

Delivering excellence

Commercial Airplanes is well-positioned in the marketplace, but ahead are important decisions—and opportunities

Jim Albaugh, president and CEO of Boeing Commercial Airplanes, spoke with *Frontiers* about staying focused in an increasingly competitive business environment and encouraging employees to talk more openly about problems and solutions.

PHOTO: MARIAN LOCKHART/BOEING



You've been the leader of Commercial Airplanes for eight months. What are your observations?

First, I appreciate how complex and difficult the 787 and 747-8 development programs are. Second, our engineers and mechanics bring great skill and integrity to the workplace every day. Third, I'm amazed at how enduring the relationships are with our customers. And fourth, I'm impressed with how well respected Boeing Commercial Airplanes is around the world.

Where are you focusing your efforts?

As a team, we've got four responsibilities. We need to help our customers by creating value for them and delivering our great products. We need to plan for the future by looking out 15, 20, 30 years and thinking about where we're going to be with our product offerings. We need to be developing our team and we need to meet the plan that we have in place. Those are the immediate things we're working on this year.

What's your view on the current business environment?

The past several years have been difficult for everybody, no matter what industry you are in. The good news for Boeing is that we had such a huge backlog of airplanes made up of diverse customers that our production rates really haven't changed very much over the past two or three years.

What we're seeing now is the start of a new cycle. While a couple of months don't necessarily make a trend, we're seeing customers coming back into the marketplace. This year you'll see passenger ridership at 2008 levels. I think next year you'll see air freight at 2008 levels. Next year you'll also see airlines, especially the U.S.-based airlines, start making profits. I think you'll see significant orders come in 2012.

What growth opportunities do you see for Commercial Airplanes?

Over the next 20 years we think there will be 29,000 airplanes sold. We want to make sure we have offerings that are very attractive to our customers across all our product

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lines, from the single-aisle airplanes all the way up to the large freighters.

We’re very well positioned. We have two new airplanes that we’re bringing into service, the 787 and the 747-8. Over this next decade we’re going to be doing something with our single-aisle airplane and I think we’ll be doing something with the 777-class airplane. This presents us with some real opportunities.

Another area we can grow is the services area. Lou Mancini [senior vice president of Commercial Aviation Services] and his team are working toward doubling our services business over the next five or six years.

While all that sounds very positive, at the same time the days of a duopoly with Airbus are over. Projecting out 10, 15 years, we’re going to be competing against not one company, but we’re going to be competing against five or six countries. And the reason I say countries is that we’re seeing countries and federations of countries spending a lot of money subsidizing their airplane manufacturers to compete with us. We’re going to have to be that much better to compete.

How does Commercial Airplanes fit into “One Boeing”?

The biggest leverage that Boeing Commercial Airplanes has in the marketplace is being part of Boeing. The biggest point of leverage Boeing Defense Space & Security has is being part of Boeing. A lot is made about people being defense people or commercial people. We’re Boeing people. There’s no other company in the world that has the breadth that we do. There’s no other company in aerospace as large as we are. There’s no other company that has the ability to leverage its resources like we do. That’s what One Boeing is all about.

You have spoken about the need for culture change. What does that mean for employees?

First of all, the culture in [Commercial Airplanes] is very good,

PHOTO: Mechanics Mary Leigh (left) and Betty Rautio demonstrate the process of preparing parts for loading into an autoclave at the Frederickson, Wash., plant. JIM ANDERSON/BOEING

“We want to make sure we have offerings that are very attractive to our customers across all our product lines.”



from the focus on the customer to the integrity of our people.

If there's one area I would like to work on, it's making people feel more comfortable talking about issues, talking about problems or bringing solutions to our attention. For a long time, the decision-making has been pushed to the top. What I want to do is push decision-making into the organization, to the people who really understand what's going on with the processes, with manufacturing and with the design.

I also want people to come to meetings knowing that if they have an issue, a problem or a solution, they're going to be heard, and they're going to be respected for what they bring to the discussion. By getting everyone doing that, we'll make much better decisions.

What are your expectations for Commercial Airplanes employees and managers?

I want everybody focused on making themselves and their teams better each and every day. I want our employees and managers holding themselves and their teams accountable

for their performance. Everybody should be focused on their customer, whether that is an internal customer or an external customer.

In the future, what do you want Commercial Airplanes to look like?

I want [Boeing Commercial Airplanes] to be viewed as a business that's always bringing greater value to the marketplace than its competitors, that's very customer-focused and customer-responsive.

Said another way, when people think about commercial airplanes, I want them to think about one company—and that's Boeing. We've been thought of in that light for a long time and I want to make sure that, decades into the future, we continue to be identified with the best in commercial airplanes and commercial air travel. ■

PHOTO: All 777 models are built on a moving production line in the Everett, Wash., factory. GAIL HANUSA/BOEING