



Application for the
**2009 Malcolm Baldrige
National Quality Award**
May 21, 2009

P. Organizational Profile

P.1.a(1) Honeywell Federal Manufacturing & Technologies (FM&T) is a Limited Liability Company (LLC), that is comprised of the Kansas City Plant (KCP) contract that operates the KCP, National Secure Manufacturing Center (NSMC) and Kirtland Operations (KO) strategic business centers [P.1.a(1)-1].

Figure P.1.a(1)-1: FM&T Structure and Product Offerings
FM&T Strategic Business Centers

FM&T / KC	FM&T / NM
Kansas City Plant (KCP) Custom low-volume, high-reliability weapon components & systems	National Secure Manufacturing Center (NSMC) Non-weapons focus on custom, secure field-ready hardware products & systems
	Kirtland Operations (KO) Custom electrical & mechanical components & systems

FM&T achieves its mission by managing the workforce and United States government assets under a Management and Operating (M&O) contract with the National Nuclear Security Administration (NNSA), a semiautonomous agency within the U.S. Department of Energy (DOE). The government owns or rents all the buildings, facilities, equipment, furniture, and supplies. The Nuclear Security Enterprise (NSE) consists of FM&T and seven other M&O's, overseen by the NNSA, which are responsible for the entire lifecycle of a nuclear weapon.

FM&T's main product offerings are described in [P.1.a(1)-1]. Services include M&O leadership, management expertise, management infrastructure, and employees to carry out the organization's mission. The Performance Evaluation Plan (PEP) defines the product and service deliverables required by the key NNSA customer requirements for the M&O prime contract, [3.2 c(2)-2]: Meeting Product Specifications, Meeting Product Schedules, Asset Management, Cost Management, Meeting Contractor Standards including HS&E and National Security.

FM&T integrates service performance with product delivery to satisfy schedule commitments. Facility maintenance, infrastructure (including Information Technology), physical and cyber security, and safety are also key contract deliverables. Six Sigma Plus (SSP) improvement teams deliver improved performance and value of FM&T products and services. Due to FM&T's long history of continuous improvement, multiple cycles of learning are the norm for many processes. Within this application, processes that have been through 1-2 cycles of learning will be denoted with the symbol "**". Processes that have seen three or more cycles of learning will be denoted by "***". Figure and item references are identified with brackets "[]" around them.

P.1.a(2) FM&T's key cultural characteristic is best defined as outcome-oriented (delivering results) and paying attention to detail (quality) – i.e. "Commitments Made – Commitments Kept" (CMCK)***. Other key characteristics of FM&T's culture are reflected in the Purpose. FM&T Values are the twelve Honeywell behaviors.

FM&T's core competency enables the development of KCP's few distinctive capabilities that are central to achieving and sustaining business success. This core competency aligns directly with the FM&T mission.

The core competency defines a culture that translates and incorporates commercial best practices into actions for a highly regulated government environment. Enablers of this core competency include a customer-focused culture, a results oriented culture, management by fact, and intentional linkage to corporate business practices. The results of this core competency include innovative offerings and customized offerings. Applications of the core competency deliver key innovations, savings, and exceptional solutions for customers, include Kansas City Responsive Infrastructure, Manufacturing and Sourcing (KCRIMS), SSP deployment, and Supply Chain Management Center* (SCMC). Core competencies, along with a CMCK approach to customer satisfaction, are recognized by customers as what distinguishes FM&T from competitors, and are the foundation of FM&T's success. FM&T capitalizes on successes to gain more mission assignments and to expand the non-traditional customer base to include other customers with similar needs.

P.1.a(3) FM&T's workforce profile [P.1.a(3)-1] includes approximately 2,700 employees across three shifts, with around 100 non-employee partners on site daily. Nearly 1,800 of the workforce are salaried, with the remaining hourly. Unions represent hourly employees in Kansas City. The International Association of Machinists and Aerospace Workers represent KCP and NSMC hourly employees. The Security Police and Fire Professionals of America represent the KCP/NSMC guard force. Average tenure is 20 years. Workforce groups include salaried and hourly. Forty-seven percent of the workforce has Bachelors degrees; 14 percent have Masters Degrees; and approximately one percent has Doctorates, MDs, and JDs.

Figure P.1.a(3)-1: FM&T Workforce

Labor	Totals	Other	Totals
Salaried Employees	1726 66%	Education	
Hourly Employees	880 34%	Bachelors	1240 48%
		Masters	385 15%
		Doctorate	22 1%
Shifts	# %	MD, JD	1 <1%
1 st	2465 95%	SSP Certifications	1402 54%
2 nd	108 4%	MQA/Baldrige Trained	26 1%
3 rd	33 1%	Managers	211 8%

Key factors that motivate employees to engage in the mission at FM&T are the Work Life Balance, competitive rewards (pay, benefits, appreciation), and career opportunities. Employee satisfaction surveys for both salaried and hourly segments show the highest rated satisfaction category is "Work Life Balance"***.

FM&T provides all employees with an array of benefits [P.1.a(3)-2]. Health care coverage is provided that includes pensions, vision, and dental plans. Non-traditional health

resources are available to employees to obtain health information to supplement the primary health care delivery channels. There is a basic life insurance policy paid for by FM&T, with additional group life, legal and disability insurance available. Flexible work schedules and a telecommuting policy provide employees the agility to balance work life, personal needs, and commitments.

FM&T has formal health, safety and environmental programs to promote and ensure safe and healthy work environments for all employees. The FM&T culture focuses on safety through awareness and employee intervention. FM&T/KC and FM&T/NM are DOE Voluntary Protection Program (VPP) approved STAR sites. VPP STAR sites provide all employees with a Bill of Rights affording them the right to willingly participate in Safety & Health issues, report or stop unsafe acts and conditions (intervene), become actively involved and ask questions, demonstrate continuous improvement and examine accident/incident reports, investigations, and audits. Newly implemented in 2009 is an FM&T Safety Awareness website, containing safety events like Safety Bingo and Safety Fairs, as well as messages and safety videos to raise awareness of workplace hazards and reward safe behavior.

Figure P.1.a(3)-2: Available Employee Benefits

Support Services & Benefits	Hourly	Salaried
Lifeline/Employee Assistance Program	●	●
Health Resources	●	●
Competitive Benefits	●	●
Flextime Policy (Telecommuting - Salaried)		●
Paid Leave (Sick Leave - Salaried)		●
Holidays and Floating Holiday	●	●
Adoption Assistance	●	●

P.1.a(4) FM&T has uniquely diverse manufacturing environments with manufacturing areas (electrical, mechanical, and engineered materials products and services) located in multiple facilities [P.1.a.(1)-2]. Manufacturing capabilities range from micro-miniature machined parts to semi-tractors and trailers. Equipment and technologies include electronic and mechanical manufacturing; testing and assembly areas; clean room; precision and heavy machining; welding; classified and non-classified computing networks; and other operations equipment to support core competencies and secure production business services.

A major portion of FM&T’s contract is for the Kansas City Plant (KCP) business unit - a 65-year old, 3.1 million square foot manufacturing, service, and technology site in southeast Kansas City, Missouri. The NNSA Site Office (traditional customer) is co-located at the facility in Kansas City.

P.1.a(5) FM&T complies per the M&O contract with applicable DOE regulations, orders and written directives relating to multiple functions, such as quality and procurement. FM&T also complies with the requirements of applicable Federal, State, and local laws and regulations. Operating Requirements received from FM&T customers flow down from the prime contract, and are deployed through Command Media (CM). Operating Requirements detail

applicable health and safety regulations, accreditations, certifications, industry standards, environmental, financial, and product specific regulations. FM&T operations are audited by the NNSA (traditional customer), the Inspector General (financial), and independent third party organizations. Independent reviews include ISO 9001 (Quality Management Systems), ISO 14001(Environmental Management), DOE VPP, Malcolm Baldrige National Quality Award, Excellence in Missouri Foundation, Sandia National Laboratories Primary Standards Laboratory, National Voluntary Laboratory Accreditation Program (NVLAP), and others. FM&T holds commercial site certifications such as ISO 9001, ISO 14001, NVLAP, and DOE VPP Star to help drive higher performance levels. Independent commercial certifications are a result of the application of FM&T’s core competency.

P.1.b(1) FM&T’s organizational structure is comprised of strategic business centers, [P.1.a(1)-1], supported by functional units reporting to the FM&T President. FM&T LLC is part of the FM&T Strategic Business Unit (SBU), which includes the FM&T LLC, FM&T SBU’s participation in the Pantex LLC, and its participation in the Savannah River Nuclear Solution (SNRS) LLC [P.1.a(1)-2].

FM&T’s governance system is the Management Assurance System (MAS), [1.1.a(1)-1].*** MAS is FM&T’s methodology for identifying, implementing, measuring, and sustaining the “critical to quality” needs necessary for desired performance. MAS is also the basis for deployment of FM&T’s purpose, vision, mission and values through EAP [1.1a(1)-2]. Key management activities are deployed using Management Operating Systems (MOS)*** that systematically identify the actions taken by management to evaluate the adequacy and effectiveness of business and operational performance and systems. The CM system provides electronic access to processes and work instructions for all FM&T employees and provides line of sight from governance through individual responsibility. One of the key governance activities is the Business Operations Reviews (BOR)*** where commitments and performance are discussed and reviewed.

P.1.b(2) FM&T’s key markets under the M&O contract include directive scheduled weapon work (traditional customer) and work for others (non-traditional customers). FM&T includes market segments, customer groups and stakeholder groups in the Voice of Customer (VOC) process***. Customer expectations are translated through the VOC process into FM&T priorities. The key requirements and expectations of these groups are aggregated, analyzed to understand the differences, and segmented into the traditional and non-traditional customer groups [3.2.c(2)-2].

P.1.b(3) FM&T’s key supplier type is production suppliers, who support production needs. Key supply chain requirements for production suppliers are quality, delivery, and cost. FM&T uses quality and delivery data from the Supplier Performance Index (SPI)*** to communicate with suppliers, and to help drive procurement decisions toward

higher performing suppliers and intuitively to the lowest total cost suppliers.

Collaborators / partners / competitors include the national laboratories and other production agencies. The interaction of these suppliers, partners, and collaborators provide a common sense of purpose where all organizations succeed together. Depending on the functions being performed by FM&T, roles of partners, collaborators, suppliers, and customers can often vary. For example, in one instance the national laboratories can be partners and collaborators while in other situations the laboratories are direct customers or competitors of FM&T. Relationships with suppliers, partners, and collaborators are communicated and managed using a series of formally implemented processes. Formal and informal Purchased Product Teams (PPT's)*** bring together the key participants from the design agency, the suppliers, FM&T, and customers as needed. PPT's operate with defined roles for each participant to ensure clear communication of requirements, needs, and expectations. FM&T teams with and relies on the intellectual strengths (innovative spirit) of suppliers and collaborators to innovatively solve complex manufacturing design issues. The suppliers, partners, and collaborators are formal players in a carefully defined and managed quality process, and are included on Six Sigma Plus (SSP)***, teams to drive improvements. FM&T provides value and innovation to customers by combining and applying strengths through non-disclosure and non-compete agreements and partnerships.

Key mechanisms for communicating and managing relationships with suppliers, partners, and collaborators are face to face, electronic (web, telephone, e-store, e-catalogs, fax, Supplier Performance Index) and other traditional methods (paper).

P.2.a(1) FM&T is a trusted government manufacturing and service provider, and its current competitive position is the leader within the NSE for nonnuclear manufacturing. This NNSA budget covers all expenses for both federal employees and contractors, including salaries, facilities, equipment, materials, supplies, and contractor fees. Although the overall NNSA budget has decreased since 2007, FM&T has been able to offset these reductions with the introduction of non-traditional work. One of FM&T's innovations, the SCMC*, has increased the scope of work and budget by approximately 2.5%. FM&T delivers 85% of the specialized components using only 8% of the NSE budget.

FM&T is viewed as the contractor that brings best commercial practices from a respected corporate entity to the NSE. CMCK is a recognized FM&T trait that provides customers assurance of contractual delivery on commitments.

P.2.a(2) The principal success factor for FM&T relative to its competitors is the delivery of products and services that are valued by customers. FM&T has a reputation within the NSE as an organization that solves complex problems and satisfies their commitments, a key differentiator. FM&T is the provider of choice for nonnuclear work, which is considered nearly impossible, either technically, or with regard to schedule.

Key changes taking place that affect FM&T's competitive situation include the flat to declining NNSA budget, the changing political climate in Washington, DC, and the increasing need for agility in the national and homeland security market.

KCRIMS*** is an innovative solution to a legacy problem of an aging and underutilized FM&T/KC facility. As the NSE seeks a lower cost structure, FM&T has delivered and is executing a plan that is delivering savings to the government that will grow to over \$100M annually by 2014. The strategic sizing, outsourcing, business process transformation, and resulting move to a modern, agile facility will provide customers a more cost effective infrastructure. The plan is to downsize the KCP facility from the current 3.1 million square feet by moving to a modern, agile, facility that is less than half the size. This project (KCRIMS) is progressing towards the construction phase in 2010, with occupancy to begin in 2013.

P.2.a(3) FM&T determines what measures or processes to pursue comparative data for, then determines the level (Tier) of comparative data to pursue beginning with tier 1, Nuclear Security Enterprise Best-In-Class (NSE-BIC). FM&T then seeks to find the desired information and will continue through the three tiers based on its performance as prescribed in [4.1.a(2)-2]. FM&T analyzes performance differences and determines actions to be taken.

In some cases, FM&T chooses comparisons other NSE participants do not measure, such as VOC. In those cases, FM&T uses the external industry commercial benchmarks for comparison from key competitors. FM&T may participate in third party benchmarking services such as the Hackett Group and Aberdeen Research if funding is available. Commercial leaders, such as Honeywell Aerospace and Lockheed Martin are a good source of comparative data because the aerospace industry, like the national and homeland security market, requires high reliability components. FM&T continues to build on its competency by achieving performance comparable or better than its comparisons to support FM&T's vision. Data may be limited because some companies and competitors are reluctant to share results and because there is not sufficient return on investment (ROI) to contract for additional comparative data.

P.2.b FM&T's strategic advantages are its core competencies and its Commitments Made, Commitments Kept culture reflected in its performance; its people; and the delivery of products and services valued by its customers.

Operational advantages include the KCRIMS project, placing FM&T in a leadership position within the NSE. KCRIMS is a proactive innovation developed through the Strategic Planning process to lead NSE toward transformation in support of a need not yet known, but immediately appreciated by FM&T's primary NNSA customer.

Organizational sustainability relies upon FM&T performance to customer requirements. Ability to perform relies on qualified people, funding, and an agile business. Traditional

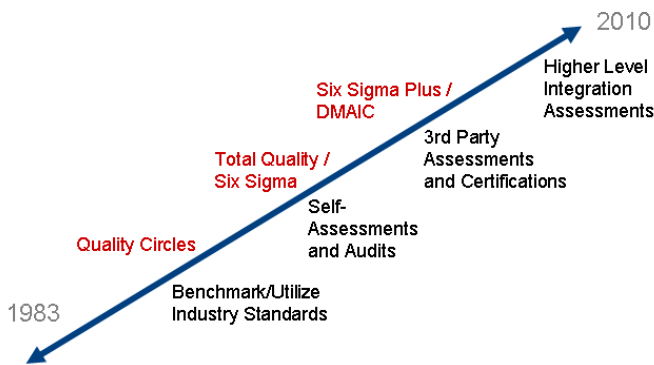
customer funding shortfalls are mitigated through growth in the non-traditional business and productivity measures.

Figure P.2.c-1 FM&T SSP Training Deployment

FM&T Employees	SSP Training	# Trained
All employees	Introduction to SSP	2606
Salaried, Band 3 & Exempt	Green Belt	1402
Engineering, Band 3 & Exempt	Design for Six Sigma	529
Targeted IT Band 3 & Exempt	Design for IT	117
As business needs dictate	Lean and Black Belt	184

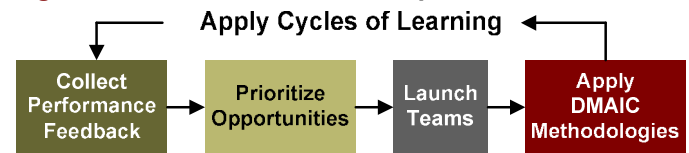
P.2.c Performance improvement (SSP) is a cultural element of work at FM&T. Organizational learning across the enterprise is managed using the electronic Learning Management System (eLMS) ***. As illustrated [P.2.c-3], performance improvement (continuous improvement) began formally at FM&T in 1983 and continues today. Use of Six Sigma Plus (Lean and Six Sigma) has been institutionalized since the 1990s [P.2.c-1]. The SSP Continuous Improvement Model (SSP CIM) [P.2.c-2]. is the FM&T change strategy and has been institutionalized since the 1990s. The SSP CIM requires that FM&T approach improvement projects with the logical DMAIC (Define, Measure, Analyze, Improve, Control) methodology. This use of SSP is a cultural improvement methodology deployed throughout FM&T and is shared with customers, suppliers, and collaborators. FM&T collects and evaluates internal and external performance feedback. Internal sources of performance feedback include but are not limited to, metric performance, self-assessments, stakeholders and focus groups. External

Figure P.2.c-3 FM&T's Continuous Improvement Journey***



sources of feedback include but are not limited to Voice of Customer surveys, comparative data, benchmarking, International Organization of Standards (ISO), Malcolm Baldrige Criteria for Performance Excellence (Baldrige) assessments, and other third party sources. Resulting opportunities for improvement are prioritized and SSP teams are deployed systematically improving business systems, driving performance improvement and innovation with significant cost savings and productivity to the business [7.1.a-5], using the SSP CIM process [P.2.c-2].

Figure P.2.c-2 SSP Continuous Improvement Model

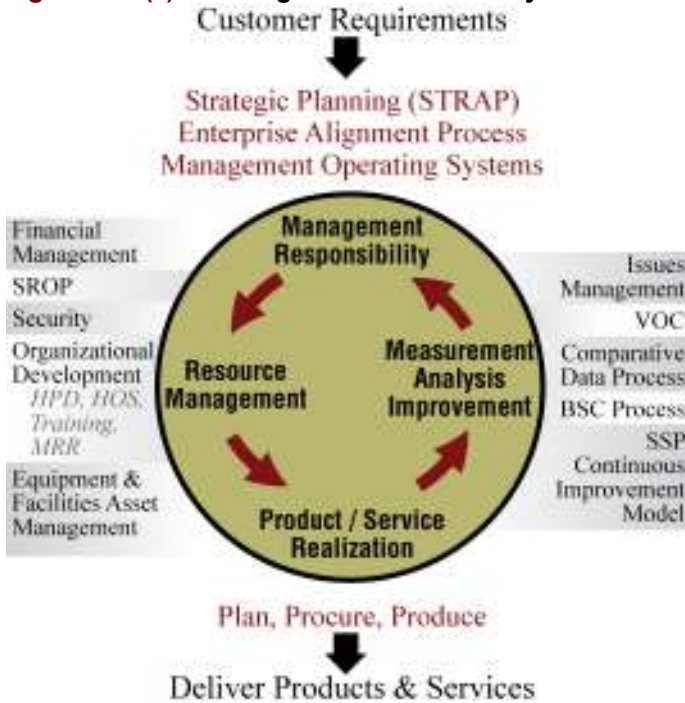


FM&T improves work processes, achieves better performance, reduces variability, improves products and services, and keeps processes current with business needs and directions through utilizing the SSP CIM [P.2.c-2]. Results of organizational review findings discussed in 4.1 are incorporated into the systematic evaluation and improvement of FM&T's work processes. Work process improvements are shared with other organizational units to drive organizational learning and innovation via knowledge management approaches.

1. Leadership

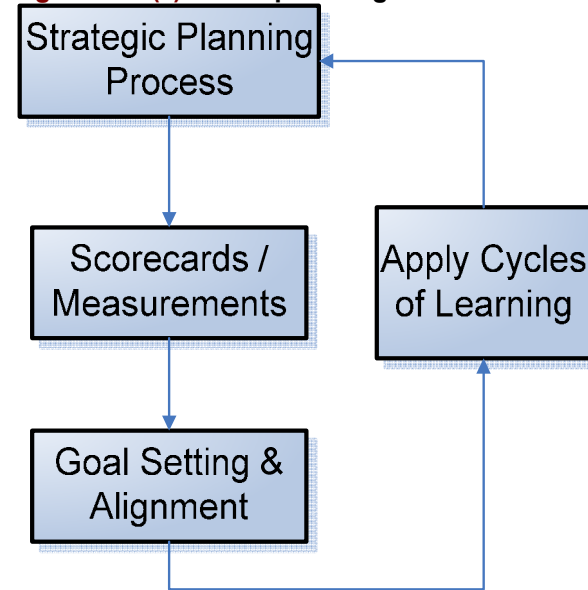
1.1.a(1) During step one and two of the strategic planning process (STRAP)***, Senior Leaders (SLs) assess whether the vision and values are relevant, effective, and current with the direction and priorities established using the environmental scan data [Category 2].

Figure 1.1.a(1)-1: Management Assurance System



SLs utilize key processes within the Management Assurance System (MAS) to deploy the vision and values through the leadership system and to the workforce. A key process within MAS is the Enterprise Alignment Process*** (EAP) [1.1.a(1)-2]. SLs use this as the primary deployment method of FM&T’s vision and values. Organizational vision sets the context for strategic objectives, and action plans that are one of the key inputs for the Enterprise Balanced Scorecard process*** (BSC) [4.1.a(1)-1]. Upon establishment of the BSC, SL accountabilities are established and accountable partners assigned to each BSC measure. These accountabilities and accountable partnerships between SLs are used as inputs to functional scorecards. Reinforcement of FM&T direction is accomplished by linking individual goals in the Honeywell Performance Development*** (HPD) system to the vision and values for the SLs and salaried workforce through linkage to the BSC. The HPD system documents individual’s goals and accomplishments, ensures alignment between the vision, values (behaviors), and goals of SLs, and salaried employees at all levels. Once goals are established, the BSC team measures alignment to the BSC, [7.5.a(2)-8] to ensure alignment has been achieved.

Figure 1.1.a(1)-2 Enterprise Alignment Process



FM&T’s vision and values are reinforced with communication in New Employee Orientation (NEO)***, all employee meetings and MyPortal.*** SLs may also utilize the [1.1.b(1)] methods to communicate to the workforce and customer and other stakeholders as appropriate. SLs share the vision and values with production suppliers by using performance to CMCK*** (quality and delivery) as a variable in the Supplier Performance Index***, which in turn is a determining factor in determining source selection. SLs personal commitment and performance to the 12 Behaviors (values) are rated annually via the HPD process. SL merit raises depend upon how well they perform against behaviors (values) and results. For example, six SLs demonstrate commitment to “Fosters Teamwork and Diversity” by being Executive Sponsors to the Employee (diversity) Resource Groups within FM&T, and three participate on the Inclusion Advisory Board. All SLs demonstrate a commitment to “Champion Change and Six Sigma Plus” by having achieved Green Belt (GB) certification and eight have achieved either Black Belt (BB) or Lean Expert (LE) certification. In addition, three SLs also champion change by participating in Tier 3 standup meetings and the Honeywell Operating Systems (HOS) Steering Committee. SLs personal actions demonstrate a commitment to the organizational values as evidenced by the fact that in the past four years, two Senior Leaders have received the Jack Knuth CMCK award. The Jack Knuth CMCK* award is presented annually to an employee of FM&T for outstanding contributions to continuous improvement, demonstrating the 12 behaviors (values) and CMCK. The selection team for the Jack Knuth CMCK award is a non-SL cross-functional salaried and hourly team.

1.1.a(2) SLs have established a multipronged approach to ensure legal and ethical behavior. To demonstrate the importance and commitment to legal and ethical behavior in that process, they hold themselves accountable by:

- Ensuring compliance to the Honeywell ethics program and training requirements
- Reinforcing legal and ethical behavior by actively participating in the learning and communication facets of the legal and ethical behavior process
- Ensuring employees have access to one or more telephone help lines as a means to report suspected violations of law, Company policies, or the Code of Business Conduct.

1.1.a(3) SLs create sustainability through identification of the core competencies*** and the linkage to the STRAP process. Long-term strategic objectives and goals are established by SLs in the STRAP to provide the organizational focus, direction, and priorities that will ensure organizational success. Customer requirements are deployed through the MAS processes. The STRAP process provides strategic objectives (SOs), and action plans (APs) for the organization. SOs and APs are deployed throughout the organization via the EAP [1.1.a(1)-2]. Performance to plan is primarily measured using the BSC [4.1.a(3)] and reviewed monthly by SLs in the BOR.

SLs emphasize an environment that fosters performance improvement, innovation, and performance leadership through:

- the EAP [1.1.a(1)-2], BSC process, [4.1.a(1)-1] and comparative data process, [4.1.a(2)-1]
- FM&T’s values (12 Honeywell behaviors – Get Results, Champion Change and SSP, and Leadership Impact)
- FM&T’s Purpose
- including “CMCK” in FM&T’s vision statement
- utilizing Baldrige self-assessments and third party assessments to identify opportunities for improving the organization
- supporting the Issues Management*** process [6.2.b(1)], and the SSP CIM***[P.2.c-2]

SL’s goal setting process includes establishing goals based on comparative data that enhance the value of FM&T to its customers. Enhanced value is accomplished through innovation and performance improvement. SLs help identify high-level processes where SSP can be used to achieve innovative improvements. The MAS provides the mechanism for SLs to assess progress towards goal attainment, identification of areas of focus for improvement or innovation, and reevaluating priorities and resource allocation. With the organization’s visionary leadership, FM&T leads the NSE in breakthrough transformation such as KCRIMS*** and creative business solutions such as SCMC*.

SLs emphasize an environment that fosters agility by using the STRAP and the comparative data processes to continuously collect internal and external data relevant to current and future strategies. SLs decide whether the organization needs to alter its path in response to environmental changes during monthly

BOR reviews. SLs deploy the changes to the rest of the organization via the EAP, [1.1.a(1)-2]. SLs have built-in contingency plans and scenario planning into the Strategic Plan to enable agility and organizational sustainability.

SLs create an environment for organizational and workforce learning by:

- Utilizing and supporting the electronic Learning Management System (eLMS)*** to manage a formal learning platform across the enterprise
- Maintaining a 98% goal for mandated, and qualification training goal across the enterprise
- Participating in and encouraging salaried and hourly employees to participate in organizational learning processes such as Missouri Quality Award program and the Baldrige National Quality Program
- Participating in New Employee Orientation
- Championing and leading Six Sigma Plus (SSP) improvement teams
- Sponsoring technical fellow candidates across the organization
- Supporting executive fellowship program
- Supporting Leadership Engagement and Development (LEAD) program
- SLs personally participate in succession planning and development of future organizational leaders in a variety of ways.

SLs develop and enhance their personal leadership skills by participating in the leadership development activities listed above and may:

- attend Honeywell Leadership Development training
- develop, modify and execute Management Operating System (MOS) activities for their specific functional area
- attend corporate or customer functional events
- attend customer or stakeholder provided training or events such as Strategic Air Command or Weapons School provided by Sandia National Laboratory
- utilize Honeywell provided on-line, eLMS on-line leadership development, on-line leadership development courses, or readings
- utilize the Honeywell 360 degree feedback tool
- utilize skip level meeting feedback from direct reports
- utilize feedback from the HPD process

Figure 1.1.b(1): Key Communications Align SLs and Business

Communication Purpose	How Senior Leaders Communicate	Intended Audience
Key Decisions	all-employee meetings, 2-way broadcasts, staff meetings, My Portal, Business Updates (KCRIMS Roundtable)	Employees, customers
2-way	“open door” policies, all-employee staff & skip-level meetings, email, kcp.com, MyPortal, manager forums, Comments Please!”, “Ask ‘FM&T President”	Employees, customers
Ethical Concerns	“open door” policies, all-employee, email, participation, “Comments Please!”, Honeywell ethics hotline, union hotlines	Employees, customers
Items of Interest	1-on-1 meetings, surveys	Targeted

1.1.b(1) FM&T has a variety of communication avenues that engage the entire workforce [1.1.b(1)]. The FM&T President has a quarterly all-employee meeting*** conducted in the Program Presentation Center (PPC) with web casts available at all FM&T employee’s desk or work area. A typical agenda includes a safety message, highlights of upcoming volunteer opportunities, employee recognitions and business information including:

- Vision Statement
- Environmental Scan
- Customer Feedback
- Critical Objectives and Measures
- Safety
- Growth Update
- KCRIMS Update

At the close of each meeting is a question and answer session for those in attendance and via e-mail. These meetings provide employees the chance to ask questions about current or future issues. Employees attending by video can ask questions via email. SLs have divisional quarterly meetings to share business information, celebrate successes, and share lessons learned. Communication methods are improved by tracking and trending the number of hits for electronic MyPortal articles, cross-functional focus groups on communication methods, surveys, roundtables, etc.

SLs utilize surveys as part of a planned and periodic process to obtain employee perception and feelings about selected topics such as work life at FM&T. Surveys segment results by hourly and salaried for parameters unique to each community. “Skip Level” meetings provide access to SLs for the sharing of feedback, concerns, or ideas with leaders without the middle layer of management.

By following the HPD process, SLs actively participate in rewards and recognition for employees by determining merit and variable compensation plan percentages for salaried employees. In addition, Senior Leaders participate in rewards and recognition by submitting nominations, soliciting nominations, selecting recipients, and reviewing recipient nominations. SLs present awards such as the Jack Knuth CMCK Award, STARR Awards, Special Recognition Awards or Spot Awards to recognize teams and individuals in a timely fashion.

1.1.b(2) SLs use the EAP [1.1.a(1)-2], including STRAP, to create a focus on action to accomplish the organization’s objectives, improve performance, and attain FM&T’s vision.

The appropriate functional MOS*** within the MAS systematically identify the actions taken by management to evaluate the adequacy and effectiveness of business and operational performance and systems. The monthly Business Operations Review (BOR)*** is one of the activities within the Senior Leadership MOS. The monthly BOR focuses on progress toward accomplishing the organizational objectives and vision, and identification of areas of focus for improvement. When these reviews identify new actions are required to achieve the organizational objective, action items

are captured on the Rolling Action Item List (RAIL). The RAIL is reviewed during BOR meetings to track progress of assigned action items.

These reviews include assessment of the Balanced Scorecard (BSC) measures [4.1.a(3)]. BSC items are those that are critical to customer satisfaction, the organization’s objectives, performance improvement initiatives, and vision. BSC measures are reviewed for status and progress toward goal delivery, utilizing stop light criteria of red, yellow, and green [4.1.a(1)-2].

SLs utilize the BSC process to drive focus and balance value for customers, stakeholders, and the workforce in organizational performance expectations. SLs drive an ongoing focus on continued innovation and improvement throughout the enterprise through SSP cost savings goal deployment, [7.1.a-5]. SSP cost savings, BSC measures are deployed to salaried employees through the HPD process and to hourly employees through level four HOS deployment. Productivity and savings due to the application of SSP tools are recorded and then validated by the accounting function. FM&T has tracked productivity savings since the 1970’s with many cycles of learning applied to innovate the SSP CIM***.

1.2.a(1) Management at all levels is held accountable through the FM&T governance system, which oversees commitments and performance through the MAS. Balanced scorecards provide visible quick indicators of performance, which include fiscal components. The HPD process assesses managers’ ethics and integrity. Should FM&T ever have an ethical concern involving managers or employees, the concern would be thoroughly investigated as part of the Code of Conduct.

Fiscal accountability is ensured through an internal financial audit group and external financial audits conducted by Office of Inspector General and Klynveld, Peat, Marwick and Goerdner (KPMG). Internal reviews of financial controls are conducted as required by Office of Management and Budget (OMB) Circular A 123 (similar to Sarbanes Oxley). FM&T addresses audit findings, takes corrective actions, and prevents recurrence using the Issues Management process***[6.2.b(1)] FM&T receives many third party assessments and government audits, helping to ensure transparency in operations.

FM&T is transparent in operations through the posting of enterprise and divisional performance and operational information on MyPortal***. The outcomes, positive and negative, are available to each employee and the traditional customer (NNSA) through the Performance and MAS tabs on MyPortal. FM&T utilizes the services of two unique staffs of internal auditors. Financial auditors provide review of financial performance and utilization of government resources. The manager of the Financial Audit group reports directly to the FM&T President, with direct access to Honeywell’s Vice-President of Internal Controls. Quality auditors oversee the quality aspects of the enterprise and provide independent oversight of the non-financial functions of the business. The Quality Audits manager reports to the Director of Quality,

SSP, and Business Excellence. Quality auditors oversee quality, production, safety, health, security, and the environmental programs of FM&T. Staffs of both audit groups are trained professionals with complete independence of the activities under audit. FM&T utilizes third parties assessments including ISO 9001, ISO 14001, Primary Standards Labs, NVLAP, VPP, MDNR, and the Baldrige National Quality Program. Internal and external audit and assessment feedback are input into the formal Issues Management process and SSP CIM to enable continual improvement efforts in processes and activities.

FM&T management practices deployed across the enterprise provide protection of stakeholder and stockholder interests through transparent self-oversight using the MAS, BOR, and formal independent reviews of performance. FM&T participates in the Price-Anderson Amendment Act voluntary self-reporting of nuclear safety requirements noncompliance [7.6.a(3)-3]. Management of the Price-Anderson program resides in an independent function reporting to the Director of Quality, SSP, and Business Excellence. The Department of Energy Office of Enforcement is legally empowered to levy fines and penalties with discretion. FM&T voluntary reporting enables mitigation of potential fines and penalties providing further protection to stockholders and stakeholders.

1.2.a(2) Individual SL performance is evaluated directly by their respective leader in relation to their assigned goals using the HPD process. The FM&T President, also the governance board chairperson, receives his performance evaluation from the Honeywell Defense & Space President. Each salaried FM&T employee, including SLs and governance board members, have goals assigned at the beginning of each year and are aligned to the BSC. Goals demonstrate agility as they are updated and managed throughout the year to stay current with changing conditions. SLs and the governance boards' performance to the BSC become the foundation for evaluation. Performance measures include results as-well-as behaviors (values). The manager in the performance evaluation can request individual performance feedback from multiple raters.

Performance reviews provide leaders and governance board members feedback on performance strengths and developmental opportunities. Each opportunity is supported by a development plan. This plan provides specific actions to drive improvement in the results or behaviors, (values) of the person under review. This process provides formal feedback a minimum of twice annually to foster improved skills and behaviors, and enhance organizational effectiveness. Honeywell mentoring systems provide additional avenues for self-improvement. Skip level meetings give leaders and governance members improvement feedback.

Leadership effectiveness is evaluated using the Positive Employee Relations survey score, part of the Driving a Performance Culture BSC measure [7.4.a(4)-3]. The MAS, its key work systems and key work processes [6.1.a(2)] are systematically reviewed each year primarily utilizing the Baldrige self-assessment and third party assessment, BEMP

[7.5.a(1)-2] to identify strengths and opportunities for improvement (OFIs). Resulting OFIs are prioritized and the work systems and key processes are systematically improved [Item 6.2.c] using the SSP CIM [P.2.c-2]. Examples of improvement results are noted throughout this application. Results of recent cycles of learning to MAS include, but are not limited to:

- Standardization of MOS activities that should be included in any MOS regardless of function
- Functionalization across FM&T and development of Strategic Business Centers
- Changes to alignment assessment process that broadened the goal alignment measurement

1.2.b(1) FM&T anticipates public concerns through the proactive use of an internal Public Affairs organization. Public Affairs issues external communications to the community regarding FM&T activities and initiatives of general concern. FM&T addresses adverse impacts and anticipates public concerns for current and future product, services, and operations through community outreach, public meetings, and environmental remediation programs.

FM&T performs operations in accordance with an environmental management system that is certified to the requirements of ISO 14001 by an internationally recognized independent third party [7.5.a(1)-1]. FM&T ensures environmental compliance by tracking and trending environmental aspects to the appropriate standards. Key compliance processes are deployed across the enterprise through the Health, Safety, and Environment division. Program leaders are assigned to each FM&T initiative for key compliance processes. These leaders utilize Command Media documents to describe their processes and provide instructions across the enterprise. FM&T consistently surpasses regulatory and legal requirements [7.6a.(3)-1 thru -3].

To manage risks associated with FM&T/KCP weapons products and operations, there are Producibility ratings. These ratings consider the level of difficulty in the process, availability of materials, equipment, technology, and maturity to arrive at an overall risk level. Product features identified as critical to nuclear safety are required to be documented on a Nuclear Safety Requirements Map. Requirements Maps detail the specific feature with critical characteristics along with the FM&T/KC method to control that feature.

Risks associated with operations are controlled using the Preliminary Hazard Analysis (PHA)*** and Job Hazard Analysis*** (JHA) processes. JHA's and PHA's evaluate each process, identify hazards associated with equipment, materials, processes, environment, or any other facet, and apply controls to manage the risk. Health, Safety, and Environment employees team with and engage employees from Quality, Engineering, and Manufacturing to address and mitigate each risk before the process is allowed to start. PHA criteria are evaluated for new equipment, material and processes introduced at FM&T.

Formal processes implemented via CM*** define the steps associated with reviews for potential safety concerns associated with FM&T product. A Price-Anderson Amendments Act (PAAA) Coordinator has been empowered to oversee quality system effectiveness and review products for potential negative impacts to nuclear safety. This process provides for the voluntary reporting of concerns to address impacts of FM&T products, services, and operations on employees, other NSE partners, and the public.

Quality programs are evaluated for adequacy, compliance, and effectiveness in satisfaction of customer and regulatory requirements. Formal programs capture regulatory and legal measures and goals, track performance, and address risks associated with products and operations via the BSC. Identification of issues adverse to quality is a goal of the audit program. Internal audits are performed across the enterprise to ensure programs are in place to satisfy customer’s contractual operating requirements, regulatory, and legal requirements. An effective audit program serves customers, stakeholders, and partners through identification of improvement opportunities. Proactive quality management maintains high customer satisfaction levels and minimizes risks associated with products, Project Management, and operations. Therefore, key measures and goals for addressing risks associated with products and operations is FM&T’s ISO 9001 and ISO 14001 compliance, [7.5.a(1)-1]. The Facilities organization, in conjunction with Integrated Supply Chain, manages energy reduction and recycling programs.

1.2.b(2) The Honeywell culture and government security clearance processes do not tolerate unethical behaviors. FM&T promotes, measures, ensures, and monitors ethical behaviors, responding to incidents using documented policies that detail expectations and consequences. FM&T provides training and certification related to ethical behavior. A Honeywell Operating Policy details specific ethical expectations. Formal on-line training provides examples and testing to ensure understanding of ethics and proper application of the policy. Employees are also encouraged to share any concerns with their manager. Ethics hot lines are available through FM&T, the NNSA, and Honeywell corporate. Hot line use is encouraged with assurance of no negative consequences for the reporting person.

FM&T’s General Counsel (at the FM&T/KC location) is a role model for an open door policy, attends and presents a functional review quarterly at the monthly enterprise BOR meeting, discusses ethics at the New Employee Orientation (NEO)*** briefings, conducts the Employment Law for Managers training, and is a valued member of numerous teams. HR serves as points of contact for workplace issues such as sexual harassment, discrimination, leave of absences, employment law, performance issues, and disciplinary dilemmas. Key processes, measures and indicators for monitoring and enabling ethical behavior in FM&T’s governance structure, throughout the organization, and in interaction with customers, partners, suppliers and other stakeholders, are included in [1.2.b(2)].

The HPD process documents performance with the 12 behaviors (values) and provides a vehicle to monitor and respond to ethical breaches. Policies provide for consequences up to and including termination for violations. There have been minor incidents related to failure to adhere to security requirements. For example, employees have self-reported carrying a cellular telephone into the plant – a violation. Multiple incidents can result in discipline up to and including termination. In response to these breaches, FM&T Security has installed an electronic verbal reminder when people pass through perimeter turnstiles not to enter with a cell phone. These reminders have helped significantly improve security compliance, and are being expanded to include safety and other topics.

Figure 1.2.b(2): Segmented Integrity and Compliance

	Process
Governance Structure and Interactions with Customers and Partners	<ul style="list-style-type: none"> • Emphasis on Purpose (Operating Policy) • Emphasis on 12 Honeywell Behaviors (Values) • Integrity and Compliance program • Ethics & Business Behaviors refresher courses • HON Operating Policies • Code of Business Conduct Training • ISO 9001 and 14001 • Audits • HPD • MAS
Throughout the Organization	<ul style="list-style-type: none"> • Command Media – Work Instructions • Training, security, and Health Safety & Environment • Price Anderson (PAAA) • Corrective Action effectiveness [7.5a.(2)-4] • Audits • New Employee Orientation (NEO)
Interactions with Workforce & Supplier Stakeholders	<ul style="list-style-type: none"> • Workforce • Item 5.2.b(1) • Suppliers • Ethics information • Formal conflict of interest procedures for purchasing and other activities • Both • Contract agreements • Command Media
Key Measures	<ul style="list-style-type: none"> • Figures 7.1a-9 through -12 • Figure 7.6.a.(3)-3 • Figure 7.6.a.(4)-2

The FM&T governance structure proactively provides all employees with training and awareness of ethics requirements. All new hires receive training pertaining to ethics and security requirements. Training completion is tracked to verify the target audience has successfully taken required courses, [7.4.a(3)-3]. Presentations reinforce messages delivered by SLs, and are reiterated by managers. The Law Department provides resolution of conflict of interest questions. Ethics requirements are part of employee performance expectations, and are managed using HPD and eLMS. The Honeywell Code of Conduct is a required annual recertification that is a key vehicle used to communicate ethical expectations to employees.

1.2.c(1) Daily operations and the effect on societal well being are addressed through deployment of FM&T’s Purpose, ISO 9001 quality & 14001 environmental systems, an active Price-Anderson program for nuclear safety, self reporting of safety violations, and self reporting of security incidents. The VPP provides a framework for safety. FM&T employs the

independent resources of third party assessors to validate FM&T compliance with international quality system and environmental system standards, ISO 9001 and ISO 14001 respectively. These independent audits verify that quality system and environmental management systems are performing in accordance with the standards.

The commitments kept to the community through the outreach programs and compliance with environmental, safety, and quality systems ensure consideration to social, environmental, and economic systems is appropriately provided and managed. FM&T has established energy reduction initiatives with corresponding engagement of the workforce. Recycling efforts include paper, aluminum, and electronics [7.6.a(5)-1 and 7.6.a(5)-2].

1.2.c(2) FM&T uses the Honeywell Hometown Solutions*** (HHS) guidelines to support and strengthen key communities. HHS is a Honeywell sponsored program that supports four main areas of interest: 1) Science and math education programs; 2) Family safety and security; 3) Housing and shelter; and 4) Customer focus. FM&T supplies engineering and other support to the First Robotics competition that has become an annual event. First Robotics is a national competition that energizes high school students in technical tasks in hopes of sparking interest in future engineering or scientific careers.

FM&T strengthens these relationships through formation of teams that plan, schedule, and deliver on the commitments to the respective organization. The FM&T Employees Club*** organizes the various functions to support the community. The club, consistent with the FM&T drive to continuously improve in everything we do, looks for new ways to contribute to the community or ways to broaden support. HHS as a formal process was the structure used to evaluate, prioritize, and reduce the more than 20 unique FM&T-supported programs to the key four that best support the community, Honeywell, and employees.

Honeywell Policy demonstrates good corporate and civic responsibility, and inspires SLs outreach and engagement. SLs contribute financially to HHS, encourage staff, provide resources to coordinate, and personally endorse employee-giving campaigns, [7.6.a(5)-5]. Several SLs serve on community boards of directors. SLs give personal time to actively engage in community activities such as Christmas in October and Harvesters food collections [7.6.a(5)-4]. It is common to see SLs greeting employees at the entrances to assist with the collections for Harvesters in all four seasons or swinging hammers to improve a person's home. FM&T is also an active supporter of small business with formal programs to target small and disadvantaged businesses for potential partnerships [7.6.a(5)-3].

2. Strategic Planning

2.1.a(1) FM&T conducts its strategic planning process, (STRAP)***, annually, using an eight-step process. The STRAP process is owned by the Director of Business Development and is managed by the STRAP team, a six member cross-functional SSP team of SLs and managers. The strategic planning participants include customers, competitors, stakeholders, high potential staff, SLs, and an external facilitator. Strategic advantages and challenges are identified through the annual environmental scan that includes surveys of key decision makers, [Item 2.1.a(2)] Voice of Customer*** data, employee engagement survey data, core competencies***, comparative data, third party assessment feedback such as Malcolm Baldrige feedback reports, and quarterly environmental scan updates during the in-depth strategic plan reviews. Blind spots in FM&T's strategic planning are identified through STRAP Team review of environmental scan data, the increased breadth of the STRAP process participation.

The last step of the STRAP process is to evaluate the process for opportunities for improvement (OFIs). The STRAP team utilizes the Baldrige self-assessment and third party assessment feedback, SL and STRAP participant feedback to OFIs. Resulting OFIs are prioritized and these processes are systematically improved using the SSP CIM process. In addition, due to 2008 STRAP participant feedback, an external facilitator (consultant) and subsequent process enhancements (prioritization, quarterly environmental scans, and quarterly in-depth strategic plan progress reviews) were included in the 2009 STRAP process.

The STRAP is a key input to the BSC*** process. More than 98% of salaried employees have an HPD*** goal directly aligned with the BSC. By linking HPD and BSC goals, employee's merit increases directly relate to key FM&T results [7.6.a(1)-2]. Key outputs from the STRAP process include the STRAP priorities, strategies, action plans, measures, targets, and owners.

The process for identifying core competencies was originally developed by a SSP team in 2005 using the DMAIC methodology. The process for selecting core competencies*** is to test each potential core competency using a VIRO* filter to determine if the consideration is Valuable, hard to Imitate, Rare, and an Opportunity to exploit. A SSP tool, the Modified Pugh Concept Selection (MPCS), is used to compare the potential core competencies with one another to determine the strongest set and to measure the alignment of each potential competency with the mission and vision statements. A cross-functional FM&T SSP team conducts this process at least annually. In 2008 during a cycle of learning, the MPCS tool was introduced as an enhancement to drive a more effective and objective selection methodology. In 2009, process and results measures of core competencies were identified. Cycles of learning incorporated in 2009 include the identification and alignment of each SBC's core competency (ies), a plan for identifying and aligning FM&T core competencies with stakeholder core competencies, and

institutionalizing core competencies into additional key processes.

2.1.a(2) Strategic planning addresses FM&T's strengths, weaknesses, opportunities, and threats through an environmental scan that includes the Political, Environmental, Social, Technological and Legal information (PESTL). This information is collected through a preplanning assessment survey, voice of customer-aggregated information, employee engagement survey data, core competencies, comparative data and third party assessment feedback such as Baldrige feedback reports and results of market data. The PESTL surveys target key decision makers representing FM&T business environments so that information related to early indications of major shifts in technology, markets, products, customer preferences, competition, and the regulatory environment are included in FM&T's strategic planning. FM&T uses this combined data to review / validate the mission and vision statements and generate the critical issues to be addressed within the strategic planning process (including long-term organizational sustainability and core competencies). Action plans include short-term, (12 month) planning goals that support both fiscal and calendar years and long-term planning goals, (at least 5 years out) to align with Honeywell and the traditional and non-traditional customers.

2.1.b(1) The prioritization process for key strategic objectives includes 1) identifying the dominating issue, 2) identifying the action plans within the strategic objectives, 3) adjusting the timing and dependencies for prioritized items, and 4) reevaluating the remaining items.

2.1.b(2) FM&T's strategic plan is focused on addressing its strategic challenges, [Item P.2.b] Maintaining the core (traditional customers) and Work for Others (WFO, non-traditional customer) business. One strategic objective is focused on maintaining the current M&O contract (with the core traditional customer) and WFO business. To all achieve SOs, FM&T relies on core competencies and a CMCK culture reflected in performance; people; and the delivery of customer valued products and services.

FM&T ensures that the strategic objectives balance short-and longer-term objectives and opportunities by:

- using a 5 year planning horizon to focus on longer-term objectives
- developing 5 year goals for strategic objectives
- transferring short-term goals to the BSC [4.1.a(3)] for deployment through EAP [1.1.a(1)-2]
- including comparative data [4.1.a(2)-1]

FM&T's SOs balance the needs of all key stakeholders because they are developed by participants that include customers, competitors, stakeholders, high potential staff and SLs who are independently facilitated. FM&T's Strategic Plan is reviewed and approved by the Honeywell Defense and Space President. In addition, the EAP reinforces the balancing of all key stakeholder needs by including the STRAP, the

current year PEP, the key customer requirements [3.2.c(2)-2], and Honeywell functional priorities / objectives.

2.2.a(1) New services include expanding our Management Assurance System, (MAS^{***}) expertise.

2.2.a(2) During the STRAP process, through a series of brainstorming sessions, STRAP participants develop action plans (APs) with accountable owners to address each strategic objective (SO). An SO may include many APs with several sub-tasks (ST), to achieve action plans. Each sub-task has an owner and due date. Action plans are assigned based upon function or as development opportunities for high potential staff. Individuals accomplish STRAP assignments by forming SSP teams as applicable.

Action Plans are deployed and sustained throughout the organization by:

- step four of the STRAP process
- the monthly BSC review process during the Business Operations Review (BOR)^{***}, [Item 4.1.b]
- the monthly BOR review of the Strategic Planning Milestone Completions BSC measurement, [7.6.a(1)-1] that measures achievement of the action plan milestone achievement.
- the quarterly in-depth reviews where SLs hold each action plan owner accountable for outcomes and each action plan owner reports status using a stop light criteria [4.1.a(1)-2]
- the pay for performance philosophy within HPD^{***} process that supports goal achievement through application of the Honeywell behaviors/values
- the Reward and Recognition programs that reward hourly and salaried staff for outstanding efforts to achieve the organization's goals while exhibiting FM&T's mission, vision and values

Those action plans that involve suppliers and partners utilize deployment methods dependent on the outcome required. For example, FM&T flows down the key supply chain requirements of quality and delivery to its key production suppliers within the SPI^{***} as a means to communicate FM&T's vision and values. In situations where FM&T needs NSE partner participation to achieve the PEP objectives that support financial objectives, the FM&T President will utilize his membership in the NSE Integration Council as a venue to explain and gain support for FM&T strategic initiatives such as KCRIMS. The council membership includes the contractor leaders from the eight NSE sites whose purpose is to resolve issues and drive improvements across the NSE. When this strategy is not successful, FM&T may ask the customer to use a multi-site PEP objective across the NSE to drive cooperation. A multi-site objective is one in which all sites within the NSE must work together to achieve success for the objective or none of them receive the full award fee

2.2.a(3) Financial and other resources are ensured and allocated to support the accomplishment of the action plans through the EAP process, [1.1.a(1)-2] and the Strategic Action Plan Resource Allocation processes. Each of the processes utilize alignment to strategic action plans as a key

determination for resource allocation. Progress updates, financial and other risks for strategic action plans are reviewed monthly in the BOR meeting. Progress toward goal achievement utilizes a stop light criteria of red, yellow, and green [4.1.a(1)-2].

The stop light method is used to reflect status, and solicit support when necessary for effective execution of the action plans. Major projects that support SOs such as KCRIMS are managed under FM&T's project management process [2.2.a(3)-2]. This process utilizes a risk-based approach to determine the techniques and tools to adequately control the project processes throughout the entire life cycle of a project. The specific attributes of each project (scope, budget, cost, schedule, technical / business issues, customer satisfaction status, and risks) are used to categorize the project into one of four rigor categories. The rigor category determines the formality of tools and project controls required.

Figure 2.2.a(3)-2 FM&T Project Management Process



2.2.a(4) Each action plan owner comprehensively assesses the current and future project scope, cost, schedule, technical / business issues, and customer satisfaction status. FM&T performs this assessment using a defined process that follows established rules [4.1.a(1)-2]. Each template indicates red, yellow, and green status. During the BOR, the strategic planning process owner shares the overall assessment and shares any aggregated concerns that may require shifts in plans or the rapid execution of new plans. When a change is needed it is submitted as a baseline change for the applicable action plan and concurrence by the senior leadership and the six member STRAP teams. The BSC process is utilized to determine if the BSC needs to be modified. If so, changes are made and deployed to the workforce through the EAP process, [1.1.a(1)-2].

2.2.a(6) The EAP process, incorporating the BSC process, ensures systematic deployment of the SOs, guides appropriate goal setting, and ensures that the measurement system covers key deployment areas and stakeholders while reinforcing organizational alignment.

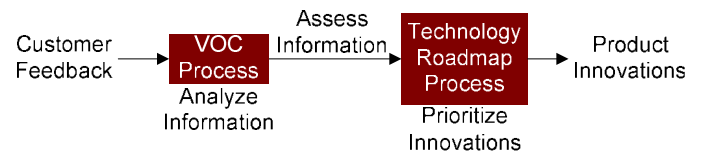
2.2.b FM&T uses traditional trending analysis based on historical data and internal and external assessments to determine performance projections for FM&T's short- and longer-term planning time horizons. FM&T expects its projected performance to compare favorably with goals, competitors, and benchmarks. Monitoring the strategic plan and the BSC ensures progress towards FM&T's goals. FM&T addresses current and projected performance gaps relative to competitors or comparable organizations by modifying action

plans, initiating appropriate SSP improvement teams [Item 6.2.c] and allocating necessary resources [5.2.a(1)].

3. Customer Focus

3.1.a(1) FM&T uses the VOC*** and Technology Roadmap*** processes [3.1.a(1)] to identify and innovate product offerings to meet the requirements and exceed the expectations of current and new customers customer groups and market segments. FM&T coordinates the VOC information and Technology Roadmap information with the Business Capture Process (BCP)***. FM&T expands current customer relationships and attracts new customers by sharing success stories and providing opportunities to offset innovation costs by partnering with them to further develop a product or service offering through the Technology Roadmap process.

Figure 3.1.a(1): Identifying & Innovating Product & Services



Positive results from deployment of this approach include examples from many market segments:

- The incorporation of the SCMC* for the NSE market segment satisfied a need to reduce supply chain management costs through consolidating activities and leveraging strengths. This deployment has generated more than \$60M over two years [7.1.a-6].
- The Mobile Emergency Communications Network (MECN), for the DOE market segment, was a result of having a good customer reputation. The non-traditional customer initially chose FM&T due to cost. The customer satisfaction with FM&T performance has led the customer to state to the community that FM&T will be their manufacturer of choice for all custom-built products.
- New business customers, such as those from the Department of Defense market segment, often come to FM&T for our diverse technical and manufacturing capability. In one case, the customer had an issue with a bearing lubricant that would have caused an expensive redesign. FM&T provided a more cost effective solution and prevented an additional degradation issue that the customer had not considered.
- Technology roadmapping led innovative FM&T scientists to partner with the non-federal market to investigate boron cage compounds and their ability to reinforce polymeric matrices. This partnership was with an American Chemical Society's 2009 Priestly Award winner.

3.1.a(2) FM&T determines key mechanisms (methods) to support product use based on customer group and market segment needs and VOC feedback. FM&T enables customers to seek information and conduct business through methods used for listening and communicating with customers [3.1.a(2)-1]. A recent innovation for key mechanisms was the development and deployment of a White Paper process.

Figure 3.1.a(2)-1: FM&T Listening & Communication Methods

Customers	Traditional		Non Traditional	
	Established	Potential	Established	Potential
Note: Conduct <u>B</u> usiness, Seek <u>I</u> nformation, <u>C</u> omplaint Mechanism				
Face-to-Face				
Status meeting	B,I,C	B,I	B,I,C	B, I
Trade shows			B,I	B,I
Conferences		B,I	B,I	B,I
Mute-site forums	B,I	B,I	B,I	B,I
Audits	I,C	I,C		
Video Conferencing	B,I,C	B,I,C	B,I,C	B,I
Telephone / Mail				
Toll Free 800 #			B,I	I
Voice mail	B,I,C	B,I,C	B,I,C	B,I
Mail	B,I,C	B,I,C	B,I,C	B,I
Internet / Intranet Conferencing	B,I,C		B,I,C	
Electronic				
Customer inquiry			I,C	I
E-mail	B,I,C	B,I,C	B,I,C	B,I
Extranet Web site		I	B,I	B,I
Internal Web site	B,I	B,I		
Whitepapers	B	B,I	B,I,C	B,I
Other				
Marketing Communications	B,I	B,I	B,I	B,I
Voice of Customer	B,I,C	B,I,C	B,I,C	B,I,C

The key means of customer support are identified by the Responsible person [3.1.a(2)-2] as assigned in the BCP process and vary for different customers, customer groups, and market segments as appropriate to best meet their needs.

Figure 3.1.a(2)-2: Customer Support Roles & Responsibilities

Business Capture Process Role	Business Developer	Program Manager	Principal Investigator
Business Capture Process Responsibility	Business Capture	Manage Project / Organic Growth	Plan Project & Deliver Results
Note: <u>R</u> esponsible, <u>A</u> pproval, <u>S</u> upport, <u>I</u> nformed, <u>C</u> onsulted			
BCP (Identify, Assess, Pursue)	R	S	C
Draft Proposal (\$, Schedule)	R	S	C
Develop Scope of Work, Cost Price Estimate, Schedule	S	S	R
Proposal	S	R	S
Generate Plan	S	S	R
Develop Schedule	S	S	R
Launch Project & Deliver Results	S	S	R
Monitor & Control	I	S	R
Change Management		R, A	S
Internal Communication	S	R, A	C
Communications w/Customer – Technical	I	S	R
Communications w/Customer – Program Management	S	R, A	I
Reports – Individual Projects	S	S	R
Project Reporting – Programmatic	S	R, A	S
Close Project – External	C	C	R
Close Project – Organic	S	R, A	C
Post Project – Lessons Learned	C	R, A	C
Customer Follow Up – Organic	S	R, A	C
Customer Follow Up – New Business	R	C	C

FM&T determines key customer support requirements by asking customers to rank the importance of and FM&T's performance for nine performance qualities.

FM&T ensures that customer support requirements are deployed to all people and processes involved in customer support through the BCP process, with the assignment of key roles and responsibilities [3.1.a(2)-2]; through the EAP [1.1.a(1)-2] process; and with other SSP processes.

Yearly, these processes are evaluated using Baldrige criteria self-assessments, third party assessments and other feedback. Resulting OFIs are prioritized and processes are systematically improved [Item 6.2.c]. FM&T has outstanding alignment of key customer requirements via alignment to the BSC to individual performance goals [7.6.a(1)-2] that lead to outstanding performance.

3.1a(3) FM&T keeps approaches current for identifying and innovating product offerings and for providing customer support current with business needs and directions through a yearly evaluation of the key processes (BCP, VOC, Technology Roadmap). Through cycles of learning applied to the VOC process, FM&T has included specific questions that ask about identifying and innovating product and service offerings, providing customer support, and keeping current with business needs.

The application of these integrated approaches have generated year-over-year growth, an increasing number of returning customers, and a healthy mix of new and sustained customers [7.2.a(2)-2], and key innovations to the VOC and Technology Roadmap Processes [3.1.b(3)-2].

3.1.b(1) FM&T creates an organizational culture that ensures a positive customer experience and contributes to customer engagement beginning with the hiring process. During the selection process, FM&T includes customer engagement expectations in the job postings, customer focus questions in telephone interviews, and requests examples of positive customer experiences during the behavior-based interviews. Once hired, employees are introduced to FM&T's CMCK*** culture during NEO***, where they are introduced to FM&T's organizational and governance structure; mission, vision, values*** and purpose; strategic challenges; customers and market segments; and key work systems and processes.

Through Six Sigma Plus (SSP)*** training and FM&T's purpose, FM&T's customer-focused culture is further reinforced with the introduction of the DMAIC methodology. The customer is at the center of the SSP and MAS*** methodologies. FM&T reinforces this culture using:

- formal business systems,
- consistent messages from leadership,
- continued focus on FM&T's values,
- targeted communication [1.1.b(1)]
- targeted listening methods [3.1.a(2)-1].

The salaried performance management system (HPD) and leader development systems reinforce this culture by aligning salaried employee compensation and promotional opportunities with measured performance against the twelve behaviors (values) [P.1.a(2)] and defined SMART (S**pecific**, M**easurable**, A**ggressive** but A**ttainable**, R**esults-oriented**, and T**ime-bound**) results. Growth and Customer Focus is one of the twelve Honeywell behaviors (values). These linkages

assure that employees focus on deliverables supporting customer engagement and satisfaction.

3.1.b(2) FM&T builds and manages customer relationships by using an integrated structure of managers from program management, business development, and specific functions [3.1.a(2)-2]. FM&T also aligns the stages of the customer lifecycle with the appropriate business function. For instance:

- Business Development acquires and builds relationships with potential new customers that are 12 – 18 months in the future and works to transition that customer to Program Management at about the 6-month mark.
- Program Management transitions this customer into another relationship when they are approximately 6 months out and stays with that customer through the lifecycle.
- The function that is providing the customer delivery will transition into the BCP process at the Propose stage, will interact daily with the customer, and will stay with that customer throughout the lifecycle.

FM&T’s approach seamlessly transitions through the customer lifecycle, and increases customer engagement through the planned overlap of lifecycle phases and the clear identification of roles and responsibilities [3.1.a(2)-2]. FM&T consistently meets and exceeds customer requirements and expectations. FM&T has increased engagement with customers [7.2.a(2)-1] and engaged additional customers with the effective deployment of the BCP STRAP, and VOC [3.1.b(2)] processes and the integration of cycles of learning.

Figure 3.1.b(2): VOC Process Drives CMCK

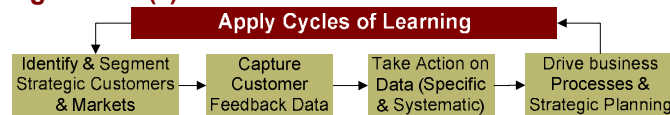


Figure 3.1.b(3)-2 Cultural Changes from VOC

Element	Prior State	Innovation
Customer Interviews	Senior Leaders added VOC collection to high-level customer visits	VOC inputs are now collected at nearly every customer interface level across our business.
Interview Approach	A very focused effort by a small FM&T group & a few key customers	VOC is now an underlying philosophy for daily customer interactions, helping to ingrain a customer care culture at FM&T.
Interview Process Planning	A very focused effort by a small FM&T group & a few key customers	VOC leads for each SBC create annual interview plans that align key deliverables with interview opportunities - no special trips, effort, or cost required.
Interview Forms Tailored	Common VOC information collection form used for all customers	Form is SBC branded so data can be analyzed within the SBC and aggregated with the business; ensures consistency and enhances comparisons.
VOC feedback included in strategic planning	VOC feedback and strategic planning SWOT analysis independently reviewed, analyzed and acted upon	VOC feedback is a formal strategic planning input, serving as a reminder that a successful strategy always requires customers.
Technology Roadmap Input	Innovations were supported through project work and through the Technology Roadmap	Customer needs from the VOC now included as an input into the Technology Roadmap and non-traditional customer opportunities are included in the prioritization of funded innovations.

3.1.b(3) FM&T keeps approaches current with customer business needs and directions by asking related VOC questions and applying cycles of learning to the VOC process.

The applied cycles of learning from VOC feedback has reinforced FM&T’s customer-focused culture. Figure 3.1.b(3)-2 includes cultural changes made because of the VOC process and its applied cycles of learning and innovation.

3.2.a(1) FM&T listens to customers to obtain actionable information and feedback on products, services and customer service by directly asking customers VOC questions [3.2.a(1)-1] and applying cycles of learning to listening processes.

In addition to the VOC feedback, strategic personnel are placed on special on-site assignments with customers, partners, stakeholders, and with competitors. These placements provide advance looks into changing customer and partner needs and directions. FM&T varies listening methods [3.1.a(2)-1] for customer groups and lifecycles [3.2.a(1)-2] to best align with their business needs and cultures. KCRIMS is an example of an innovation that resulted from using this approach with the traditional customer.

Figure 3.2.a(1)-2: Listening Methods Used During Lifecycle

Customer Lifecycle	Traditional		Non Traditional	
	New	Current	New	Current
Note: Face-to-Face, Telephone / Mail, Electronic, Other				
Identify, Assess, Pursue	F,T,E,O	F,T,E,O	F,T,E,O	F,T,E,O
Plan	F,T,E	F,T,E	F,T,E,O	F,T,E
Procure	F,T,E	F,T,E	F,T,E,O	F,T,E
Produce & Deliver	F,T,E	F,T,E	F,T,E,O	F,T,E
Monitor & Control	F,T,E	F,T,E	F,T,E,O	F,T,E
Obtain Feedback	F,T,E	F,T,E	F,T,E,O	F,T,E
Follow up-quality	F,T,E	F,T,E	F,T,E	F,T,E
Follow up-customer support	F,T,E	F,T,E	F,T,E	F,T,E
Follow up-transactions	F,T,E	F,T,E	F,T,E	F,T,E

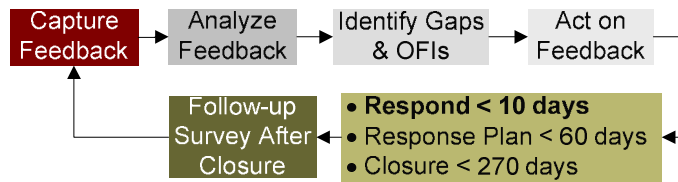
Customer follow-up, with identified action plans, related to any VOC issues (traditional or non-traditional) is within 10 days. Since FM&T’s traditional customer is co-located at FM&T / KC, customer follow-ups including product quality and customer support are with formal [Issues Management process [6.2.b(1)]] and informal [face-to-face, telephone, or email] approaches. Non-traditional customer follow-up uses the process for product quality and customer support concerns.

3.2.a(2) FM&T listens to former, potential, and competitor’s customers through the [3.2.a(1)-2] listening method approaches and with daily current customer interactions. The VOC process provides feedback related to current and former customer support and transactions. A contracted market research service performs requested market research and identifies potential opportunities, potential customer information, and information on customers of competitors. Through the BCP process, FM&T turns these potential opportunities into operating income growth.

3.2.a(3) FM&T manages customer complaints through the VOC [3.2.a(3)] and the Issues Management***[6.2.b(1)] processes. For customer complaints collected with VOC

feedback, it is expected that the appropriate customer representative responds to the customer.

Figure 3.2.a(3): VOC Complaint Management



When possible, issues are resolved immediately, especially with the co-located traditional customer. As appropriate, FM&T formally processes customer complaints using the Issues Management process to document, aggregate, and analyze the complaint. The Issues Management process documents due dates for the timely corrective actions and sends automatic emails to responsible parties as due dates approach. Gate reviews are required in the most significant customer satisfaction situations and are independent reviews of the cause analysis and corrective actions process at defined milestones to ensure compliance and enhance customer satisfaction and engagement at each process step. An independent third party performs an effectiveness review [7.5.a(1)-1] to verify that corrective actions are completed and satisfactorily address the complaint. Without customer concurrence, the complaint remains open. Complete customer satisfaction is sought before customer complaint closure and measured through follow-up surveys for issues identified through VOC feedback. VOC feedback and Issues Management process performance is monitored, measured, aggregated, tracked, trended, and reported as appropriate throughout the organization. Corrective action data includes customer feedback, customer rejects, customer survey results, and self-identified continual improvement data that might negatively impact customer perception or satisfaction.

3.2.b(1) FM&T uses VOC surveys, PEP scores, and repeat and new business (revenue) to determine customer satisfaction and engagement. For traditional customers, PEP scores [7.1.a-1] reflect FM&T satisfaction of customer deliverables in accordance with the prime contract. The VOC surveys are Strategic Business Center (SBC) branded so data can be analyzed within the SBC and aggregated with the business. This ensures consistency and enhances comparisons. FM&T collects information related to nine qualities with the VOC survey and uses this information to determine the traditional and non-traditional customer satisfaction. FM&T uses this same method to determine where customer expectations are being exceeded related to those nine qualities.

FM&T uses the rankings from the aggregated survey data to determine key customer expectations [3.2.c(2)-2] and to determine key customer satisfaction [7.2.a(1)-3, 7.2.a(1)-4] for traditional and non-traditional customers. FM&T considers the following when determining which customer to survey with the VOC process: customer availability, the need to sample all SBCs, and revenue. FM&T captures actionable information from the customer groups, Strategic Business Centers (SBC), market segments and customers. Balancing

the collection of these VOC measures enables FM&T to aggregate and analyze data to make improvements.

Organizationally, improvements are made through the SSP CIM*** [P.2.c-2] process and aligned through the EAP [1.1.a(1)-2]. Program Management (with representation from all SBCs) collaborates with FM&T partners to identify potential additions to the traditional workload. Project managers within Business Development also work with the SBCs and FM&T contacts on residencies in Washington D.C. and at the national laboratories to identify national security manufacturing or engineering work that fits within FM&T's core competencies. Through interaction within the government secure manufacturing and service needs, FM&T has increased the customer base [7.2.a(2)-2].

3.2.b(2) FM&T obtains information on customer satisfaction relative to the satisfaction with a competitor by asking in the VOC survey. FM&T combines these VOC responses with performance information and evaluates the combined information to determine if opportunities for improvement exist [P.2.c-2]. Additional information is collected through the [3.1.a(2)-1] methods. Results from these analyses typically drive improvements in the VOC, strategic planning, BCP, and comparative data processes. Due to the sensitive nature of the FM&T business, satisfaction levels of other organizations providing similar products or to industry benchmarks is limited to analogous comparisons. Examples of FM&T's comparisons are included in Category 7 results.

3.2.b(3) FM&T determines traditional and non-traditional customer dissatisfaction through direct customer interactions, product rejects, audit findings, material returns, customer memoranda, VOC feedback, and the traditional customer's PEP assessment [7.1.a-1]. For traditional customers, PEP scores reflect FM&T satisfaction or dissatisfaction of customer deliverables in accordance with the prime contract. FM&T captures actionable information with these measures that are reviewed by the appropriate functions, within the BSC, and during the BOR. FM&T's CMCK approach to customer satisfaction is intended to avoid dissatisfaction (as evidenced in the customer satisfaction and PEP assessment results); however, when dissatisfaction does occur, FM&T works diligently with the customer to resolve the issue immediately (as defined in the VOC and Issues Management process) and to ensure that the issue is effectively resolved [7.5.a(2)-4]. As appropriate, FM&T documents, aggregates, and analyzes the concern with the issues management and VOC processes.

Organizationally, process improvements are made through the SSP CIM [P.2.c-2] process and aligned through the EAP [1.1.a(1)-2]. Innovations FM&T has incorporated to meet customer requirements and exceed expectations include:

- Holistically looking at the entire customer life cycle from initial market research in Business Development through project completion and evaluation of lessons learned at the closeout
- Proposing, partnering and implementing Product Realization innovations

- Benchmarking VOC processes and incorporating and using a best practice within one week of discovery
- Restructuring FM&T to make it more customer-focused with the incorporation of NSMC

3.2.c(1) FM&T uses customer, market and product offering information in the assess phase of the Business Capture Process [3.2.c(1)-1] to identify current and anticipate potential customer groups and market segments. Customer support is distributed across managers from program management, business development, and engineering that support the customer groups and market segments. This enables FM&T to vary and tailor the support to each, deploy the people and processes and to determine the key support requirements for each customer, customer group, and market segment. FM&T selects these employees for their technical and product knowledge and skills. FM&T includes marketing in this BCP RASIC to ensure that the customers of competitors and other potential customers and markets in FM&T’s segmentation are considered. FM&T uses the communication and listening methods [3.1.a(2)-1] in the BCP process and feedback from the comparative data and strategic planning processes to determine which customers, customer groups, and market segments to pursue for current and future products.

Figure 3.2.c(1)-1: BCP Assess Phase Activities

Business Capture Process Activity	Potential				Current			
	BD	Mkt	PM	Engr	BD	Mkt	PM	Engr
Note: <u>R</u> esponsible, <u>A</u> pproval, <u>S</u> upport, <u>I</u> nformed, <u>C</u> onsulted								
Identify Opportunity	R	C	I	I	C	S	C	R
Meet with customer	R	I	I	I	C	I	C	R
Determine High-Level Needs	R	S	S	S	C	I	C	R
Ensure Opportunity Meets								
Prime Contract	R	I	S	I	C	I	R	C
Define Business Barriers/Risks	R	I	I	I	C	I	R	C
Define Strategic Value	R	I	S	S	C	I	R	C

3.2.c(2) FM&T uses customer, market and product offering information in the Pursue phase of the BCP [3.2.c(2)-1] and the MAS to identify current and anticipate key customer requirements (including products and product features).

Figure 3.2.c(2)-1: BCP Pursue Phase Activities

Business Capture Process Activity	New				Current			
	BD	Mkt	PM	Engr	BD	Mkt	PM	Engr
Note: <u>R</u> esponsible, <u>A</u> pproval, <u>S</u> upport, <u>I</u> nformed, <u>C</u> onsulted								
Identify Project Leader	S	I	R	C	S	I	R	A
Refine Strategic Value	R	I	S	S	C	I	R	S
Refine Customer Needs	R	I	S	S	C	I	C	R
Develop Draft Scope of Work	R	I	S	C	C	I	C	R
Define Barriers/Risks	R	I	S	C	C	I	R	C
Perform Gate Review with Stakeholders	R	S	S	S	C	S	R	C

The key customer requirements [3.2.c(2)-2] for the traditional customer were determined during the development of the MAS document and with the joint participation of FM&T and the NNSA on a SSP team. FM&T reviews these requirements and the process that was used to define them quarterly during a joint requirements review with the traditional customer. This process for developing these key customer requirements has been benchmarked by the NSE and Department of Energy (DOE) Since all customers must comply with the NNSA key

requirements in order to do business with FM&T, these are the key requirements for all current and potential customer groups and market segments.

Figure 3.2.c(2)-2: Key Customer Requirements Integrated

Customer Expectations from Voice of Customer				M & O Contract Requirements
Customer Segment	Top 3 priorities			<ul style="list-style-type: none"> • Meeting Product Schedule • Meeting Product Specification • Cost Management • Asset Management • Meeting Contractor Standards including HS&E and National Security
Traditional	Quality	Reliability	Delivery	
Non-Traditional	Responsiveness	Quality	Delivery	

FM&T Key Customer Requirements

- Meeting Product Schedule (Delivery)
- Meeting Product Specification (Quality & Reliability)
- Cost Management
- Asset Management
- Meeting Contractor Standards including HS&E and National Security
- Responsiveness

FM&T uses the VOC process to measure the changing expectations of and relative importance of customer’s purchasing or relationship decisions. The series of rankings determine the key customer expectation and satisfiers and provide information related to changing expectations and importance. This information is used by those key personnel during the Propose phase of the BCP process [3.2.c(2)-3].

Figure 3.2.c(2)-3: BCP Propose Phase Activities

Business Capture Process Activity	New				Current			
	BD	Mkt	PM	Engr	BD	Mkt	PM	Engr
Note: <u>R</u> esponsible, <u>A</u> pproval, <u>S</u> upport, <u>I</u> nformed, <u>C</u> onsulted								
Finalize Scope of Work	S		A	R			A	R
Generate Final / Formal Cost Estimate (CPE)	S		A	R			A	R
Develop Proposal	S		R	S			R	C
Perform Gate Review with Stakeholders	S	S	R	S	S	S	R	C

Within the traditional segment, the quality manual, CM, and Manufacturing Execution System instructions dictate activities and ensure alignment to the key customer requirements. Changing customer expectations may also be identified by the Program Managers during contract negotiations and / or contract reviews. In this case, as with VOC feedback, FM&T realigns with the current key customer expectation. Two key customer expectations for traditional and non-traditional customers are quality and delivery. Other expectations include reliability [7.2.a(1)-3] and responsiveness [7.2.a(1)-4]. Changes in focus during the life cycle of a project are addressed by the role and responsibility assignments in the Win / Book phase of the BCP process during the execution activity.

3.2.c(3) FM&T uses the customer, market, and product offering information from the VOC, the PEP assessment, and the operational performance measures as inputs into the SSP CIM [P.2.c-2] and Customer Relationship Management processes to improve marketing. FM&T uses the EAP process [1.1.a(1)-2] to build a more-customer focused culture, and the

application of the SSP methodology and Baldrige feedback to identify opportunities for innovation. VOC questions provide key information from customer, market, and product / service offerings for FM&T to use for improving marketing, building a more customer-focused culture, and identifying opportunities for innovation.

The information collected through this process and these key questions are used to grow the business. Examples of innovations resulting from FM&T's approach include:

- organizational changes and incorporation of best practices that improved FM&T's cost management system
- the implementation of best practices that improved FM&T project management process [2.2.a(3)-2]
- leveraging of corporate Honeywell customer and market research systems and contracts

3.2.c(4) FM&T keeps approaches for customer listening; determining customer satisfaction, dissatisfaction, and engagement; and use of customer data current with business needs with a yearly evaluation of the key processes that are used to collect, analyze, manage and act on customer information. Recent cycles of learning from this approach are in [3.1.b(3)-2].

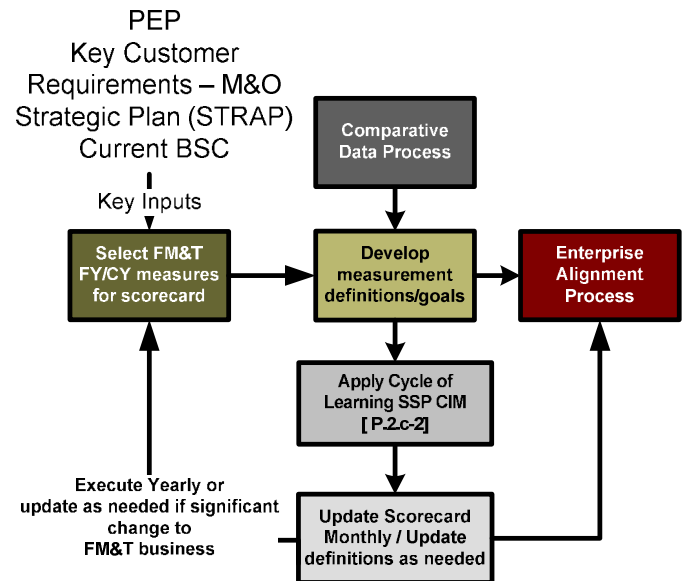
Specific to keeping approaches that determine satisfaction current with business needs, FM&T benchmarks the VOC process with Aerospace best practices and with competitors. FM&T uses these lessons learned to validate and improve the VOC methodology and measurement system. Recent VOC process enhancements include an innovative VOC market segment weighting and integration of all market segments into a single VOC score that is reported in the BSC and reviewed at BOR meetings. An alternate sources question was added to the VOC process after benchmarking a competitor and stakeholder's process.

Another enhancement has been the evaluation of FM&T's strategic placement of employees in residency positions at key customer location / positions. These strategic placements have increased FM&T's influence with the governing body for the primary traditional customer, increased NSE influence, and led more NSE-wide activities that demonstrate FM&T's influence.

4. Measurement, Analysis, and Improvement of Organizational Performance

4.1.a(1) The annual enterprise Balanced Scorecard (BSC) process*** [4.1a(1)-1] is the primary method used for selecting, collecting, aligning, and integrating performance goals and measures for overall organizational performance, including progress relative to strategic objectives. Specific performance objectives included in the BSC are identified annually by a cross-functional BSC team, which includes SLs, managers, and individual contributors. Key inputs into this process include: 1) STRAP***, 2) PEP***, 3) Key Customer Requirements – M&O [3.2.c(2)-2]; and 4) comparative data process*.

Figure 4.1.a(1)-1: BSC Process



Functional scorecards, aligned with the BSC goals, are used at multiple organizational levels to monitor processes, performance and to manage daily production, quality and engineering operations. Production, inspection and support personnel, including engineering, are held accountable for achieving monthly operational BSC goals. Daily targets are set for individuals in departments based on metric goals. Cases where performance is below target are communicated real time and resolved or appropriate actions noted on the status / issues board. These issues are discussed in the daily standup meetings, and those that cannot be resolved are elevated to the next tier stand up meeting, (i.e. the next management level). Resolution of these issues is then communicated to the appropriate personnel.

FM&T uses the BSC performance information to support organizational decision-making and innovation by:

- managing performance utilizing red/yellow/green scorecard “stop-light” [4.1.a(1)-2]
- reviewing the BSC performance in the monthly SL Business Operations Review*** (BOR) meeting, requiring any objective owner with red performance to present a formal corrective action plan
- utilizing key indicators as functional, process and/or system health indicators
- evaluating progress relative to strategic objectives in the monthly SL BOR utilizing key BSC measures
- measuring STRAP*** action plan achievement[7.6.a(1)-1]
- using performance against BSC goals, competitors and industry as opportunities for innovation, which are pursued with SSP teams and tools

Figure 4.1.a(1)-2: BSC Performance Goals and Ranges

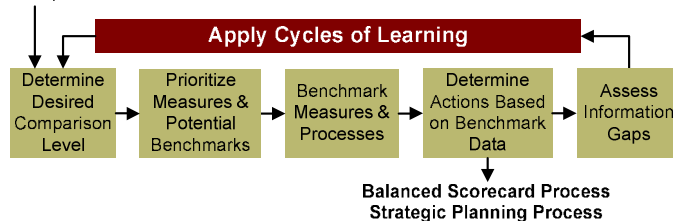
Indicator	Range	Performance
Blue	>=100% of goal	Performance is complete or at or greater than goal
Green	>= 95% to 100% of goal	An indicator of acceptable performance
Yellow	90% to <95% of goal	An indicator that performance is in transition and warrants monitoring
Red	<90% of goal	An indicator that performance falls outside the acceptable range and warrants immediate action

4.1.a(2) Comparative data is collected annually on key product/service, [Item 7.1], customer focus [Item 7.2], financial [Item 7.3] and other Results outcomes by the cross functional Comparative Data team utilizing the Comparative Data Process [4.1.a(2)-1].

Figure 4.1.a(2)-1: Comparative Data Process

Key Inputs

- Product / Service / Customer / Financial Outcomes
- Elapsed Time Since Last Benchmark
- Comparative Data Team
- VOC Process
- Current BSC
- SL Inputs



FM&T determines what measures or processes to pursue comparative data for, then determines the level (Tier) of comparative data to pursue beginning with tier 1, NSE-BIC. FM&T then seeks to find the desired information and will continue through the three tiers based on its performance as prescribed in [4.1.a(2)-2]. FM&T analyzes the performance differences and determines actions to be taken.

Sixty-nine percent of FM&T’s Category 7 results have comparative data (from within industry or commercial references); and approximately 60% of these show FM&T as the best performer. Initial KCRIMS*** cost savings targets were established based upon cost structures of other Honeywell business units. A third party benchmarking service was used to validate the final targets. Data may be limited because some companies and competitors are reluctant to share results and because there is not sufficient ROI to contract for additional comparative data.

Figure 4.1.a(2)-2: Comparative Data Levels & Definitions

Tier	Determine Comparison to Use	Definition
1	If FM&T Performance > or = to NSE-BIC - OR - If NSE-BIC is not available then go to Tier 2. Otherwise use Tier 1	NSE-BIC is within industry comparative data collected from best available performance within the NSE.
2	If FM&T Performance > or = to Key-Comp - OR - If Key-Comp is not available then go to Tier 3. Otherwise use Tier 2.	Key-Comp is key comparative <u>and</u> competitive data for the commercial (external) industry is collected from best available performance among Key Competitors [P.2.a(1)].
3	Not Applicable	Comm-BIC is comparative data for the <u>commercial</u> (external) industry and , is collected from the <u>best available performance</u> among leading commercial businesses like Honeywell International and recognized National / State award winners, (i.e. Malcolm Baldrige, Missouri Quality, and Shingo)

Processes may be benchmarked based upon VOC concerns, performance gaps, strategic priority and elapsed time since the last benchmark. Once data has been received and interpreted, actions are determined by key process owners. This data is also an input to the STRAP and BSC teams as potential performance gaps are evaluated and performance goals are recommended. FM&T categorizes and stores the benchmark data in the Benchmark Data Warehouse in Enterprise Content Manager (ECM) [4.2.a(3)] for knowledge preservation. The comparative data process is evaluated annually using Baldrige criteria, self and third party assessments [7.5.a(1)-2] and feedback from the steering committee and team members. Resulting opportunities for improvement (OFIs) are prioritized and the comparative data process is systematically improved [Item 6.2.c] using the SSP CIM process [P.2.c-2]. A recent improvement deployed as a result of this feedback included broadening the COMM-BIC sources to include Shingo Award winners.

4.1.a(3) FM&T continues to keep the performance measurement system current with changing business needs and directions, and sensitive to rapid, unexpected organizational or external changes through numerous methods. First, the BSC process aligns to key input processes so if the input changes the BSC is reviewed. Key input processes include the STRAP, PEP, and the Comparative Data Process. SLs, who are most aware of the changing business environment and/or business direction, review the BSC monthly during the BOR. Any required BSC changes becomes an action item owned and pursued by the Director of Quality, SSP & Business Excellence, the BSC owner. The BSC team, a cross-functional, multi-level team, enables BSC currency and sensitivity through the team’s diverse internal and external exposure to changes. In addition, at least one BSC team member is a member of each of the BSC process key input processes. The BSC process is structured such that any BSC member may call a review meeting based on a significant change or impact to the FM&T business. The BSC change control process enables BSC measurement owners to

add, delete or modify BSC measures throughout the year with approval from the BSC owner and the FM&T President. The BSC process is evaluated annually using Baldrige criteria self assessments and third party assessments [7.5.a(2)-2], BSC, VOC and team member feedback.

Figure 4.1.a(3): Balanced Scorecard (BSC)

Alignment	Performance Measures	Results (Goals & Projections Located in Figure)
Note: Key Customer, Honeywell Priority, PEP, STRAP, VOC, FM&T Priority, Vision / Mission		
P, V, K	Inspection Job Orders Completed Trouble Free	[7.5.a(2)-14]
P, V, K	Customer Product Delivery	[7.1.a-3]
P, V, K	Customer Product Quality & Reliability Performance	[7.1.a-4]
P, V, K	Traditional Customer Product/Service Milestones	[7.1.a-2]
K, V	Financial Budget Asset Mgt	[7.3.a(1)-2]
P, V, K	Customer Product Delivery	[7.1.a-3]
K, P	Manufacturing On-Time Completions & Inventory	[7.5.a(2)-12]
H, S, M	Customer Satisfaction (VOC)	[7.2.a(1)-1]
S, P, M	KCRIMS Project Milestones	[7.6.a(1)-4]
S, P, M	KCRIMS Transformation Cost Savings Ratio	[7.6.a(1)-3]
P, M	Six Sigma Innovations/Savings	[7.1.a-5]
S, H	Non-Traditional Cust. Growth	[7.3.a(2)-3]
P, K	Physical Asset Management	[7.1.a-7]
K, V, P	Inspection Job Orders Completed Trouble Free (Fact Based Quality)	[7.5.a(2)-14]
P, K	Cyber Security Performance	[7.5.a(2)-21]
S	Strategic Planning Milestones	[7.6.a(1)-1]
K	Business Excellence Maturity Path (BEMP)	[7.5.a(1)-2]
H	Developing a Performance Culture	[7.4.a(4)-3]
H, P, K	Health, Safety & Env. Index	[7.4.a(4)-5]
K, P	Security Process Performance	[7.5.a(2)-20]

Resulting OFIs are prioritized and the BSC process is systematically improved [Item 6.2.c] using the SSP CIM process [P.2.c-2]. Recent improvements deployed from this feedback include:

- increasing trending visibility for BSC information
- reducing the number of key measures tracked in the BSC
- consolidating the separate FY and CY goal setting activities.

Approximately 50% of the measures reported in Results [Category 7] are new measures incorporated within the last 36 months. This demonstrates FM&T's commitment to keeping performance measurement systems current and sensitive to internal and external changes and focusing on continual improvement.

4.1.b SLs use the MAS***, [1.1.a(1)-1] and the supporting key work systems and processes [6.1.a(2)] to review organizational performance, capabilities, competitive performance, progress relative to the SO, and the ability to

respond rapidly to changing organizational needs and challenges in its operating environment. The appropriate functional Management Operating Systems (MOS)*** within the MAS systematically identify the actions taken by management to evaluate the adequacy and effectiveness of business and operational performance and systems. The monthly BOR is one of the activities within the Senior Leadership MOS. The BOR focuses on progress towards accomplishing the organizational objectives and vision, and identification of areas of focus for improvement. The BOR is attended by the FM&T President, the Senior Leadership team and key stakeholders. A typical monthly agenda includes:

- Safety Message
- BSC Review
- Rolling Action Item List (RAIL)
- STRAP
- Growth
- Financial Review
- Voice of Customer*** (Quarterly)
- Sales Resource and Operations Planning (SROP)***
- Performance Evaluation Plan (PEP)
- Strategic Business Center Performance Review
- Functional Performance Reviews (Quarterly)
- KCRIMS Review

The BSC provides the primary framework for organizational performance. The BSC measures are closely aligned to the achievement of the STRAP, customer and Honeywell priorities. Each BSC objective has a SL assigned who is responsible for reviewing performance indicators and reporting when performance is not meeting targets. Action Plan (AP) owners report status monthly, and those not on target present corrective actions to SLs for concurrence. Red performance [4.1.a(1)-2] alerts the SLs that the objectives are not being achieved. STRAP milestone fidelity, [7.6.a(1)-1], is a BSC measure that monitors AP achievement. SLs use Rolling Action Items Lists (RAIL) and recovery plans to maintain action item focus. The BOR process is evaluated annually using Baldrige criteria self and third party assessments [7.5.a(1)-2], and Senior Leadership feedback. Resulting OFIs are prioritized and the process systematically improved using the SSP CIM process. Recent improvements deployed from this feedback included adding SBC reviews that reflect the change to the organizational structure (2008) and adding a request for new agenda topics at the end of each BOR to continue to increase agility with changing business needs and environment.

The frequency and type of analysis used to support reviews like the BOR and to ensure conclusions are valid varies based on the type of data being reviewed. The primary methods utilized include the key process methods listed within the Measurement, Analysis and Improvement work system. Analysis may include aggregation or indexing of lower level data, VOC customer satisfier prioritization, risk-based cause, root cause, control chart, competitive and comparative performance, tracking and trending and/or application of SSP tools and methodologies. For instance, when FM&T/ KC experienced a higher than normal number of customer source inspection rejections in 2008, it appeared that the FM&T/KC

quality performance was declining. After analyzing the data with SSP control charts, it was determined that although the number of rejects had indeed increased, the reject rate had not. The number of submittals to customer source inspection had increased significantly over time, with sustained outstanding quality performance.

Additional analysis methods include third party and internal audits.*** Identified audit issues provide performance feedback into the Issues Management process, [6.2.b(1)] driving corrective actions to meet process requirements. The Business Excellence Maturity Path (BEMP), a BSC measure [7.5.a(1)-2], is another method SLs utilize to assess FM&T's organizational success, the ability to respond rapidly to changing organizational needs, challenges in its operating environment, and its competitive performance. BEMP is based upon internal and external reviews using the Malcolm Baldrige Criteria for Performance Excellence. Resulting OFIs are prioritized and processes systematically improved using the SSP CIM process. Within this application are numerous examples illustrating how this process is used to improve organizational performance, drive innovations, and respond rapidly to organizational needs and challenges.

4.1.c Performance review findings help FM&T prioritize opportunities and resources for improvement and innovation through: 1) STRAP Process, which sets the strategic direction, defines APs and identifies opportunities for innovation; and 2) the BOR review of the BSC, which directs improvement / action plan development aimed at getting low-performing areas back on track. To deploy priorities and opportunities to all appropriate areas, FM&T relies on EAP [1.1.a(1)-2] to align the organization and guide decision making in support of common goals.

4.2.a(1) FM&T utilizes a variety of strategies to keep organizational data / information / knowledge accurate, reliable, timely and secure as shown in [4.2a(1)]. These strategies are developed through a partnership with users, data/information / knowledge owners, and the process owners that need the data / information / knowledge. The records management process addresses electronic and paper data and information. For electronic data / information / knowledge, Information Technology (IT) and Cyber Security also are involved. This partnership ensures the correct strategies and associated properties are identified and appropriately applied. For example, security and confidentiality are two very important properties due to the secure work environment in which FM&T must operate. Implemented strategies ensure that only the users that need the data / information / knowledge get access to it. The strategies are reviewed for effectiveness through 1) internal/external assessments / audits and 2) strategy reviews by the owners to ensure they are still effective. A recent addition is the Cyber Incident Response Team* based upon the FEMA (Federal Emergency Management Agency) Incident Response System, which is activated when there is a security or confidentiality concern. To improve system reliability FM&T utilizes an enterprise transaction database. As a result, no data has been lost due to

corruption. Should corruption occur, FM&T would potentially lose only 30 minutes of data due to the transactional logs and backup strategies.

FM&T keeps approaches for managing organizational data / information / knowledge current with business needs and directions through a yearly evaluation of the key processes using Baldrige-based criteria self and third party assessments [7.5.a(1)-2] and other feedback. Resulting OFIs are prioritized and the BSC processes are systematically improved using the SSP CIM process.

Figure 4.2.a(1): Key Strategies Manage Data, Information and Knowledge Properties

Property	Strategies
Accuracy	User testing, internal/external audits, records mgt.
Integrity	Employee ethics; training; central mgt by IT, records
Reliability	Off-site backups, enterprise transaction database
Timeliness	Web-based availability; data availability at every computer, daily electronic generated reports, CM
Secure	Access via owner-authorized permissions, firewall protections, classification marking, controlled destruction, Cyber Security Response Team.
Confidential	Annual security training, security clearance, multiple password protection, non-disclosure statements, background checks, Cyber Security Response Team.

4.2.a(2) Employees, supplier, partners, collaborators, and customers require highly detailed information to make business decisions and improve processes. FM&T makes a significant volume of organizational data and information available electronically [4.2.a(2)-2] via the use of reliable, highly centralized information technologies. All employees have access to computers. Employees utilize "MyPortal"***, an intranet site that provides access to almost all data and information needs including but not limited to: FM&T news, policies, manuals, procedures, work instructions, employee directory, MAS, BSC, software applications and organizational measures. With the increased need for data and information, FM&T provides a secure method to access systems remotely.

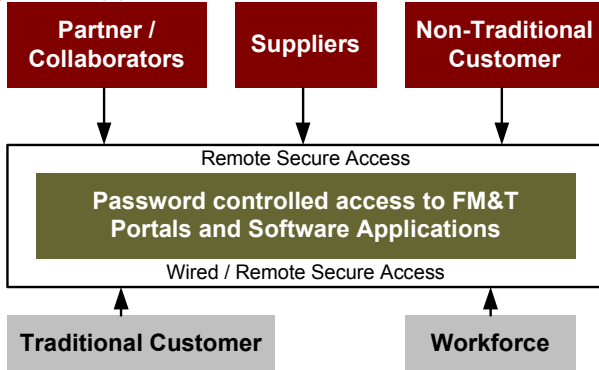
Figure 4.2.a(2)-1 SCMC Involves Suppliers



Suppliers, partners, collaborators and customers have access to needed information through the external web site "www.kcp.com" and the NNSA portal. Examples of shared external stakeholder data include: 1) product information shared with NNSA, NSE facilities, and national laboratories; 2) employee payroll and Honeywell, Performance and Development (HPD)*** information shared with Honeywell; 3) event reporting data shared with the NSE, NNSA, and Department of Energy (DOE) and 4) procurement information needed by suppliers. For example, the SCMC* [4.2a(2)-1], an FM&T led initiative, deploys NSE wide procurement needs to the NNSA eStore, providing a common tool for suppliers to do business with the NSE. Passwords enables internal and external users access to specific applications based upon business needs and user's need-to-know. IT and Cyber

Security, as part of the IT / Cyber strategic planning, review the accessibility methods to ensure they not only meet users' needs but also comply with appropriate federal laws. Recent additions have included the implementation of a web based, Wikipedia style system, which enhances collaboration between employees, customers and partners. The Records Management Process ensures non-electronic data and information is identified and appropriately marked and retained according to government standards.

Figure 4.2.a(2)-2 FM&T Makes Data /Information Available



FM&T conducts internal and external audits of access methods (both paper and electronic) and the associated processes to ensure that they meet the needs of the business and that the data and information is managed appropriately and in compliance with required laws and regulations.

FM&T keeps approaches for electronic and other data current with business needs and directions through a yearly evaluation of the key processes using Baldrige criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and the BSC processes are systematically improved [Item 6.2] using the SSP CIM process [P.2.c-2]. For example, the deployment of ECM* [Item 4.2.a(3)] was a recent improvement generated based on this cycle.

4.2.a(3) FM&T starts the management of important organizational knowledge by first identifying the knowledge needed. Then the appropriate team is formed, including the same type of partnership identified in users, knowledge owners, process owners and as needed IT /Cyber Security. Once the knowledge management strategy (including the appropriate collection, transfer and rapid identification, sharing and implementation of best practices) is identified, it is deployed to users along with any needed processes and training. **Figure [4.2.a(3)]** identifies some of the resulting strategies used to manage knowledge.

FM&T's hardware / software infrastructure provides a collection point for much of the managed knowledge ensuring the rapid transfer of not only best practices but also much of the organization's knowledge. The Records Management Process*** ensures any non-electronic knowledge is retained and made available to the stakeholders that need it. A recent initiative, Enterprise Content Management (ECM), has been deployed enterprise wide as part of KCRIMS to merge many

of the software applications that manage knowledge, providing better search and retrieval capabilities.

More knowledge is systematically being pushed to users via the use of reporting tools that pull knowledge from a variety of places, combines and summarizes it. This ensures the assembly and transfer of relevant knowledge including the knowledge used in the strategic planning process is available when needed. The items bolded below show the key approaches / tools used to manage the FM&T work systems' critical knowledge.

Figure 4.2.a(3): Knowledge Management Drives Results

Knowledge Management Approaches, and Tools ***	Purpose		Audience				Linkage	
	Collects	Transfers	Best Practices	STRAP Workforces	Customers	Suppliers		Partners
Focus on Workforce / Customers								
BSC	●	●	●	●	●			7.5.a(2)-8
Command Media Procedures	●		●		●	●	●	6.1.b(2)
Operations Instructions					●	●	●	
Cross-functional training / Job Rotation / Work transfer	●	●	●			●	●	5.1.b(1)-1
ECM	●	●	●		●	●	●	Item 4.2.a(3)
HPD / HOS	●	●	●	●	●			5.1.b(1)-1; 7.6.a(1)-2
Internal Enterprise Portal	●	●	●	●	●			1.1.b(1)
Issues Management process	●	●	●	●	●			7.5.a(2)-4
Knowledge Preservation Process	●	●	●		●	●	●	5.1.b(2)
MAS	●	●		●	●	●	●	1.1a(1)-1
Microstrategy Reporting		●		●	●			
Mistake Proofing Database / Process	●	●	●		●			6.1.a(1)-1
MOS	●	●		●	●			
Records Management Program	●	●	●	●	●	●	●	Item 4.2.a(3)
STRAP	●	●		●	●	●	●	7.6.a(1)-1
Shared Drives / Public Folders	●	●	●	●	●			
Training (eLMS)	●	●	●		●	●		5.1.b(1)-1; 7.4.a(3)-3
VOC Survey	●	●	●	●	●	●	●	Item 3.2 & 7.2
Focus on Supplier/Partner/Collaborator								
External Web Sites	●	●		●	●	●	●	3.1.a(2)-1
Honeywell Web	●	●	●	●	●	●	●	3.1.a(2)-1
NSE Wide Network	●	●		●	●	●	●	3.1.a(2)-1
SPI	●	●	●		●	●	●	7.5.a(2)-11
SCMC	●	●	●	●	●	●	●	7.1.a-6
Meetings/E-mails/Surveys	●	●	●	●	●	●	●	7.2.a(1, 2)-1 7.2.a(2)-2
Focus on Best Practices								
Six Sigma Plus	●	●	●	●	●	●	●	P.2.c-2; 7.1.a-5
Comparative Data	●	●	●	●	●			4.1.a(2)-1; 7.5.a(2)-7
Information Exchanges	●	●	●	●				P.2.c-2
Benchmarking/Peer Learning	●	●	●	●	●	●	●	P.2.c(2)
Baseline Change Management	●	●		●	●			7.3.a(1)-2

4.2.b(1) The Five Step IT Software Product Development / Procurement*** process ensures hardware and software reliability, security and user-friendliness prior to acquisition / development. During **Step 1 Concept** - the appropriate business and technical team is formed. **Step 2 Initiating** – ensures all the business and technical requirements are

identified including reliability, security and user friendly needs as well as data/information needs like accuracy, integrity, reliability, timeliness, security and confidentiality. **Step 3 Planning** - ensures the project is planned to meet the requirements. **Step 4 Executing** - ensures the solution meets the requirements including technology hardware / software, user, and security needs. During the “Executing” step, strategies such as data entry validation, piloting, testing, and user testing are utilized to validate the solution meets the needs. Appropriate training and completion of documentation is done during **Step 5 Closing**. IT / Cyber staff are certified GBs, and have received DFIT training (an IT focused SSP certification). Therefore, SSP tools and concepts are applied throughout the software product development process as appropriate. IT monitors the health of technology including reliability, customer satisfaction and security [7.1.a(9)]. When results indicate a problem, the IT Action Item Process*** is used to identify the cause of the problem and implement a solution. The IT Work Process is used during upgrades and to fix problems to ensure that hardware/software stay reliable, secure and useful to the user. The IT Change Management Process *** manages all hardware and software changes ensuring only approved changes are made.

FM&T keeps its approaches for ensuring hardware and software reliability, security and user-friendliness current with business needs and directions through an annual evaluation of the IT Software Product Development / Procurement*** process, Baldrige criteria assessments, self assessments, third party assessments [7.5.1(a)-2] and other feedback. Resulting OFIs are prioritized and the IT and Cyber Security processes are systematically improved using the SSP CIM process. Recent improvements have included the combining of security plans to reduce maintenance costs.

4.2.b(2) In the event of an emergency, formal procedures and practices ensure continued availability of data and information, hardware, and software systems. The IT Disaster Recovery Plan*** describes actions and processes required to sustain critical business IT applications during an unplanned interruption event (disaster recovery). The plan outlines activities for reducing the likelihood and impact of disaster events to critical business applications. A description of each functional area, associated recovery processes, recovery priorities, required hardware, critical documentation, and impact of loss are included in each of the prioritized items in the plan. Annual reviews, updates, and coordinated recovery planning integration efforts affirm the plan’s effectiveness. Additionally, managers and employees are responsible for properly safeguarding information assets.

FM&T keeps approaches for ensuring the continued availability of hardware and software systems current with business needs and directions through a yearly evaluation of the IT Disaster Recovery Plan process, Baldrige criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and the associated processes are systematically improved using the SSP CIM*** process.

4.2.b(3) The IT Technical Review Board (TRB)*** is responsible for keeping data and information availability mechanisms, including software and hardware systems, current with changing business needs, directions and technology changes. The TRB is comprised of senior technical experts assigned to direct FM&T’s technological direction, which is documented in the IT Technology Roadmaps. The TRB also ensures the IT Technology Roadmaps are aligned with the FM&T STRAP and Technology Roadmaps. The Roadmaps, based upon technical evaluations such as benchmarking and new industry technologies, address software applications, data, hardware, infrastructure and security providing strategies for the future replacement of hardware and software. These roadmaps, which are updated and reviewed at least annually, provide input into the IT STRAP *** process. The annual IT STRAP process, with input from the business, identifies actions that drive timely updates to the software/hardware systems. Additionally the IT Priority (Waterline)*** process is a prioritization process which is responsible for keeping IT systems current with business needs. When IT related business needs are identified, a cross-functional business team representing the functional leadership (the IT Customer Council)*** reviews and prioritizes those needs to determine which ones will be worked. The prioritized needs also provide input into the IT STRAP process, which is owned by IT management. Prioritized needs and IT STRAP actions utilize the IT Software Product Development/ Procurement process [Item 4.2.b(1)] to deploy implementations that meets the users and business needs.

FM&T keeps approaches for keeping data and information availability mechanisms, including software and hardware systems, current with business needs and directions through a yearly evaluation by the IT Technical Review Board (TRB) process, using Baldrige criteria self and third party assessments [7.5.a(1)-2] and other feedback. Resulting OFIs are prioritized and the associated processes are systematically improved using the SSP CIM process. Recently, a Green Belt team streamlined the TRB review process to make it more efficient.

5. Workforce Focus

5.1.a(1) FM&T uses a systematic approach of integrated surveys*** to determine, prioritize, measure and validate key factors affecting workforce engagement and satisfaction* [5.1.a(1)-1].

Figure 5.1.a(1)-1: FM&T Workforce Surveys

Step	Purpose	Workforce Group focus
1	HR conducts Positive Employee Relations (PER) survey to measure organizational capability, internal & external work environment, business strategy alignment, and communications. Salaried, and SL respond to the survey and rank the key engagement and satisfaction factors.	HR, Salaried, SL
2	HR conducts Employee Engagement survey to measure additional information on the hourly and salaried job satisfaction, manager support, communication, and other key engagement topics. Hourly, salaried, and SL respond to the survey and rank the key engagement and satisfaction factors.	Hourly, Salaried, SL
3	HR & SSP / Business Excellence aggregates, analyzes, and benchmarks the data to prioritizes and validates key factors that affect workforce engagement and satisfaction.	HR, SSP & BE
4	HR / SL identify and deploy focus groups to pursue action plans related to the OFIs	SL, Hourly, Salaried

The workforce is surveyed yearly to determine the factors for different workgroups and segments. Results from this process determine FM&T’s key workforce factors for engagement and workforce satisfaction [5.1.a(1)-2].

Figure 5.1.a(1)-2: Surveys Determine Workforce Key Factors

Key Factors from [5.1.a(1)-1]	From [5.1.a(1)-1] Surveys		COMM-BIC Benchmark
	PER	Engagement	
Workforce Engagement			
Career Opportunities	●	●	●
Work Life Balance	●	●	●
Competitive Rewards	●	●	●
Workforce Satisfaction			
Fair Policy	●	●	●
People	●	●	●
Safe Environment	●	●	●
Job Security	●	●	●

FM&T keeps these systematic approaches current with business needs and directions through a yearly evaluation of the survey and focus group processes using Baldrige criteria self and third party assessments and other feedback mechanisms, such as skip level meetings. Resulting OFIs are prioritized and the associated processes are systematically improved using the SSP CIM***process. FM&T applies these cycles of learning and continues to lead the benchmark [7.4.a(1)-3]. A recent cycle of improvement from this process is the incorporation of the Analog process [5.1.c(1)-1].

5.1.a(2) FM&T fosters an organizational culture that is characterized by open communication, high performance work, and an engaged workforce with systemic approaches that are deployed, integrated, and include cycles of learning as follows:

Open Communication. “Effective Communicator” is one of FM&T’s key values. The variety of communication methods [1.1.b(1)] enables FM&T to create a workplace in which each person is engaged, has the opportunity to grow and develop, and is recognized for his or her contribution. FM&T’s SL open door policy and information sharing are two of the leadership strengths. Open communication starts with the FM&T President. Quarterly All Employee meetings*** are held to share the state of the business and respond to employees’ questions and concerns. Email addresses such as

“Ask ‘FM&T President’” and skip level meetings provide an avenue for employees to have direct access to Senior Leadership for answers to questions or concerns. As Voluntary Protection Plan (VPP) Star sites, employees share safety concerns and intervene to assure an environment where employees help to keep each other safe.

High Performance Work. FM&T fosters an organizational culture that is characterized by a high performing and motivated workforce across work units using systematic goal setting and alignment with the EAP. FM&T continually improves processes with the SSP CIM***, facilitates skill sharing within and across work units, emphasizes the FM&T’s values, and drives a pay for performance/ accountability-driven culture.

Engaged Workforce. FM&T ensures the organizational culture benefits from the diverse ideas, cultures, and thinking of the workforce through HR policies, the 2008 deployment of an Inclusion Advisory Board (IAB)* and Employee Resource Groups (ERGs)*. The board’s charter is to develop FM&T’s overall diversity strategy. This board is led by the FM&T president and includes a dynamic and diverse group of salaried and hourly employees. Key elements of the IAB are described in 1 and 2 below.

- 1) Diverse Ideas & Cultures.** Employee Resource Groups (ERGs) are networks of employees working together to leverage diversity as an important part of the organizational / business success [5.1.a(2)]. FM&T supports six ERGs: Asian Network, American Indian Council, Black Employee Network, Hispanic Network, Equality & Pride Employee Network, and Women’s Network. Each ERG has a defined mission and vision statement and active participation.
- 2) Diverse Thinking.** ERG networks evolved out of a strong desire and need for "like" groups of employees to support each other in their professional development and overall contribution to the company. True to FM&T’s commitment to maintain an inclusive environment, ERGs welcome all interested employees to join and participate in their activities.

Figure 5.1.a(2): Purpose & Objective of ERGs

ERG Purpose	Objective
Recruiting / Retention	<ul style="list-style-type: none"> Assist in attracting diverse talent to Honeywell Enhance recruiting and retention efforts to ensure top diverse talent is attracted to and remains at Honeywell
Development	<ul style="list-style-type: none"> Support development of ERG members and other diverse employees Provide personal and professional support for all members and all employees Provide opportunities to network with other employees, as well as the business community Provide a means for members to address career management or professional concerns
Business Initiatives	<ul style="list-style-type: none"> Collectively work to drive business initiatives focused on diversity

These systematic approaches to foster an organizational culture that is characterized by open communication, high performance work, and an engaged workforce are kept current through a yearly evaluation of the survey and focus group

processes using Baldrige criteria self and third party assessments and other workforce and leadership feedback. Resulting OFIs are prioritized and the processes are systematically improved using the SSP CIM process. FM&T applies these cycles of learning and has continued to lead the benchmark [7.4.a(4)-3] for these organizational cultural elements. Deployment of the IAB and ERGs were a result of a recent cycle of improvement.

5.1.a(3) The workforce performance management system supports high performance work and workforce engagement, through the EAP [1.1.a(1)-2]. The EAP enables and reinforces effective, customer and business-focused goals. SMART goals are set, aligned with building a customer focused culture, aligned with strategic action plans through HPD*** alignment [7.6.a(1)-2], aligned with business needs, and deployed through the MAS.

Managers actively evaluate employee performance and provide timely feedback to foster desired performance and behaviors. Managers assess salaried employee’s overall results and behaviors in terms of exceeding, meeting or falling below the standards to determine 9-block placement with the HPD system. Higher performing employees are rewarded with higher raises, and may receive other additional rewards and recognitions. When employees demonstrate below standard results or behaviors and do not satisfactorily respond to feedback, managers may generate performance improvement plans. FM&T’s assessment process provides timely feedback [7.4.a(2)-3].

The workforce performance management system reinforces a customer and business focus and achievement of action plans through coaching, career development, rewards & recognition, and corrective action. Employees are provided information and advice on career opportunities and feedback on strengths and weaknesses to reinforce their individual accountability and contribution to the mission.

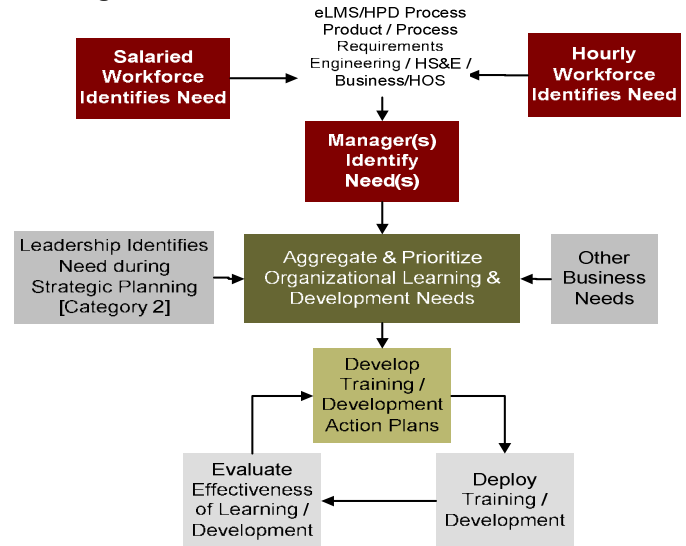
Rewards & Recognition: Special recognition programs, which include Spot Awards, STARR Awards (technical recognition), Jack Knuth-CMCK Award* provides the mechanism to reinforce a customer focus. Monetary awards are given to individuals and teams that delivered CMCK to key projects and receive patents during the year.

Compensation: Salaried pay depends on the employee’s current percent to market pay, internal equity, results and behaviors in performance plan year, and merit budget. Employee differentiation occurs based on the employees rating on a “9 block” rating system within HPD [7.4.a(2)-3]. The Variable Compensation Plan (VCP) initiated in 2008, rewards high performing band four employees (having higher responsibility / performance expectations) with the potential for a lump sum performance bonus annually. Union pay and benefits are formally negotiated per the union contract. FM&T keeps these systematic approaches current for performance management system support of high performance work and workforce engagement through a yearly evaluation of the performance management system, Rewards & Recognition, and Compensation processes using Baldrige

criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and the processes are systematically improved using the SSP CIM process.

5.1.b(1) FM&T’s learning and development system is illustrated in [5.1.b(1)-1].

Figure 5.1.b(1)-1: Addressing Learning, Development & Training Needs



FM&T identifies development opportunities to achieve higher performance by aggregating and prioritizing organizational learning and development needs. These needs are driven by:

- **Core Competencies *** and Strategic Challenges [Item P.2.b]** which are included in FM&T’s strategic planning process with the identification of **Short Term and Long Term Action Plans**
- **Ethics, Ethical Business Practices** includes NEO*** briefings, Law for Managers, Essentials in Supervision, Code of Business Conduct Training
- **Performance improvement and innovation** are enhanced through the basic and advanced SSP training.
- **Learning and development needs** for workforce and leadership based upon needs of the job position [5.1.b(1)-1]. Each job description details the specific education, skills, experience, and training required. New employee orientation provides information on a variety of key topics. Supervisors and managers annually evaluate each individual’s qualifications against the requirements of the job. Mandated training is required for an employee but is not job specific, such as ethics or time reporting. Qualification training is required to be able to perform the task, such as solder certification training. Developmental training is optional and / or additional training that is identified by the worker, supervisor, or manager to enhance or improve skills in the current area of performance, or prepare an individual for a future role.
- The breadth of the development opportunities available to the workforce and leaders within the learning and development system include: on-line training team projects, leadership development, functional excellence curricula, e-learning, classroom instruction, mentoring, SSP training, and experiences on the job.

FM&T keeps these systematic learning and development approaches current with business needs and directions through a yearly evaluation of learning and development process using Baldrige criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and the BSC processes are systematically improved using the SSP CIM process. FM&T applies these cycles of learning and continues to be the benchmark for the NSE. A recent example is the involvement of an hourly employee as an examiner in the Missouri Quality Award program.

5.1.b(2) FM&T's learning and development systems include connectivity into Honeywell's learning and development and address key factors for the workforce. New employee orientation (NEO) provides information on a variety of key topics, including focusing on the customer.

Learning and Development Needs are identified through [5.1.b(1)-1]. In addition to coaching, mentoring and training, FM&T provides rotations and residencies for employees to work in challenging learning roles and environments. Internships at the National Laboratories serve as learning opportunities to expand understanding of the NSE and weapons systems.

The Leadership Engagement and Development (LEAD) Program provides selected candidates with self-assessments and management assessments as a basis for establishing a development plan. A LEAD program mentor assists in the development plan by advising the candidate through three assignment rotations over three years. A successful LEAD candidate is then prepared to compete for a posted management position in the organization.

Training and qualification of people varies widely from training of machine operators to the use of Technical Fellowships. Employees are eligible for education assistance participation. Technical Fellowships enable employees to be full time students and fill critical technical need gaps at FM&T.

Knowledge Transfer from transitioning, departing, or retiring workers is important to FM&T. FM&T engages informal and formal mentors for new employees and those newly assigned. Teaming fosters knowledge sharing that transfers lessons learned among employees. CM*** captures written requirements that dictate the administrative operations and stores FM&T's process knowledge. FM&T uses employee separation checklists to identify those process descriptions or work instructions owners, prior to leaving, so that process continuity is effectively transferred to the new process leader. **Reinforcement of Knowledge** is managed with Management Operating System (MOS)*** (a list of key activities management uses to evaluate the adequacy and effectiveness of business and operational performance and systems) and SSP tools such as control plans to enable a smooth transition without interruption. The discipline associated with the SSP DMAIC reinforces new knowledge and skills on the job. Control plans monitor use of new knowledge and skills and measure performance to ensure improvements are sustained.

5.1.b(3) FM&T evaluates the effectiveness and efficiency of the learning and development systems indirectly through operational metrics aligned with formal business systems. If employees are not trained, equipped, and performing well, FM&T misses critical business goals. For example, FM&T tracks and trends the safety performance data to identify the leading injury causes on a monthly basis. Through additional awareness, training, reinforcement and other actions, the significance of these issues is reduced [7.4.a(4)-5]. Balanced Scorecards are utilized to capture performance against business goals [7.5.a(2)-8]. BOR performance reviews assess key business performance measures across the enterprise. Results reported at these meetings reflect overall operational outcomes. These outcomes indirectly reflect the adequacy of the effectiveness of applied training [7.4.a(3)-3].

The organizational goal for Qualification and Mandated Training is $\geq 98\%$ [7.4.a(3)-3] employees with current (no past due courses) learning plans. An organizational report summary of the percentage of learning plans complete by division, for all Qualification and Mandated training is reported monthly to Senior Leadership.

FM&T keeps learning and development system effectiveness and efficiency evaluation current with business needs and directions through annual evaluations of employee learning plans and training processes using Baldrige criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and the process is systematically improved using the SSP CIM process. Development plans for salaried employees are identified and discussed semi-annually using the HPD system.

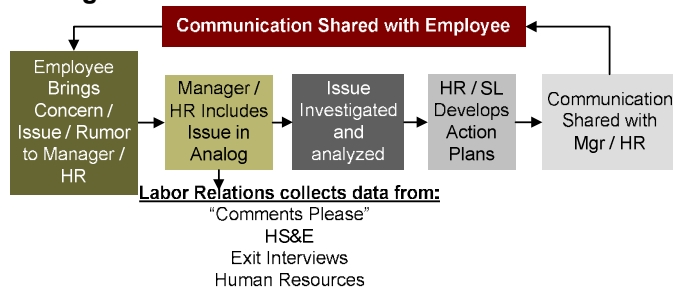
5.1.b(4) FM&T manages effective career progression for the entire workforce through the HPD, Management Resource Review (MRR)***, and job posting processes. During the HPD process, salaried employees are evaluated and identified as high potential, promotable, valued contributor, placement issue, or too new. As succession planning is performed, the high potential and promotable individuals are considered for readiness to assume one of the key roles for which they are targeted. The fit between talent and needs is evaluated to plan for career progression and succession, or to fill a key role by going outside. The MRR process is led by SLs and is the enterprise wide review of talent for future business needs, focusing primarily on the salaried workforce, but considers hourly employees as appropriate. Each year, managers evaluate key positions within their organization and identify career progression and succession candidates for management and leadership positions. Other key positions, identified through the critical skills and the technology roadmap processes, are also addressed with succession planning. The majority of the promotions are from within FM&T. Over the past several years, Senior Leadership positions have been filled with external promotions. This mixture of internal and external talent creates a healthy balance of diverse experience and innovative energies.

Career progression and succession opportunities are available to all FM&T employees. Employees can apply for either hourly or salaried positions using the same job posting system used to attract internal and external candidates. Promotional opportunities exist for any employee from either workforce segment (hourly or salaried) and are based upon the applicant’s performance history, qualifications for the desired position, a business need, and the availability of an opportunity.

FM&T keeps these career progression and succession planning processes effective and current with business needs and directions through a yearly evaluation of the succession planning and career development processes using Baldrige criteria self and third party assessments [7.5.a(1)-2] and other feedback. Resulting OFIs are prioritized and the processes are systematically improved [6.2-c] using the SSP CIM process as appropriate. [P.2.c-2]. A recent innovation from this evaluation was the development and deployment of career discussion guidelines for managers to use.

5.1.c(1) FM&T assesses workforce engagement with employee surveys [5.1.a(1)-1]. FM&T’s formal assessment methods and measures for determining workforce engagement and satisfaction are the surveys. FM&T aggregates and analyzes the results to determine key overall factors [5.1.a(1)-2]. These factors are compared with benchmarks to determine overall strengths and opportunities for improvement. Recently, FM&T implemented a proven process [5.1.c(1)-1] to identify, validate, categorize, prioritize and create action plans related to monitoring the “pulse” of the workforce.

Figure 5.1.c(1)-1: Assessing the Workforce using the Analog Process



FM&T’s informal assessment methods and measures for determining engagement and satisfaction include focus groups, one-on-one meetings, skip level meetings, All-Employee Meetings, and managing by walking around. Other indirect indicators of employee satisfaction, such as the attrition, workforce maturity, improvement activity cost and efficiency achievements, safety interventions, and security interventions are correlated with the other source data. The other source data and information are used to validate and expand the understanding of the root causes of the surveys feedback scoring. These methods and measures differ across workforce groups (SLs, Hourly, Salaried) and segments as follows [5.1.c(1)-2]. FM&T implemented a cycle of learning to include a stay interview process in 2009. While informal career discussions have been conducted by FM&T managers with their employees, the FM&T HR Department has studied

best practices among quality award-winning organizations in the area of formal stay interviews. In stay interviews, active employees are surveyed to collect reasons that they remain with the company and improvements they may suggest. A design for how to implement the stay interview process has been proposed to the HR Generalists staff and initiation of a formal process at FM&T is now under consideration.

Figure 5.1.c(1)-2: Workforce Engagement Drives Business Results

Groups		Engagement Approaches	Formal	Informal	Measure
SL	H	(Applies to all workforce segments)			
●		Positive Employee Relations Survey	●		7.4.a(4)-3
●	●	Exit Interview		●	
●	●	Stay Interview		●	
●	●	Six Sigma Plus	●		7.4.a(3)-1
●	●	Mentorship		●	

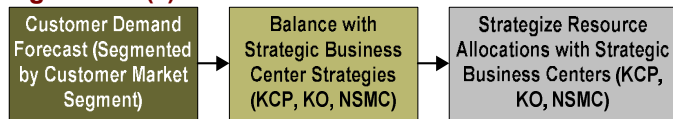
FM&T deploys focus groups to strengthen workforce engagement factors and to recommend / pursue improvement actions. FM&T keeps these systematic approaches current for assessing workforce engagement through a yearly evaluation of the survey, focus group, and analysis processes using Baldrige criteria self and third party assessments and other feedback. Resulting OFIs are prioritized and improvements implemented using the SSP CIM process. FM&T applies these cycles of learning and continues to lead the benchmark.

5.1.c(2) FM&T relates workforce engagement assessment findings to key business results as follows [5.1.c(2)].

Engagement Finding Identified	Deployed Opportunities for Improvement
Hourly workforce empowerment	Visual workplace and 5S
Work life balance	Telecommuting policy was developed and deployed
Worker grievances	Weekly manager meetings with labor relations reduced grievances
Workforce feels appreciated	Increased manager awareness and involvement -Survey results up 10%
Positive environment	Increased manager awareness and involvement -Survey results up 15%

5.2.a(1) FM&T assesses workforce capability and capacity needs, including skills, competencies, and staffing through the Sales Resource and Operations Planning (SROP)*** process [5.2.a(1)]. All major FM&T business segments (KCP, KO and NSMC) are included in the SROP process. SROP inputs include the growth forecast (current and potential orders) that needs staffing. This data is analyzed to determine the impact on the direct labor workforce capacity and capability. The resulting initiatives from the strategic plan are also analyzed to determine impact on future capacity and capability needs. The capacity, skills, staffing levels, and capability needs results are analyzed to determine whether there are gaps in current capabilities that can be filled through enhancing current employee capabilities using the learning and development process or by acquiring new employees through the hiring process.

Figure 5.2.a(1): SROP Process



FM&T keeps these systematic workforce capability and capacity needs assessment approaches current with business needs and directions through at least a yearly evaluation of the SROP process using Baldrige criteria self and third party and other internal feedback mechanisms. Resulting OFIs are prioritized and the SROP process is systematically improved using the SSP CIM process. Because of these applied cycles of learning, FM&T has had very few reductions in workforce and has continued to grow.

5.2.a(2) FM&T recruits, hires, places, and retains new workforce members using these systematic approaches.

Recruiting:*** Technical representatives regularly visit college campuses to recruit new talent. FM&T websites advertise open positions. A “Fantastic Friday” recruiting event is hosted by FM&T/KC employees each year to help talented students become aware of FM&T’s mission, and to consider FM&T careers.

Hiring:*** FM&T ensures the workforce represents the diverse ideas, cultures, and thinking of the hiring and customer community through careful planning for the job posting and close attention to the screening and hiring processes. The hiring of new employees considers both the technical strengths of an individual and the overall match of the person to the FM&T culture and organizational values. All FM&T employees must be US citizens. Jobs can be strategically posted at other Honeywell locations so that candidates sharing the Honeywell values and behaviors with a diverse commercial background are targeted.

Placing:*** Departments assign a person to serve as a point of contact between their workgroup and the new employee. This contact integrates the new employee with the workgroup and engages the new employee in activities that are relevant and contribute to the organization’s mission. A formal new employee orientation (NEO) program provides FM&T work life briefings. NEO topics include HR policies, benefits, safety, security, Mission, Vision, Values (Behaviors), and Operating Policy, (Purpose). The FM&T MyPortal and CM are demonstrated to provide easy initiation and use of processes and systems.

Retaining:*** FM&T retains employees by delivering high levels of satisfaction on key workforce engagement and satisfaction factors.

FM&T keeps these systematic hiring, placement and retention approaches current with business needs and directions through at least a yearly evaluation of the processes that support these activities using Baldrige criteria self and third party assessments and other feedback mechanisms. Resulting OFIs are prioritized, and processes are systematically improved using the SSP CIM.

5.2.a(3) FM&T is organized with three strategic business centers, functional services, and functional leadership. In, 2008, FM&T restructured the organization to align with customer needs and increase agility. FM&T’s organizational structure of Strategic Business Centers (SBC) is based on the application of its core competency. This organizational structure aligns with customer needs (such as quality requirements) and increases workforce agility. FM&T organizational structure and integrated SROP process enabled the flexibility and visibility to utilize its resources across the multiple customer/business segments.

FM&T’s employees provide organization-wide functional services that support the Strategic Business Centers. Functional Leadership provides the resources for, and manages, the workforce that directly supports the SBCs. This organizational structure enables the functional leadership and workforce to be agile and support business needs as they arise.

FM&T capitalizes on its core competency to achieve results. FM&T employs an engaged workforce that provides excellent customer service, a CMCK attitude toward getting the job done, the use of systemic processes, and a passion for continuous improvement. The EAP [1.1.a(1)-2] reinforces a customer and business focus by aligning the organization to achieve customer and strategic objectives, exceed performance expectations, and achieve the agility to address changing business needs. FM&T keeps these systematic workforce management and organization processes current with business needs and directions through a yearly evaluation using Baldrige criteria self and third party assessments and other feedback mechanisms. Resulting OFIs are prioritized, processes are systematically improved using the SSP CIM process. Recent cycles of improvement have included HOS and the 2008 changes to FM&T’s organizational structure.

5.2.a(4) FM&T prepares the workforce for changing capability and capacity needs through open and direct communications [1.1.b(1)]. For example, the fact that the workforce will be decreasing due to KCRIMS has been openly communicated to all employees. Other management elements include those listed below:

- **Workforce Management.** FM&T manages the workforce through the HPD process for salaried employees and with contractual agreements for the union employees.
- **Workforce Needs.** Employees in positions directly affected by KCRIMS were advised that their positions would be eliminated years prior to the date of elimination of the position. All employees are given opportunities for resume writing and other career development classes, offered mentors, career counselors, and advisors to prepare them for an ongoing or future career.
- **Continuity Needs.** FM&T continually streamlines job classifications for both hourly and salary employees to enable more flexibility of job duties and to increase the alignment with other Honeywell locations. The educational assistance program is available to prepare people to perform in new and different roles.

5.2.b(1) FM&T addresses workplace environmental factors to ensure and improve workforce health with an on-site medical facility and staff at FM&T/KC. A site occupational medical director, a full time nurse, and other support staff comprise the medical department. Medical provides an occupational health function that administers flu shots, health screenings, and other services to ensure the health of the majority of the FM&T staff. Additional offerings include aerobics classes, Weight Watchers® meetings, and support of healthy lifestyles through basketball leagues and other after hours athletic offerings. Similar offerings are available at FM&T/NM.

FM&T addresses workplace environmental factors to ensure and improve workforce safety with a professional staff of Health, Safety, and Environment (HSE) employees that are responsible for all aspects of employee well being and environmental stewardship. Safety professionals work with process owners to verify that processes performed at FM&T are safe for the operators. Formal chemical control plans, deployed across the enterprise, protect employee health. HSE oversees programs for hearing and vision protection. Oversight of environmental aspects, such as water or air discharges, are managed through the HSE organization. FM&T is certified in accordance with international standard ISO 14001, and audited for compliance [7.5.a(1)-1].

FM&T VPP STAR Sites have programs to encourage the active engagement of employees in safety interventions and regulatory compliance. HSE supports a formal intervention program where employees identify safety interventions and self report the activity. Meetings at FM&T start with a safety message. The FM&T safety theme “Safety, Changing the Way We Think About Work” sends the message to remind employees to focus on safe work planning.

Workplace Need	Performance Measure
Employee Health Services	FM&T Hourly & Salary Benefits Index
Workforce Safety	Meeting Contractor Standards – HS&E (Health / Safety) [7.1.a-10]
	Health, Safety, and Environment (HS&E) Performance Index [7.4.a(4)-5]
	Emergency Management Preparedness Training [7.5a(1)-6]
Workforce Security	Security Contractor Requirements (Physical Security) [7.1.a(9)]
	Security Contractor Requirements (Cyber Security) [7.1.a(9)]

FM&T addresses workplace environmental factors to ensure and improve workforce security with professional guard forces that protect FM&T facilities from intrusion. Security also safeguards the intellectual property, physical property, and employees [7.1.a-9]. Medical and the guard force provide emergency responders for medical emergencies. The differences in these factors and performance measures / targets for different workplace needs are identified in referenced **Category 7** results.

5.2.b(2) FM&T supports the workforce via policies, services, and benefits using the following approaches:

- **Policies:***** FM&T provides many workforce policies tailored to the needs of a diverse workforce. All employees

can access HR policies, procedures, benefit information, and view tailored services through MyPortal. Employee support policies and services include a range of offerings for different workforce groups and segments.

- **Services:***** FM&T enables flexible work schedules, as appropriate, for all employees to schedule their workday so that work life balance opportunities such as taking children to and from daycare, attending doctor appointments, or any other allowable commitment. FM&T has also deployed a formal telecommuting policy.
- **Benefits:***** The comprehensive FM&T benefits package includes 401K, AD&D, Dental, Disability, Flexible Spending, Legal Insurance, Life Insurance, Lifeline, Medical, Prescription Drugs, Retirement, and Vision. Every three years, FM&T conducts a Benefits Value Study with 15 other companies to determine the total value of company benefits. The study provides valuable comparative data for the services and benefits decision-making process. In 2002, Honeywell introduced a portable pension for new employees to support the changing talent pool and enable employees to take their pension benefit with them if they left the company.

6. Process Management

6.1.a(1) FM&T primarily designs, innovates, and implements its overall **work systems** and **work processes** utilizing the SSP CIM*** [P.2.c-2] and deploys them through a formal ISO 9001 Quality Management System*** in Command Media*** [6.1.a(1)-3]. The SSP CIM requires that FM&T systematically approach **design** projects with a Design for Six Sigma (DFSS) approach. **Define** projects clear ties to the business strategy, 2) **Measure** understanding VOC, 3) **Analyze** develop alternative concepts, 4) **Design** create a robust process, and 5) **Verify** pilot process/system and develop control plan ensure performance. The SSP CIM requires that FM&T systematically approach **improvement** projects with the same logical DMAIC methodology. **Define** the customer-critical parameters, 2) **Measure** how the process performs, 3) **Analyze** the causes of problems, 4) **Improve** the process to reduce defects and variations, and 5) **Control** the process to ensure continued and improved performance.

Innovations include utilization of FM&T’s core competency, HOS***, Integrated Phase Gates (IPG)***, and other commercial benchmarks continue to provide operational improvements that drive higher levels of customer satisfaction into the design and improvement of its processes within a highly regulated, risk averse government environment. Internally, the MAS*** [1.1.a(1)-1] is used to manage the business by fact. Process performance is monitored and measured according to goals. Changes or innovations are made in response to performance trends, corporate, or industry best practices. The adoption of the IPG process is an example of the adaptation of a corporate best practice that is now a NSE best practice which is co-led by FM&T.

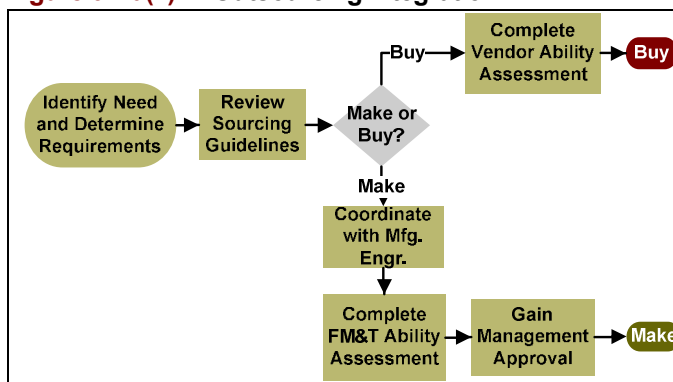
Another strategic innovation utilizing FM&T’s core competency was the creation and deployment of the Supply Chain Management Center (SCMC)*. The SCMC has provided significant savings by leading strategic sourcing and

e-procurement methods across the NSE to leverage procurement spend for the participating sites [7.1.a-6].

FM&T determines which process will be internal and which will be external during the “Improve” phase of the DMAIC. SSP teams review whether a process or part of a process should be done internally or externally based upon the key requirements.

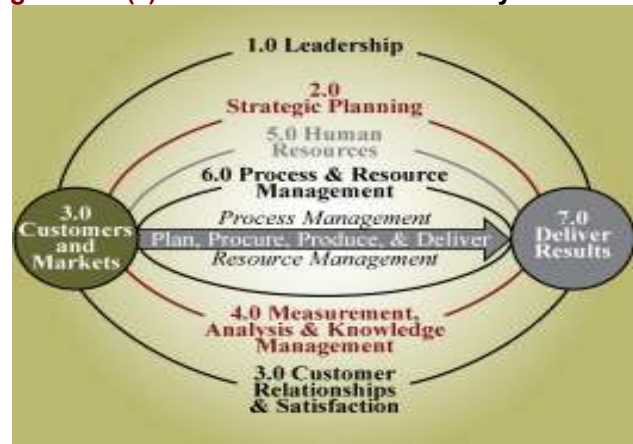
Innovations that use external resources include reductions in external operating requirements that have enabled the elimination of the plant Fire Department and the Emergency Operations Center at FM&T/KC. Plans for the new facility (KCRIMS)*** envision a building that is not owned by the government enabling significant cost savings to the taxpayers. These innovations deliver customer value. SSP projects are chartered and tracked to ensure project success. IT Technology Roadmaps [Item 4.2.b(3)] provide for the anticipated future needs of the information technology systems. Such long-range plans contribute to critical future business decisions, including the past outsourcing of PC Support and the Help Desk. The roadmaps communicate emerging, sustained, and retiring services and technologies.

Figure 6.1.a(1)-2: Outsourcing Integration



KCP is the primary user of the “Make-Buy” process*, [6.1.a(1)-2] which guides outsource decisions for production items. Specific product lines are transitioning from in-house product to purchased product. Current and future KCRIMS changes drive increased outsourcing, including the plating process, cables and injection molding. Compression and transfer-molded parts are transitioning from in-house to a dual capability by the addition of new suppliers.

Figure 6.1.a(1)-3: FM&T Command Media System



6.1.a(2) FM&T key work systems and key work processes capitalize on FM&T’s core competency. This competency enables the development of KCP’s few distinctive capabilities that are central to achieving and sustaining business success. The core competency aligns directly with the FM&T mission.

All the key work systems and processes capitalize on the FM&T’s core competency. The key work system Product and Service Realization primarily capitalizes on FM&T’s core competency, also. This core competency enables FM&T to focus on delivery of specialty products and services in a high security environment. FM&T’s products and services improve design quality and producibility using a defined quality profile. FM&T’s core competency, along with a CMCK approach to customer satisfaction, are recognized by our customers as what distinguishes FM&T from competitors and are the foundation of FM&T’s success. FM&T capitalizes on successes to gain more mission assignments and to expand our non-traditional customer base to include other customers with similar needs.

Figure 6.1.a(2) Key Work Systems and Processes

Key Work Systems - Processes	Key Work System	Key Work Process	Core Competency	Key Measures	In Process Measures	Key Control Strategy	
Management Responsibility	•		•	7.5a.(1)-1 thru -7	NA	Honeywell Governance, Internal and External Audits and/or Assessments, Policy and Procedures (Command Media), Hot Lines, Measurements, and MOS Activities, HPD	
-STRAP		•	•		7.5a.(2)-1		
-EAP		•	•		7.5a.(2)-2		
-MOS		•	•	7.5a.(2)-3			
Measurement Analysis & Improvement	•		•	7.5a.(1)-1 thru -7	NA		
-Issues Management		•	•		7.5a.(2)-4		
-VOC		•	•		7.5a.(2)-5		
					7.5a.(2)-6		
-Comparative Data Process		•	•		7.5a.(2)-7		
-BSC Process		•	•		7.5a.(2)-8		
-SSP CIM		•	•		7.5a.(2)-9		
Product/Service Realization	•		•		7.5a.(1)-1 thru -7		NA
-Plan		•	•				7.5a.(2)-10
-Procure		•	•	7.5a.(2)-11			
-Produce		•	•	7.5a.(2)-12			
				7.5a.(2)-13			
				7.5a.(2)-14			
Resource Management	•		•	7.5a.(1)-1 thru -7	NA		
-Financial Management	•		•		7.5a.(2)-15		
					7.5a.(2)-16		
					7.5a.(2)-17		
-SROP	•		•		7.5a.(2)-18		
					7.5a.(2)-19		
-Security	•		•		7.5a.(2)-20		
					7.5a.(2)-21		
					7.5a.(2)-21		
-Organizational Development (Training, MRR, HOS and HPD)	•		•		7.5a.(2)-22		
				7.5a.(2)-23			
				7.5a.(2)-24			
				7.5a.(2)-25			
-Equipment & Facilities Asset Management	•		•	7.5a.(2)-26			
				7.5a.(2)-27			
				7.5a.(2)-28			

6.1.b(1) FM&T’s key work processes contribute to delivering customer value, profitability, organizational success and sustainment by focusing on key customer requirements.

Delivering customer value through key work systems and processes ensure profitability (Operating income) is achieved . Aligning STRAP to individual goals through the EAP [1.1.a(1)-2] achieves organizational success through a focus on common mission and commitment to deliver customer values (CMCK). Organizational success and sustainability are aligned strategically through an effective strategic plan, delivery of business systems and training, goal deployment throughout the organization, and performance measurement and action driven by the BSC.

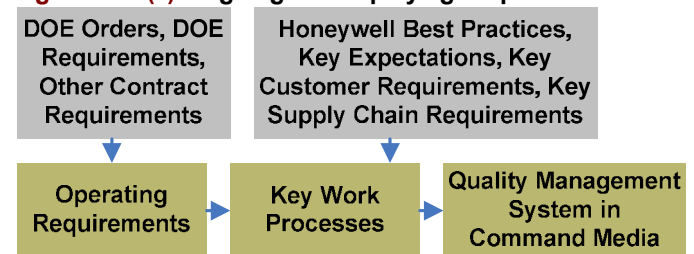
Key work processes [6.1.a(2)] achieve the STRAP objectives by delivering BSC results and sustaining FM&T as a viable organization.

6.1.b(2) FM&T determines key work process requirements, using the *Define* phase of the DMAIC methodology, incorporating input from customers, partners, suppliers and collaborators. The key requirements for FM&T key work processes are:

- the Key Expectations from the Voice of Customer Process(VOC)***[3.1.b(2)]
- the Key Customer Requirements of the M&O contract [3.2.c(2)-2] determined by the MAS [1.1.a(1)-1]
- the Operating Requirements, (ORs) from the prime contract
- Supply Chain requirements

The Quality, SSP and Business Excellence organization, along with Legal, manages the ORs. Figure 6.1.b(2) describes the process of requirement identification for key work processes. FM&T manages approximately 300 contractual deliverables, of which approximately 60 are ORs. A complete listing of the ORs is available on site. Process leaders design and oversee business processes to ensure integration within and between various FM&T departments, suppliers, contractors and vendor representatives.

Figure 6.1.b(2): Aligning and Deploying Requirements



FM&T significantly reduced the number of ORs through CMCK performance and application of core competency. FM&T is the only site in the NSE allowed to substitute industry standards, such as ISO 9001, for more prescriptive DOE orders. In addition, FM&T and its local site office developed the Operating Requirements Review Board, (ORRB)* in 2006, which has controlled the number of ORs being added to the FM&T prime contract to zero since the board was formed. This process has been benchmarked several times by other NSE sites.

6.1.c FM&T ensures work systems and workplace preparedness for disasters and emergencies using institutionalized procedures and practices, which are deployed and integrated by trained personnel. FM&T/KC emergency exit routes are posted throughout the facility, reflecting the primary and secondary routes for severe weather, internal sheltering and external evacuations (such as fire). Safety risks are included in the emergency preparedness process. Walkthroughs are conducted periodically and for each new employee upon work area assignment in the plant. FM&T/NM employees have multiple emergency exits available to them. When conditions require employees to take

shelter, sheltering is in-place or in their vehicles as advised. Periodic assessments take place to assure employee understanding of safety requirements.

FM&T's disaster and emergency preparedness system achieves prevention, management, continuity of operations, and recovery through documented approaches. Emergency plans are tested and validated using formal exercises. Resources are devoted to emergency planning and trained personnel are involved in developing, deploying and integrating these programs. Emergency planning drills are coordinated with the Kansas City Missouri Police and Fire departments as well as the Federal Bureau of Investigation and other agencies. Outside experts periodically review and validate emergency plans and programs. FM&T/NM conducts emergency evacuation drills for each site, and a tabletop exercise for one site annually.

6.2.a The SSP CIM requires that FM&T approaches improvement of processes with the logical DMAIC methodology as is used for work systems. DMAIC is a requirement-focused methodology. The "Define" phase ensures SSP teams identify key requirements. The "Improve" phase ensures the resulting work process meets key requirements while the "Control" phase ensure the process continues to meet key requirements. FM&T incorporates new technology, organizational knowledge, need for agility, cycle time, productivity, cost control, and other efficiency and effectiveness factors into the design of its processes primarily through expectations flowed down through the EAP [1.1.a(1)-2], which includes the Mission Vision and Values, STRAP, BSC, HPD, and HOS. At FM&T/KC, to achieve the KCRIMS cost savings target, [7.6.a(1)-3] each functional director has been assigned a functional transformational target for their division through the EAP. Achievement of these targets has been due to business processes changes incorporating new technology, organizational knowledge, agility, productivity, efficiencies, cost control and effectiveness. Technology Roadmap activities include design innovations for customers and incorporating new technology and organizational knowledge.

SSP teams create value and provide breakthrough results by sharing lessons learned and organizational knowledge. Teams use SSP tools to drive operational improvements. FM&T uses Knowledge Management (KM) methods, [4.2.a(3)], to collect, share and apply organizational knowledge to maintain high performance levels. This KM network includes formal procedures, training and experience.

FM&T continually monitors quality, cycle time, productivity, cost control, and other efficiency and effectiveness factors for performance and trends in the BSC and functional scorecards. FM&T incorporates these opportunities into designs, innovations, work processes and implementations using SSP tools and the DMAIC methodology. Key business-driven issues are formally reported monthly in the BSC or at the monthly BOR*** meeting. In addition, enterprise and departmental performance against such measures are reported

monthly at divisional BOR meetings attended by SLs and second-level managers. Results of these meetings provide actionable data that drives business improvement. This plan and approach deliver an integrated view of business performance in a setting that promotes divisional sharing of results, lessons learned, and actions, designed to drive higher performance.

Productivity, efficiency and cost savings gains are calculated and validated through formal processes. These gains are recorded and tracked through the SSP savings database on MyPortal. SSP Savings and Innovations is a BSC*** measure, [7.1.a-5], and each division is assigned an annual goal. Organizational improvements are managed through the BSC, and the goals are deployed through the EAP.

6.2.b(1) FM&T implements and manages its day to day operations to ensure work processes meet design and key process requirements using:

- the SSP CIM [P.2.c-2] which requires that FM&T approach improvement projects with the logical DMAIC methodology
- the MAS [1.1.a(1)-1]
 - Management Operating Systems - actions taken by management to evaluate the adequacy and effectiveness of business and operational performance and systems
 - Issues Management process [6.2.b(1)]
 - Key measures and in-process measures used for the control and improvement of work processes [6.1.a(2)]
 - Work processes are implemented and managed through CM and other supporting formal systems to ensure key requirements are satisfied
 - By requiring CM Process Owners, through annual eLMS training, review, modify if needed and verify that current processes represent the as-is process being utilized by the workforce and that the process meets requirements.

A staff of professional auditors performs independent internal process performance audits. Formal audit schedules are prepared that provide independent oversight of business functions. Independent audits and self-assessments cover topics including product quality, security programs, safety programs, financial and business systems, and environmental program performance. Issues are noted and reports of corrective action are initiated. Issues are defined as a situation or event that affects, or is an unapproved deviation from ORs and require an implementation plan. Management issues may be included in the Issues Management process [6.2.b(1)] as directed by senior leadership. Audits drive corrective actions, which are performed in accordance with documented CM procedures.

Figure 6.2.b(1): Issues Management process



Collaborator input is sought to proactively evaluate the suitability of potential procurement sources and satisfaction of

customer quality requirements. The Field Quality organization performs on-site inspection of purchased material and audits supplier plants and quality programs. Issues or deficiencies are managed in the Issues Management process. Issues are evaluated, causes are identified and studied, and corrective actions implemented. This collaboration involves key stakeholders, customers, suppliers, partners, and collaborators providing an open interchange of information pertaining to key business and operational management. Employees provide input used in the management and improvement of processes:

- through the Issues Management process – any employee can issue a corrective action request
- by participation on SSP teams with Process Owners
- by direct communication with process owners regarding OFIs surrounding particular process
- by requiring CM Process Owners, through annual eLMS training, review, modify if needed and verify that current processes represent the as-is process being utilized by the workforce and that the process meets requirements

Suppliers provide input used in management and improvement of processes:

- through responses to issues from the Issues Management process and the Supplier Performance Index
- by participation on SSP teams with Process Owners
- by participation on formal and informal Product Realization Teams

6.2.b(2) Multiple mechanisms are used to reduce costs and increase effectiveness and efficiencies:

- BSC measures deployed via EAP [1.1.a(1)-2]
 - KCRIMS Functional Cost Savings Ratio drives FM&T functional transformation cost savings targets for each functional leader [7.6.a(1)-3]
 - SSP Costs Savings and Innovations drives functional SSP cost savings targets and improvement [7.1.a-5]
- Corrective Action Effectiveness drives issues being fixed right the first time [7.5.a(2)-4]
- The SSP certification process drives continual improvement in effectiveness and efficiency [7.4.a(3)-2]

Warranty costs in the traditional sense do not exist in FM&T's business, as it is not a commercial enterprise. Products and services provided in accordance with FM&T's M&O contract do not carry a warranty. Quality Assurance systems minimize the internal costs of nonconformance and Field Quality interactions do the same externally. FM&T's Quality Assurance system prevents nonconformance, prevents escapes, and minimizes loss of customer productivity. FM&T evaluates, pursues corrective actions for, and prevents recurrence of defective products using the Issues Management process [6.2.b(1)].

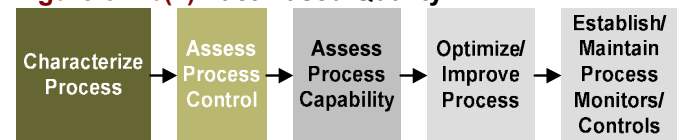
Removing defects earlier in the product lifecycle represents significant cost savings and increases the focus on prevention in lieu of detection. Manufacturing performs work verifications to validate products or processes are performed in accordance with value creation processes. Tooling,

templates, job aids, and measuring equipment are specified in processes. Operator verifications identify process performance and minimize escapes, rework, and unnecessary costs. Formal work instructions, mistake proofing, and job aids reduce in-house defects, service errors, rework, and minimizes customer productivity losses.

Formal audit schedules are prepared that provide independent oversight of business functions. Independent audits and self-assessments cover topics including product quality, security programs, safety programs, financial and business systems, and environmental program performance. Issues are noted and reports of corrective action are initiated. Audits drive corrective actions, which are performed in accordance with documented CM procedures.

FM&T/KC is minimizing the cost of inspections and tests through implementation of the Enterprise Quality Improvement Plan, (EQIP). The purpose of EQIP is to reduce long-term costs of discrepant product. Improvement goals are established and deployed using EAP [1.1.a(1)-2]. Products and processes with high defect rates and low Inspection Job Order Accepted Trouble Free* (IJOATF) [7.5.a(2)-14] percentages are identified and SSP teams are chartered to drive improvements. Products and processes with >98% JOATF are candidates for the Fact Based Quality* (FBQ) process [6.2.b(2)]. SSP teams are chartered to execute the FBQ process. FBQ is a Maturity Path approach based on benchmark of the Boeing Advanced Quality System utilizing Aerospace Standards. FBQ drives quality into manufacturing and supplier processes by identifying, analyzing, and controlling key product and process characteristics. In addition to the FBQ Maturity Path, over 17,500 inspection hours [7.5.a(2)-14] have been reduced based on historical quality performance, FMEA use, and automated inspection equipment utilization.

Figure 6.2.b(2) Fact Based Quality



6.2.c (See 6.1.a(1)) FM&T improves work processes, achieves better performance, reduces variability, improves products and services, and keeps processes current with business needs and directions through utilizing the SSP CIM [P.2.c-2]. The SSP CIM requires that FM&T approach improvement projects with the logical DMAIC methodology. Results of organizational review findings discussed in [Item 4.1] are incorporated into the systematic evaluation and improvement of FM&T's work processes by:

- utilizing a yearly evaluation of key work using Baldrige criteria self and third party assessments [7.5.a(1)-2] Resulting OFIs are prioritized and processes are systematically improved [6.2-c] using the SSP CIM process [P.2.c-2]. Examples of key process improvements are noted throughout this application,

- reviewing the BSC performance in the monthly SL BOR meeting, requiring any objective owner with red performance to present a formal improvement plan,
- utilizing key indicators as functional, process and/or system health indicators then utilizing work process performance against BSC goals, competitors and industry [4.1.a(2)-1] as opportunities for innovation, which are pursued with SSP teams using the SSP CIM process, and
- utilizing third party and internal audits to provide performance feedback into the Issues Management process [6.2.b(1)] driving corrective actions to meet process requirements.

Work process improvements are shared with other organizational units to drive organizational learning and innovation via KM approaches. Established CM processes describe how FM&T's lessons learned approaches are integrated in the business. Examples of this integration include the processes for issues management, test equipment engineering, facilities engineering, information technology, and project management. FM&T segments lessons learned and other FM&T KM approaches [4.2.a(3)]. FM&T promotes lessons learned across the organization and with customers through systemic corrective actions and event reporting. FM&T benefits from Honeywell's lessons learned through interfaces with its functional leadership. The corrective actions for issues identified in such programs effectively feed into site issue trending analyses.

Category 7: Results

Projected data for the figures in 7.1-.7.6 is typically provided for FM&T overall, not by segment. This was done to provide clarity to the figures for the overall FM&T performance. Comparative data is collected by the cross functional Comparative Data team utilizing the Comparative Data Process [4.1.a(2)-1]. FM&T continues to build on its core competency by achieving performance comparable or better than its comparisons in support of FM&T's vision. In fact, 69% of FM&T's category 7 results have comparative data and approximately 60% of these show FM&T as the best performer [Figure 7.].

Figure 7.: Key Results Comparisons

Item	# Figures	NSE-BIC	KEY-COMP	COMM-BIC	Total
7.1	12	4	7	5	67%
7.2	8	0	1	5	63%
7.3	7	3	2	2	57%
7.4	16	0	3	10	75%
7.5	16	3	0	8	63%
7.6	14	5	4	10	86%
Figures	73	15	17	40	51
Total %		20%	23%	55%	69%

7.1. Product and Service Outcomes

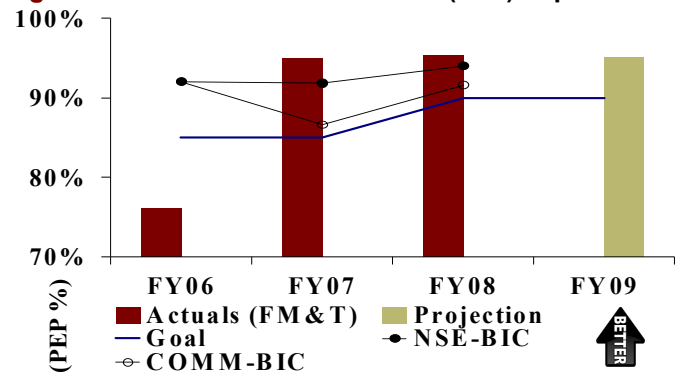
7.1.a FM&T's main product offerings are described in [P.1.a(1)-1]. Services include M&O leadership, management expertise, management infrastructure, and employees to carry out the organization's mission. FM&T makes money from variable and award fees. Award fee is based upon performance to the annual Performance Evaluation Plan (PEP) for NNSA (traditional customer). The PEP defines the product and service deliverables required by the traditional customer requirements [3.2.c(2)-2]. Variable Fee is the percentage of a non-traditional customer's budget the NNSA allows FM&T to book as revenue for executing their scope of work. Results cover all key measures or indicators of product and service performance that are important to traditional and non-traditional customers except the non-traditional customers' satisfier attribute of responsiveness [7.2.a(1)-4].

Figure 7.1.a: Key Customer Requirement Results

Item #	Key Measure	Key Customer Requirement
1	7.1.a-1	Items 1-6
2	7.1.a-2, -3	Meeting Product Schedule
3	7.1.a-4	Meeting Product Quality & Reliability
4	7.1.a-5, -6	Cost Management
5	7.1.a-7, -8	Asset Management
6	7.1.a-9 through -12	Meeting Contractor Standards including HS&E and National Security
7	7.2.a(1)-4	Responsiveness

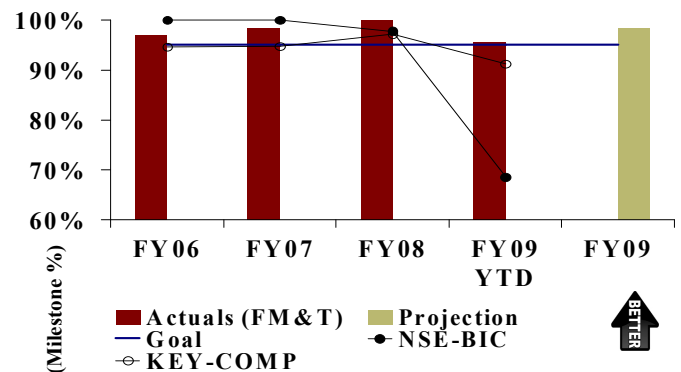
FM&T's sustained outstanding PEP performance [7.1.a-1] is a result of the traditional customer's satisfaction with the products and services FM&T provides. Half of the 20% performance increase in FY06 was due to the FM&T developed and deployed SROP process [5.2.a(1)], core competency solution, which improved FM&T's ability to manage resources in tighter funding buckets. The other half of this increase was because of a one time stretch target to earn extra Award Fee for cost savings. Not meeting the FY07 stretch target reduced the earnings percentage but was not reflective of customer dissatisfaction.

Figure 7.1.a-1: Traditional Customer (PEP) Report Card



Results displayed in Figure [7.1.a-2] show FM&T performance for meeting key customer milestones as outlined yearly by the traditional Customer. Non-traditional customers do not utilize this measure to evaluate milestone completions. Comparisons include NSE-BIC and KEY-COMP for this measure. FM&T's FY09 performance to date is far superior to the comparisons due to the CMCK culture and effective goal deployment with EAP [1.1.a(1)-2] and FM&T projects to maintain this level.

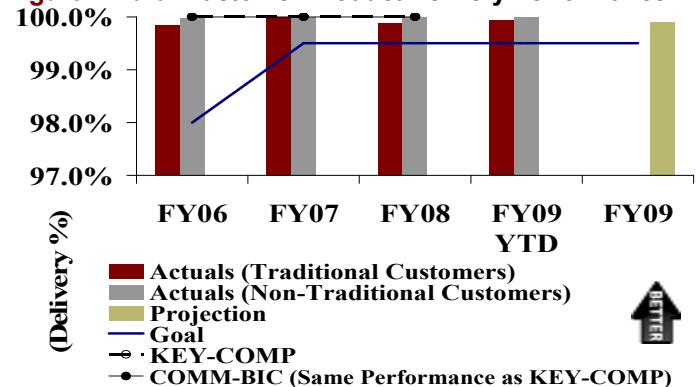
Figure 7.1.a-2: Traditional Customer Product/Service Milestone Completions



Product Outcomes

Customer delivery performance is segmented by traditional and non-traditional customers [7.1.a-3]. FM&T continually exceeds its performance goals and consistently matches COMM-BIC performance for non-traditional customers.

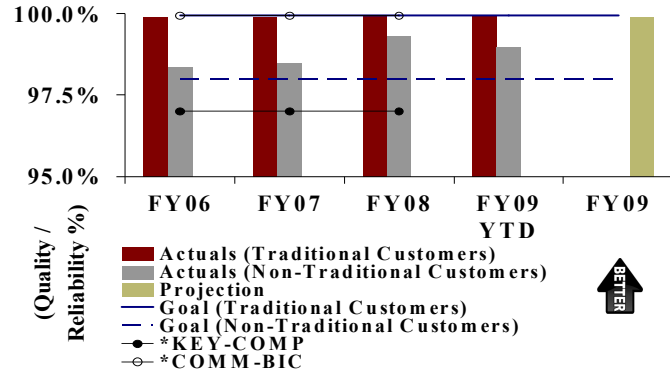
Figure 7.1.a-3: Customer Product Delivery Performance



Customer product quality and reliability performance is segmented by traditional customer and non-traditional

customers. FM&T is meeting or exceeding quality and reliability performance goals and comparisons for traditional and non-traditional customers [7.1.a-4]. Non-traditional quality has increased with the deployment of the Tailorable Quality Plan [Item 3.1.a(3)], core competency solution.

Figure 7.1.a-4: Customer Product Quality & Reliability Performance

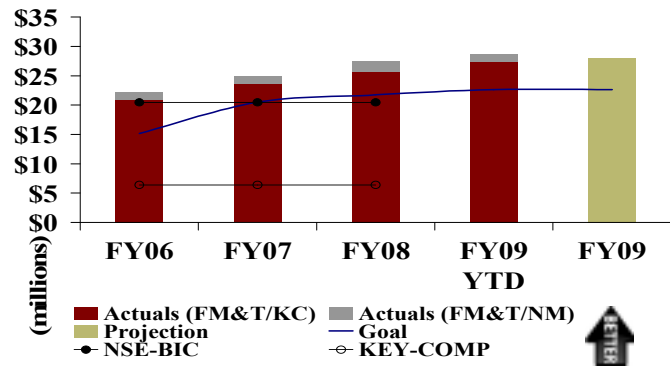


*Analogous comparisons made for this figure

Service Outcomes

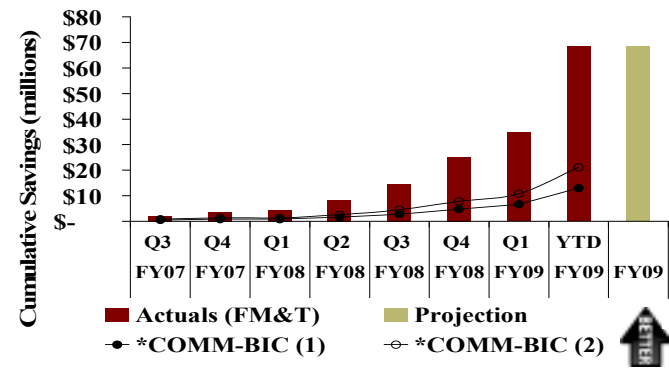
Cost savings resulting from increased productivity and deployed innovations for all customers is displayed in [7.1.a-5]. For the FM&T/KC segment, much of the engineering workforce supports both SBCs – KCP and NSMC. FM&T continues to be the benchmark repeatedly saving over \$20M, yearly.

Figure 7.1.a-5: Six-Sigma Plus Innovations & Savings (Cost Management)



FM&T’s SCMC savings performance [7.1.a-6] is a measure of reduced procurement costs across the NSE, including FM&T’s traditional customer. This measure continues to greatly exceed the COMM-BIC comparisons.

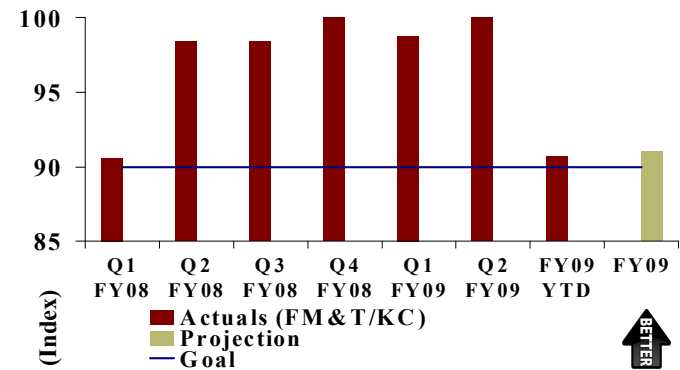
Figure 7.1.a-6: Supply Chain Management Center Cost Savings (SCMC - Cost management)



*Analogous comparisons made for this figure

All FM&T assets belong to the traditional customer and are managed as an overall FM&T measure [7.1.a-7]. This result measures FM&T’s ability to keep the facilities and equipment operational. FM&T shares the government-owned assets across the SBCs to maximize agility, increase customer satisfaction, and reduce operating costs. FM&T/NM has similar measures (i.e. site plan, budget for upkeep, etc), but constitutes a very small amount of budget and assets.

Figure 7.1.a-7: Physical Asset Management – Facilities Index (FM&T/KC)

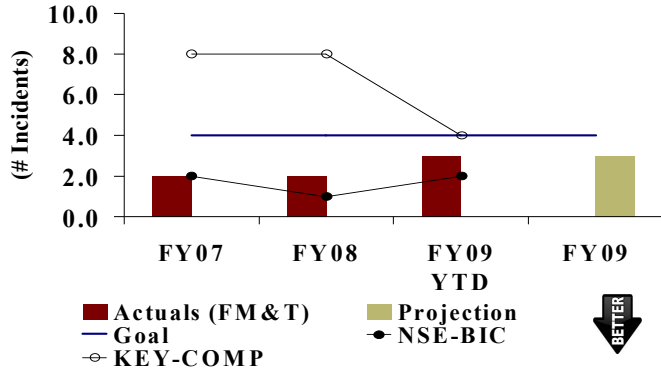


Asset Management, a key customer requirement [3.2.c(2)-2], also requires FM&T to provide financial budgetary asset management as well as physical asset management. FM&T is a full cost recovery business with a control provided budgets as shown in [7.1.a-8].

Figure 7.1.a-8: Financial Budget Asset Management – See [7.3.a(1)-2]

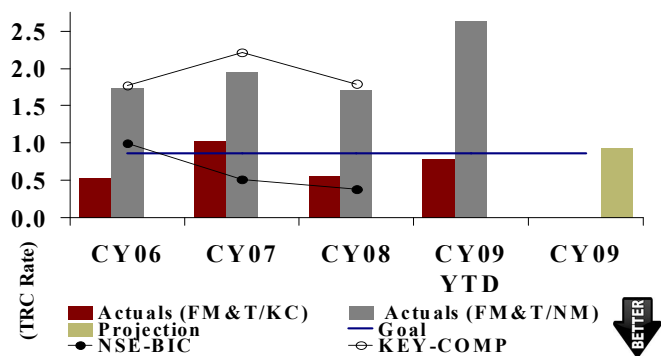
Security performance is tracked for physical and cyber security incidents [7.1.a-9]. Security incident segmentation (available on site) is by level of severity: 1) **Level 1:** Events that pose the most serious threats to national security 2) **Level 2:** Events that pose threats or create dangerous situations. FM&T’s performance is comparable to the NSE-BIC comparison, consistently exceeds the goal, and is significantly better than the KEY-COMP performance. FM&T anticipates that the FY09 goal will be met.

Figure 7.1.a-9: Meeting Contractor Standards - Security (Physical & Cyber Security)



Health and safety performance included in FM&T's Total Rate Case (TRC) performance [7.1.a-10], is segmented by FM&T/KC and FM&T/NM.

Figure 7.1.a-10: Meeting Contractor Standards - HS&E (Health/Safety)



FM&T, as a part of the Honeywell governance, is recognized as and has sustained outstanding performance as one of the most ethical companies for the past two years [7.1.a-12]. In 2009, Honeywell was once again named one of the most ethical companies by Ethisphere and none of FM&T's key competitors from 2008 were named on this year's list. FM&T's ethical performance is outstanding with no occurrences for legal judgments, violations or breaches and is projected to maintain that same outstanding performance.

Figure 7.1.a-12: Meeting Contractor Standards - Legal & Regulatory

2008 Benchmark Best Ethics Programs Overall	US Government Rank	Ethisphere Rank
KEY-COMP (1)	1 st	11 th
FM&T/Honeywell	22 nd	15 th
KEY-COMP (2)	185 th	25 th

Meeting Contractor Standards - Legal Requirements	Number of FM&T Issues				
	'06	'07	'08	'09 YTD	2009 Proj.
Legal Judgments	0	0	0	0	0
State/Federal Law Violations	0	0	0	0	0
Contract Violations	0	0	0	0	0
Ethical Breaches	0	0	0	0	0

7.2 Customer-Focused Outcomes

These figures are direct outputs of key customer requirements [3.2.c(2)-2] and core competencies.

7.2.a(1) VOC performance includes all of FM&T's SBCs, customer groups, and market segments. KO and NSMC market segments and customer are aggregated in the Non-traditional customer segmentation. The PEP score was integrated into the VOC process in CY06. FM&T continues to apply cycles of learning to the current processes to increase customer satisfaction even though performance typically exceeds the goal. The CY06 deployment of the SROP process [5.2.a(1)] indirectly yielded results that increased the Traditional VOC score [7.2.a(1)-1] with the redeployment of direct hour resources from traditional to non-traditional work. CY06 has limited results / surveys for the non-traditional market segments. In CY07, due to process changes, PEP scores are the only included data for the traditional customer market segment. FM&T continues to provide outstanding traditional and non-traditional customer support which is displayed in figure [7.2.a(1)-2].

Figure 7.2.a(1)-1: Customer Satisfaction (VOC)

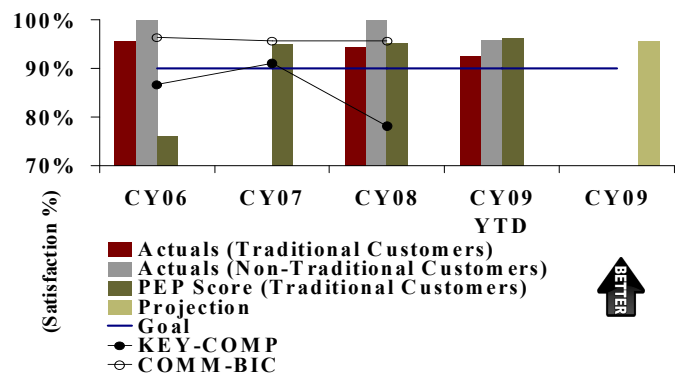
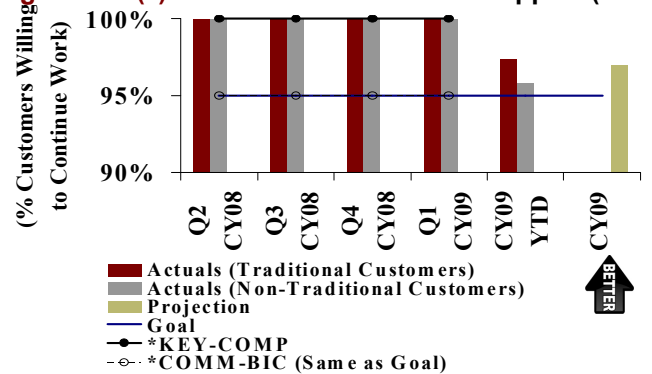


Figure 7.2.a(1)-2: Continued Customer Support (VOC)



*Analogous comparisons made for this figure

FM&T identifies customer expectations [3.2.c(2)-2] and satisfaction with the VOC process [Item 3.1.b(2)]. Customers also rank the importance of these expectations so that FM&T can determine the key customer requirements [Item 3.1.a(2)]. Common satisfiers for traditional [7.2.a(1)-3] and non-traditional customers [7.2.a(1)-4] are quality and delivery. FM&T's customer focused culture, effective application of core competencies, and attention to CMCK result in

benchmark VOC performance for all customers, market segments, and SBCs.

Figure 7.2.a(1)-3: Traditional Customer Satisfaction of VOC Attributes

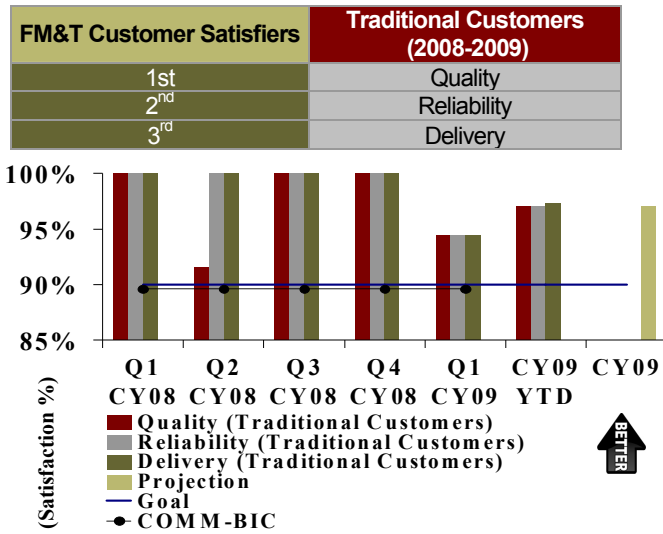


Figure 7.2.a(1)-4: Non-Traditional Customer Satisfaction of VOC Attributes

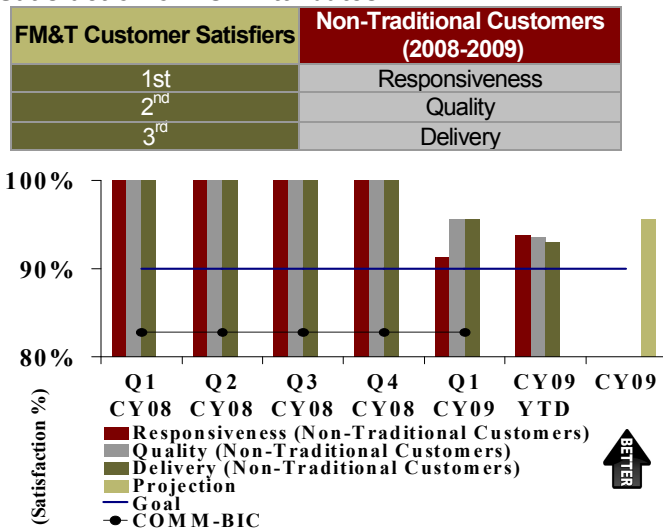


Figure 7.2.a(2)-1: Customer Engagement & Referral Score (VOC)

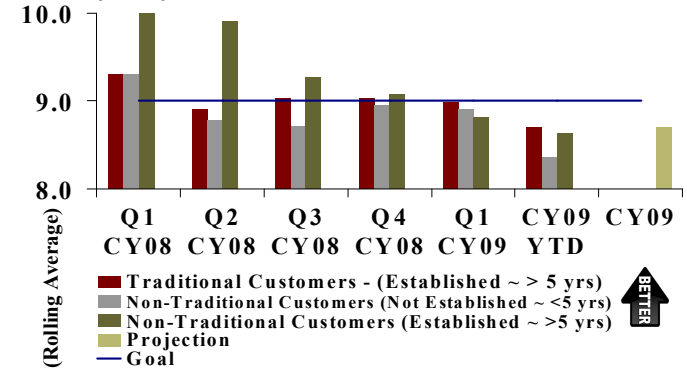


Figure 7.2.a(2)-2: Number of New & Repeat Customers

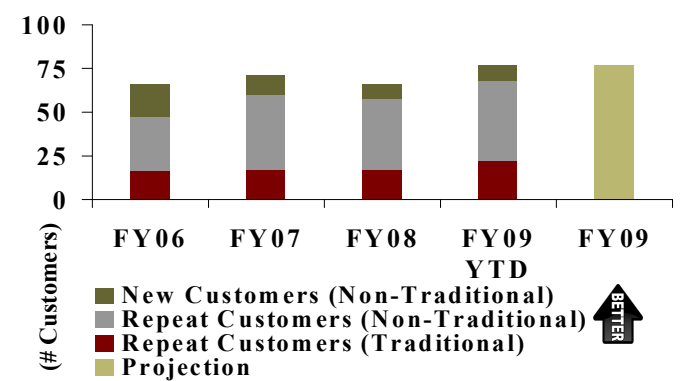
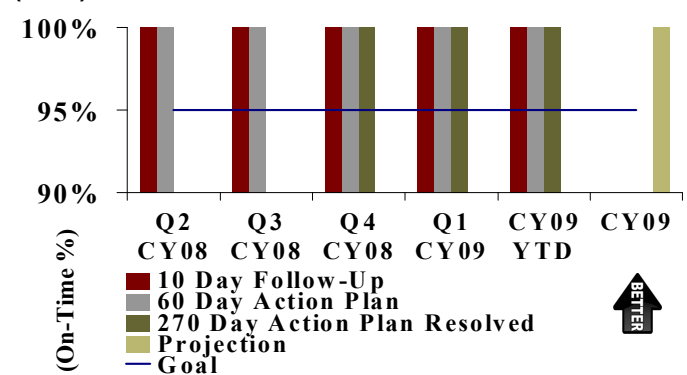
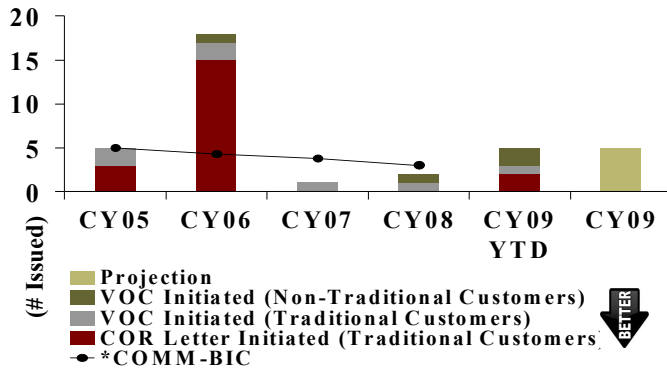


Figure 7.2.a(2)-3: Customer Complaint Resolutions (VOC)



7.2.a(2) FM&T's customer engagement is key to meeting strategic challenges [Item P.2.a(1)] and includes a healthy mix of customers at differing lifecycle stages [7.2.a(2)-1]. This distributed portfolio is further segmented by those that are new and repeat customers [7.2.a(2)-2]. Key to attracting and retaining customers is responsiveness and effective customer complaint resolution [7.2.a(2)-3], identification of innovations, and the effective identification and elimination systemic issues [7.2.a(2)-4]. FM&T has not received any Contracting Officer Representative letters (complaints) from the traditional Customer (NNSA) since the introduction of the MAS [1.1.a(1)-1].

Figure 7.2.a(2)-4: Customer Complaint Corrective Actions Issued (VOC)



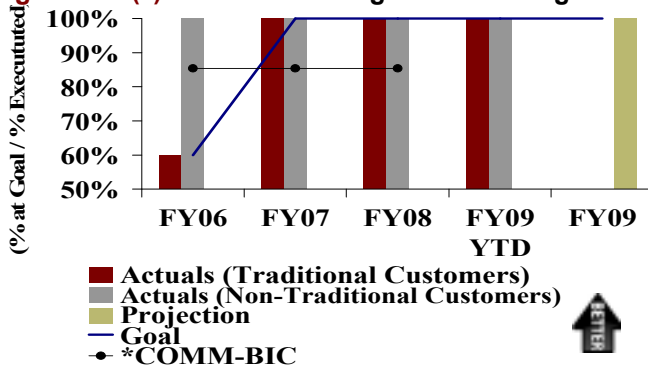
*Analogous comparisons made for this figure

7.3 Financial and Market Outcomes

FM&T is in a strong financial position as a result of innovative business decisions that focus on process effectiveness, system efficiencies, and increased productivity.

Asset Management, a key customer requirement [3.2.c(2)-2], also requires FM&T to provide financial budgetary asset management as well as physical asset management. FM&T is a full cost recovery business with a control provided budgets as shown in [7.3.a(1)-2]. Market share is shown in [7.3.a(2)-2].

Figure 7.3.a(1)-2: Financial Budget Asset Management



*Analogous comparisons made for this figure

Figure 7.3.a(2)-2: Traditional Customer Market Share

% Traditional Market Share	2006	2007	2008	2009
Performance:				
FM&T	6.3%	6.8%	6.7%	8%
Comparisons:				
NSE – Site 1	24.9%	24.6%	25.5%	25%
NSE – Site 2	21%	19.8%	18.8%	20%
NSE – Site 3	17.9%	19%	17.8%	18%
NSE – Site 4	13.3%	13.7%	14.8%	14%
NSE – Site 5	7.6%	7.6%	8.3%	8%
NSE – Site 6	4.9%	4.3%	3.9%	4%
NSE - Site 7	4.2%	4.1%	3.9%	3%

Increasing a customer group / market segment by 51.6% over three years is outstanding [7.3.a(2)-3].

Figure 7.3.a(2)-3: Non-Traditional Customer Market Revenue Growth

% Change Non-Traditional Revenue	2006	2007	2008	% Growth ('05-'08)
FM&T Goal	6.5%	6.5%	6.5%	
FM&T	27.6%	1.6%	16.4%	51.6%
Comparisons:				
*KEY-COMP	35.1%	14.1%	5.6%	89.9%
*COMM-BIC	17.9%	15.7%	12.6%	65.5%
*KEY-COMP	9.9%	14.9%	-829%	-117%

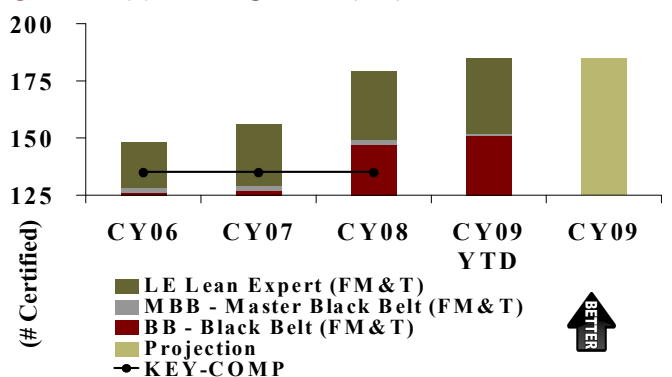
*Analogous comparisons made for this figure

7.4 Workforce-Focused Outcomes

7.4.a(1) HOS Maturity drives increased process effectiveness, efficiency and productivity through the innovative application of BBCPL core competency solutions. HOS maturity engages SL, salaried, and hourly employees to achieve customer-focused goals. FM&T measures the maturity of the HOS efforts against a specific matrix that has an equivalent readiness level that is the COMM-BIC comparison. FM&T projects to achieve Level 4 for the key focus areas in FY09.

After an introducing most employees to the SSP methodology through Green Belt (GB) training, mentoring, and certification, a significant number of salaried, hourly, and SL employees are so engaged that they volunteer and pursue additional SSP advanced certifications [7.4.a(1)-2].

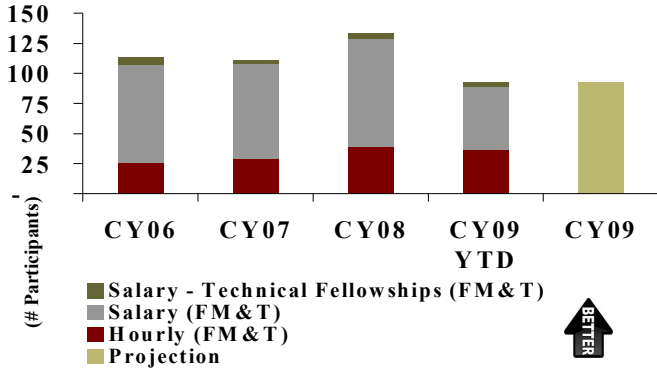
Figure 7.4.a(1)-2: Six-Sigma Plus (SSP) Advanced Certifications



7.4.a(2) FM&T believes that investments in workforce and leader learning and development will increase workforce engagement and satisfaction for the long term. FM&T encourages and provides opportunities for the workforce to pursue advanced certifications, degrees, and skills education. In addition to the qualified and mandated training [7.4.a(3)-3] and HOS opportunities, employees who wish to increase their SSP skill set have opportunities to pursue advanced SSP certifications [7.4.a(2)-1]. Employees seeking advanced degrees and skills education is also an important long term measure of engagement [7.4.a(2)-2].

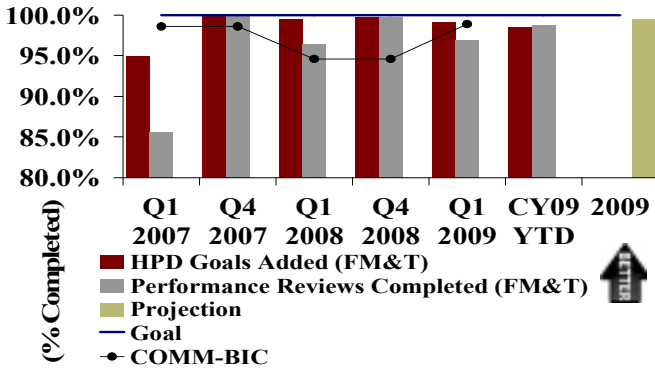
Figure 7.4.a(2)-1: Six-Sigma Plus (SSP) Advanced Certifications – See [7.4.a(1)-2]

Figure 7.4.a(2)-2: Employee Advanced Degrees & Skills Education Assistance Participation



Developing FM&T leaders and employees starts with accountability (CMCK). FM&T uses the HPD system to manage performance from goal setting through performance reviews. FM&T is the benchmark for goal development and goal setting [7.4.a(2)-3]. The performance dips in Q1 each year are related to timing issues with newly hired employees that have less than 30 days to complete the HPD process and the introduction of last minute goal refinements made to already approved goals.

Figure 7.4.a(2)-3: Workforce HPD Goal Development & Performance Reviews



7.4.a(3) Key measures of FM&T’s workforce capability are SSP advanced certifications [7.4.a(3)-1], basic SSP certifications [7.4.a(3)-2], and mandated / qualified training [7.4.a(3)-3]. All employees receive Introduction to Six Sigma, a mandated course, and many chose to seek more advanced SSP certifications [P.2.c-1]. FM&T prides itself on meeting and exceeding the established goals, maintaining the benchmark for basic certifications, and integrating cycles of learning. All SSP certifications include technical and cost savings / innovation requirements. These savings contribute to the overall SSP savings [7.1.a-5].

Figure 7.4.a(3)-1: Six-Sigma Plus (SSP) Advanced Certifications – See [7.4.a(1)-2]

Figure 7.4.a(3)-2: Six-Sigma Plus (SSP) Required Basic Certifications (GB-Green Belt) Completions

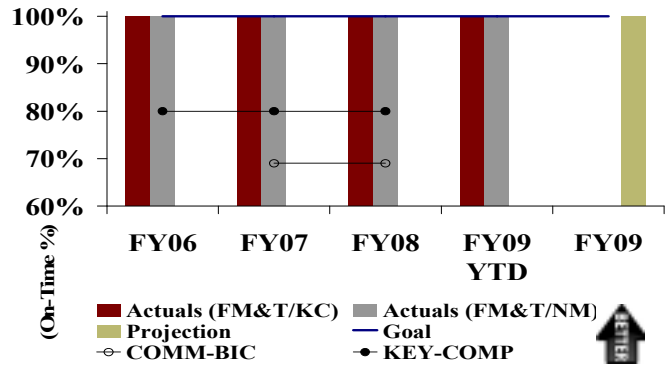
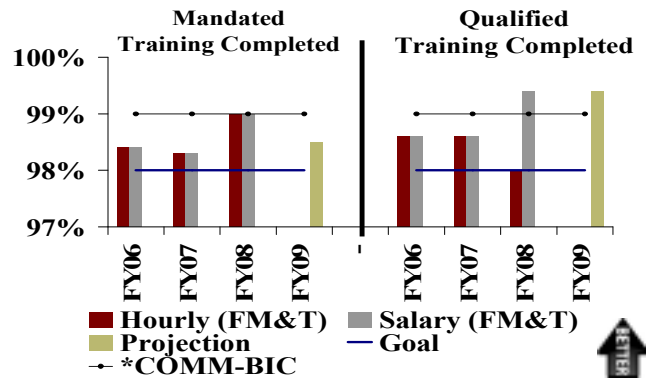


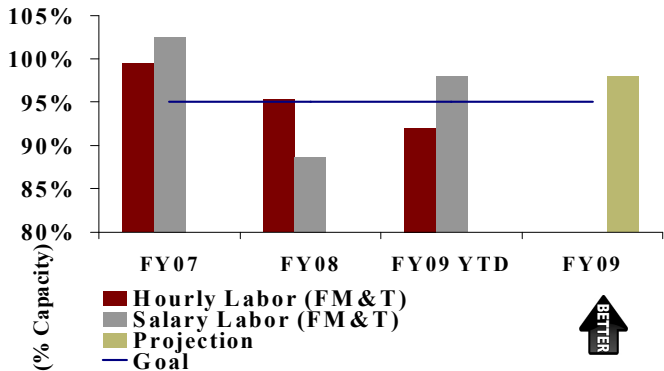
Figure 7.4.a(3)-3: Percent of Workforce Mandated & Qualified Training Completions



*Analogous comparisons made for this figure

FM&T assesses direct labor workforce capability and capacity needs through the Sales Resource and Operations Planning (SROP) process [7.4.a(3)-4]. The capacity shortfall in FY08 was managed through prioritization, redeployment of resources between SBCs, and overtime to prepare for a lower workload in FY09. FM&T anticipates the FY09 projection to be met through attrition and additional non-traditional customer workload.

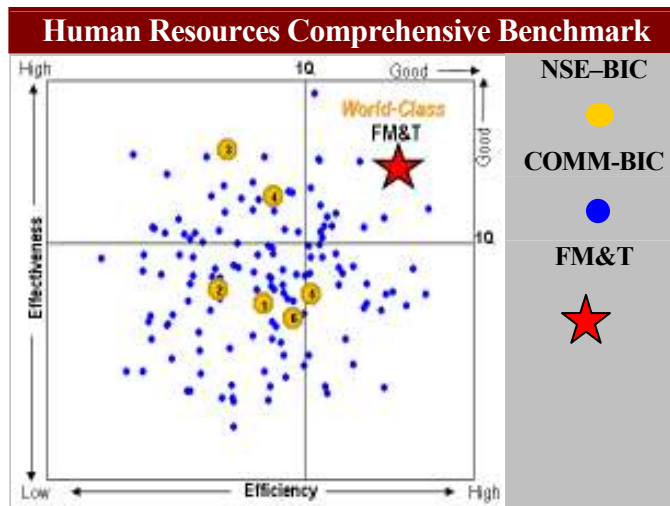
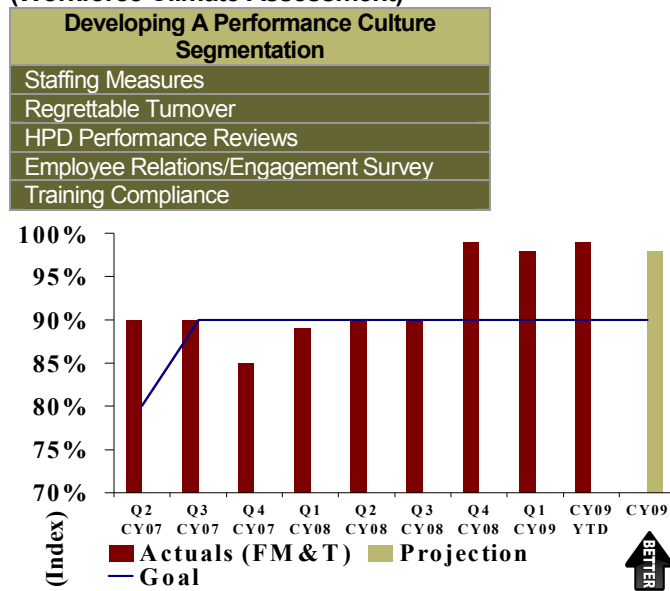
Figure 7.4.a(3)-4: Workforce Staffing Capacity (SROP)



7.4.a(4) Elements of FM&T’s workforce climate includes workforce health, safety, security, services, benefits, and education. Workforce health (workforce climate) is measured

through surveys [5.1.a(1)-1]. In 2009, FM&T participated with the Hackett Group to conduct a comprehensive benchmark of NSE Human resource processes. These processes include total rewards administration, payroll/benefits services, data management, compliance, staffing, workforce development, strategic workforce planning. Staffing, regrettable turnover, performance reviews, engagement, and training are key segments of the Developing a Performance Culture index [7.4.a(4)-3].

Figure 7.4.a(4)-3: Developing A Performance Culture (Workforce Climate Assessment)



FM&T is a VPP STAR Site that encourages the active engagement of employees in safety interventions and regulatory compliance. This safety culture contributes to the reducing TRC rate [7.4.a(4)-4]. The HS&E index [7.4.a(4)-5] measures performance, including the categories of safety performance (measures both recordables and severity), environmental events, on-time Corrective Action Closure, and leading indicators for the HS&E Management System. To assist the workforce with security incidents involving cell

phones, audible messages were deployed at the employee entrances [7.4.a(4)-6]. This program was so successful that it was expanded to include safety awareness reminders.

Figure 7.4.a(4)-4: Meeting Contractor Standards - HS&E (Health/Safety)– See [7.1.a-10]

Figure 7.4.a(4)-5: Health, Safety and Environment (HS&E) Performance Index

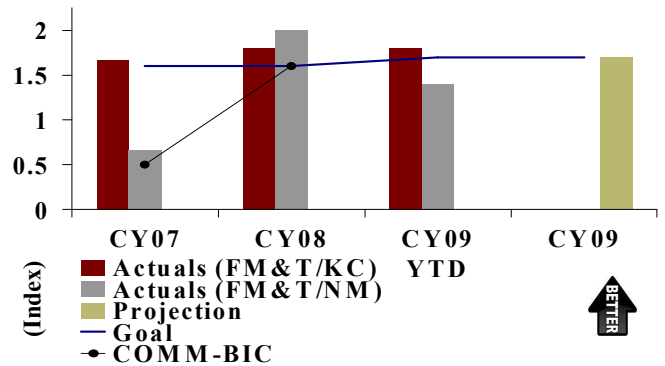


Figure 7.4.a(4)-6: Meeting Contractor Standards - Security (Physical & Cyber Incidents) – See [7.1.a-9]

Figure 7.4.a(4)-8: Workforce Service Additions – Telecommuting (Quality of Life)

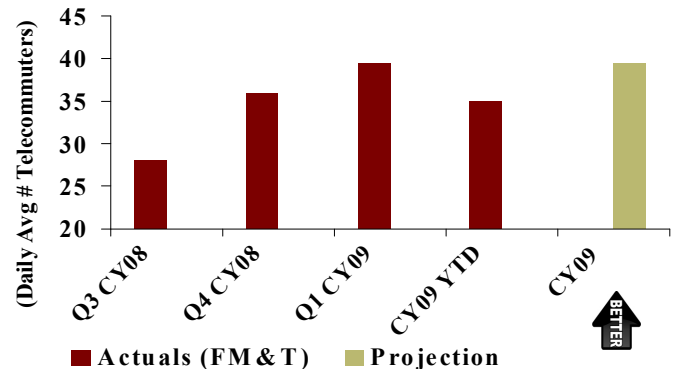


Figure 7.4.a(4)-9: Employee Advanced Degrees & Skills Education Assistance Participation – See [7.4.a(2)-2]

7.5 Process Effectiveness Outcomes

FM&T's key work systems and key work processes can be referenced from [6.1.a(2)].

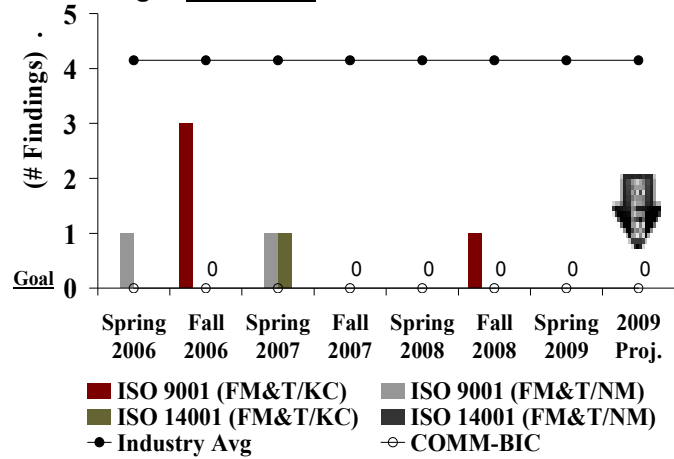
7.5.a(1) The overall performance of key work systems are measured with ISO certifications and findings [7.5.a(1)-1], Business Excellence Maturity Path (BEMP) [7.5.a(1)-2], Six-Sigma Plus Innovations & Savings [7.5.a(1)-3], product delivery [7.5.a(1)-4], product quality [7.5.a(1)-5] key outcomes, and emergency preparedness [7.5.a(1)-6]. ISO certifications for quality and HS&E systems, are segmented into Category 1 and Category 2 findings. A Category 1 finding is a significant finding. The absence of Category 1 findings validates that proactive responses to other inputs, such as customer and internal audit findings, provides

assurance that the quality and HS&E management systems are monitored and maintained at the highest practical level [7.5.a(1)-1]. Category 2 minor findings are defined as isolated non-compliances caused by either a lack of discipline or control during the implementation of procedural requirements. FM&T is the only NSE production site with ISO deployed to all areas of the business.

Figure 7.5.a(1)-1: ISO 9001 & 14001 Audit Findings

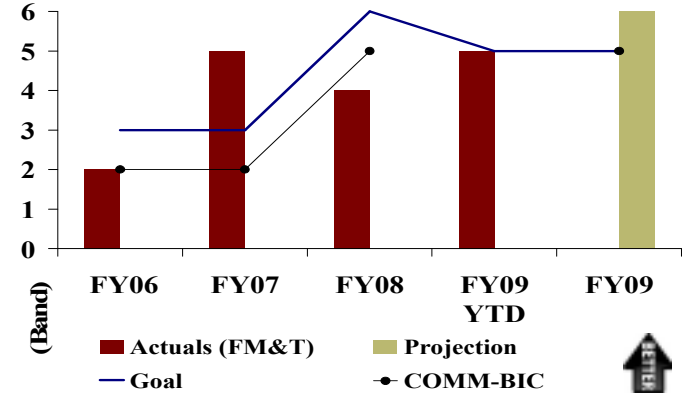
ISO 9001 and 14001 Findings - Category 1	BETTER ↓	2006	2007	2008	2009 YTD	2009 Proj.
Performance:						
FM&T/KC		0	0	0	0	0
FM&T/NM		0	0	0	0	0
Comparisons:						
COMM-BIC (Aerospace Industry Avg.)		.4	.4	.4	-	.4

ISO Findings - Category 2



Key work systems and key work processes are systematically reviewed each year primarily utilizing the Baldrige self and third party assessment, BEMP [7.5.a(1)-2] to identify strengths and opportunities for improvement (OFIs). The OFIs are prioritized and the work systems and key processes are systematically improved [Item 6.2] via the DMAIC process improvement methodology of the SSP CIM [P.2.c.2].

Figure 7.5.a(1)-2: Business Excellence Maturity Path (BEMP)



FM&T calculates the SSP savings associated with increased productivity, applied innovations, and increased efficiencies [7.5.a(1)-3]. These savings have been systematically collected since 1999 and reinforce delivering the best value to the customer. Through FM&T's focus on continuous improvement and emphasis on the core competency, the operational performance of the work systems has been outstanding. FM&T has continued to deliver traditional and non-traditional customers excellent delivery performance [7.5.a(1)-4] of high quality and reliability products and services [7.5.a(1)-5]. FM&T's focus on the core competency has contributed to the sustained quality performance.

Figure 7.5.a(1)-3: Six-Sigma Plus Innovations & Savings (Cost Management) – See [7.1.a-5]

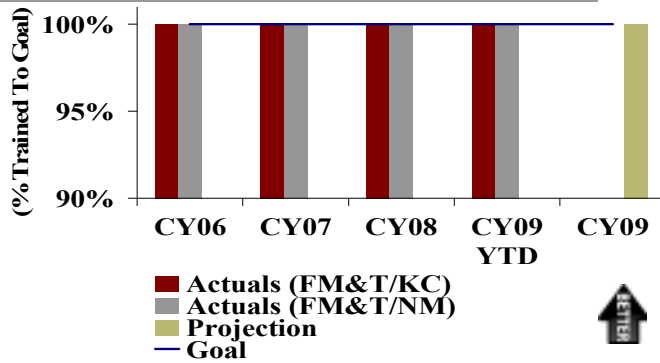
Figure 7.5.a(1)-4: Customer Product Delivery Performance – See [7.1a-3]

Figure 7.5.a(1)-5: Customer Product Quality & Reliability Performance – See [7.1a-4]

FM&T ensures work systems and workplace preparedness for disasters and emergencies using institutionalized procedures and practices which are deployed and integrated by trained personnel [7.5.a(1)-6]. Safety risks are included in the emergency preparedness training process. Practice drills, with physical walkthroughs, are conducted periodically and for each new employee upon work area assignment at FM&T.

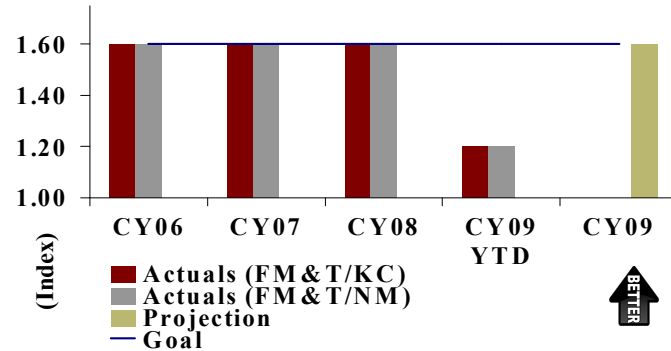
Figure 7.5.a(1)-6: Emergency Management Preparedness Training

Emergency Management	# Trained Employees
FM&T/KC	41
FM&T/NM	19



HS&E introduced an Emergency Management Performance Index to standardize the way FM&T/KC and NM measure their Emergency Management. This index includes an annual emergency plan update, hazards assessments, evacuation / sheltering drills, employee training, incident command drill exercises and training [7.5.a(1)-7].

Figure 7.5.a(1)-7: Emergency Management Preparedness Index



7.5.a(2) FM&T's key work processes are aligned with the key work systems in the key work system / process figure [6.1.a(2)].

Work System - Management Responsibility

Key elements of this key work system include STRAP, EAP, and MOS. FM&T measures the completion of the STRAP milestones to ensure that FM&T maintains a focus on the future [7.5.a(2)-1]. This measure is the aggregate performance of the SO's and AP's segments. HPD goal alignment is the overall key work process measurement for EAP's alignment of the workforce performance goals [7.5.a(2)-2]. MOS activities ensure that the processes are being managed effectively and efficiently. Assessing the MOS and its compliance are segmented by FM&T/KC and NM for this key measure [7.5.a(2)-3].

Work Process - Strategic Planning

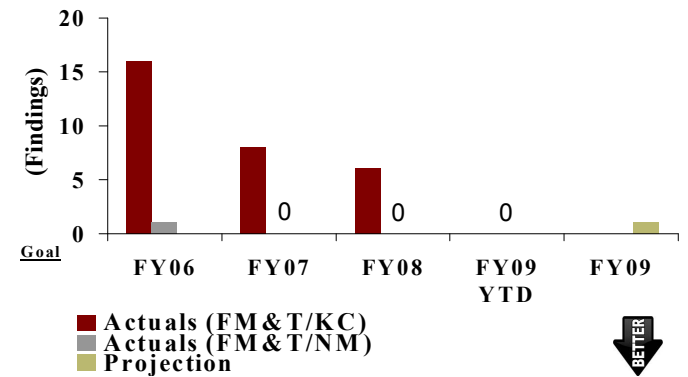
Figure 7.5.a(2)-1: Strategic Planning (STRAP) Milestone Completions – See [7.6.a(1)-1]

Work Process - Enterprise Alignment (EAP)

Figure 7.5.a(2)-2: HPD Goal Alignment to the Balanced Scorecard (BSC) – See [7.6.a(1)-2].

Work Process - Management Operating System (MOS)

Figure 7.5.a(2)-3: MOS Assessments of Opportunities For Improvement



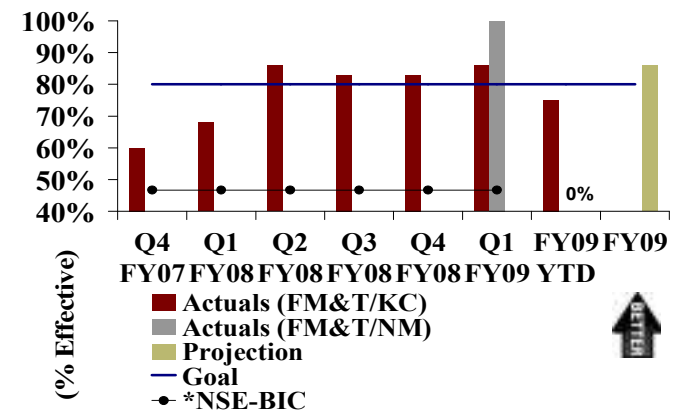
Work System - Measurement Analysis & Improvement

Key elements of this key work system include the Issues Management, Voice of Customer (VOC), Comparative Data Process, Balanced Scorecard (BSC), and the Six-Sigma Plus – Continuous Improvement Model (SSP – CIM) key processes.

Work Process - Issues Management

FM&T measures the effectiveness of the Issues Management through Corrective Action Effectiveness [7.5.a(2)-4]. An increased focus at FM&T during the past 12 months has increased the percent of corrective actions that have not repeated. FM&T expects to exceed the goal for FY09 and maintain last year's performance.

Figure 7.5.a(2)-4: Corrective Action Effectiveness



*Analogous comparisons made for this figure

Work Process - Voice of the Customer (VOC)

Customer complaints [7.5.a(2)-5] and customer complaint resolution [7.5.a(2)-6] are the key measures for the VOC system effectiveness.

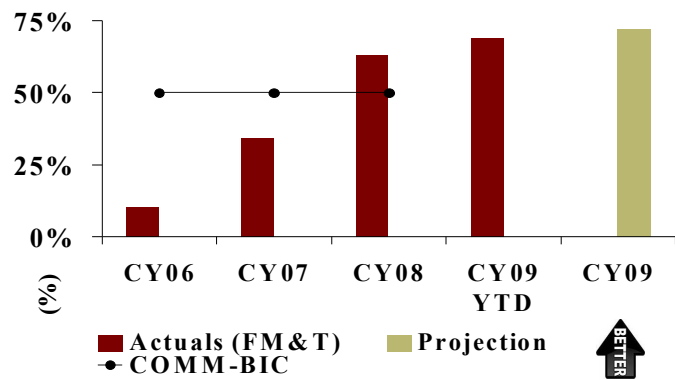
Figure 7.5.a(2)-5: Customer Complaint Resolutions (VOC) – See [7.2.a(2)-3]

Figure 7.5.a(2)-6: Customer Complaint Corrective Actions Issued (VOC) – See [7.2.a(2)-4]

Work Process - Comparative Data

Providing benchmark comparisons to FM&T process owners is critical to understanding continuous improvement. Comparisons for key measures in sections 7.1-7.6 are displayed in [7.5.a(2)-7]. Segmentation of these comparisons can be found in [7.].

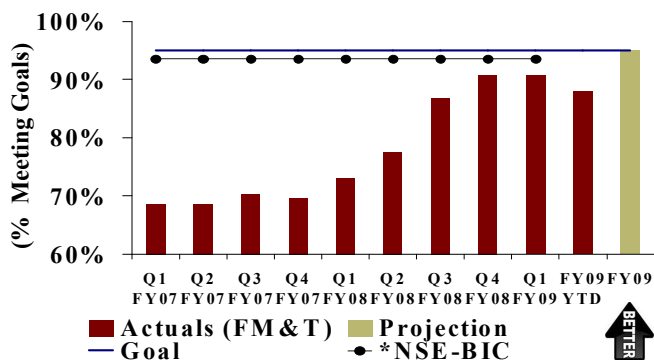
Figure 7.5.a(2)-7: Comparative Data Comparisons Provided



Work Process - Balanced Scorecard (BSC)

The percentage of BSC measurements achieving the goal is the key measure for the BSC process [7.5.a(2)-8]. Further segmentation of this key measure is by performance color (i.e. yellow, red) but was excluded to show the performance of measures meeting their goals.

Figure 7.5.a(2)-8: Balanced Scorecard Effectiveness



*Analogous comparisons made for this figure

Work Process - Six-Sigma Plus –Continuous Improvement Model (SSP – CIM)

The key measure for the SSP-CIM process is Six-Sigma Plus Innovations & Savings [7.5.a(2)-9].

Figure 7.5.a(2)-9: Six-Sigma Plus Innovations & Savings (Cost Management) – See [7.1.a-5]

Work System - Product / Services Realization

Key elements of this key work system include the Plan, Procure, and Produce key work processes.

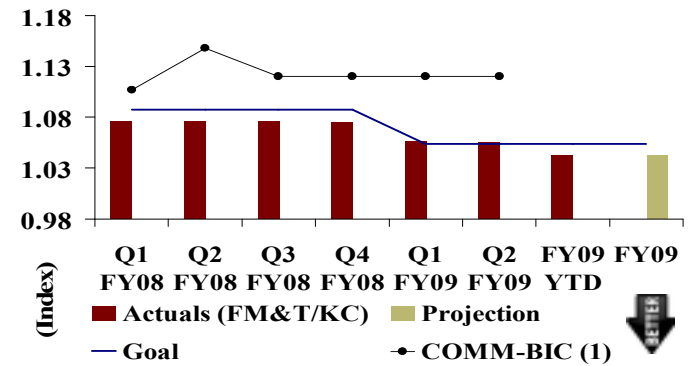
Work Process - Plan

FM&T measures the effectiveness of the Plan Work Process through Planning Lead Time Reductions. This goal is re-baselined yearly.

Work Process - Procure

The SPI Index is utilized by FM&T to evaluate current supplier performance, provide a consistent communication message about deliver/quality performance and to assist in procurement decisions. Supplier On Time Delivery and Quality Performance are the key measures for the Procure work process [7.5.a(2)-11].

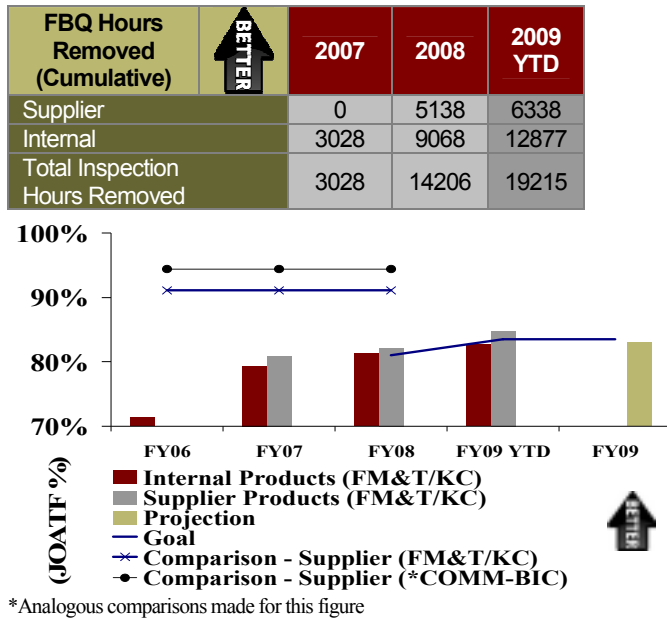
Figure 7.5.a(2)-11: Supplier On-Time Deliveries & Quality Performance (SPI Index)



Work Process - Produce

Manufacturing Cycle Time Reductions and Inspection Job Orders Completed Trouble Free [7.5.a(2)-14] measures the effectiveness of the Produce Work Process. Segmentation for Manufacturing On-Time Completion is by Internal On-Time Completions and Supplier Material Availability for FM&T/KC. FM&T/NM use similar measures, but FM&T/KC makes up the majority of the supply chain. Inspection Job Orders Completed Trouble Free is segmented by internal and supplier production.

Figure 7.5.a(2)-14: Inspection Job Orders Completed Trouble Free



Work System - Resource Management

Key processes of this work system include the Financial Management Work Process, Sales Resource Operations Planning Work Process, Security Work Process, Organizational Development Work Process, and the Equipment & Facilities Asset Management Work Process. FM&T measures the effectiveness of the Financial Management Work Process with Financial Budget Asset Management [7.5.a(2)-15] the A-123 (Sarbanes Oxley) Internal Controls Audit, and the Financial Unallowable Costs.

Work Process - Financial Management

Figure 7.5.a(2)-15: Financial Budget Asset Management
 – See [7.3.a(1)-2]

Work Process - Sales Resource Operations Planning

Workforce Staffing Capacity [7.5.a(2)-18] and Planning (SROP) Forecast Accuracy [7.5.a(2)-19] are measures for Sales Resource Operations Planning work process. Planning forecast accuracy has benefitted from recent innovations that increased the effectiveness of the SROP process through the deployment of SSP teams (SSP advanced certification projects) that focused on the forecasting system.

Figure 7.5.a(2)-18: Workforce Staffing Capacity (SROP)
 – See [7.4.a(3)-4]

Work Process - Security

The Physical Security Process Performance Index [7.5.a(2)-20], and the Cyber Security Process Performance Assessment [7.5.a(2)-21] are effectiveness measures for the Security Work Process. The Physical Security Process Performance Index (with six segments) was recently (Q1FY09) re-baselined after consistently exceeding the prior goal's performance.

Figure 7.5.a(2)-20: Physical Security Process Performance Index

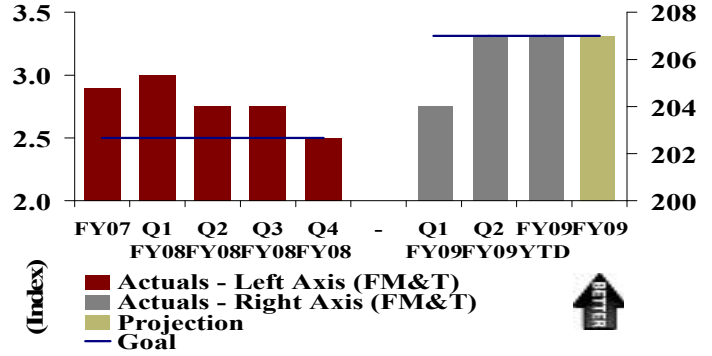
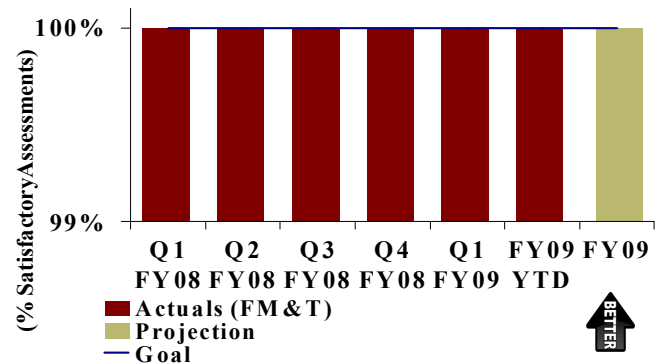


Figure 7.5.a(2)-21: Cyber Security Process Performance Assessments



Work Process - Organizational Development

Developing A Performance Culture [7.5.a(2)-22], Workforce HPD Goal Development & Performance Reviews [7.5.a(2)-23], Six-Sigma Plus (SSP) Required Basic Certifications [7.5.a(2)-24], and Workforce Mandated & Qualified Training Completions [7.5.a(2)-25] are used to measure the Organizational Development Work Process effectiveness.

Figure 7.5.a(2)-22: Developing A Performance Culture (Workforce Climate Assessment)
 – See [7.4.a(4)-3]

Figure 7.5.a(2)-23: Workforce HPD Goal Development & Performance Reviews - See [7.4.a(2)-3]

Figure 7.5.a(2)-24: Six-Sigma Plus (SSP) Required Basic Certifications (GB-Green Belt) – See [7.4.a(3)-2]

Figure 7.5.a(2)-25: Workforce Mandated & Qualified Training Completions – See [7.4.a(3)-3]

Work Process - Equipment & Facilities Asset Management

Equipment & Facilities Asset Management Work Process key effectiveness measures are Physical Asset Management (utilities) [7.5.a(2)-26], Physical Asset Up-times [7.5.a(2)-27], and Asset Preventative Maintenance On-Time Completion [7.5.a(2)-28]. Physical Asset Management includes an aggregation of measures from 22 segments. Segmentation is equipment up-time and Preventive Maintenance on-time for

FM&T / KC where the greatest percentage of the assets is located.

Figure 7.5.a(2)-26: Physical Asset Management (Facilities Index) – See [7.1.a-7]

Figure 7.5.a(2)-27: Physical Asset Up-times (Utilities)

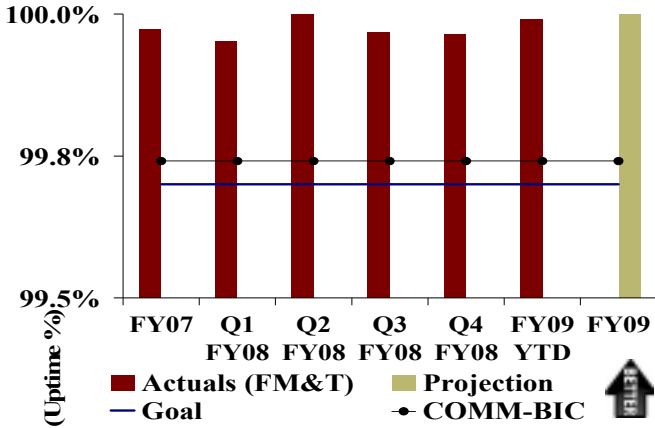
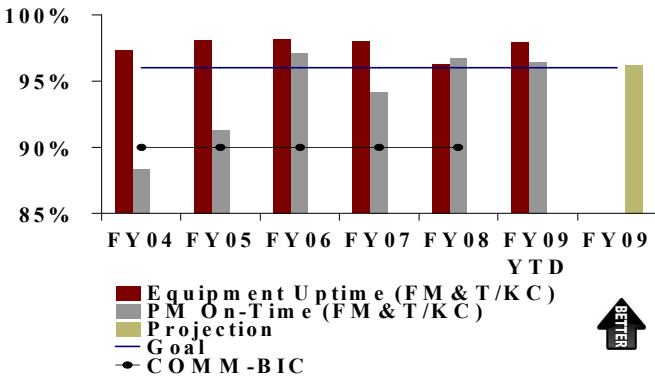


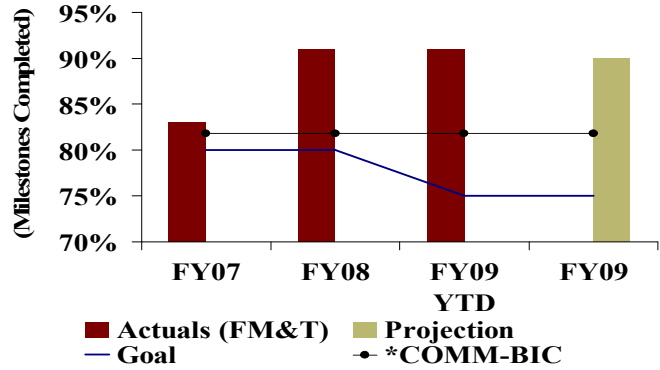
Figure 7.5.a(2)-28: Asset Preventative Maintenance On-Time Completion



7.6 Leadership Outcomes

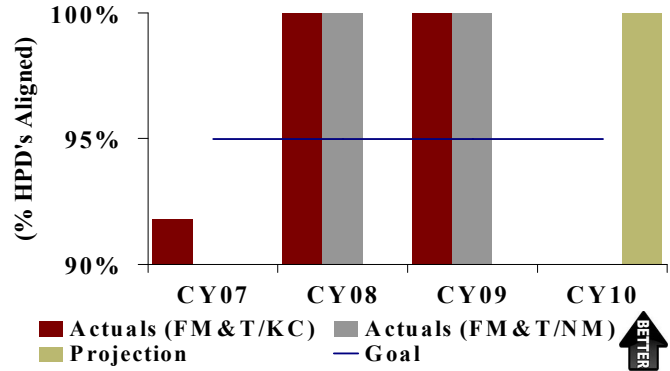
7.6.a(1) For the past three years, FM&T has increased the strategic nature of the SOs and APs that are defined. This increases the difficulty and the risk. The reduction in goal and the projection are related to this increased difficulty and risk [7.6.a(1)-1]. Deployment of the strategic objectives through the BSC process to individual HPD goals [7.6.a(1)-2] is a key contributor to the successful milestone completion. The current projection is that at least 75% of the FY09 milestones will be completed on time. Longer term projections for the SOs and APs that align with the strategic planning process are also defined.

Figure 7.6.a(1)-1: Strategic Planning Milestone (STRAP) Completions



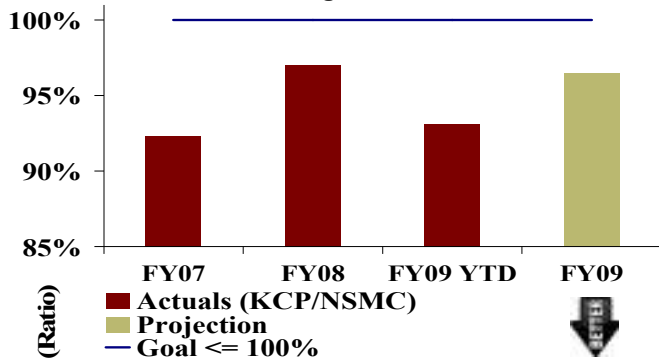
*Analogous comparisons made for this figure

Figure 7.6.a(1)-2: HPD Goal Alignment to the Balanced Scorecard (BSC)



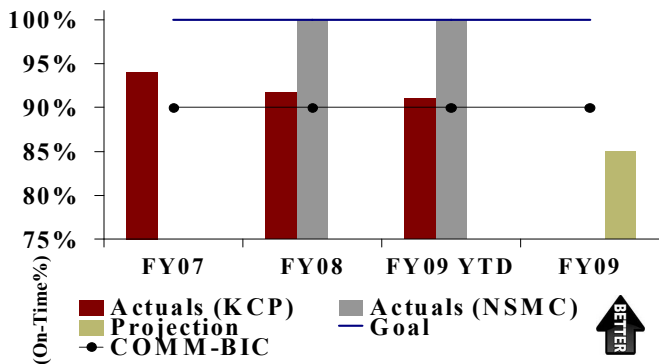
KCRIMS is an innovation driven by the successful deployment of a strategic objective. KCRIMS' success is to mitigate one of FM&T's competitive challenges – NSE consolidation, and the strategic challenge – the need to be more agile and flexible [Item P.2.b]. FM&T measures cost savings and milestone completions (key customer requirements – cost management and delivery). The cyclical trending [7.6.a(1)-3] of cost savings is representative of implementation cycles. It is typical that greater savings will be achieved during the first quarter of each FY as many implementations are related to federal timetables and major changes are often effective at the beginning of each new year. Exceeding this cost savings ratio goal indicates that FM&T is saving the traditional customer, NNSA, even more money than projected.

Figure 7.6.a(1)-3: KCRIMS (FM&T/KC) Functional Transformation Cost Savings Ratio



KCRIMS' success is a strategic and competitive advantage for FM&T and is the benchmark for the NSE. Non-traditional NSMC work was phased into KCRIMS in FY08. KCRIMS is applicable to the FM&T / KC location which includes the KCP and NSMC SBC's. Evidenced in [7.6.a(1)-3, -4], FM&T exceeds these aggressive goals.

Figure 7.6.a(1)-4: KCRIMS (FM&T/KC) Functional Transformation Project Milestone Completion



7.6.a(2)

FM&T is one of the NSE benchmark for finance processes and controls. Although FM&T is the NSE benchmark for unallowable costs, comparisons to a COMM-BIC provided a more aggressive target for FM&T to achieve, which is projected to be achieved in FY08. A-123 Internal Controls Risk Assessments are rigorous, compliance-driven assessments that are highly valued by FM&T's customers. Customers are exceptionally pleased when the contractor has zero findings and no financial risk. Honeywell (FM&T's governing body) is considered one of the top government contractors for internal controls. The overall results are for the same financial system used by both FM&T/KC and FM&T/NM.

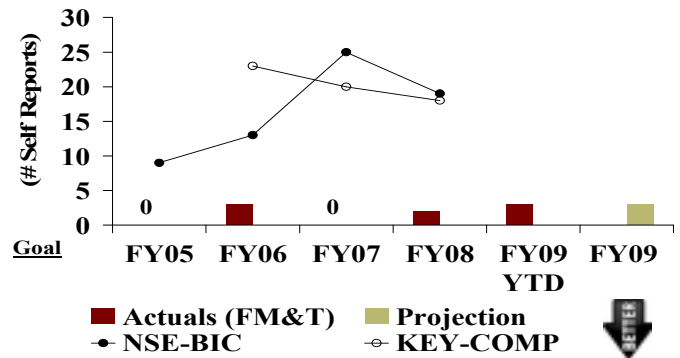
7.6.a(3) FM&T's leadership provides and manages the organizational and operational structure to maintain a focus on environmental performance [7.6.a(3)-1]. SLs have created a culture at FM&T that encourages ethical behavior. The well-trained workforce, committed to the core competency, applies this precision to ethics also. FM&T has no known ethical

judgments, violations, or breaches [7.6.a(3)-2]. FM&T takes ethical behavior and regulatory and legal requirements compliance very seriously. Results show outstanding performance in comparison to the NSE-BIC and KEY-COMP [7.6.a(3)-3]. These results are evidence of a strong organizational culture and effective key work systems and key work processes. Environmental performance [7.6.a(3)-1,-2], represent a percentage of FM&T's Award Fee.

Figure 7.6.a(3)-1: HS&E (Environmental & Regulatory) Contractor Requirements – See [7.1.a-11]

Figure 7.6.a(3)-2: Legal & Regulatory Contractor Requirements – See [7.1.a-12]

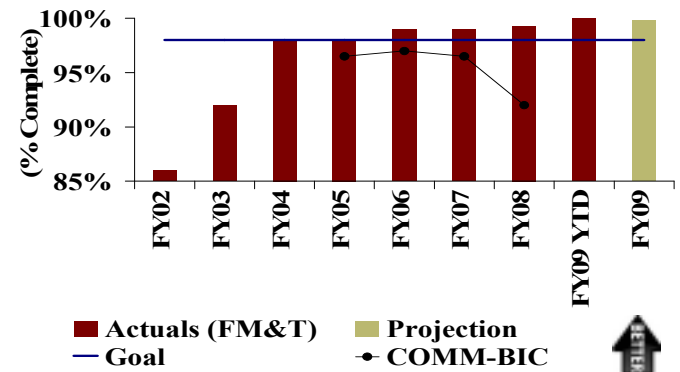
Figure 7.6.a(3)-3: PAAA Legal & Regulatory Compliance



7.6.a(4) Code of Conduct Training [7.6.a(4)-2] is one of the mandated training courses that the workforce completes in support of a key contractor requirements [7.6a(4)-1]. As FM&T continues to apply cycles of learning to the training processes, completion percentages increase. Automatic scheduling with reminders to take training have increased the completion percentage over time. FM&T also restricts entry into the facility for some training if not completed on time.

Figure 7.6.a(4)-1: Legal & Regulatory Contractor Requirements – See [7.1.a-12]

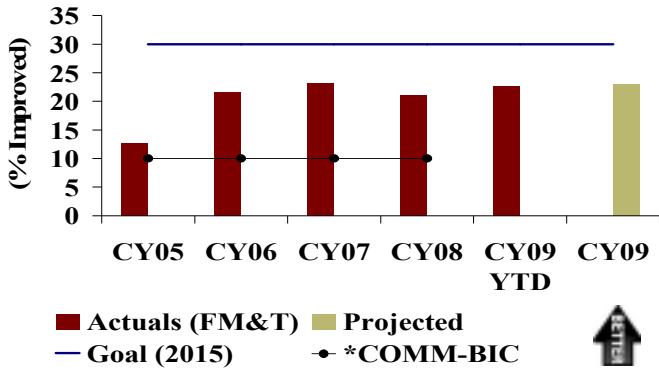
Figure 7.6.a(4)-2: Code of Conduct Training



7.6.a(5) FM&T’s fulfillment of its societal responsibility includes energy reduction [7.6.a(5)-1], targeted use of small businesses [7.6.a(5)-3] and a community focus [7.6.a(5)-4, 7.6.a(5)-5]. To continue to generate increasing energy reductions in a 3.1M sq. ft., 65 year old building is outstanding and shows employee engagement to reach these goals.

Figure 7.6.a(5)-1: Energy Reductions

Energy Reduction Segmentation	2006 – 2009
FM&T/KC	99%
FM&T/NM	~1%

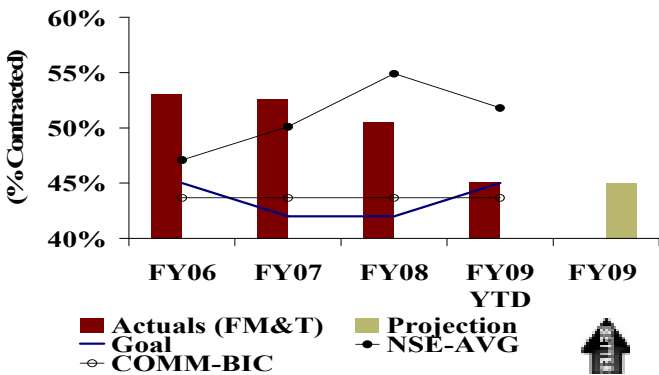


*Analogous comparisons made for this figure

FM&T/NM is ISO 14001 certified, tracks recycling and specific waste stream reductions, and is classified as a small quantity generator / conditionally exempt small quantity generator.

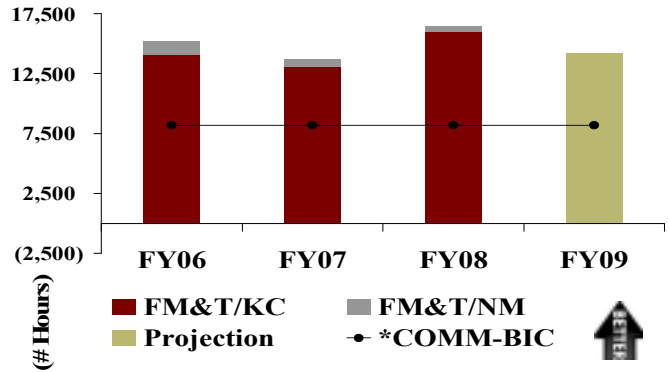
The small and minority business percentage is down 3% due to the reduction in construction since FM&T is planning to transition to a new facility (KCRIMS) [7.6.a(5)-3].

Figure 7.6.a(5)-3: Small/Minority Owned Business Supplier Contracts



FM&T has been the recipient of a Honeywell Defense and Space award for outstanding employee giving for 4 consecutive years.

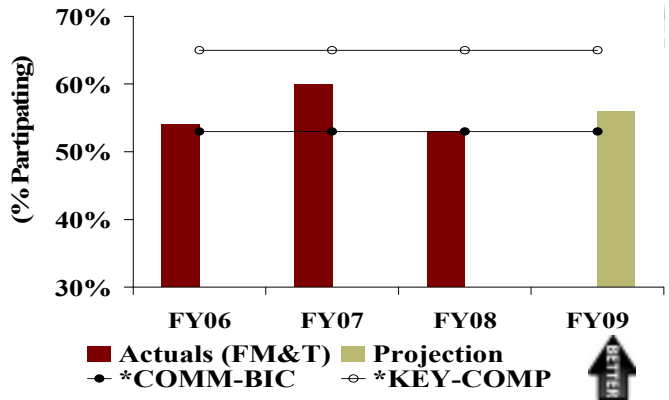
Figure 7.6.a(5)-4: Community Outreach Volunteer Hours Donated



*Analogous comparisons made for this figure

Figure 7.6.a(5)-5: Employee Participation In Community Outreach Activities

Employee Giving Per Person	FY06	FY07	FY08
Performance:			
FM&T/KC	\$195	\$192	\$190
FM&T/NM	\$100	\$114	\$125
Comparative Data			
COMM-BIC	\$24	\$24	\$24



*Analogous comparisons made for this figure