

# Raytheon Management Analysis

(with writing self assessment markup)

Raytheon is an eighty-six year old aerospace and defense company that employs over 72,000 people world wide. The company specializes in the development of advanced technology for defense and homeland security with sales of \$21.3 billion in 2007. Raytheon is the fourth largest defense company in the United States and fifth largest in the world. It is the world's largest defense electronics company and world's largest missile manufacturer. Raytheon has a good record for management, and the company's culture is one that is well established and has been recognized with many awards. The company also offers competitive benefits to its employees, spouses or domestic partners, and children. Prospective employees must have certain attributes to best be able to contribute to the success of the company. All of these attributes lead to a company that will continue to prosper.

## Key Managers

Raytheon has a fine track record of good management. **3a)** In 2007, Forbes magazine named Raytheon the "Best Managed Company" in the aerospace and defense industry. **3b)** Overall, Raytheon was ranked 233 out of the Forbes top 400 best big companies. **3a)** However, the company isn't without blemish. **3b)** In 2006, the chairman and CEO, William Swanson, had \$1 million taken away from his 2006 compensation by the board of directors for not giving proper credit for material used in a book he wrote. **3b)** The book, "Swanson's Unwritten Rules of Management," was touted on the company web site, and over 300,000 copies had been given away. **3c)** The book was found to have used excerpts from a 1944 book, "The Unwritten Laws of Engineering," along with quotes from Defense Secretary Donald Rumsfeld and humor columnist Dave Barry.

**3b)** William H. Swanson is the current Chairman and CEO of Raytheon Company. **3c)** The position of chairman was added to his CEO position in 2004. **3c)** Swanson started his career with Raytheon in 1972 after graduating magna cum laude from California Polytechnic State University at San Luis Obispo with an industrial engineering degree, and he completed his graduate work in business administration at Golden Gate University. **3c)** He has risen through the company ranks holding the leadership positions of manufacturing manager of the Equipment Division, senior vice president and general manager of the Missile Systems Division, general manager of Raytheon Electronic Systems, president of Electronic Systems, then chairman and chief executive officer of Raytheon Systems Company.

**3a)** Raytheon has four senior vice presidents: Thomas M. Cullen, Executive Vice President Business Development Raytheon Company, Chief Executive Officer Raytheon International Inc.; Keith J. Peden, Senior Vice President Human Resources; Jay B. Stephens, Senior Vice President, General Counsel and Secretary; and David C. Wajsgras, Senior Vice President and Chief Financial Officer.

**3b)** Mr. Cullen earned his bachelor's degree in government and a master's degree in public administration. **3c)** Prior to joining Raytheon in 2001, Cullen was a vice president and general manager with Honeywell International Inc., a president of Allied Signal, held executive positions at McDonnell Douglas, and has been the legislative director for Florida congressman Earl Hutto and chief of staff for Florida's secretary of state.

**3b)** Mr. Peden joined the company in 1993 after working at Lotus Development Corporation, Alexander & Alexander Consulting, Prime Computer, and Honeywell. **3c)** Peden joined Raytheon as the company's vice president and deputy director of Human Resources and took over his current position in 1997. **3c)** He has a bachelor's degree in history and political science from Western Michigan University and a master's degree from Eastern Michigan University.

**3b)** Mr. Stephens, with a bachelor's degree in government from Harvard College and a Juris Doctors degree from Harvard Law School, joined Raytheon after serving as Associate Attorney General of the United States. **3c)** Stephens previously worked at Honeywell International and the law firm of Pillsbury, Madison and Sutro. **3c)** He was the U.S. Attorney for the District of Columbia, Deputy Counsel to President Reagan, and he worked in the U.S. Department of Justice. **3c)** After college Stephens worked at the Overseas Private Investment Corporation and the law firm of Wilmer Cutler & Pickering.

**3b)** Mr. Wajsgras has been with the company since 2006. **3c)** He came over from Lear Corporation. **3c)** Prior to joining Lear, Wajsgras was with Engelhard Corporation and Honeywell International. **3c)** He earned a bachelor's degree in accounting from the University of Maryland in College Park and a master's degree in finance from American University.

## **Company Culture**

Raytheon's established culture is one of driving for growth, inclusiveness, and developing a learning environment. **3a)** The cornerstone of Raytheon's culture is their Vision, Strategy, Goals, and Values; these are stressed to every employee annually. **3b)** The company Vision is simply "to be the most admired defense and aerospace systems supplier through world-class people and technology." **3b)** Along with Raytheon's Vision there are four points in the Strategy of the company:

- Focus on key strategic pursuits, technology and mission assurance to protect and grow their position in their four core defense markets.

- Leverage their domain knowledge in their core defense markets, as well as in mission systems integration, homeland security, and information assurance/information operations.
- Expand their international business by increasing defense sales and seeking adjacent opportunities.
- Be a customer focused company based on: performance, relationships, and solutions.

**3b)** The third aspect of the company's culture is its Goals which are: to be focused on the customer, to grow revenue faster than the market, to retain and attract world class people, and to improve productivity. **3b)** The final part of the culture is Values. **3c)** These include:

### **PEOPLE**

- Treat people with respect and dignity.
- Welcome diversity and diverse opinions.
- Help fellow employees improve their skills.
- Recognize and reward accomplishment.
- Foster teamwork and collaboration.

### **INTEGRITY**

- Be honest, forthright and trustworthy.
- Use straight talk; no hidden agendas.
- Respect ethics, law and regulation.

### **COMMITMENT**

- Honor commitments to customers, shareholders, the community and each other.
- Accept personal responsibility to meet commitments; be accountable.

### **EXCELLENCE**

- Improve performance continually.
- Stress quality, productivity, growth, best practices and measurement.
- Always strive to be the best.

**3a)** The company Values are extremely important. **3b)** Because of this, Raytheon has implemented a Raytheon Six Sigma program as a key to improving productivity, reducing cost, growing the business, and building a new culture through continuous process improvement. **3c)** The program brings together teams that create networks of people that continue after the Six Sigma projects are completed. **3c)** The teams help to evolve the culture into one mindset. The training programs also help unite organizations into common goals.

**3a)** The company was given the Secretary of Labor’s 2007 EPIC Award for the federal contractor that has broad strategies to ensure Equal Employment Opportunities (EEO). **3b)** Cited in the award were Raytheon’s EEO programs; talent retention and acquisition; “Rdiversity Initiative”; employee resource groups and diversity council; open communications; the “MathMovesU” program; and community outreach. **3b)** Other awards the company has received for its focus on diversity are: #10 on the DiversityBusiness.com Top Organizations for Multicultural Business Opportunities for 2006 and the 2007 “Private-Sector Employer of the Year” by CAREERS & the disabled magazine.

### **Benefits**

The benefits Raytheon offers its employees help make it competitive in the recruitment and retention of employees. **3a)** Benefits packages include company subsidized healthcare for the employee, their spouse or domestic partner, and eligible children; income protection; investment and retirement; work/life options; and a number of extras.

**3a)** Raytheon offers a number of healthcare options including Preferred Provider Organization (PPO), Point-of Service Plan (POS), Health Maintenance Organization (HMO), consumer-driven health plans, or High-Deductible Health Plan (HDHP) with a Health Savings Account (HSA). **3b)** These plans give the employee the choice of cost and access. **3a)** Along with the choices for medical, dental coverage also has three options: a low option that only covers basic dental care, a high option that covers more wide-ranging treatment, or a Dental Maintenance Organization (DMO) if a network is available nearby. **3a)** Prescription drugs and eye care is covered under separate plans. **3a)** A healthcare reimbursement account is offered through payroll deduction and on a pre-tax basis.

**3a)** Many options for income protection are offered by the company. **3b)** Short-Term Disability (STD) that covers 75% of base pay is paid for by Raytheon. **3b)** 100% STD coverage may be opted for with an after-tax payroll deduction. **3b)** Long-Term Disability (LTD) is also offered at additional, after tax expense. **3b)** Basic life insurance for the employee is paid for by the company, but additional insurance may be purchased for not only the employee but also eligible dependents. **3b)** Accidental death and dismemberment insurance may be purchased, but is covered by the company if on business travel.

**3a)** For employee investment the company offers the Raytheon Savings and Investment Plan (RAYSIP), a 401(k) that allows up to 50% of pay before-tax and/or after-tax. **3b)** The company will match a portion of contributions up to the first 4%. **3b)** An employee is immediately vested in RAYSIP. **3a)** Raytheon also has a Retirement Income Savings Program (RISP) as part of RAYSIP. **3b)** This is a company contribution of from 3 – 9% based on the age and service of the employee. **3b)** This money goes into the RAYSIP account, but the employee is not vested in RISP until after three years of company service.

**3a)** Raytheon has Paid Time Off (PTO) for its employees. **3b)** This ranges from 100 hours per year for employees with less than one years service, to 200 hours per year for fifteen or more years of service. **3a)** Along with PTO, an average of twelve paid holidays is also given to employees. **3a)** Other work/life offerings are dependent care reimbursement accounts and transportation benefits. **3b)** These are offered through pre-tax payroll deductions to help cover the expenses associated with child care and certain forms of adult care, and the cost of commuting to work. **3a)** An employee may also get up to \$4000 from Raytheon in adoption assistance money for each finalized adoption. **3a)** To go along with everything else the company offers LifeResources; a free, 24-hour employee assistance and referral program for issues like child care, prenatal care, parenting, adult care, adoption information, academic services, college planning, personal and work-related counseling, and other personal services.

**3a)** Raytheon offers extra benefits that may not be found at other companies. **3b)** These extras are: employee educational assistance for tuition and select fees for continuing education; long-term care insurance for employees and their families; group home and auto insurance; an employee investment services plan for general, retirement, and college investing; a matching gifts for education program that encourages employees to donate to eligible educational institutions by matching each dollar, up to \$5000 per year; and the Raytheon Scholars Program which rewards academic achievement to employees children by providing college scholarships.

### **The Prospective Employee**

The success of the company is what the focus of any prospective employee should be. **3a)** Working well with people from different cultures and backgrounds; learning and applying the Raytheon Six Sigma program to continually improve the company processes; having good, effective communication with both managers and co-workers; and working outside the company to enhance the surrounding community are things a prospective employee should be willing to do along with performing their chosen career.

### **The End Result**

With continuing quality leadership, with an established culture that is inclusive to all employees, and with an extensive benefits package, Raytheon should be able to retain experienced employees and attract new talent that meets the standards the company holds.

## Works Cited

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All of these attributes lead to a company that will continue to prosper. Raytheon has a fine track record of good management. Raytheon's established culture is one of driving for growth, inclusiveness, and developing a learning environment. The benefits Raytheon offers its employees help make it competitive in the recruitment and retention of employees. The success of the company is what the focus of any prospective employee should be.