

# Management Club **News**

An Official Publication of the Litton Data Systems' Management Club

August 1998

## *The President's Report to Management*

- Wendell Durrant



Mark your calendar to join me at the Hyatt Westlake Hotel on September 9 when Mr. Al Powers, president of Data Systems Division, will present his annual *President's Report to Management* at our DSD Management Club meeting.

Mr. Powers has been DSD president for the past 12 of his 32-year career with Data Systems Division, and each year management has heard a very enlightening and informative presentation.

Over the years, Mr. Powers' relaxed delivery style has incorporated video and humor to effectively emphasize certain highlights of the evening's agenda.

Attendees can expect Mr. Powers to report on DSD's significant program events of this past year, future business expectations and where we are positioned in the marketplace.

I'm looking forward to seeing all of the management club members at this meeting. 0



*Mr. Ai Powers, president of Litton Data Systems.*



*Ai Munson addressing the audience at the previous meeting.*

## ***CHANGE in the Workplace***



- Susan Dixon

### **CHANGE IS:**

Frustrating		Good	
Challenging	_____		
Motivating	-		
Interesting		Bad	-
Threatening	-		
Waste of Time			

One of the most challenging, interesting, and difficult tasks that a manager faces can be that of implementing a significant change. Even when a change is instituted with careful planning and coordination, resistance is an ever-present factor.

Most of the literature related to change emphasizes the need for communication before, during and after implementation of a major change. People's expectations about a change will often affect their attitudes and their actions. Hence, managers are encouraged to provide employees with the reasons for the change, to acknowledge any risks being taken, and to explain what is being done to minimize these risks. Resistance is closely related to fear of the unknown. Open discussions can be the best way to reduce employee anxiety. It is often recommended that those affected be informed of the benefits of the change, that they be encouraged to ask questions, and that they be provided with honest replies.

Although some situations may call for other types of processes, a participatory approach is often effective in reducing adverse reactions. Changes often work out most favorably when those concerned have a part in suggesting and/or implementing the change. Employees must understand, however, that some changes do not lend themselves to a participatory approach, and must be kept quiet until implemented.

In implementing change, it is important to provide concise guidelines. For example, what is the target date for completion of the change, and how will the change be implemented. Bear in mind that it is the situation that will dictate the appropriate strategies. The methods utilized should be contingent upon the environment and the characteristics of the organization itself.

When the equilibrium of an organization has been altered, ways to restore the status quo are sought. A "change agent," either a company employee or a consultant, can aid in the planning and implementation of a sound organizational plan. The expertise and talent of a person trained in organizational behavior can assist in the coordination, analysis, planning, design, and implementation of new systems or policies. The use of a strong change agent also adds to the important conception that management is fully supportive.

The importance of planning for a major change cannot be overemphasized. A major work-related stress reaction is what has been called the trauma of change. This can negatively affect job performance and spill into personal lives as well. The costs of stress-related problems can be significant to both the individual and the company.

Anticipating and understanding the common reactions to change can provide a useful and practical basis for looking at the interpersonal dynamics of an organization. It is important to understand the environmental influences, group processes, and leadership techniques required to successfully implement any change. 0

---

## ***DOLLARS and CENTS***



- Ann Wetstein

As of month end July, I am happy to report that the overall cash position stands at \$9,077. It is distributed between our money market account, savings account, and checking account.

Check out the Management Club

Web Page (<http://merlin/littondsd.com/mgmtclub/index.htm>) for details.

Please remember to contact Kathy DeSimone at ext. 5142 as soon as possible if you have to cancel your dinner reservation. Calls received the day of the event are too late to save the Club any money so call at least one day prior to the event to save the Club from paying the cost of an unused meal. 0

## Special Event - The Getty



- Valerie Arvizu

On August 8, 1998, the Management Club discovered the Getty Center - Los Angeles' newest cultural attraction. Awaiting us were memorable works of art in the J. Paul Getty Museums, panoramic views of the city, mountains, and sea; a choice of places to dine; tranquil gardens to stroll; fountains and reflecting pools; a bookstore; and activities which gave us new perspectives on art and its meaning ... and all in the company of our Litton friends and their families.



*A breathtaking view taken from the Getty overlooking the city.*

Five two-story pavilions, set around an open courtyard, house the permanent collections as well as changing exhibitions. Each gallery is specifically designed to suit the particular works on display. Fourteen galleries of French furniture and decorative arts include four 18th-century panelled rooms, two of which have never before been shown to the public. Not only did we see European paintings and decorative arts but also illuminated manuscripts, sculpture, drawings, and photographs. Among the highlights of the collection are many famous pieces -



*The French didn't just build a "desk". They beautifully adorned this desk with two golden figures.*

including Rembrant, Vincent vanGough, Michelangelo, Monet, and Renoir.

We had more requests than we could accommodate on the bus so we also chartered a van at Topaz Limousine Service at the Radisson Hotel in Sherman Oaks. The Getty fills up with reservations so quickly that it's almost impossible for private citizens to get a reservation for the rest of the year; however, the Topaz Limo Service has a special arrangement with the Getty where they are able to "deliver" 14 people every hour. Those who took the van service thought it was convenient and an excellent value. It costs \$10 to park your car at the Radisson, and then \$8 per person round trip, or if you rent the entire van with 14 people, it's only \$7 per person.

No one had time to visit all of the art at the Getty, even though we spent all day there! Many of us plan to return. The museum is beautiful and the art is beautifully presented with skylights which let you see the pictures in the same kind of light in which they were created. Those who rented the portable CD players for \$2 enjoyed hearing short descriptions of the particular art on display.

If you missed the last Getty Trip, or would like to return again in the near future/ please make a reservation with Topaz Limo Service at (800) 434-0006. The van leaves the Radisson from 9 a.m. to 1 p.m. on the hour, and returns at 2:30, 3:30, or 5:30 p.m.

Upcoming special events include visits to the Santa Anita Racetrack, AMTRAC Mystery Train, Magic Castle, and a day trip to Catalina Island. Please contact Valerie Arvizu, at extension 4655, if you have additional ideas for special events. 0



*Members enjoy the architectural tour offered by the Getty.*

*Management Club members relaxing prior to Al Munson's presentation*



**SPEAKER: ALDEN V. MUNSON, JR.**  
(August 19, 1998)



- Chris Huffman

Al Munson, Senior Vice President and Group Executive of the Litton Information Systems Group (ISG), was the keynote speaker at our August dinner meeting. The following is a recap of his

remarks as I captured them.

**Introduction and Background**

The new Litton we're working in right now was formed in 1994 when Western Atlas (now Unova) became an independent entity; we kept the Litton name and the defense business. Before long, Litton management looked at the future of its defense business and concluded that, although it was a *solid* business, it wasn't a *growth* business and, to increase shareholder value, Litton would have to find a way to grow the company. This led to the "Information Technology" initiative. The corporation's first major step was the acquisition of PRC, followed by the subsequent acquisitions of SAIT and TASC.

Almost simultaneously, management concluded that defense IT is only a middle- to low single-digit growth area, whereas the commercial sector, not only inside but also outside IT in other hardware areas, provides a lot more growth and we were something on the order of 90% defense and 10% "other." So there was a further initiative to move into commercial IT, and this led to the rolling out this past year of Litton Enterprise Solutions and a fairly serious



*Al Munson, Senior Vice President and Group Executive of the Litton Information Systems Group (ISG).*

commercial IT thrust on the part of Litton.

But there ensued an identity crisis. Was Litton a diversified company or a focused company? To answer that question, we revalidated ourselves over a six-month period this past year as a focused, diversified company. That is, Litton is a shipbuilder, an advanced electronics company *and an IT company*. Litton is looking for the IT part of the business to be the *growth engine* for the company and *that* is a pretty exciting prospect.

So, what's happened since 1994? The company has picked up about \$2 billion dollars worth of business through acquisitions. Not all of that is added new growth; some of it has been replacing declining businesses. The business mix has changed; we are now about 70% defense and about 30% "other." The result of all this has been (with the exception of the last few weeks, which haven't been too terrific) a substantial rise in our stock price. The acquisition of TASC makes it clear that Litton intends to make a major commitment to the IT business, and we have been rewarded for it.

**How Litton Is Organized Now**

We are now in five groups focused in electronics, largely but not exclusively defense electronics, shipbuilding and information technology. The Information Systems Group, which is now at about \$1.5 billion with 9200 employees, comprises about a third of the company. In visiting with customer agencies and associations, and in talking with competitors, teammates and affiliates out in the business world these days, I can tell you that Litton is seen as a top-tier provider in IT. We're a serious competitor in this marketplace and we're here to stay.

Our ship building business is about a billion-dollar business going forward, with some growth potential. The Shipyard will continue its commercialization efforts and will continue to be a core piece of Litton's business. We are confident that the Navy business will remain profitable, but it's not a large growth segment for the company. The Ingalls shipyard is a quality place. For example, on a large Navy program, Ingalls and Bath are each building the identical ship - except Ingalls builds it for \$50 million *less* than

**Continued on Page 6**

*Speaker**Continued from Page 5*

Bath does. The consistent performance, profit and cash-generation of the shipyard have made possible the diversification of Litton, of which we are all the beneficiaries.

The Electronic Components and Materials Group is about a \$500 million business. Performance, largely supported by the boom in computers and in telecommunications, has been terrific and the profitability is currently extremely good in this business.

The Information Systems Group has been working on strategic planning. One of the first things identified was our mission, which is "to remain a top-tier provider of information technology systems, services and solutions in worldwide defense, government and commercial markets." That translates to a diversified business in information technology. We are not going to abandon our defense IT markets. They're going to be the core of our business, but we are going to be investing fairly substantially in other elements as well (other federal, state, local and commercial businesses).

A few remarks about the 1998 fiscal year

ISG delivered mixed financial results this past year. ISG is going to be at about \$1.25 billion in revenue. That was our forecast when we started into the year and before we made the TASC acquisition.

We rolled out Litton Enterprise Solutions by adding PRe's commercial systems integration business to the business of the former Litton Computer Services Division in September and formally combined the two organizations on the first of February. The SALT acquisition brought 400 people into our midst and \$90-100 million in sales. We are now the world's leader in the ruggedized computer marketplace. The TASC

acquisition was completed in April. To be serious in the C<sup>4</sup>ISR business, we needed to pick up some intelligence capability. TASE, a company doing about \$200 million a year in the intelligence community, brought 2000 people with top security clearances. We now have some pretty serious credentials in intelligence. We are a "top 5" national intelligence IT house.



*Al Munson explaining his perceptions of ISFG with the Litton Management Club audience.*

ISC's performance is down relative to the plan for a variety of reasons. LES is down because we laid out too aggressive of a plan for ourselves. (Our biggest problem was we didn't fill the data center, but we're feeling smarter now about the realities of some of the commercial marketplaces.) PRC is down because their Super Mini Program (a \$180 million program for resale of workstations, desktops, networking,

etc.) was down by about half. DSD is down because of some program performance problems and competitive disappointments.

### The Future

For FY99, we are forecasting about \$1.5 billion for the Croup; again, this represents about a third of the company. One of the challenges we're facing is the IT staffing situation. Some associations are talking about as many as 350,000 openings in IT across the country. Right now, we have in ISC about 800 openings we can't fill. In FY98 we hired 1500 people into ISC, and we were up net less than 50. The attrition rate in LES was over 30% for part of the year. We struggle in the more commercial parts of the business to try to keep the attrition rate down in the low 20%'s and are actually better than industry norms when we do that.

We've got some big items coming up. DSD's Kuwait bid is the biggest thing on our horizon right now and we're doing whatever we can to make sure it's a winner. Also at DSD, we are poised for a break in the commercial displays

Continued on Page 7

*Speaker**Continued from Page 6*

and the ruggedized computer business. Before too long, we should see Litton displays in gas pumps, ATMs and maybe fast-food outlets. We have an excellent plan in place to take the next step in the ruggedized computer business. If we take the intelligence domain knowledge from TASC and put together the development and systems integration capabilities implicit in PRC and DSD, we are capable of being a serious competitor in the national intelligence business. Also, TASC is one of the leading suppliers of weather data – www.INTeLLICAST.com is the number two weather website in the world and one of the top 50 websites worldwide. TASC has some other businesses in precision agriculture, where they are doing multi-spectral mapping of agriculture fields and providing reports about what the fields look like to farmers and their agribusiness partners. LES is implementing the PeopleSoft HR program for the corporation and is doing work for Amecom and for the shipyard and several other places in the corporation.

**Challenges for Data Systems**

- Make RjSAOC into the long-term successful program that this division needs and deserves. RjSAOC is the cornerstone of command and control for this division.
- Recover the OAADS investment.
- Improve performance, in particular on our two international contracts - Italian C2M and UKTACC.

- Continue our excellent performance on THAAD and reinforce our position in Huntsville.
- Regain our competitive footing - understand our losses and how marketplace dynamics might have contributed to those, and revise our positioning as necessary and our processes accordingly.
- Maintain and improve our viability through technology, products, processes and people - all those things we can influence and contribute to.

**Conclusion**

Litton largely has weathered a hurricane of change following the end of the cold war era. Defense business is down fairly substantially and a tremendous consolidation has gone on in the industry. But Litton has survived and is a strong, competent supplier in markets where we choose to participate. We needn't apologize to anybody for Litton. We have the capacity in terms of the technology, tradition, discipline and the money to grow. Litton is capable of competing and performing with the "big guys."

ISG really is a top-tier supplier in the defense and federal IT marketplace. We have a growing commercial IT business. The defense business is not going away in this country; it's reached its nadir and heading back up. We face challenges, but we have a bright future.

"The best way to predict the future is to create it." Let's create for ourselves the future we want at Data Systems, at ISG, and at Litton.

***Membership and Professional Development***

- Don Youngman

Your Board of Directors implemented a program back in 1993 to recognize outstanding achievement of employees of Data Systems. Each month members are encouraged to nominate any full time employee for "The Employee of the Month Award", which is a \$75.00 award. Nominations can be

made by any member of the Club using a nominating form obtained from any Board member or through a simple EMAIL message to a Board member. Nominations will be accepted at any time, but those received by the first of each month will be considered for that month's presentation. Please take a moment and consider those who make the difference. 0



Management Club members enjoying themselves before the dinner meeting.



### Upcoming Events

- 09/09/98 Westlake Hyatt, President's Report to Management - Al Powers
- 09/30/98 Pantages Theater, "Phantom of the Opera"
- 10/21/98 Westlake Village Inn, Captain Allan Kerstein, LAPD

### Toastmasters Club

Improve Your Communications Skills



Litton's Data Systems Toastmasters Club can help. Toastmasters meetings are the 1st and 3rd Thursday of each month B-2 Rm 2006 Conference Room. Call Vince Aye, President @ 5211 for more information.

MS 1605  
 JAMES T FORTNEY  
 EMPLOYEE # 00000118  
 L3/ 4/5 0061/0 / 04

### Management Club News

President	Wendell Durrant	@ Engineering B5	83-5380
Vice President	Chris Huffman	@ Engineering B1	86-4838
Secretary	Ida Husk	@ Tech Data	86-5640
Assistant	Kathy De Simone	@ Engineering B2	86-5142
Treasurer	Ann Wetstein	@ Contracts B1	86-5330
Publiciiy	Susan Dixon	@ Engineering B2	86-5130

Web Page Address is:  
<http://merlin.littondsd.com/mgmtclub/index.htm>