



# Sealing the deal

After 2 great years, BCA Sales prepares for future challenges

By DEBBY ARKELL

Ask any Boeing Commercial Airplanes Sales director what it takes to sell airplanes, and you'll learn that it's important to be able to handle rejection. Surprisingly, you'll also learn that it's become just as important to be able to handle success.

The past two years have been very successful for Boeing's commercial airplane business in spite of challenging global, economic and competitive markets. In 2005 and 2006 BCA logged 2,046 airplane orders from more than 100 customers worldwide. Now, with economic indicators showing an air-travel market that's rebounded, BCA should be basking in the glow of success. Right?

Not exactly. Humility, focus and listening to customers are the watch words. Despite favorable market trends, challenges remain for Commercial Airplanes. Since orders placed today may not result in delivery for several years, Sales leaders must

convince customers that Boeing products are worth the wait. Also, BCA must deliver flawlessly on existing customer commitments. And finally, continuing to maintain and advance relationships as the pace of business picks up will be essential.

"Granted, 2005 and 2006 were tremendous years," said Larry Dickenson, vice president of Sales for Boeing Commercial Airplanes. "However, we can't rest on our laurels. We absolutely must remain focused on meeting our customers' needs now and into the future."

## WHERE WE'VE BEEN

The commercial airplane market was in

a dismal state following the terrorist attacks of Sept. 11, 2001. Air travel dropped precipitously, carriers lost revenue like never before, and airplane manufacturing saw serious cutbacks in production rates and work force. Then came the severe acute respiratory system epidemic of 2003, followed by recent record-high oil prices. That's made carriers worldwide seek additional ways to cut costs and keep people moving.

Yet Boeing's orders have steadily increased. And it all comes down to one thing, Dickenson said: "Our sales strategy is simple: Value. Our products provide more value than those from the competitor. The competitor's strategy is discount. We may never have the lowest prices, but we will always have superior value."

An airline's measure of efficiency is seat-mile costs, or the amount it costs to fly one passenger one mile. Fuel burn is a big part of that measure, as fuel can be a bigger cost to airlines than payroll. As a result, 2005 and 2006 order totals were driven in part by airlines needing to replace their airplanes with more fuel-efficient products.

The value in Boeing's product strategy proved to be instrumental in this endeavor. Commercial Airplanes has a comprehensive and fuel-efficient product line to offer its customers; every airplane model in BCA's lineup is more fuel-efficient than its equivalent Airbus competitor, according to BCA.

Additionally, BCA's product strategy supports the idea that people prefer to fly point-to-point—that is, nonstop to their destination—instead of switching planes at large airports. The value provided by Boeing products gives carriers the option to fly point-to-point.

Though the product line is strong, sales are not a slam-dunk, said Vienna-based Sales Director Chris Jellen. "Customers have choices. It is up to us to convince customers that our products provide the best value."

**STARTS, ENDS WITH CUSTOMERS**

Sales campaigns start with a Boeing core competency cited in the company's Vision 2016 mission statement: detailed customer knowledge and focus.

As shown in this chart, demand for both Boeing single- and twin-aisle models is strong. Sales veterans said this across-the-board growth makes today's market upswing different from those of previous years.

Value is ultimately determined by the needs of the customer and the realities of the business environment in which customers compete. That's why customer relationships are critically important. "We simply must know more about our customers than they know themselves, and we must we show appreciation for their trust and confidence in our business," Dickenson said.

To that end, Commercial Airplanes' 125 Sales directors worldwide spend a considerable amount of time with customers, learning their business and understanding their needs. These directors work hard to ensure the customer regards Boeing as a partner, not merely a supplier.

"Our solid product strategy has taken years to evolve," Jellen said. "We combine that with working closely together with the customer to create a value proposition that matches our products with their route structures."

Thomas Kleibl, chief financial officer and member of the Executive Board at Austrian Airlines, said the Austrian Airlines Group is very satisfied with the positive relationship the company has enjoyed with Boeing over the years.

"Boeing has been a very professional partner, and we appreciate their commitment, such as what we experienced during the recent Boeing 777 delivery process and seat program," he said. "Putting a strong focus on the continuous improvement of quality, reliability and safety of our products and services—and delivering—is as

**By the numbers**



**12** Percentage of Commercial Airplanes revenue that came from Commercial Aviation Services sales of services in 2005-2006

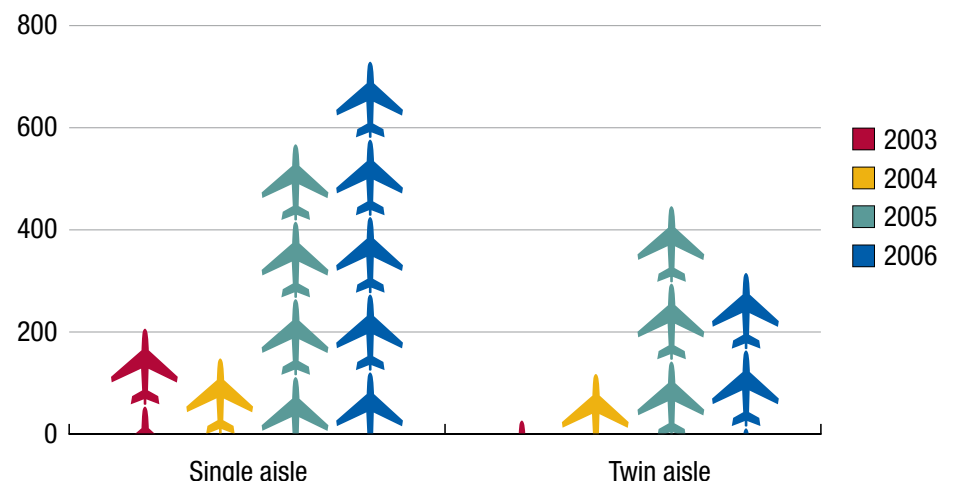
Percentage of Boeing airplanes in the overall fleets of the top 25 airlines in the world **67**

**1,002** Net number of Boeing commercial airplanes ordered in 2005

Number of customers purchasing Boeing jetliners in 2006 **93**

**1,044** Net number of Boeing commercial airplanes ordered in 2006

**Boeing Commercial Airplane Orders 2003-2006**



Source: BCA Orders and Deliveries Web Site



## Sales Director profile: Debra Santos

Boeing Commercial Airplanes has 125 Sales directors in more than 14 nations, including London-based Debra Santos. *Boeing Frontiers* recently talked with Santos about what qualities are important in her line of work.

### Q: What skills have helped prepare you for your role?

**A:** Being a Sales director takes a strong basic set of skills that anyone could have: Company knowledge, product knowledge, business acumen, good working relationships and networking skills. I've learned that having a broad strategic foundation yet remaining flexible and adapting to new insights is very important. Understanding products and product positioning, marketing and creativity is equally important, and my Boeing career prior to this job prepared me for that. Previously I was the director of Competitive Analysis, and in my more than 20 years with Boeing I've also worked in Engineering, Marketing and Product Marketing. Cultural factors also come into play in this role, even among English-speaking groups of people. Sensitivity to nuances and native cultures is very important.

### Q: Tell us about your customers.

**A:** My primary customers include easyJet and Monarch Airlines. However, I work with customers in the United Kingdom, Portugal, Greece and Cyprus. Each customer brings a unique set of opportunities when working to develop a strong relationship. We develop strong relationships with them over time through listening, trust, and being their partner as they improve their businesses.

### Q: Is there one thing that is more important than another in working with customers?

**A:** Understanding your customer's business requirements is very important, but how you work with people is just as important—if not more so. Airlines, after all, are run by people. I found having to quickly get to know customers, to understand their business and understand the value system within the airline has led to successes like we had with Monarch Airlines—an Airbus customer—and their purchase of six 787s last year.

—Debbi Arkell

ADRIAN BROOKS PHOTO

important for us as an airline as it has been for Boeing as a manufacturer.”

Listening to the customer and acting with integrity are key to maintaining and advancing the customer relationship.

“Our customer team—which includes people in Contracts, Marketing, [Commercial Aviation Services] Sales, Customer Quality Support, Customer Engineering, Field Service, Airline Support and Spares—are all advocates for our customer,” said Dara Schmidt, Seattle-based Sales director for The Americas, who’s responsible for Southwest Airlines and Alaska Airlines accounts. “We must listen and anticipate our customers’ needs and deliver results. This is critical to developing relationships.”

## NOW AND THE FUTURE

Commercial Airplanes is at the top of a very strong cycle, and recent sales are validating the BCA product strategy. So what does this mean for the Sales team and other BCA employees in the years to come?

“Leaders who were here long before me have worked hard to establish our product strategy, to determine where we need to go with our product line and how to reduce costs,” said Debra Santos, a London-based Sales director. “Now it’s up to all of us to continue down that path and deliver.”

“Our goal will always be to sell more airplanes than we’re building,” Dickenson added. “One of our biggest challenges to overcome is continuing to sell airplanes to customers with a production-schedule

skyline full so that deliveries are several years out. It’s difficult.”

As the market is improving, so is the demand for keeping planes in service. If customers can’t take delivery of new airplanes until 2013, for example, their older airplanes have to last until then. That makes Commercial Aviation Services an especially valuable sales partner.

“It is now a necessary part of our new-airplane sales strategy to create a value proposition that demonstrates our new airplane in 2013 is better than the one the customer could get in 2009—and to show customers how Boeing can help them successfully bridge that gap through services CAS can provide,” said Dan da Silva, vice president of Sales and Marketing for CAS. Among

the many services: interior upgrades, and technology-based improvements such as avionics upgrades and the addition of airplane health monitoring systems.

Customer relationships will continue to play a big role. Members of the Sales team and their partners are constantly seeking deeper customer knowledge and stronger airline relationships. Changing regulatory and competitive environments put a premium on listening, understanding each customer's business model and how it's changing, and adjusting to industry developments.

"Our customers have never been under more pressure," said Schmidt. "Competition is increasing. Changes in the regulatory environment in such areas as security add to the pressure. And newer, more fuel-efficient airplanes that customers may want are years away from delivery. Responding to our customers needs and continuing to find ways to partner with them are of the utmost importance."

**"We sell airplanes based on the value of our products and services."**

—Dara Schmidt, Commercial Airplanes  
Sales director for The Americas

Santos and Jellen both see a renewed focus on the environment, particularly in Europe, the region they support. That brings another set of challenges Boeing must step up to. "We need to help focus our industry's messages regarding environmental concerns—such as emissions, noise, fuel efficiency, and manufacturing processes—while we continue to work together on improvements in all these areas," Jellen said.

Jellen also sees future challenges related to Airbus, noting this competitor is addressing product line, production and cost issues. "We must not lose sight of the fact that at the end of this process they will be stronger," he said.

Lean and other initiatives have helped Boeing drive down costs and keep the company competitive. At the end of the day, airplanes built and sold are tools for customers to grow—and grow profitably.

"Ultimately, we sell airplanes based on the value of our products and our services," said Schmidt. "We, The Boeing Company, must deliver flawlessly on our world-class support and world-class products now and into the future." ■

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## Now it's our turn

What do the order successes of the past two years mean for Commercial Airplanes? Below, some BCA employees speak on this topic—and explain what they're doing to meet future challenges.



### Michelle Larsen

Customer Quality Support, 747/767/777

I am working with my organization to educate Boeing employees on our airline customers' countries and cultures. As airplanes move into position in the factory, we try to introduce employees to the customers and encourage them to say hello. Showing Boeing pride and making customers feel welcome develops good relationships from the ground up. Ultimately, it helps us when there's an issue with an airplane if we've established a relationship with the customer—it builds trust.



### Pete Schupp

Structures Design Engineer

It's been exciting to see such a large percentage of our orders in the past two years be for the 787. It shows our innovation in design and ability to adapt to new customer requirements. Our recent sales are proof that innovation in engineering is worth the risk, and it opens the door to using and applying those new technologies to our next generation of products.



### Trish Kelley

Human Resources

In Human Resources we're focused on managing critical skills such as engineering, which is always a challenge, but now even more so as we work to get the right skills in place to meet customer commitments. We're also using Lean techniques in manufacturing and office environments to get people engaged, build teaming relationships and empower people to make needed changes and improvements.