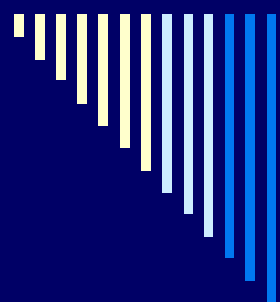


# CMS Progress at Lockheed Martin

**CMS Conference  
San Francisco, CA  
November 12-14, 2008  
Hal Ehrhardt & Matt Grieco**

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# Agenda

- Background
- Progress 2005-2008
- Current Status
- Accomplishments
- Current Challenges
- Future Considerations
- What's Next?

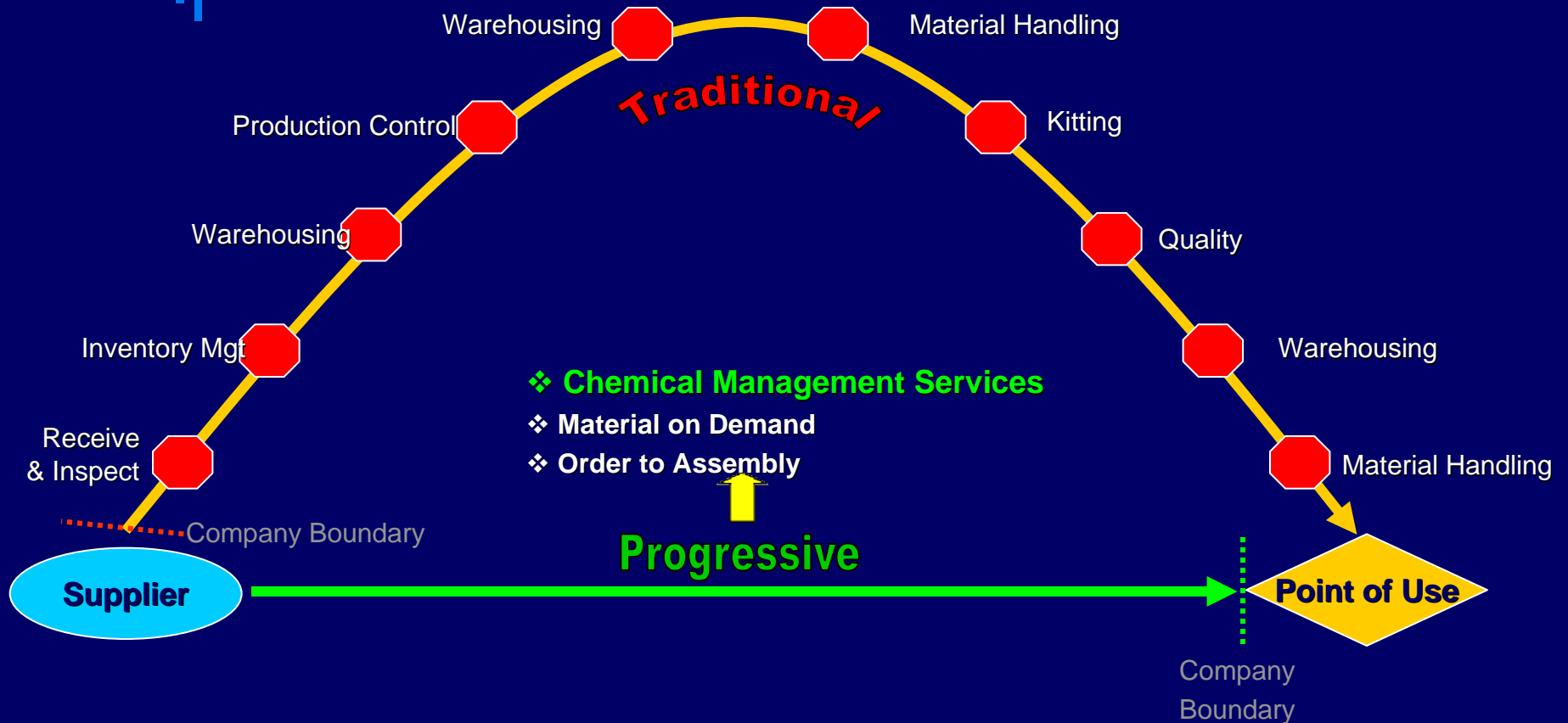


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# What is CMS Initiative?

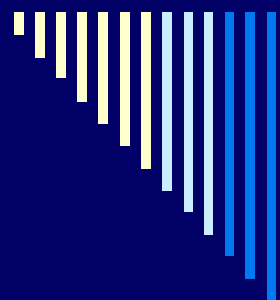
- Chemical Management System
    - Common approach to managing chemicals within Lockheed Martin
  - System Includes:
    - People
    - Processes
    - Chemical Information System
  - ONE Model Does NOT Fit ALL Locations
-

# Material Management



**Manage The Flow of Materials, Not the Inventory**

Strategic Materials Management Initiative (SMMI)



# Brief CMS History in LM

- EESH Study for Common CIMS
  - Unaffordable
- Early CMS Outsource Providers
  - Previously in use @ 2 LM locations
  - Not adopted by any other locations.
- ESH Study using Chemical Strategies Partnership
  - Showed outsourcing CMS could be viable
- ESH SOW/Proposal for CMS Solution Provider
  - 3 LM Organizations Participated
  - 3 CMS Providers Proposed
  - Corporate Contract – late 2004
- Owego began as LM pilot for CMS – 2005
- CMS Incorporated into SMMI – 2005
- Site by site Growth
  - 4 per year 2006 - 2008



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# Current Status

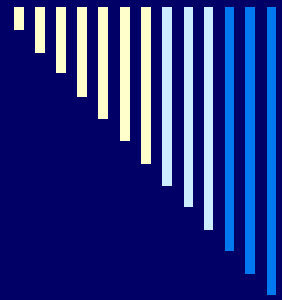
- 13 Sites In Operation or Implementation
    - Key 2008 Contract – Aeronautics organization
  - All 4 Major Business Areas Engaged
  - 7 Additional Sites Firmly in Implementation Queue
  - 60% of Chemical Spend lined up by 2010
  - All 2008 contract renewal sites – negotiating longer term agreements
  
  - Multiple Site Models to fit need
    - On-site POU Service (full or part time)
    - Dock Drop Delivery
    - Hybrid POU Service
    - ESH Centric (MSDS Management & Chemical Authorization)
    - Catalogue Ordering
-



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# Current CMS Process

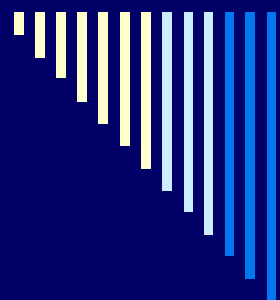
- CMS Presentation at Site
    - Experience from SMMI/ESH CMS team
    - Capabilities from CMS provider
  - Joint Value Mapping Event
    - Current State and Future State defined
    - Chemical Material & Data flow mapped
  - Based on Mapping Results
    - CMS Statement of Work Written
    - Site/Business Unit specific RFP & Proposal
    - Business Cost Data collected
  - Business Case defined for site/business unit
  - Contract & Implementation Plan finalized
-



# Accomplishments

- Incorporation of Lean Techniques
  - Value Mapping to Drive Buy In
- Monthly Common Metrics (Indicators of:)
  - Activity
  - Level of Effort
  - Quality
  - Supply Chain Effectiveness
  - Value Add
  - Issues & Action Plans





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# Accomplishments

- ❑ Consolidated ESH & Quality CMS facility assessment form
  - ❑ Standard SOW template
  - ❑ Consistent Business Case Evaluation
  - ❑ Consistent Customer Satisfaction Survey
  - ❑ Meeting Security Needs
-



# Challenges

- ❑ No Corporate CMS Mandate
  - ❑ Overcoming Resistance to Change
  - ❑ Time & Resources to expand 1 site at a time  
(introduction, business case, contract, implementation)
  - ❑ Maintaining High Customer Satisfaction
  - ❑ Meeting LM Customer Expectations
    - *Perfect Performance Always*
  - ❑ Consistent & non-redundant CMS oversight  
(audits/assessments)
  - ❑ Quality requirements communication  
(current, accurate, consistent)
  - ❑ Consolidation in CMS Industry
-



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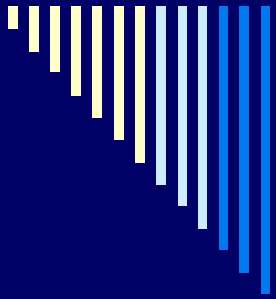
# Future Considerations

- ❑ All CMS eggs in 1 basket?
  - ❑ ESH need for single chemical database
  - ❑ Which data is needed inside LM firewall vs. on CMS providers system
  - ❑ CMS provider growth rate capability
  - ❑ Cost competitiveness
  - ❑ CMS provider support in additional areas (REACH, ESH support, other materials & wastes beyond chemicals)
  - ❑ Challenge for Common Processes
-



# What's Next?

- ❑ Adjustment of common metrics after 1<sup>st</sup> year
  - ❑ Aligning CMS Provider System w/ future LM Common ESH Data System
  - ❑ “Fixed” Price Small Site Model(s)
  - ❑ Jointly Drive Improved Performance
    - Existing & New Sites (all sizes)
    - Implementation & Ongoing Operations
  - ❑ Lean Structured Improvement Activities
    - Quality Requirement Communications
    - Common Materials & Common Specifications
    - Business Area implementation plans vs. individual sites
    - Attack Remaining Minimum Buys
  - ❑ Focused CMS oversight/audit program
-



# QUESTIONS??

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