



NAVAL AVIATION ENTERPRISE OVERVIEW

The graphic features a large aircraft carrier on the left side. In the center, the NAE logo is prominently displayed. Below it, the text 'SINGLE PROCESS OWNER' is written. To the right, the text 'A WARFIGHTING PARTNERSHIP' is written. Below this, a large number of various military and industry logos are arranged in a circular pattern. At the bottom, the text 'AND OUR INDUSTRY PARTNERS' is written, followed by the 'NAVY Research, Development & Acquisition' logo and the 'NAVSUP' logo. At the very bottom, the text 'SINGLE FLEET DRIVEN MEASURE OF SUCCESS: AIRCRAFT AND CARRIERS READY FOR TASKING AT REDUCED COST' is written.

NAE

NAVAL AVIATION ENTERPRISE

A WARFIGHTING PARTNERSHIP

SINGLE PROCESS OWNER

AND OUR INDUSTRY PARTNERS

NAVY
Research, Development & Acquisition

NAVSUP

SINGLE FLEET DRIVEN MEASURE OF SUCCESS:
AIRCRAFT AND CARRIERS READY FOR TASKING AT REDUCED COST

**VADM WALLY
MASSENBURG**

COMMANDER,
NAVAL AIR SYSTEMS
COMMAND

29 NOVEMBER 2006



THE INSPIRATION . . . PAY FOR THE NAVAL AVIATION OF THE FUTURE

AIRCRAFT

PRESIDENT'S BUDGET (PB)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
PB00	74	105	140	163	183	187	201						
PB01	73	116	128	130	173	177	187						
PB02	73	115	124	88	92	115	119	143	155				
PB03		115	124	90	83	85	105	147	193				
PB04			124	91	99	104	104	134	192	255	303		
PB05				92	98	107	108	136	186	240	285		
PB06						105	110	128	173	200	249	259	254
PB07							111	125*	157*	192	257	267	254

PB02 PLAN: BUY 143 AIRCRAFT IN FY06

FY06 REALITY: PURCHASE 125

PB04 PLAN: BUY 303 AIRCRAFT IN FY09

FY09 PROJECTION: ON SCHEDULE TO BUY 257

*SOURCE: OSD BUDGET CONTROLS 09/06

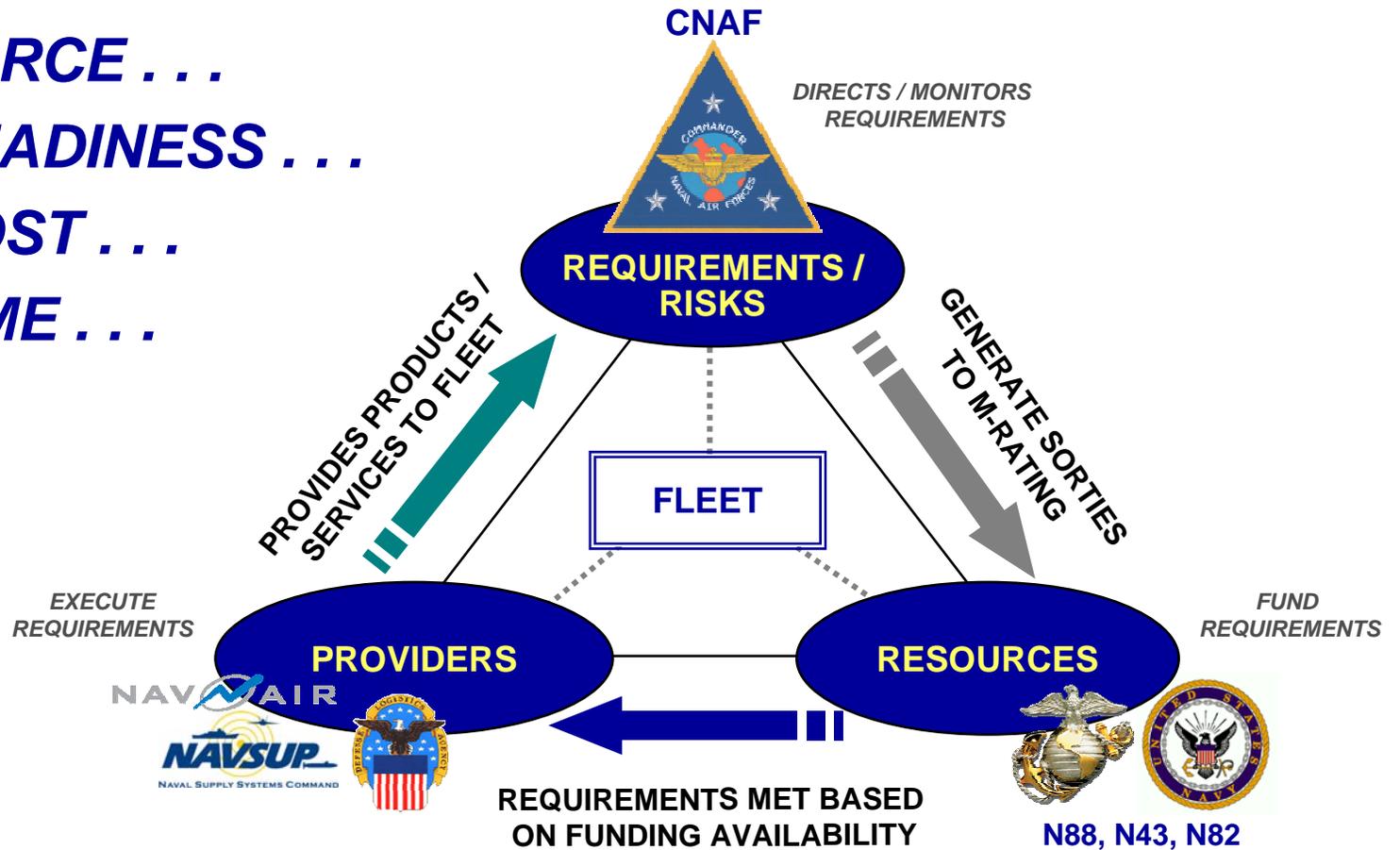
UPDATED: 28NOV06



NAVAL AVIATION ENTERPRISE

NAVAL AVIATION VISION

RIGHT FORCE ...
RIGHT READINESS ...
RIGHT COST ...
RIGHT TIME ...



... TODAY, AND IN THE FUTURE



OPERATING AS AN ENTERPRISE

- **SINGLE PROCESS OWNER: *CNAF***

- **SINGLE FLEET-DRIVEN METRIC:
*AIRCRAFT AND CARRIERS READY FOR
TASKING AT REDUCED COST***
 - INVENTORY (PEOPLE & STUFF)
 - RELIABILITY
 - CYCLE TIME
 - TOTAL COST (VS. INDIVIDUAL COST)

- **VALUES – WHAT WE BELIEVE:**
 - FLEET READINESS
 - “COST-WISE” (LESS \$\$)
 - TIME ON WING (LESS STUFF)
 - SPEED (LESS TIME IN MAINTENANCE)
 - PEOPLE (CONTINUOUS IMPROVEMENT)



ENTERPRISE PRINCIPLES

- APPLY A **PROCESS** PERSPECTIVE
- UTILIZE A SET OF CONSISTENT, INTEGRATED, AND HIERARCHICAL **METRICS**
- ENSURE FULL AND CONSISTENT **TRANSPARENCY** OF DATA AND INFORMATION THROUGHOUT
- ESTABLISH AND MAINTAIN PROCESS **DISCIPLINE** THROUGHOUT
- ESTABLISH AND MAINTAIN **ACCOUNTABILITY** FOR ACTIONS AND RESULTS THROUGHOUT
- APPLY AN **INTEGRATED GOVERNANCE** STRUCTURE

A DELIBERATE, DISCIPLINED PROCESS TO ACHIEVE AVIATION UNITS READY FOR TASKING AT THE RIGHT COST . . . TODAY AND IN THE FUTURE



NAE CYCLES OF LEARNING

- **PROCESS & OUTPUT FIRST – THEN STRUCTURE & ORGANIZATION**
 - AFFILIATION TO FEDERATION TO ORGANIZATIONAL ALIGNMENT (AVIATOR PRODUCTION)
 - FOCUS ON OUTPUT (NAVRIIP)
 - INFORMED VICE LEADING ENTERPRISE FINANCES (STRATEGIC COST MANAGEMENT)
- **DRIVE DESIRED CHANGE WITH AGGRESSIVE TRAINING PROGRAMS AND INVESTMENTS**
 - AIRSPEED (SIX-SIGMA, LEAN, THEORY OF CONSTRAINTS)
- **BALANCE YOUR FOCUS ON ALL EXPENSE AREAS**
 - PEOPLE
- **UNDERSTAND YOUR CUSTOMER’S ENTERPRISE**
 - FLEET ENTERPRISE



ACHIEVE ENTERPRISE COST EFFICIENCIES

AIR*SPEED* PRINCIPLES OF OPERATION:

- **PLACE THE RIGHT INVENTORY AT THE RIGHT SPOT**
- **TRADE SPEED FOR WIP**
- **OPTIMIZE MATERIAL / LABOR CONSUMPTION**
- **DRIVE VARIANCE OUT OF THE ENTERPRISE**
 - **THEORY OF CONSTRAINTS**
 - **LEAN MANUFACTURING**
 - **SIX SIGMA**

**SHIFT REFLEX BEHAVIOR FROM “BUY MORE STUFF AND PEOPLE”
TO “BUY MORE SPEED”**



WHAT WE'VE LEARNED

... "OR WHAT I WISH I'D KNOWN FROM THE START"

- A TOTAL ENTERPRISE APPROACH IS REQUIRED FOR BEST RESULTS
- CHANGE REQUIRES COMMITMENT / WILLINGNESS TO DRIVE
- **THROWING MONEY AT BROKEN PROCESSES IS PRETTY CLOSE TO A CRIME**
- ESTABLISHING THE RIGHT METRICS (OUTPUT / CUSTOMER) IS ESSENTIAL
- NOT EVERYTHING CAN BE FIXED INTERNALLY-- **OUTSIDERS CAN IDENTIFY, DRIVE AND ACCELERATE CULTURAL CHANGE—NEED** HELP IN MANAGING PROCESS AND DISCIPLINE IN EXECUTION

PROCESS DIMENSION:

AS MEASURED BY:

- | | |
|----------------------------------|--------------------------|
| • PROCESS <i>SPEED</i> : | INVENTORY ON HAND |
| • PROCESS <i>QUALITY</i> : | FIRST-PASS YIELD |
| • PROCESS <i>EFFECTIVENESS</i> : | TURNAROUND TIME |
| • PROCESS <i>EFFICIENCY</i> : | COST PER UNIT |



OPERATING CONCEPT

PROVIDERS / ENABLERS

(SUPPORTING WARFIGHTER ENTERPRISES)



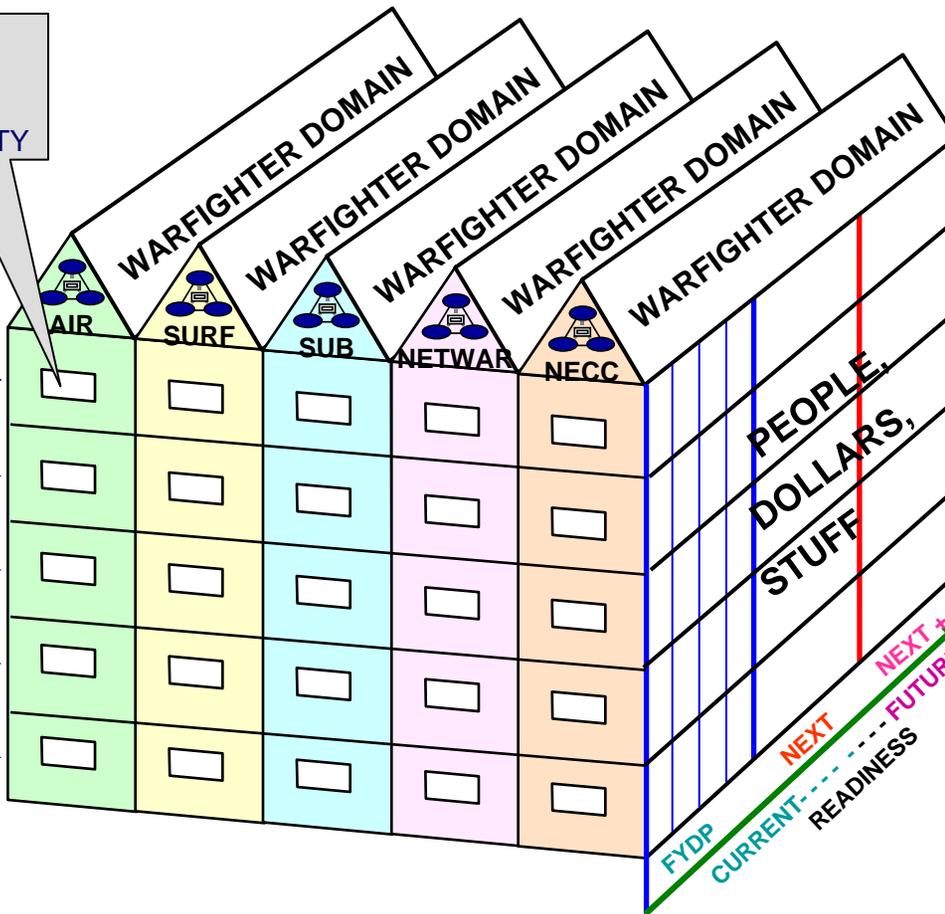
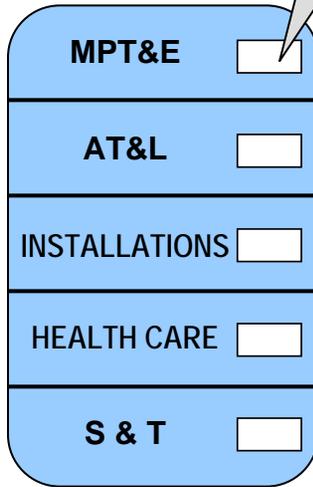
WARFIGHTER ENTERPRISES

(DELIVERING COMBAT CAPABILITY TO COCOMs)

RESOURCES AT EACH ENTERPRISE INTERSECTION

- DOLLARS
- PEOPLE
- STUFF
- CAPABILITY

PROVIDERS & ENABLERS**



OUTPUT = $\frac{\text{READINESS}}{\text{COST}}$

****NOTE:**
 PROVIDER / ENABLER RELATIONSHIPS WITH THE FIVE WARFIGHTER ENTERPRISES VARY IN DEGREE / COMPLEXITY. STRONG COMMITMENT EXISTS TO ESTABLISH EFFECTIVE SUPPORTING RELATIONSHIPS TO MEET WARFIGHTER DEMAND SIGNALS.

RELATIONSHIPS ARE CRITICAL TO OUTPUT



CRITICAL NAVY ENTERPRISE PROCESSES AND BEHAVIORS

- IDENTIFY DOMAINS AND ASSIGN SINGLE PROCESS OWNERS
- ASSEMBLE THE RIGHT ENTERPRISE TEAMS AND GAIN COMMITMENT
- OPERATE IN SUPPORT OF A SINGLE FLEET-DRIVEN METRIC (*WHAT THE ENTERPRISE VALUES*)
 - *AGREEMENT ON SCOPE, OUTPUTS, AND LINKED METRICS*
 - *TRANSPARENCY OF DATA TO PROMOTE TRUST AND MONITOR PERFORMANCE*
 - *SHARED KNOWLEDGE ON ISSUES AND KEY PROBLEMS AFFECTING THE DOMAIN*
 - *RECOGNIZE, NURTURE AND RESPECT TECHNICAL AUTHORITY*
 - *IDENTIFIED ENTITLEMENTS (WHAT'S NEEDED, WHEN, HOW MUCH, AND NO MORE)*
- AGREE ON DESIRED OUTPUT (E.G., READINESS OVER COST), WITH FOCUS / TRADE-SPACE INVOLVING CURRENT AND FUTURE READINESS
- OPERATE WITH DISCIPLINE, GOVERNANCE, AND A REGULAR (TIMELY) DRUMBEAT
- BASELINE EVERY DOLLAR, ALL THE PEOPLE, ALL THE STUFF, AND ALL THE CAPABILITY WITHIN THE DOMAIN, WITH ASSIGNED ACCOUNTABILITY FOR OUTCOMES
- ESTABLISH ENTITLEMENTS; CONTINUALLY MEASURE GAPS-TO-ENTITLEMENT
- REMOVE BARRIERS TO PRODUCTIVITY

NAVAL AVIATION VISION 2020



NAVAL AVIATION ENTERPRISE
LEADERSHIP

AVAILABLE ONLINE AT:
<http://www.cnaf.navy.mil/nae>

NAVAL AVIATION VISION
2020



HOW SMALL BUSINESS CAN HELP THE NAVAL AVIATION ENTERPRISE

- **SMALL BUSINESSES PRODUCE 13 TO 14 TIMES MORE PATENTS PER EMPLOYEE THAN LARGE PATENTING FIRMS**
- **SMALL BUSINESS PATENTS ARE TWICE AS LIKELY AS LARGE FIRM PATENTS TO BE AMONG THE ONE PERCENT MOST CITED**
- **SMALL BUSINESSES ARE EMPLOYERS OF 41 PERCENT OF HIGH TECH WORKERS (*SCIENTISTS, ENGINEERS, COMPUTER WORKERS...*)**
- **SMALL BUSINESSES ARE AGILE AND RESPONSIVE**
- **SMALL BUSINESS INVOLVEMENT CAN HELP REDUCE THE COST OF DOING BUSINESS**

SOURCES: US BUREAU OF THE CENSUS; ADVOCACY-FUNDED RESEARCH BY JOEL POPKIN AND COMPANY (RESEARCH SUMMARY #211); FEDERAL PROCUREMENT DATA SYSTEM; ADVOCACY-FUNDED RESEARCH BY CHI RESEARCH, INC. (RESEARCH SUMMARY #225); BUREAU OF LABOR STATISTICS, CURRENT POPULATION SURVEY; US DEPARTMENT OF COMMERCE, INTERNATIONAL TRADE ADMINISTRATION



REQUIRED READING

(<http://www.cnaf.navy.mil/nae>)

“CNO GUIDANCE 2006”
ADM MULLEN

231853Z JUL 05 NAVAL MESSAGE
ADM MULLEN

“CNO GUIDANCE 2005”
ADM CLARK

“SEA POWER 21 STRATEGY”
ADM CLARK

“FLY, FIGHT, LEAD”
ADM NATHMAN

. . .



FOR MORE INFORMATION

- **WEBSITES:**

NAVRIIP: WWW.CNAF.NAVY.MIL/NAVRIIP/

AIR SPEED: WWW.CNAF.NAVY.MIL/AIRSPEED/

NKO: WWW.NKO.NAVY.MIL (NAE UNIVERSITY)

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