



# 2009 Award Recipient

## Honeywell Federal Manufacturing & Technologies

Honeywell Federal Manufacturing & Technologies (FM&T), LLC, is a management and operations contractor with the National Nuclear Security Administration (NNSA) at its Kansas City, Missouri, plant, and several locations on or around Kirtland Air Force Base in New Mexico. The facilities under its management are multidisciplinary engineering and manufacturing operations specializing in electrical, mechanical, and engineered material components for national defense systems. With a reputation for being able to do the “near impossible,” FM&T supports government agencies, national laboratories, universities, and U.S. industry.

Overall, FM&T has a \$540 million operating budget and employs 2,704 people.

## Commitments to Quality

With commercial best practices such as Six Sigma and Lean, FM&T has built its facilities into manufacturing centers of excellence. FM&T’s use of the Six Sigma Plus Continuous Improvement Model ensures integration of customer and business requirements into all design projects and has led to multiple cycles of learning and improvement for many of the organization’s work processes. The result is a business culture that pays precise attention to detail and insists on delivering results—a culture FM&T describes as “Commitments Made, Commitments Kept.”



## Highlights

- Overall customer satisfaction has been at or above 95 percent for the past four years, compared to the commercial best in class, whose levels range from 78 percent to 85 percent for the same period. The percentage of customers willing to continue work with FM&T is measured by quarter, and this level has been maintained at 96 percent for the past four quarters, compared to a commercial best-in-class level of 95 percent for the same period.
- The combined quality/reliability performance level has been at 99.9 percent for traditional customers for the past three years. The level for nontraditional customers has been trending favorably, from roughly 98.4 percent in FY2006 to 99 percent in FY2008.
- FM&T’s use of the Six Sigma Plus Continuous Improvement Model ensures integration of customer and business requirements into all design projects. Use of this approach has resulted in cost savings from increased productivity and deployed innovations of between \$23.5 million and \$27 million annually for the past three fiscal years.
- FM&T demonstrates good citizenship through employee-giving programs, such as Honeywell Hometown Solutions, the FM&T Employees Club, and the Christmas in October and Harvesters food collections. Donations of employee volunteer hours averaged roughly 15,000 hours per year from 2006 to 2009.

Additionally, this approach has yielded impressive financial results:

- Cost savings from increased productivity and deployed innovations have been between \$23.5 million and \$27 million annually for the past three fiscal years.
- Energy conservation has improved by at least 20 percent each year from 2006 to 2009.
- Supply-chain savings have increased from approximately \$2 million in 2007 to approximately \$65 million in 2009.

## A Culture Aligned, Checked, and Filtered for Success

FM&T’s vision is “to be the preferred partner with the United States Government and its allies, distinguished by our trusted relationships and recognized for our ability to deliver exceptional solutions for national and homeland security.” This vision goes hand-in-hand with the organization’s mission “to design and deliver products, manage operations, and provide targeted services to advance national and homeland security objectives for the United States Government and its

allies.” To support these goals, FM&T developed a robust, systematic governing system and planning process called the Management Assurance System. By incorporating strategic planning, checks that ensure processes align with goals, and feedback scorecards, the system identifies, implements, measures, and sustains the “critical-to-quality” needs necessary for desired performance.

Throughout the Management Assurance System is an emphasis on performance measurement and management by fact. This emphasis begins with the organization’s strategic plan, which annually follows eight steps to identify successes and challenges, and then uses the information obtained to improve processes. The Enterprise Alignment Process ensures that the daily accountability of the salaried and hourly workforce is aligned to the FM&T balanced scorecard and strategic plan.

The company also regularly identifies its core competencies by testing each one against a “VIRO” filter to see if each is Valuable, hard to Imitate, Rare, and an Opportunity to exploit. Recently, FM&T underwent realignment to better focus on its strengths and improve its support to customers.

## Serving Both Traditional and Nontraditional Markets

Along with fulfilling the manufacturing needs of its “traditional” market, the federal government, FM&T also receives variable fees working for nontraditional customers. The challenge, therefore, is for the organization to consistently deliver high value and satisfaction to both. Recent measures demonstrate FM&T’s success at achieving that goal:

- For traditional customers, the combined quality/reliability performance level has been at 99.9 percent for the past three years. The level for nontraditional customers has been trending favorably from roughly 98.4 percent in FY2006 to 99 percent in FY2008.
- Overall customer satisfaction has been at or above 95 percent for the past four years, compared to the commercial best in class, whose levels range from 78 percent to 85 percent for the same period.
- The percentage of customers willing to continue working with FM&T is measured by quarter, and this level has been maintained at 96 percent for the past four quarters, compared to a commercial best-in-class level of 95 percent for the same period.

## Keeping the Workforce Focused, Satisfied, and Safe

With its emphasis on constant improvement, FM&T uses a change-management approach that keeps the workforce informed and engaged at all times. Leaders give routine updates and ensure that information is available to all employees; the senior leader open-door policy and information sharing are two of the organization’s leadership strengths. At quarterly meetings, FM&T managers share the state of the business and respond directly to employee questions and concerns. “Skip-level” meetings and e-mail boxes such as “Ask the FM&T President” provide avenues for employees to have direct access to senior leadership.

Workforce engagement and satisfaction are regularly measured through surveys, with comparisons to commercial best-in-class manufacturers. FM&T has had positive employee satisfaction scores in the following categories: workforce feels appreciated, management listens to ideas, management provides a positive environment, and management provides information.

In addition, the organization has systems to reward high-performing employees with bonuses and offers all employees assistance with career progression and training.

The nature of Honeywell’s business requires an extra emphasis on safety and security. Customer satisfaction and compliance results yield more-favorable ratings on physical and cyber security for FM&T than for those of its key competitors. Using both the Preliminary Hazard Analysis and Job Hazard Analysis systems, FM&T evaluates potential safety threats and dangers associated with any given work process. Identified risks are addressed and mitigated before they even start.

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