

## CRUCIAL CONVERSATIONS® TRAINING HELPS WIN \$200 BILLION CONTRACT

INDUSTRY: Aerospace

**ABOUT LOCKHEED MARTIN CORPORATION:** Lockheed Martin Corporation is an advanced technology company that is principally engaged in the research, design, development, manufacture, and integration of advanced technology systems, products, and services. Lockheed is the largest provider of IT services, systems integration, and training to the U.S. government.

### THE OPPORTUNITY

It was a scorching July Saturday in Fort Worth, Texas, when the business development and estimating teams from Lockheed Martin Tactical Aircraft Systems (LMTAS) met to find a lower-cost solution for a must-win bid. With their business backlog shrinking rapidly and foreign fighter-jet competition getting tougher, this multibillion-dollar deal was not just a promise of future profits—it was a matter of life or death. While competing for the \$200 billion Joint Strike Fighter contract, they had to make every F-16 sale they could just to keep the lights on. And yet, after hours of wrangling between some of the brightest and most seasoned managers in the company, the teams split up with no hope of a viable solution.

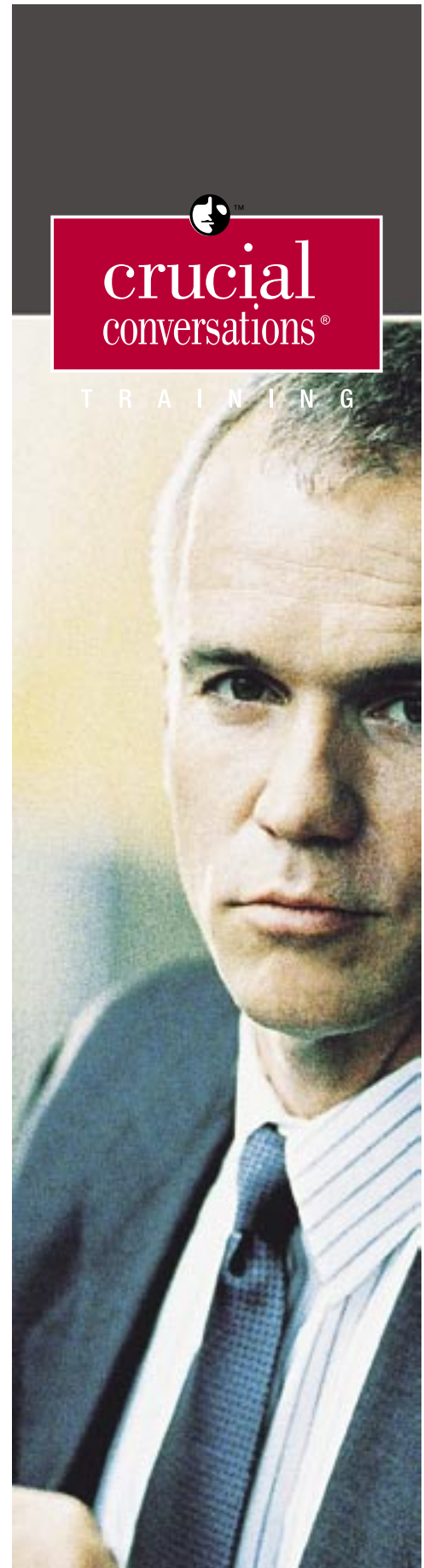
What happened to jeopardize Lockheed's pursuit of the Joint Strike Fighter contract? In this case, estimators worried that business development would demand more aggressive pricing, which would endanger the company's profits. In contrast, business development saw the unenthusiastic response of estimators as evidence that they were unmotivated to meet the needs of the customer. In short, the two teams were holding on to unfair perceptions of each other that resulted in gridlock when it came to cooperating on mutual goals—

a problem that, if left unresolved, would cost the company a multibillion-dollar deal and lead to inevitable failure. In other words, their inability to hold this crucial conversation was about to cost a fortune.

As this played out in the summer of 1997, LMTAS President Dain Hancock reflected on how chronic organizational failures like this would jeopardize not only short-term F-16 sales, but also the entire pursuit of the Joint Strike Fighter and, therefore, the future of the company. Infighting, political behavior, and silo-oriented attitudes tended to smother creative thinking, bog down decision making, and waste precious time and resources. Looking toward the final round of the Joint Strike Fighter competition, Hancock concluded the company's chances of success were close to zero if these communication patterns continued.

### THE SOLUTION

After careful reflection on all the competing priorities he and his team faced, Hancock and his senior executives escalated the need for culture change from "important" to "mission-critical." They retained VitalSmarts to assist in designing an influence strategy that would help them drive rapid and sustainable change in these long-standing dysfunctional behaviors.



Hancock tackled the problem of changing the LMTAS culture like any good engineer would: he climbed into the trenches of the organization and with the help of team members from VitalSmarts, clearly defined the kinds of behaviors that were preventing great ideas from being translated into positive change. Within a relatively short period of time, leaders identified a handful of crucial conversations that lay at the heart of most of their problems. One of the more prevalent problems was that employees—regardless of level or position—didn't feel comfortable speaking up and candidly giving feedback.

LMTAS hoped to spur innovation and achieve rapid and measurable results by systematically identifying and changing how its team members faced crucial conversations. First, leaders announced specific behaviors they intended to influence. Second, they implemented interventions explicitly designed to influence these behaviors.

Hancock's experience with LMTAS culture led him to conclude that if cultural change were to be taken seriously, he needed a credible way of holding senior leaders accountable. He was doubtful of the traditional "activity" measures associated with soft change efforts, so the senior LMTAS team began with the end in mind. A brief survey was developed to measure the organization's perception of change in the vital behaviors at the leadership level. A 10 percent improvement goal was then set, and the top two levels of leadership were given eighteen months to meet this goal.

Having focused on Crucial Conversations training as a lever for change and created senior management accountability, Hancock and VitalSmarts did two more things to drive rapid and sustainable behavior change:

1. Engage the chain of command
2. Enlist informal opinion leaders

First, LMTAS transformed leaders into teachers. Then they appointed all leaders, from the senior team to frontline supervisors, to teach Crucial Conversations skills. Over the next few months, leaders held biweekly training classes with their direct reports. During these lessons they taught concepts and skills for improving the conversations they believed were crucial to achieving results. Participants of this training then taught the concepts to their direct reports, and the cascade continued. The initiative was a success. As bosses were required to teach the skills, they spontaneously and unconsciously found themselves coaching people to use skills during day-to-day challenges.

Second, opinion leaders were identified by survey respondents who were asked to name three people in the organization whose opinions they most respected. The five hundred or so people named most often, if they were willing, would be key to gaining rapid support of the remaining employees. Senior leaders enlisted the assistance of these informal opinion leaders, who represented 5 to 10 percent of the employee base and who were second only to the chain of command in their degree of influence.

## THE RESULT

In a survey administered in December of 1999, improvements in targeted vital behaviors exceeded 13 percent within nine months of beginning the training. But more importantly, results improved markedly. In fact, research conducted by Dr. Larry Peters of Texas Christian University turned up no examples of performance improvement in any unit studied where there was not also significant improvement in the vital behaviors. Correlations between crucial conversation metrics and improvements in unit performance ranged from .52 at the low end to .68 at the high end—statistically significant and extremely high correlations for social science data. And, interestingly, engaging informal opinion leaders proved to be the ultimate catalyst for cultural change.

While the numbers speak for themselves, changes in culture became even clearer as Lockheed Martin underwent assessment for the coveted Shingo Prize for manufacturing excellence. Not only did LMTAS win that prize, the company was applauded specifically for its breakthrough approaches to increasing employee involvement and management's ability to lead and influence the organization toward measurably improved performance. And finally, LMTAS won the ultimate reward—the \$200 billion Joint Strike Fighter contract. 📍

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**About Crucial Conversations Training**—Whenever you're not getting the results you're looking for, it's likely that a crucial conversation is keeping you stuck. Whether it's a problem with poor quality, slow time-to-market, declining customer satisfaction, or a strained relationship, if you can't talk honestly, you can expect poor results.

This award-winning training infuses classroom time with original video clips and examples. Course pacing is active and engaging, with frequent structured rehearsals and intense class participation. The Crucial Conversations course delivers a powerful set of influence tools that builds teams, enriches relationships, and improves end results. Participants acquire the skills that help them step up to and handle high-stakes issues.

**About Southam Consulting**—Southam Consulting is a consortium of business specialists who focus on corporate training and organizational performance. Kurt D Southam, PhD is its founder and president. Dr. Southam has over 25 years experience with multiple domestic and international industries. He is a Principal Associate in partnership with VitalSmarts™ and Master Certified Trainer of Crucial Conversations, Crucial Confrontations™, and Influencer™. Dr. Southam is personally involved with every client project.