



Raytheon

Transforming the Culture and Results of a Defense Contractor following Multiple Mergers



ORGANIZATION

Raytheon Missile Systems



INDUSTRY

Defense Manufacturing



ABOUT

Raytheon Missile Systems is the world's premier missile maker, providing defensive and offensive weapons for air, land, sea, and space, including interceptors for U.S. ballistic missile defense.

CHALLENGE

In the late 1990s, Hughes Missile Systems (HMS) was in disarray following its recent problematic acquisition of General Dynamics and its more than 8,000 employees. General Dynamics, which was larger than HMS, was characterized by a controlling and hierarchal culture with overbearing and domineering employees. Following the acquisition, employees from General Dynamics secured many of the top executive positions in the newly consolidated company, leaving many original HMS employees feeling dominated and unrewarded.

In 1997, HMS and its employees were further jolted when the company was acquired by Raytheon and became a division of this large, diversified defense contractor. As a result of these two acquisitions and the poor integration of the employees of the three different companies, HMS was a fragmented organization. The leaders of HMS, soon to be renamed Raytheon Missile Systems (RMS), recognized the threat that this infighting posed to its future. They therefore sought a solution that would end the internal battles, unite the fragmented organization, and lead to continuous, measurable improvement for the consolidated division.

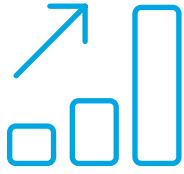
“Arbinger had a remarkable accelerator effect. It radically reshaped the business by changing the way we interfaced as a team. As a result of our new way of working, we could solve problems and cut through issues that we had tried to solve for years. It was like magic.”

LOUISE FRANCESCONI

Former President | Raytheon Missile Systems

SOLUTION

RMS management evaluated almost 40 consulting firms and chose Arbinger because of its unique approach. While all the other consulting firms said they would solve RMS's problems, Arbinger proposed to provide RMS with the guidance and tools that would allow the division to solve the issues on its own. These tools would enable each individual to see their contribution to the division's problems and devise ways to hold themselves accountable and work collaboratively to solve those problems.



\$1.9 Billion to \$5 Billion
in Annual Sales



\$100 Million
in Cost Savings



Over 200
Jobs Saved

Arbinger began its work with RMS's leadership team, and the results were quick and dramatic. For example, shortly after the work began, the division was forced to show a \$100 million expense reduction within two months. Before Arbinger began its work with management on this issue, the leadership team thought that they would have to lay off 200 employees to achieve \$20 million of these savings. As a result of the work with Arbinger, they sought alternative ways to cut costs. They succeeded in finding \$7 million in savings on the first day of the project alone. Using this same Arbinger-based process over the next two months, the leadership team successfully met its target of cutting expenses by \$100 million without having to lay off a single employee or otherwise negatively impact the company. The president of RMS said that "it was like magic."

Experiences like this one demonstrated to the leadership that working according to the Arbinger principles provided business opportunities they had never seen before and would make it possible for RMS to improve collaboration and bottom-line results. They therefore decided that all 12,000 of the division's employees would be trained to work in the Arbinger way.

During the next several years, 3,000 of the division's employees were trained to embed the Arbinger approach into their work practices, some directly by Arbinger and some by other RMS employees who had gone through Arbinger's train-the-trainer program. In addition to this

division-wide effort, Arbinger consultants continued to meet with the leadership team on a monthly basis to help them meet their goals of deeply understanding how to apply the Arbinger principles, living those principles, and teaching those principles by example.

As RMS's employees began to learn how to implement the Arbinger approach, they began to look beyond their own individual roles and needs, and began to focus on the needs of their colleagues and of the organization as a whole. The employees of the division, from the top down, started to make dramatic, organization-wide changes.

RESULTS

RMS was transformed from a collection of 12,000 disparate employees—each with competing interests and coming from three separate companies—into a unified organization. Meetings ceased to be characterized by yelling, finger-pointing, and defensiveness, and decisions were now made much more quickly. When each of the 12,000 employees was able to adopt RMS's vision as his or her own and became determined to work toward that vision, the division quickly transformed. The financial impact was significant, with annual sales rising from \$1.9 billion to \$5 billion. According to RMS executives, none of this would have happened without Arbinger.

Today, RMS is the world's largest producer of its sophisticated products and the largest division within Raytheon.