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## **Process to Assess Organization Structure Alternatives**

1. Identify the key objectives and goals required for Supply Management as defined by Business Unit.

*Process:* For each DSAT Business Unit, describe overall goals for next 1-3 years. Focus on stated goals, which would probably include:

- A. Cost
- B. Cycle Time
- C. Service
- D. Technology Use
- E. Innovation
- F. E-Commerce
- G. Inventory

2. Describe how those business unit goals translate into DSAT Supply Management objectives for the next 1-3 years.

*Process:* For each established Business Unit goal, describe the supply management performance required to meet or beat the goals. These should include both quantitative and qualitative activities such as:

A. Quantitative:

- Reduce supply base, to leverage purchases, in order to reduce total cost by X%
- Develop close-knit JIT agreements with suppliers, in order to improve inventory turns by 50%

B. Qualitative:

- Establish x high-level (at GM level) alliances with most important suppliers, in order to mutually improve supply management performance
- Move 50% of procurement planning and release transactions on-line to reduce administrative costs

3. Create a matrix that compares and contrasts the required activities of supply management at the business unit level, then create a roll-up at corporate-wide level.

*Process:* Use this matrix to enter data. Be sure to describe the gaps or differences among the divisions:

| Activity Matrix |               |   |   |   |   |   |   |
|-----------------|---------------|---|---|---|---|---|---|
| Common Set      | Business Unit |   |   |   |   |   |   |
| Activity List   | A             | B | C | D | E | F | G |
| 1.              |               |   |   |   |   |   |   |
| 2.              |               |   |   |   |   |   |   |
| 3.              |               |   |   |   |   |   |   |
| 4.              |               |   |   |   |   |   |   |
| 5.              |               |   |   |   |   |   |   |
| 6.              |               |   |   |   |   |   |   |
| 7.              |               |   |   |   |   |   |   |
| 8.              |               |   |   |   |   |   |   |
| 9.              |               |   |   |   |   |   |   |
| 10.             |               |   |   |   |   |   |   |

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| Unique Set of Activities | Business Unit | Implication |
|--------------------------|---------------|-------------|
| 1.                       |               |             |
| 2.                       |               |             |
| 3.                       |               |             |
| 4.                       |               |             |
| 5.                       |               |             |
| 6.                       |               |             |
| 7.                       |               |             |
| 8.                       |               |             |
| 9.                       |               |             |
| 10.                      |               |             |

4. For each common activity, evaluate the optional structure. For each unique activity, assess whether structure chosen for common activities can be responsive and effective.

*Process:* As each common activity is being evaluated, use the following evaluation matrix to aid in deciding on the appropriate structure:

|  | Decentralized | Centralized              | Centralized/<br>Decentralized           | Matrix  |
|--|---------------|--------------------------|---|---|
| 1. Need for Leveraging   |               | Best                     | Okay with decentralized implementation  |   |
| 2. Need for Supply Base Reduction                                |               | Best                     |   | Could Work  |
| 3. Need for Standardization                                      |               | Best, for Cross Division |   | Okay, but managed by group with core competencies |
| 4. Need for local program support                                | Best          |                          | Could work                              |   |
| 5. Need for Consistent Processes                                 |               | Best                     | Okay, with decentralized implementation |   |
| 6. Need for Professional Development                             |               | Best                     | Okay                                    | Could work  |
| 7. Need for Customer Service                                     | Best          |                          | Okay for standard<br>_____              | Could work  |
| 8. Need for Specialized Procurement Support                      | Best          |                          |   | Okay  |
| 9. Need for Improved Supply Chain Quality                        |               | Best                     | Okay, with local implementation         |   |
| 10. Need For Integration Of Supply Management With Business Unit |               |                          |   |   |
| 11. Need for Expedited Source Decision-Making                    | Best          |                          | Could work                              | Okay  |

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For all unique needs, describe whether these activities are:

- Non-negotiable with Business Unit leaders or customers
- Negotiable, with some sustaining involvement
- Fully negotiable and are subject to change

5. Review all developed material and reach consensus on the optimal organization.

*Process:* Based on data developed, arrive at the optimal organization choice that meets substantially all of the business units and supply management goals. Indicate the following as part of your recommendation:

- I. The Consensus for a Specific Organization Structure
- II. How Consensus was reached — should be based on data and decision criteria
- III. Areas where recommended structure may not serve Raytheon's needs — include suggestions on how to address
- IV. Provide a list of concerns, obstacles, and change management issues
- V. Describe implementation tasks and timetable