



Playbook for Primes

How to Compete on Agility
Without Losing Legacy Strengths

2026



On March 6, Odgers hosted a panel at the annual Wharton Aerospace Conference entitled “Legacy vs Agility” featuring Joe Miller (BWXT Government Operations), Colin Miller (Boeing Phantom Works), and Steve Nordlund (Oshkosh Corporation) discussing how tech-native entrants are gaining ground and how large incumbents can adapt. The Wharton panel showed that primes are not doomed to lose to new entrants.



**Primes win when they treat agility as a system design problem,
not a personality trait.**

By standing up explicit Explore vs Exploit lanes, giving the Explore lane different rules, investing in a digital thread, using partners as force multipliers, and rewiring incentives for both people and money, incumbents can turn DOW’s acquisition overhaul into an advantage rather than a threat.

The panelists agreed that startups are faster largely because of shorter innovation cycles, flexible contracts, and lighter risk postures, while primes still dominate in scaling, integration, and sustainment of complex systems like bombers, nuclear reactors, and ground fleets. They highlighted five cross-cutting lessons: digital engineering + flexible contracting are the real speed levers; dual-track models that separate “explore” vs “exploit” unlock both agility and scale; risk culture is the main bottleneck; partnerships (especially with AI and autonomy firms) are now a core competitive weapon; and forthcoming DOW acquisition reforms around portfolio management and innovation insertion could structurally favor incumbents who re-wire incentives and operating models to move faster.

What follows is a *practical playbook for primes*, distilled into five recommendations you can act on now.





Recommendation 1 – Make Dual-Track Explicit: Separate Explore vs Exploit

Objective: Stop pitting startup-style agility against prime-grade execution inside the same operating lane; instead, design two lanes and connect them.

Create or clarify an “advanced development” arm whose mission is to take technologies from TRL 3–6 and hand them to business units at TRL 7–9 (the role of Boeing Phantom Works).

Use BWXT’s Innovation Campus as a model: a dedicated site and business unit for Advanced Technologies that designs, builds, and tests new nuclear systems for NASA, DOE, DoD, and others, separate from day-to-day production lines.

Treat Pratt Miller inside Oshkosh as the pattern for a “motorsports-style skunkworks”: a small, telemetry-obsessed group that can be bolted onto defense and commercial programs to inject electrification, autonomy, and rapid iteration without rewriting the whole Oshkosh machine.

Action: On your org chart and P&L, explicitly label an “Explore” (Advanced Development / Innovation Campus / X Works) lane and an “Exploit” (Core Programs & Production) lane, with clear rules for how money, technologies, and people move between them.

Recommendation 2 – Give the Explore Lane Different Rules: Contracts, Tools, and Risk

Objective: Don’t run prototypes through the same machinery you use for fielded fleets.

Contracts: Use flexible mechanisms (OTAs, middle-tier pathways, portfolio contracts, co-located teams) wherever possible so you can pivot missions mid-stream, as Phantom Works did when shifting MQ-28 from ISR toward more demanding collaborative combat roles.

Tools/IT: Follow Phantom Works’ model of “startup speed, prime resources” — use lighter, modern digital tools in the advanced-dev lane, with bridges into the enterprise PLM/ERP later, instead of forcing prototypes into full corporate stacks from day one.

Risk posture: Explicitly state at VP/ELT level where you are willing to accept test failures and even hardware loss to compress timelines and increase learning; make that visible to engineers and program managers.

Action: Write a short, formal “Operating Rules for Advanced Development” that spells out 1) which contract types you will prefer. 2) Which enterprise controls are relaxed (and which are not). 3) How risk and failure will be evaluated and rewarded in the explore lane. This document becomes your internal “license to move fast.”



Recommendation 3 – Build a Real Digital Thread So Explore → Exploit Is Smooth

Objective: Ensure that what you prototype can actually scale; otherwise “innovation” stays stuck in labs.

Invest in a shared digital thread spanning model-based design, digital twins, production verification, and supply-chain connectivity, as BWXT is doing at its Innovation Campus and nuclear facilities.

Measure concrete cycle-time gains: BWXT’s experience shows digital tools can compress conceptual design from 12–18 months to 2–3 months and cut rework by enabling laser-scan verification and near-real-time comparison of supplier data to as-built conditions.

Mirror Phantom Works’ practice of using production-aligned processes early — moving from concept to first flight in 36 months on programs like T-7A and MQ-28 — so prototypes are born “industrial-ready.”

Action: Pick 1–2 flagship programs and require that every experiment and prototype is built on the same core model and configuration backbone the factory will use later, even if the front-end tools are lighter. Track a simple metric like “months from concept to CDR / first flight / field demo” and report it to the board.

Recommendation 4 – Use External Partners as Force Multipliers in the Explore Lane

Objective: Accept that you will not out-spend or out-recruit Silicon Valley or AI leaders; instead, orchestrate them.

Follow Boeing’s path with Shield AI and other autonomy partners: use co-development to integrate AI behaviors and autonomy stacks into prototypes (e.g., loyal wingman, CCA) and then transition those stacks into formal programs of record.

Take BWXT’s “coopetition” stance: own critical infrastructure (nuclear fuel, components, test facilities) that competitors and startups also depend on, positioning yourself as the industrial base backbone while still fielding your own systems.

Replicate Oshkosh + Pratt Miller as a template: bring in niche specialists (motorsports, autonomy, robotics, electrification) whose culture is optimized for rapid iteration and performance under pressure, then embed them into defense and commercial programs.

Action: Establish a small, high-tempo “partner intake” function inside your advanced-dev lane. Give it authority to run “speed-dating” sprints with 50–100 companies a year, but hard gates on integration (e.g. technical fit, cultural fit, path to transition into a program, alignment with DOW and portfolio priorities).



Recommendation 5 – Re-Wire Incentives: People and Money Must Reward Agility

Objective:



Align personal incentives and financial architecture with dual-track behavior; otherwise, the legacy engine will quietly crush the innovation engine.

Personal incentives – how people “win”

1. Separate scorecards for explore vs exploit:
Explore: speed to first demo/flight, number of structured experiments, transition rate into funded programs, and cycle-time reductions.
Exploit: cost, schedule, quality, safety, availability — the classic metrics your nuclear, air, and ground platforms already live by.
- 2 Risk and learning goals: bake into advanced-dev leaders' performance plans specific expectations around prudent risk-taking and learning, in line with Defense Innovation Board/Science, Technology & Innovation Board recommendations on aligning incentives to faster tech adoption.
- 3 Career currency: treat time in Advanced Development roles as a plus for promotion, not a detour; explicitly protect high-potential talent who take on high-variance innovation roles.

Financial architecture – how money “wins”

1. Protected innovation-insertion funds at portfolio level, mirroring DOW's and STIB's push for Innovation Insertion Increments: ring-fence a percentage of your portfolio budget purely for inserting new tech into existing programs and scaling prototypes.
- 2 Program-level KPIs for tech insertion, not just compliance: add metrics like “% of budget on new capabilities vs sustainment” and “number of new technologies fielded in last 3–5 years” to PM scorecards, reflecting government's call to reward integration, not just safe execution.
- 3 Internal ‘fast lane’ funding that mirrors OTA/DIU tempo: create a simplified, quarterly internal process for funding aligned to DOW mission priorities (e.g., CCA, counter-UAS, resilient comms, space/nuclear power, advanced energetics), using staged tranches rather than PPBE-style big-bang approvals.

Action: Put a single page in front of your leadership team that shows, side-by-side, (1) the people metrics by which advanced-dev leaders and program leaders will be evaluated, and (2) the budget and KPI rules that will govern innovation insertion. Make this the “contract” that ensures agility is not a slogan but an earned win.



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Beyond executive search, Mercedes has been successful in business and has held—and continues to hold—board positions, including a seat on Odgers' US Board of Directors, where her deep expertise in management consulting, leadership advisory, and strategic mindset are highly valued.

Mercedes holds an MBA from both Columbia Business School and London Business School and earned her B.A. in Government and International Politics from George Mason University. She is also a Court Appointed Special Advocate for Children in Alexandria and Arlington, Virginia, demonstrating her dedication to community impact.

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