

Locked on target

Boeing Defense, Space & Security positions itself for future growth

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PHOTO: PETER GEORGE/BOEING



Our business continues to change before our very eyes. For proof, look no further than plans for the sleek, unmanned Phantom Ray to hitch a cross-country ride atop a modified Boeing 747 that carries NASA space shuttles.

Amid many significant and simultaneous changes we face in our industry—from growing demand for unmanned systems and cybersecurity to revamping the U.S. space program and expanding global opportunities—“One Boeing” clearly stands strong. But we cannot stand still.

That’s the driver behind “Accelerating Change” at Boeing Defense, Space & Security. Accelerating Change builds on momentum from the past several years and embodies five strategic objectives (see box). With continued focus on these, we’ll round the corner toward 2011 in better competitive standing.

Successes throughout 2010 tell us we’re on the right track. But ongoing challenges—constrained budgets, rapid technology evolution, shifting geopolitics and multiple international conflicts, for example—compel us to up the pace to ensure our products and services are not only the highest quality but the most affordable.

To that end, we’re working with the U.S. Defense Department and other industry leaders to help transform the Pentagon’s acquisition process. The goal is to reduce associated overhead costs by \$100 billion over five years. The savings will fund modernization programs and strengthen warfighter readiness. For us, that means an even greater focus on trimming unnecessary costs, leaning out processes, efficiently structuring our business, and achieving market-based affordability. Some of that calls for tough decisions today—actions such as consolidating facilities where it makes sense and selectively adjusting employment levels to match current work. But ultimately, this helps customers and positions us for competitiveness—and growth.

We have a bold vision for future growth. That growth promises to go deep, as we expand our core business, and broad, as we

reposition ourselves in key adjacencies. Recent satellite orders and successful international campaigns—for example, orders for three 702HPs for Inmarsat and P-8I multi-mission maritime patrol aircraft for India—illustrate the power of our core. And our acquisitions of Argon ST and Narus strengthen our presence in the emerging C4ISR [Command, Control, Communications, Computers, Intelligence, Surveillance & Reconnaissance], cyber and intelligence markets. (See story on Page 20.)

Effective leadership underlies all of this; for BDS that means “People first, customer always.” Engaging our employees, investing in talent, building an open and inclusive work environment, and treating everyone with fairness and respect have never been more important. And satisfying our customers—with quality and affordability—remains the best way to win contracts and keep people on the job.

It’s clear to me that our team—fully aware of the challenges we face—remains dedicated to the missions and welfare of our customers. The importance of their missions motivates and inspires us; I see that in the eyes of the employees I meet with every day across Boeing.

No doubt, our business will keep changing, but our strategy and unwavering commitment to our customers focus everything we do for success. We’re locked on target. We’re ready. ■

BDS STRATEGIC OBJECTIVES

- Lead effectively: People first, customer always.
- Accelerate productivity and reduce cost structure for competitiveness.
- Grow aggressively into adjacencies and expand internationally.
- Execute flawlessly to satisfy customers and extend core business.
- Selectively vertically integrate and expand competencies.