

Case study: boeing

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Ana Lopez MGT 420 Professor Cathy Ko Assignment #2: Case Study: Boeing

1-Select one or more diagnostic models that you believe provide a framework that succinctly identifies the key factors at the center of the Boeing situations. Explain your choice of model. Boeing has had an array of problems since the 1900's; from the scandal with the Pentagon in 2003, to the manufacturing crisis when Boeing was required to halt production of the 747 aircraft for 20 days. Let's not forget the financial dilemma the organization had when investors accused of them of trickery in regard to a merger with McDonnell Douglas and a payout of \$92. million was made to shareholders. Technology seemed to be a big issue when in 2001 they decided to implement an automated system of assembly lines. They also hoped to coordinate and facilitate easier channels of communication between Boeing staff and suppliers. The problem arose when information technology within the organization was decentralized and over 400 systems were being used to meet the needs of various departments. Because of lack of collaboration in regard to product procurement; meant that the same product could be manufactured by Boeing for one aircraft but subcontracted for another.

Integration issues came upon because of the many acquisitions which were made; so they decided on diversifying from the traditional commercial airline industry. The goal here was to add more stability to the business by diversifying into information services and the space industry. As time passed it was said by Noel Forgeard, CEO of Airbus, that the process of diversification was "extremely demoralizing for Boeing employees", but it

was argued by Boeing's VP of marketing that the cause of their morality was that the company was in a down cycle,.

Boeing's main strategy was to update their technology systems, downsize their operations, and reestablished relationships with their suppliers. Because of these specific issues I decided to go with the Star Model which was designed by Jay Galbraith; who argues that an organization is at its most effective when what he labels " the five major components of organization design" are in alignment. These components are as follow: 1.

Strategy: " the cornerstone", if the strategy is not clear...there are no criteria on which to base other design decisions. 2. Structure: the formal authority relationships and grouping of activities as represented on an organization chart. 3. Processes and Lateral capability: refer to the process, either formal or informal, that coordinate activities throughout the organization. 4. Reward Systems: seek to align individual actions to organizational objectives. 5. People practices: are the combined human resources practices of the organization. -Explain the Boeing situation in terms of your selected model. The Star Model has all the components that Boeing would need to inherit in order to get out of their predicament and a stable organization. Starting with " strategy" since most of their strategies were not successful. Because of the manufacturing crisis that halted production for 20 days; Boeing was criticized and it was said that the company had " stubbed its toe". They had a " win at any costs" approach that failed miserably.

They attempted to revitalize Boeing's operations by streamlining aircraft assembly and increasing the efficiency of the company. It is apparent that this organization is unstable when it comes constructing a strategy since it is

being always changed. When it came to Boeing's "structure" the company had many frictions because of their inability to mobilize resources and their loss of competitive advantage. Boeing wanted to go beyond the World War II era and failed at that as well.

They wanted to implement an automated system of assembly lines and coordinate and facilitate easier channels of communication between Boeing staff and suppliers. That became a battle for Boeing because the information technology within the company was decentralized and over 400 systems were being used to meet the needs of various departments. Their processes and lateral capability was at a jam with their lack of collaboration in regard to product procurement which meant that the same product could be manufactured by Boeing for one aircraft but subcontracted for another.

So Boeing decided to device a technological platform to regulate product life cycle. They anticipated that this new system would "improve collaboration, innovation, product quality, time-to-market and return-on-investment." The employees of Boeing were very unsatisfied with the way the organization was being run; making them have less morality towards the company. Their reward system was not good at all if the company had to have subcontractor in order for them to make ends meet.

This situation would also become a people practices since their efforts of overcoming tragedy to the company kept on over exceeding triumph. Boeing is still around making it a wonderful company despite its trail and tribulations. Like any other organization what Boeing needed was a change of heart and they accomplished it by changing their strategies, structures, processes and lateral capabilities, their rewards systems and people

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