

Running head: LOCKHEED MARTIN

LOCKHEED MARTIN - THE ORGANIZATIONAL ARCHITECTURE OF
INTERNATIONAL BUSINESS

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Executive Summary

In this context, the international business extent has been considered for the Lockheed Martin. The organisational architecture has a severe impact on the development of the business relation as it is comprised of the organisational structure, culture, propel and process which can control the business relation in an effective manner. The organisation has its major operation in the USA, but it also has the operation over 70 countries. Maintenance of the international business has developed some constraints which are restricting the normal and effective practice of the business. In this context, an efficient suggestion has been developed that can help deal with the issues and enhance the organisational profitability.

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1. Introduction

Globalisation has provided the necessary boost towards the development and expansion of international business. The successful conductance of the international business from the end of an organisation depends on the maintenance of the formal structure of the company along with maintenance of the coordination and control system. Organisational culture and structure play an important role in this concern as it controls the arrangement of responsibilities, roles and relationship within the organisation. The term organisational architecture defines the totality of the organisation which is consists of organisational culture, people, process and incentives control system (Hughes, 2015). In this context, considering the development of the organisation Lockheed Martin proper analysis of the organisational architecture for the purpose of international business understanding has been considered. Proper analysis of the strategy considering the recent international business activities of the company the associated constraints has been developed to suggest an effective solution for efficient business practice.



Figure 1: Lockheed Martin Logo

(Source: lockheedmartin.com, 2017)

1.1 Background of the Company

Lockheed Martin was founded in the year 1995 with the extent of the merger between Lockheed and Martin Marietta. In recent times it is considered as one of the largest defence,

aerospace and technology companies in the world. During the year the 1990s, the major changing and developmental phase of the organisation have been initiated with the extent of designing the own flying machine that leads to developing own aircraft (lockheedmartin.com, 2017). The organisation has established a space system which is responsible for monitoring earth with the aid of Geostationary Positioning System and Interplanetary Missions with Mars exploration.



Figure 2: Lockheed Martin Initiatives

(Source: lockheedmartin.com, 2017)

Considering the recent decisions and development of the company it has been found that in the year 2006 NASA has considered Lockheed Martin as its industry partner to develop Orion Crew Exploration Vehicle (lockheedmartin.com, 2017). For this purpose, the company has started the joint venture with United Launch and The Boeing Company.



Figure 3: Global Presence of Lockheed Martin

(Source: lockheedmartin.com, 2017)

Focussing towards the international business initiatives, it has been found that the Lockheed Martin works closely with the international partners and it has expanded the business over Australia, Poland, India, Germany, Canada, Japan, Israel, Taiwan, Turkey, UAE, UK and much more. The company is committed towards the maintenance of the global security and strengthening the local companies (Managementparadise.com, 2017). Lockheed Martin International delivers the products and service depending on the global, regional and country-specific strategies of the corporation and thus strengthens the partnerships.

1.2 Mission Statement for International Business

Lockheed Martin is dedicated to strengthening the global partnership as the organisation believes that global security enhancement can help in the process to develop a better economy. The major mission of the organisation is concerned with the maintenance of the diversified global principles and engages with the research, design, development, conception, manufacture and integration of the advanced technologies (Gao, 2016). For this purpose, Lockheed Martin has focussed towards the maintenance of the organisational architecture that can ensure efficient global business expansion. Considering current scenario the major activities of the company is limited in the USA and the global relation is spread

over 70 countries. The organisation intends to expand the stakeholders in a global market which is associated with NGOs, research partners and consumers (lockheedmartin.com, 2017).

2. Strategy for Organizational Architecture to Support International Business

It has been found from the research of Norwood et al., (2016) that the organisation is concerned with the application of the hybridised method in the narrow market that indicates the need of focus strategy method. It is beneficial for the development of the cost differentiation and cost leadership. The company has focussed towards the development of the organisational architecture for the maintenance of long-term objectives. The major two objectives of the organisation are-

- Enhancement of the global market share with less reliance on the local contractors
- Continue the development of the cutting-edge technology with people management

For better development of the international business relationship following analysis is essential for Lockheed Martin.

2.1 Organisational Structure

As the organisation is involved with the maintenance of multiple program approach, Lockheed Martin has maintained a multi-divisional matrix in organisational structure. It has maintained a divisional structure with a set of a relatively autonomous unit which is governed by the central corporate office. In this organisation, each operating division has a separate functional speciality that delivers different products and services (Gao, 2016). On the other hand, the matrix structure indicates that the functional and staff personnel are assigned towards different project manager for different functions. Considering the comparison between GOES-R and Orion project of the organisation it has been found that both projects

have been operated by Space System, but each has the different functional unit (Dworkin et al., 2015). In the case of international collaboration and expansion, these structure in the management can be beneficial for the organisation. In this regard, vertical differentiation in the company is beneficial to progress with international business activities where high level managers make the strategic decisions for implementation (Bennett & Parks, 2015).

2.2 Control System and Incentives

Implementation of the effective control system is essential to ensure and measure the performance of different managers involved in the international business expansion process. Proper performances of different subunits are essential for effective participation of the employees (Hughes, 2015). Strategic control is essential in this process, and the organisation has focussed towards the premise control, strategic surveillance, special alert control and implementation control.

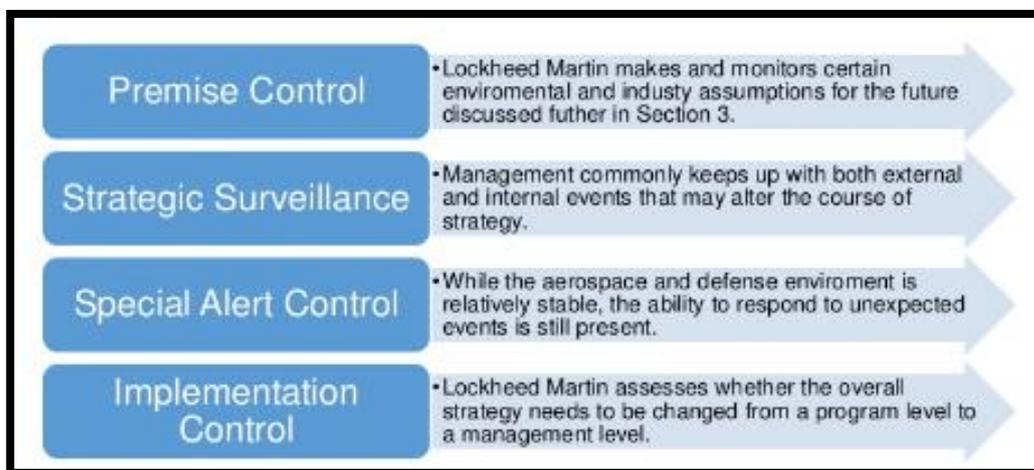


Figure 4: Control System in the Company

(Source: lockheedmartin.com, 2017)

These control system in the strategies are essential in the process to maintain different activities from the end of the managers operating in different countries. The primary reason is that the operating environment is different for each country (lockheedmartin.com, 2017).

In this regard, it is evident that the incentive scale is one of the major parameters that controls the performance of the employees and assists the production of the company. Depending on the need of different countries different incentive scale has been implemented (Frey & Faulk, 2017).

Position	Target
Chief Executive Officer	125%
President	TBD*
Exec. VP	75%
Senior VP	55% - 65%
Other Elected Officers	40% - 55%
Other Eligible Positions	15% - 50%

Figure 5: Incentive Scheme of Lockheed Martin

(Source: lockheedmartin.com, 2017)

The major reasons behind the implementation of incentive scale in case of Lockheed Martin has indicated the following concerns-

- Improvement in the cost effectiveness of the company
- Stimulation of the employee motivation to work individually and in team to meet the goal of the organisation and serve the stakeholder values in global aspect
- Facilitate the purpose of employee retention in the company

2.3 Culture, Process and People

One of the effective concerns that help in the successful running of the international relationship in business is the culture in the organisation. It controls the process of work and the associated people with it. In the case of Lockheed Martin, it has been found that the organisation has successfully maintained a culture-changing environment with the initiative of maintaining the diversity, inclusion and women's engineering (Norwood et al., 2016).



Figure 6: Communal integrity in Workplace

(Source: lockheedmartin.com, 2017)

Cultural values have ensured an important concern for the organisation that indicates the fact that the company evaluate different employees with same importance regarding diversity. It has provided the added advantage of the organisation and motivates the people associated with different projects (De Mooij, 2015). Effective motivations run all the process in an efficient manner and facilitate the production of the company. According to the managerial view of the organisation, it has been found that Lockheed Martin has maintained the work culture in the premise and considered the performance of the employees as the primary parameter of respect. It has displayed unique drive for the advancement of the organisation in the international market and implementation of the current business models to encourage work base (lockheedmartin.com, 2017).

2.4 Recent Development of Lockheed Martin

In recent times, the US federal budget has faced pressure and long-term fiscal challenges, but the company has maintained proactive measures with the international clients. The company has set the initiative to set their business opportunities through international growth. As the company is operating in 70 different countries with 1000 global partnership, thus it has

ensured 18% of the net sales of the organisation in the year 2013 (Gao, 2016). International expansion worked as the fuel for the sustainable growth of the organisation that has developed safer nation allies. As the F-35 is expected to become Lockheed's highest money generator model thus the President of the organisation is set to travel a lot to meet international consumers (Morgenstern et al., 2015).

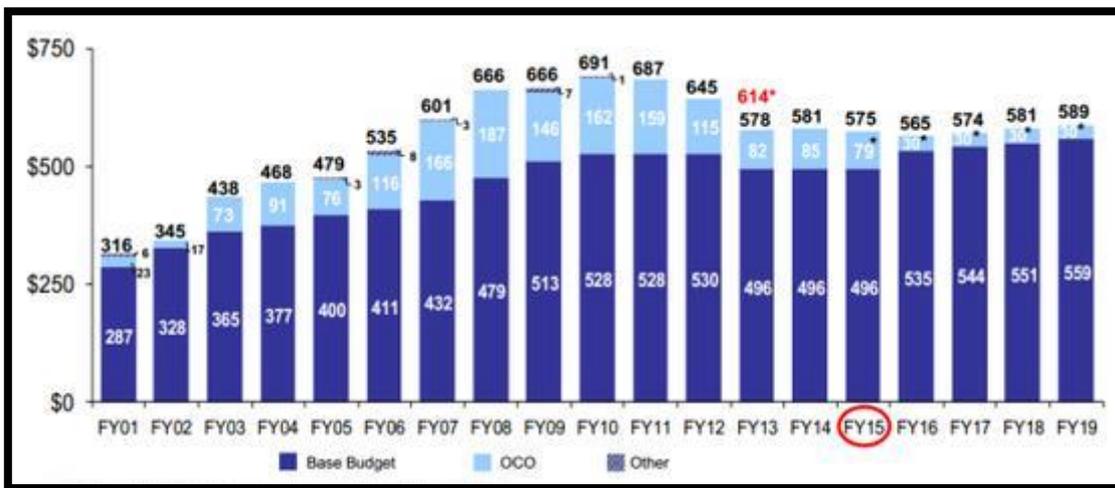


Figure 7: Budget Status for Different Models of the company in International Market
 (Source: lockheedmartin.com, 2017)

With the effective organisational architect, Lockheed Martin has developed a subsidiary in Israel and seeking the contract of Israel Defence Forces. As indicated in the research of Gao, (2016) the company is responsible for maintaining the cyber security, cloud storage security, and expand the defence business of the country. It has been found that the organisation has sold F-16 fighter jet and C-130J military aeroplane to Israel few years before and the success of the model has helped in the process to develop the business base in Israel with a new generation of the fighter jet model F-35 (Hughes, 2015).

2.4.1 Maintenance of the Ethics in International Business

It is essential to perform the international business development and expansion initiatives with the following of the ethical considerations. Lockheed Martin has maintained

their zero tolerance for corruption that provided an effective advantage. It is evident that performing business around the world has subjected the company towards different laws and regulation of those countries and different from the US laws and policies (Clark et al., 2016). The maintenance of high standards in case of ethical business has helped the company to build consumer relationship and ensure success around the world.

3. Constraints in International Business Strategy Implication

The major problem to operate in the global market is the rising extent of competition, and the threat of the new entrants in the target market is responsible for the creation of major hindrance. Depending on the strategic issues the practice of business relationship development in overseas countries is creating a problem for Lockheed Martin. Following issues regarding the business constraints are restricting the international business practices-

3.1 Strategic Issues associated with Lockheed Martin

During the successful running of the business, Lockheed Martin has faced some strategic constraints and difficulties which are creating difficulties for the organisation-

- In some projects, the limited exposure to the suppliers limits the effective relationship development which restricts possible return.
- In many countries including US government contracts are becoming less company friendly.
- The workforce of the organisation is ageing drastically, and it has created challenges for the talent acquisition.

3.2 Legal Constraints for expansion in Global Scenario

As the company is responsible for the initiative regarding the expansion of the business initiatives in the foreign countries it is evident that Lockheed Martin has to deal with

different legal aspects of different countries. It is essential for the organisation to get familiar with the laws of that particular country. As found from the research of Dinnie, (2015) the business of Lockheed Martin is currently operating in 70 different countries thus it is the duty of the management to make the managers aware of the legal aspects to circulate among the personnel involved in the process. Considering the operation in the USA if the Lockheed Martin is involved with import some materials from outside sources then the company need to pay additional import duties. Legal complexities are quite challenging, and the organisation is responsible for operating in various countries thus proper legal advice from local advisors, and auditors are essential for every country (Carrigan & Bosangit, 2016). It is evident that if some legal issues affect the company, then it can result in the generation of fines and penalties towards Lockheed Martin. The company has ensured the presence of effective international and local lawyers in the organisational hierarchy who can limit the legal harassment for the organisation and entertains business progression (lockheedmartin.com, 2017).

3.3 Language and Culture Barriers

Expansion of the business in different countries can be effective with the maintenance of effective language familiarity with those countries. As Lockheed Martin is operating with almost 1000 clients over 70 countries, it is essential for the company to learn the language of those countries. In the case of Asian countries like Japan and UAE, it has been found that majority of the consumers does not entertain the English language. Thus language barrier becomes an obvious obstacle during international business (Dinnie, 2015). It has been found in Japan, Lockheed Martin has the lowest share of international expansion, and the major reason is the lack of proper translators. Lack of translator in the management results in the intricacies of contracts lost in translation. People with different first language are facing

difficulties to understand what the company is offering to them and it is resulting in losing some possible market in global aspects (Gao, 2016).

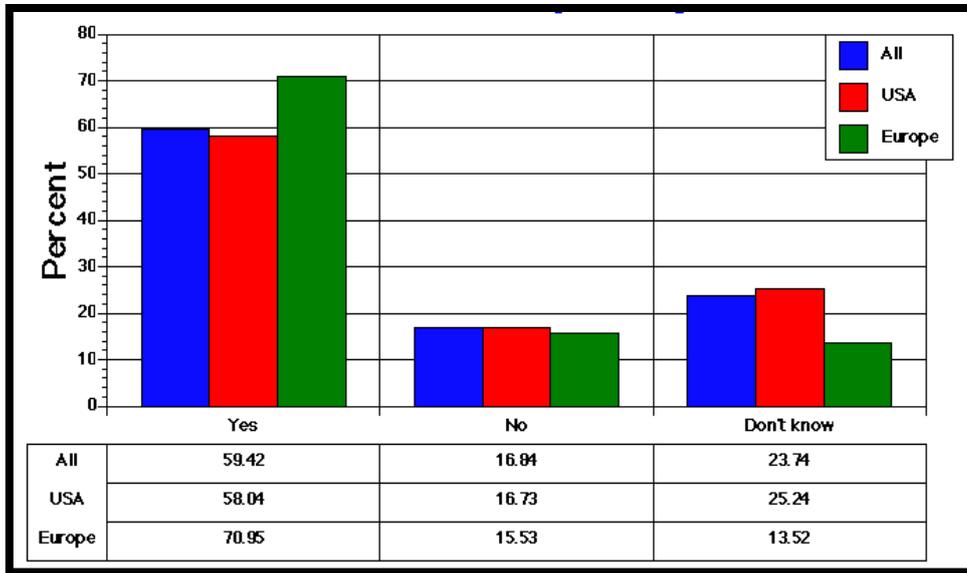


Figure 8: Cultural Barrier Scenario in Global Aspect

(Source: lockheedmartin.com)

On the other hand, a cultural difference plays an important role in creating the hindrance in effective business practices. Lockheed Martin can face problems due to cultural aspects in countries like UAE and Turkey. For example, gender equality rights can create a severe problem in those countries where women are deprived of equal rights. In some countries, Lockheed Martin may face the problem to use the local women employee strength due to the safety issues. Apart from this, the approach of the business may need to be varying in different countries due to cultural differences. For instance, the polite approach in USA business dealing may not work in European countries. Besides, Lockheed Martin may face the problem of serious acceptance of the contracts from the other end of clients in some countries. The reason is some cultures never consider contracts as a serious note as they give importance towards the group rather than individual approach (lockheedmartin.com, 2017).

3.4 Political Problems and Supervisory Oversight

Considering the global market, it has been found that only 18% of the net sale for Lockheed Martin is from the international market. However, there is a huge market yet to invade. The major obstacle in this regard associated with the political concern of different countries. It has been found that a portion of the European country and many Asian countries are opposing the outsourcing and internationalization concern. The political concerns are associated with the human rights, and Lockheed Martin can face the human right abuse extent in those countries (Hughes, 2015). Lack of the diplomacy in the management personnel of Lockheed Martin can make the situation worse. However, in many countries corruption is responsible for the generation of unfair competition and it has enhanced the cost and affecting the quality and capability of production.

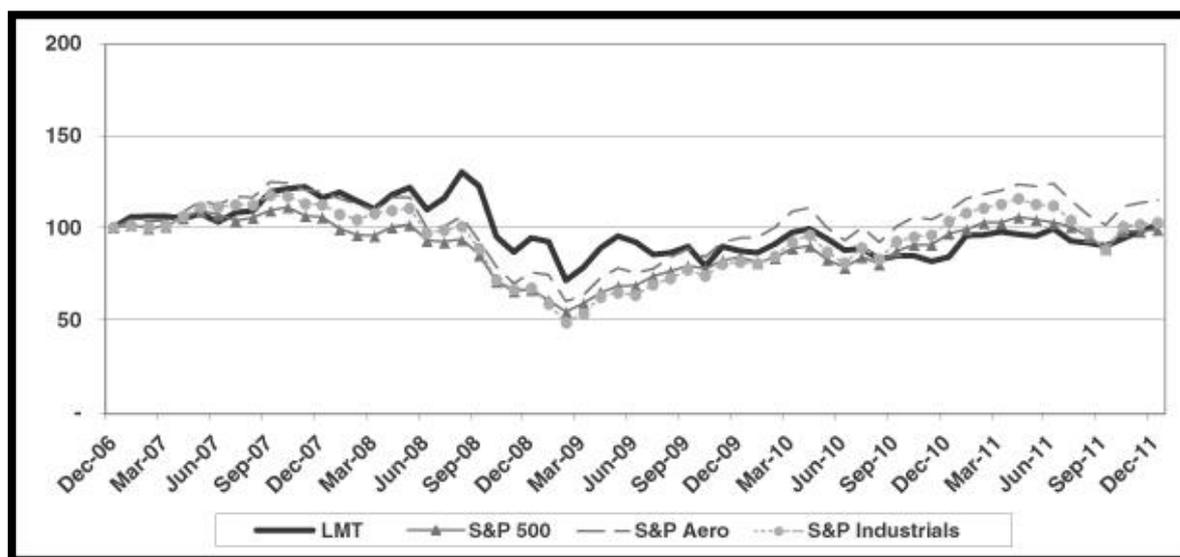


Figure 9: Slight Declination in International Product Selling of Lockheed Martin

(Source: lockheedmartin.com, 2017)

Considering the phase of 2006-2011, it has been found that the international business selling for Lockheed Martin has faced a slight declination and the reason behind the concern is the supervisory oversight. Without proper oversight of the international business operations in

different countries, some incidents of the unfair deal signing have been occurred (lockheedmartin.com, 2017).

4. Solutions for the Associated Problems

The key purpose of performing the international business from the end of Lockheed Martin is concerned with strategic positioning of the company in the competitive market and ensures business expansion. Existing organisational architecture related to business operations has highlighted some constraints that need effective five-year basis planning to solve the existing problem and deal with upcoming threats. It is essential for the organisation to focus on the value chain generation which includes marketing, material management, human resource and research activities to make changes in the organisational architecture.

4.1 Organizational Mission

Considering the success of Lockheed Martin, it is expected that primary concern of the organisation is focused towards the enhancement of the net sale from the international market. Further business initiatives and change in the existing operational aspect needs to include flexibility, measurability, motivation, suitability and understanding ability in the long-term objective development (Norwood et al., 2016). It is essential to focus towards the improvement of the control strategy of the company that can enhance the performance in the production of the company. Transaction strategy and financial assumption are effective for the purpose of premise control. Security and protection can be effective for the purpose of special alert control and earned value management can support the implementation control.

4.2 Competitive Strategy

Development of a competitive strategy for Lockheed Martin is important so that it can minimise the international business constraints and encourage the global business relationship maintenance (Covin & Miller, 2014). Lockheed Martin needs to consider the fact that the

innovation is the major power of the organisation which is serving the government and the commercial consumer. Thus, the development of the competitive strategy for international business needs to focus towards better buying power and applying broad mission. Legal issues due to different and changing concern of law can be resolved with the hiring of the efficient international and local lawyers having sound knowledge of local legal limitations would help Lockheed Martin to extend the business (lockheedmartin.com, 2017).

On the other hand, it is evident that the language barrier can be resolved with efficient translators and revise the contract in concerned language. However, dealing with the political problem needs diplomacy and improvement in the business objective and policies so that it can attract the attention of the political leaders to consider the policies in company friendly manner.

Table 1: Competitive Strategy for the Organization

Competitive Position	Objective	Functional Tactics
Social Responsibility	Lockheed Martin need to ensure that the business dealing does not affect the population of the foreign country	Providing security and economical aid with the products
Technological Leadership	To provide high end products to strengthen the defence of the concerned countries	Improvement of the research and development sector for better innovation
Employee Development	Ensure better quality of product and rise in the	Proper training to the cross-cultural employees for

	production	efficient performance
Profitability	Maintenance of the cost differentiation in the market	Proper market research and enhancement of the production

4.3 Strategic Execution and Control

Proper execution of the developed strategies is important as it can ensure the long run success of the organisation. Lockheed Martin management needs to understand the threshold of the organisation structure and existing practices and then it is essential to reduce the threshold to enhance the production. Revision of the incentive concern is important for the organisation to keep the employees motivated in work. The implication of the reward system is beneficial for the innovation process (Bennett & Parks, 2015). The target based approach is essential to form the end of the management in five years tenure to achieve the long-run objectives.

On the other hand, proper control of the strategic solution is possible with the maintenance of the following concerns-

- Focus on the performance of different business units
- Enhancement of the effectiveness in functional management
- Maintenance of team culture rather than individual concern
- Foster leadership among young employees for future leader in international relation market
- Maintenance of the current leadership structure

4.4 Innovation and Entrepreneurship

It is essential for Lockheed Martin to ensure continuous innovation in the product so that market competition can be maintained. To invade the foreign countries, it is essential to look for the current market giants in those countries and use the strategies of merger and acquisition (Samiee et al., 2015). To minimise the cultural barrier with the other countries, it is essential to create a partnership with other collaborators and government to provide better defence technologies in a global basis.

5. Conclusion

Thus, from the above development, it has been found that the existing organisational architecture is beneficial for the Lockheed Martin to sustain the business. However, in recent times the new revision of the tax policies and budget constraints in the USA is not much beneficial for the organisation, and thus the organisation has focussed towards the expansion of the international business. It has been found 78% of the net sale is generated from US market and rest 18% collected from the 70 countries and 1000 business clients of Lockheed Martin.

Considering the strategy of the organisation, it has been found that the management structure has separated the functional unit in different clusters and thus the project managers are capable of managing the production effective manner. It has helped the Lockheed Martin to control the production as per the need of the respective country. Efficient maintenance of the organisational work culture and enhancement of the team work helps the employees to stay motivated in the organisation. It has been reflected towards the service of the people. Evidence is from the expansion of the business in Israel in recent times has proved that Lockheed Martin is associated with the government of the country to strengthen the defence of the country and ensure the safety of the people.

However, the international business expansions also have some constraints that have affected the company in some countries. For evidences, it has been found that language barrier in Japan is prominent that restricting the invasion in a large market. On the other hand, differential legal aspects of different countries are also restricting the activities of the organisation as different policies are required to operate in different countries. Political aspects of various countries are also restricting the international relationship development for Lockheed Martin. Based on the issues acting in the business operations effective strategies can be implemented to resolve the issues. Lockheed Martin needs to focus towards the employee maintenance and the management control so that the company can avoid major legal dilemmas and issues related to translation in some countries. The Proper strategic implication with scheduled five years planning can enhance the net sale from the international market for Lockheed Martin.

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