

# Boeings e enabled advantage



Boeing was operating in a mature market facing declining market demand, a slowing pace of new airplane technology innovation and dependence on highly cyclical commercial jetliner market added to its vulnerability.

The competition was catching up, with Airbus fiercely matching Boeings every move.

The airplane manufacturers segment was plagued by price competition, forcing severe cost cuts and having to put innovative projects on hold; both adversely affecting Boeings efficiency and competitiveness.

Boeings dated production model proved inefficient, leading to production delays, business loss and competitive disadvantage.

Opportunities faced by Boeing in the late 1990s: The challenges that Boeing faced compelled it to explore new opportunities like:

Expanding in adjacent markets by entering into strategic mergers and acquisitions that would complement its core capabilities.

To seek growth opportunities in the defense sector in order to hedge its heavy reliance on the cyclical commercial jetliner market.

To look into options to leverage repository of its airplane data and detailed customer knowledge.

To build on its core competencies by offering services in addition to airplanes, to its existing customer base.

## **What is the e-Enabled Advantage? How did it link to the company's strategy?**

As Tim Mooney, Boeings Senior Strategist put it, " The e-Enabled Advantage is a way of doing things, it's not one tangible product or service." The term e-Enabled Advantage reflects a concept which makes use of IT solutions in a holistic manner creating one seamlessly interconnected network that could deliver crucial information in real time. By integrating all the data and information systems relating to airplane maintenance, flight operations, and passenger needs, the e-Enabled Advantage would help airlines increase their operational efficiencies; which was considered key to airlines survival. It would help airlines cut costs and improve efficiency of their maintenance operations by providing them the information tool to convert a non-routine maintenance problem into scheduled /schedulable tasks; Boeing claimed that the use of e-Enable Advantage " had the potential to improve reliability by 0. 5% and decrease costs by \$100 per hour out of \$400 per hour total maintenance costs." It would also help improve dispatch reliability, reduce delays and cancellations, improve passenger services, enhance aviation security, and provide real-time situational awareness for both flight crew and airline operations centers.

By early 2000s it was clear that airlines survival was largely dependent on increasing operational efficiencies and Boeing launched the e-Enabled Advantage strategy to use IT to drive cost savings, revenue growth and asset efficiency creating for itself a " virtuous cycle" of innovation, productivity and increasing returns. Boeing saw an opportunity to leverage its e-Enabled Advantage strategy to quickly and effectively respond to the need for the

airlines to cut operating costs and improve efficiencies on a day to day basis. Converting this vision into reality would require Boeing to clearly define its future course of action, like the kind of partnerships that it would need to enter into to complement its core capabilities, the standards and technologies that it would need to develop and how it would coordinate the various segments of the e-Enabled environment that existed in different areas of the company. It would have to make organizational and design choices that would create synergy and minimize cannibalization.

### **What advantages would such an approach give Boeing?**

Even though Boeing realized that e-Enabling will never be the sole reason that people buy its airplanes, it will certainly help create a preference for Boeing airplanes in the marketplace. (Scott Carson, 2005) It was clear that the key to airline survival was operating efficiencies and that the future airplanes would have to be networked to airlines information systems; it was a matter of who would seize the opportunity to be a market leader in e-Enabling. The e-Enabled Advantage strategy enabled Boeing to leverage its vast repository of airplane data and its detailed customer knowledge to create new business opportunities. It allowed Boeing to become much more agile, innovative and entrepreneurial and better equipped to help the maritime industry be interconnected in real time and help the airlines cut operating costs on a day to day basis.

Boeings e-Enabled platform allowed it to offer a single point of contact to its customers increasing customer satisfaction and preference for its airplanes. Further, Boeing designed its e-Enabled Advantage to be independent of airplane manufacturer that is it would work on both Boeing and Airbus plane;

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there by Boeing created for itself a large market of both new and old Boeing and Airbus airplanes. The e-Enabled Advantage allowed Boeing to create for itself a sustainable advantage allowing it to transition from being an airplane manufacturer to being a provider of integrated services to the entire maritime industry.

### **What challenges did Boeing face in executing such as a radical new strategy?**

As Boeing implemented its e-Enabled Advantage strategy to exploit the power of its emerging IT infrastructure, it faced a number of challenges. Successful execution of such a radical new strategy would require Boeing to adopt a comprehensive approach to organization design, focusing on realignment of capabilities within four key areas of business model design: processes and infrastructure, people and partners, organization and culture and leadership and governance. It was not surprising that Boeing faced the following challenges:

This shift from being an airline manufacturer to becoming provider of integrated services required much more than technological advancement; it was a cultural shift for its executives and employees who had to embrace this new concept to be able to help its customers to make best use of this revolutionary service.

Boeing's customers still viewed it as an airplane provider and were not able to think of it as a service provider.

The e-Enabled Advantage was a concept, an intangible product and Boeing faced the challenge of convincing skeptical customers of its benefits. Boeing

would have to find a way to quantify the value that the customers could accrue with the use of various products and services within its e-Enabled suit.

Boeing faced the task of figuring out how to separate the value created by its airline services from the value created by the airplanes themselves; it was important for Boeing to establish that its e-Enabled platform had the potential of improving the day to day operations and performance of its customers business.