

Chain reaction

Boeing's Supplier Management works to be more effective, more efficient—and reduce risks

By Eric Fetters-Walp

More than 5,000 production facilities employ a half-million people worldwide producing parts for Boeing.

It's a massive supply chain. Making sure it all runs smoothly is crucial for a company that's in the business of assembling large products that contain millions of fasteners and parts. That's why Supplier Management is working across Boeing to share resources, improve communications with suppliers and minimize risks in the supply chain.

"What we've asked of our suppliers has changed over time. As Boeing has changed, so have our suppliers," said Ray Conner, vice president and general manager of Commercial Airplanes Supply Chain Management and Operations and Boeing's Supplier Management enterprise leader.

"In order to successfully drive performance and manage this evolving supply chain, we must be strategic and speak with one Boeing voice and have one approach with our suppliers," he said.

The Engineering, Operations & Technology organization has helped integrate Supplier Management teams across Boeing and provided tools, making it easier for the company and its suppliers to do business with one another.

The various Supplier Management departments across Boeing's business units were aligned under a single strategy in 2007. As these departments and their 5,000 employees have integrated their activities, they've implemented changes and process improvements, said John Byrne, Commercial Airplanes director of Purchased Outside Production

and Common Commodities.

"Since I've been here, we've looked at leveraging the enterprise to help with supplier management," Byrne said. "We've moved forward on that a lot. And now, with all of us [in Supplier Management teams across Boeing] working together, we are beginning to break down barriers and improve business execution. For example, if we have a shared supplier, we need to ask why both organizations are managing that supplier independently."

Employees involved with Supplier Management share cost information and other data across different programs. Data-sharing tools developed by Engineering, Operations & Technology include Supplier Insight Control, which goes further by sharing essential data from both Boeing's and suppliers' business systems.

However, sharing critical information between Boeing and its suppliers requires more collaboration than the traditional supplier-customer relationship.

Twice a year, suppliers have an opportunity to attend the Supplier Management Production System Summit held by Commercial Airplanes. The events usually draw representatives from more than 100 suppliers, who spend a day going over business planning and data sharing.

Jerell Smith, production system consultant at the Commercial Airplanes Supplier Support Center, said he's working to foster trust and respect with suppliers in order to advance Supplier Management's new approach.

To accomplish that, he must first let suppliers know that Boeing is changing how it does things. Many suppliers say

working with Boeing can be a challenge at times, he admits. Suppliers, especially those new to working with Boeing, can struggle with clearly understanding technical requirements and expectations.

But many suppliers have been receptive to sharing their data and working more closely with Boeing on supply chain issues, Smith said. The collaboration is mutually beneficial. In some cases, he helps suppliers increase production capacity or resolve other problems. The benefit for Boeing is a more stable supplier that has a better idea of how Boeing does business.

"There's the technical knowledge and sharing involved with all this, but there's also the human side," Smith said. "The foundation for a strong supply chain and production system is based on mutual

"We need to continue finding ... what we can do together to better leverage the buying power of Boeing."

— Tom Peterson, director of Systems & Tools Operational Excellence for Boeing Defense, Space & Security



PHOTO: The 787 Dreamliner's fuselage is one of several key airplane structures delivered by the Dreamlifter, a modified 747-400 that flies between Boeing and key supplier facilities in the United States, Italy and Japan. Global Logistics, a part of 787 Supplier Management, manages the Dreamlifter fleet. ED TURNER/BOEING

trust, respect and understanding of each others' capabilities."

Tom Peterson, director of Systems & Tools Operational Excellence for Boeing Defense, Space & Security, said efforts to improve Supplier Management functions demonstrate the new understanding that such activities go well beyond simple procurement—or the buying and selling of parts.

"As the world changes, the work force and processes of Supplier Management need to evolve, too," Peterson said. "We need to continue finding the path of what we can do together to better leverage the buying power of Boeing."

While Peterson, Byrne and others on the Supplier Management team come

from different business units in Boeing, each with its unique challenges, they meet regularly to compare notes and look for more ways to work together. For example, in addition to buying common parts across programs, work has progressed to create simpler, standardized wording for contract terms that Boeing can use in all of its supplier contracts.

Smith said the feedback he has gotten from the suppliers he works with has generally been positive.

"In the end," Byrne added, "the best judge I have is the suppliers who say, 'Wow, you're really operating differently, and what can we do to keep thriving in this environment?'" ■

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Employees can find more information about Supplier Management tools and processes at <http://smp.ca.boeing.com> or <http://sm.ids.web.boeing.com> on the Boeing intranet. More information about Engineering, Operations & Technology's Supplier Management tools, including Supplier Insight Control, or SINC, can be found at <http://smfunction.ca.boeing.com/index.html>.

PHOTO: The view from inside the Dreamlifter as 787 wings are loaded. The wings are manufactured by Mitsubishi Heavy Industries in Japan and transported in the Dreamlifter to Boeing's 787 final assembly factory in Everett. JOHN ALFREJD/BOEING

