - A U.S. Company Chartered in Delaware

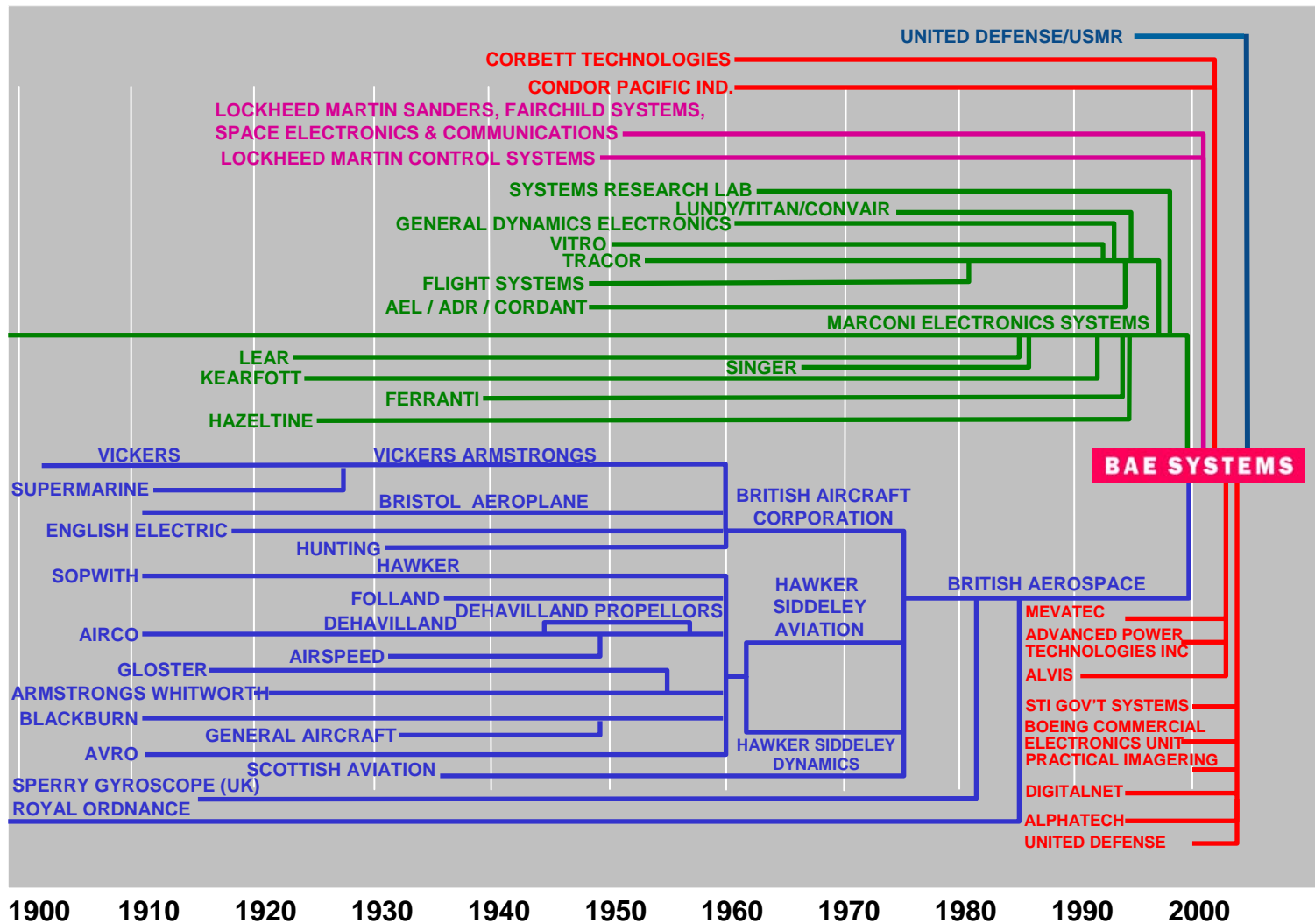


A Truly Transatlantic Company With a Balance of Employees, Shareholders, and Business Portfolio in Both the U.S. and UK

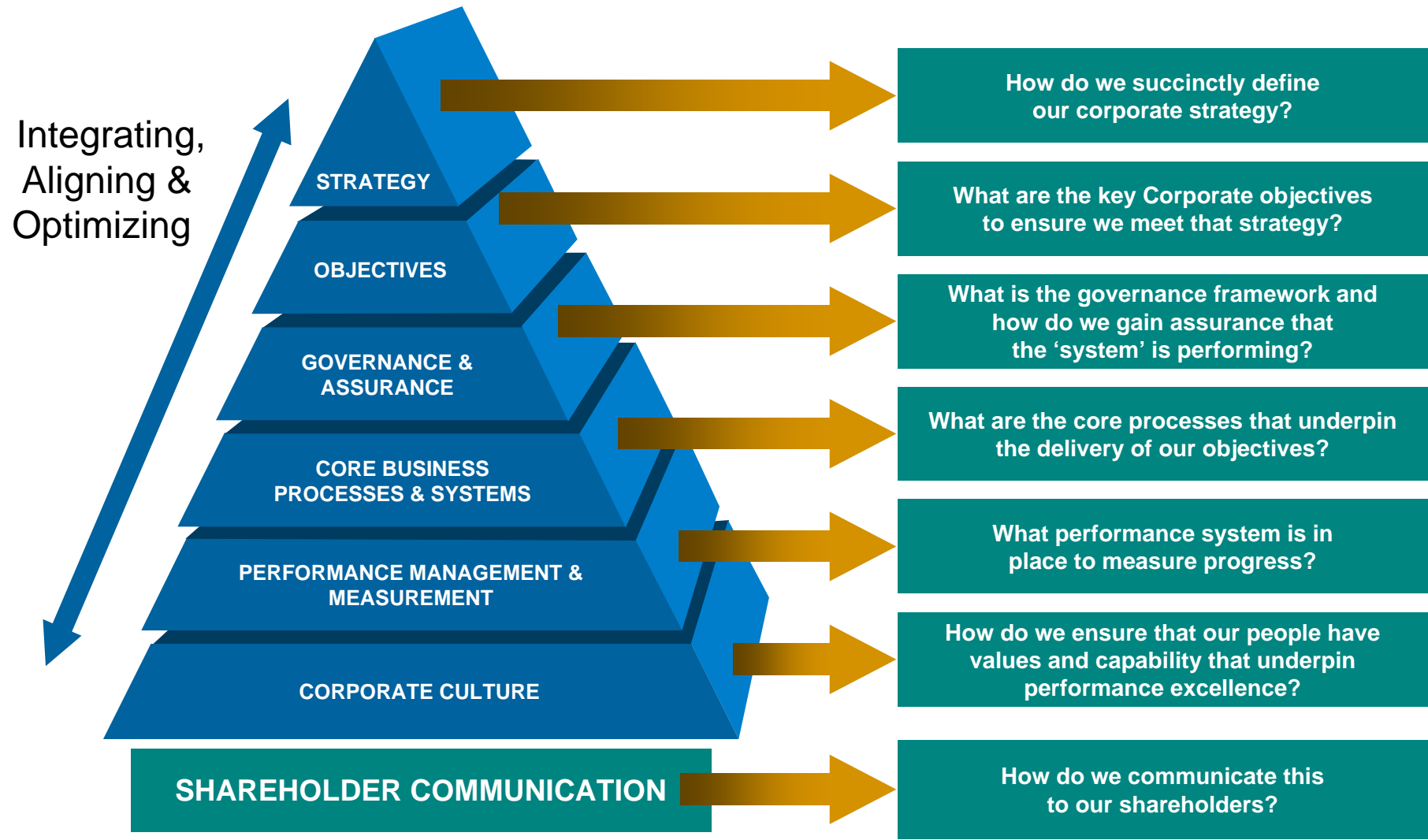
BAE Systems – A Leading Defense Company With a Commanding Breadth of Capabilities



A Rich Heritage



Performance Management System – Value Drivers



Group Strategy Framework



Governance & Assurance

High Performance Culture

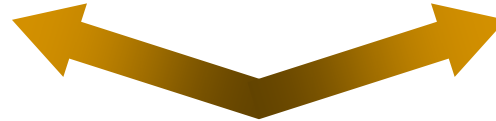
Line Operations & Business Execution

- Business/Program Execution
 - Business Systems
 - Training & Development
 - Developing & Sharing Best Practice
 - Ethical Conduct
 - Compliance With Laws, Regulations, Policies, Procedures



Functional Leadership

- Functional Policies & Processes
 - Establish/Modify
 - Support Implementation
 - Determine Appropriateness
 - Ensure Compliance
- Functional Development (People)
 - Training
 - Career Planning & Development
 - Improved Capability
 - Best Practice



Performance Excellence

- Governance
- Core Business Processes
- Performance Measurement
- Best Practice Management



Governance & Assurance

High Performance Culture

- Example of Our Approach
- Established Center for Performance Excellence
 - Established as a Key Element to Delivering BAE Systems Group Objectives of Embedding a High Performance Culture and Optimizing the Value of the Order Book
 - Focus on Driving Predictable Program Execution
 - Simplify and Clarify Governance and Core Processes to Reduce Duplication and Cost
 - Reports Directly to CEO
 - Small Focused Team
- Businesses Have Performance Excellence Structures to Support Delivery of the Business and Enhance Program Performance



It Is All About ALIGNMENT!!

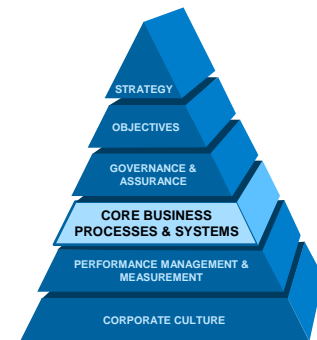
Core Business Processes & Systems

- These Are the Processes & Systems Unique to an Organization That Underpin Delivery of the Strategic Objectives
 - Strategic & Business Planning
 - Management Controls
 - Leadership & Personnel Development
 - Business Development
- Challenges/Drivers of Enterprise-wide Processes
 - Geographically Diverse Businesses & Programs
 - Regulatory Differences
 - Customer Driven Requirements
 - Effectiveness Across a Broad Enterprise
 - One Size Does Not Fit All
 - Strategies Are Not Static
 - Processes Must Evolve



Core Business Processes & Systems

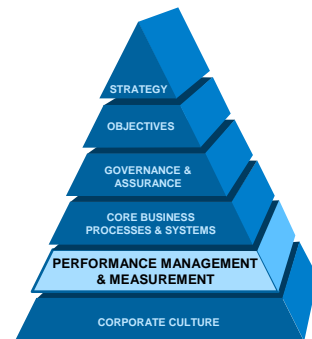
- Examples of Our Approach – High Level Frameworks
 - Life Cycle Management
 - Framework for a Structured Approach to Managing the Company's Commitments for All Projects Throughout Their Life Cycle
 - Contains a Key Few Mandates That Will Drive Performance
 - Application Is Tailored to Individual Business Needs
 - Performance Centered Leadership
 - Provides an Integrated Approach to the Management, Resourcing, and People Development, Critical to a High Performance Culture
 - Focused on Delivery of Strategic Objectives



Processes Should Not Only Prevent Failure But Facilitate Success

Performance Management & Measurement

- Performance Management Systems to Measure Success
 - Connection Must Be Made Between Strategy, Objectives, and Measures
 - This Is True Whether at an Enterprise Level or at a Project Level
- Measuring the Right Things
 - Measuring What You Can vs. Measuring What You Should
- Understanding What You Measure
 - Expected Outputs/Outcomes
- Various Tools and Approaches
 - Balanced Scorecards
 - Maturity Models (e.g., CMMI)
 - Specific Processes – EVM
- Value of Measurement
 - Commonality of Purpose
 - Potential to Influence Behaviors & Drive Change
 - Helps Establish a Culture



Performance Management & Measurement

- Examples of Our Approach – Enterprise Level Metrics
 - Measure Combination of Project Level Metrics and Business-wide Metrics
 - Project Level Metrics (Across the Enterprise)
 - Focuses on Those Key Projects/Programs That Drive Value, Present Risk, or Are Strategic to Our Future
 - Business Level Metrics
 - Focus on Financial Delivery, Adherence to Key Processes, Employee Satisfaction, Leadership Development
- Within Local Businesses Programs
 - EVM
 - Risk & Opportunity
 - Customer Satisfaction



It Is About Management Not Just Measurement

Corporate Culture

- Culture Is the Most Difficult to Change, Yet One of the Most Important Aspects of Performance
- The Only Constant Is Change – Impact to Culture
 - Dynamic Environment
 - Mergers & Acquisitions, World Events
 - Far Flung Enterprises – Disconnected From the “Mothership”
- Need to Establish and Maintain a Corporate Culture
- Measurement Systems Can Help Drive Culture Changes (at Various Levels)
- Personnel Development Regimes That Focus on Behaviors and Performance



Corporate Culture

- Examples of Our Approach
 - Focused Leadership Development
 - Performance Centered Leadership
 - High-Potential Programs
 - Functional Development
 - Program Management Development
 - Engineering Management Development
 - Individual Measurement Against Company Values



Needs Focus From the Top – At All Levels

Summary

- Focus on Performance as a Business Culture
- Clear Alignment of Processes, People, and Structure
- Understand and Use What Is Measured
- Influence Performance Where YOU Are!

**"We will not tire,
we will not falter,
we will not fail."**

... as we work to

Protect Those Who Protect Us

BAE SYSTEMS