

# Management planning – the boeing company

[Business](#), [Company](#)



Management Planning - The Boeing Company Management Planning Boeing is an aerospace company, a manufacturer of commercial jetliners and military aircraft. Boeing also designs and manufactures rotorcraft, electronic and defense systems, missiles, satellites, launch vehicles and advanced information and communications systems (Boeing Company, 2010). The purpose of this paper is to evaluate management planning for the Boeing Company. The Boeing Company's business is conducted by its employees, managers and corporate officers led by the chief executive officer, with oversight from the Board of Directors.

The Board's Governance, Organization and Nominating Committee periodically review the Company's corporate governance principles and current practices (Boeing Company, 2010). Business planning at Boeing is persuaded by internal and external factors such as: legal issues, ethics, and corporate social responsibility. Factors such as laws, economic conditions, and competition influence the company's strategic, tactical, operational, and contingency planning (Boeing Company, 2010). Legal Issues The planning process of the company can be problematical, at times, by legal issues, which can put the company in a bad position.

In August of 2000, the Boeing Company settled two lawsuits that allege the Seattle-based manufacturer placed defective gears in CH-47D " Chinook" helicopters and then sold the aircraft to the United States Army; the amount of the settlement was for \$54 million. Boeing used two subcontractors, Litton Precision Gear of Bedford Park, Illinois and SPECO Corporation of Springfield, Ohio to manufacture the flight-critical transmission gears for the helicopter. One of the gears, manufactured by Litton, failed in flight, causing an Army

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Chinook helicopter to crash and burn while on a mission in Honduras in 1988. Five servicemen aboard were killed.

Two of the gears manufactured by SPECO failed in flight in Chinook helicopters. One craft, which crashed in January 1991 during Operation Desert Shield in Saudi Arabia, was totally destroyed. Two individuals aboard were injured. In another incident at Ft. Meade, Maryland in June 1993 during a training flight, a Chinook sustained over one-half million dollars in damage. The helicopters destroyed in Honduras and Saudi Arabia were valued at more than \$10 million each (U. S. Department of Justice, 2000). Boeing suffered a huge monetary loss in addition to the bad publicity and reputation that these defective gears.

Boeing has learned from these mistakes and has implemented processes to analyze the background checks for every subcontractor hired by the company. Ethics Boeing's business plans cannot happen without integrity (Boeing, 2010). The Boeing Company has a strict ethics policy that was created to protect the company and its employees. All employees at Boeing are required to obey all the information given in the employee Code of Conduct handbook. Boeing has a hotline, which employees can call to ask questions or report violations of policies.

The Finance department has additional policies that must be followed for the accurate reporting of company financial records. It is essential for policies to be followed so the integrity of the company is not compromised. An example of bad ethics that influenced the company dramatically was when Boeing was in June of 2006. A legal issue involving an investigation over the

improper acquisition of proprietary documents from a rival, the Lockheed Martin Corporation, which Boeing employees used to try to gain government rocket launching business (Leslie, 2006).

In the end, Boeing's financial chief was sentenced to four months in prison for ethics violations for offering a job to a former Air Force official and in the rocket launching case, Boeing was suspended for 20 months from Air Force rocket business. Boeing was estimated to have lost \$1 billion in government contracts because of the suspension. Boeing chairman, W. James McNerney Jr. stated the company was already moving forward with substantial efforts to strengthen the company's ethics and compliance. Because of poor ethics, Boeing lost over \$1 billion dollars for the company (Leslie, 2006).

Cooperate Social Responsibility Giving back to the community is a Boeing core value. The company and its employees work in partnership with communities globally (Boeing Company, 2010). Currently they are partnered with community organization in 26 states, 14 countries and 6 regions outside the U. S. Boeing employees have contributed more than \$10 million through a company gift-matching program, and volunteered thousands of hours of personal service. Boeing employees gave an additional \$31.5 million through the Employees Community Fund, one of the largest employee-owned funds in the world (Boeing Company, 2010).

Economic Conditions Current economic circumstances are deciding factors on how Boeing plans operationally, strategically and tactically. Since the United States' severe economic downturn in the past couple of years, Boeing has suffered due to airlines being in financial trouble. Business has reduced

greatly and Boeing has forced some cancellations and deferrals of aircraft orders, but Boeing said it has other customers waiting in line for new, more cost-efficient planes. The recent economic downturn makes it clear that Boeing must retain flexibility in controlling global manufacturing plans. (Ann, 2008) Competition

Competition is another reason why Boeing has to plan tactically and strategically. Airbus is Boeing's biggest rival in the airline industry. Lockheed Martin is Boeing's biggest competition in defense systems. In addition to conducting their own internal research and development, Boeing is collaborating with some of the best research agencies, universities, and companies around the world. In doing so, they are leveraging technologies, to ensure Boeing stays ahead of the competition by providing the most innovative, and affordable aerospace solutions the world has to offer (Boeing Company, 2010).

Government Regulations The Government plays a central role in aviation safety and has done so from the industry's earliest days (Boeing Company, 2010). The Air Commerce Act put the government in the business of establishing air routes; developing air navigation systems; licensing pilots, mechanics and aircraft; and investigating accidents (Boeing Company, 2010). Government regulation has a direct impact on the production of new airplanes. When manufacturers design a new airplane they must obtain a "type certificate" from government regulators certifying that the design is airworthy (Boeing Company, 2010).

The government also requires Certification of airline personnel and airport certificates (Boeing Company, 2010). Conclusion Several factors are implicated with business planning at Boeing, such as internal legal issues, government regulations, corporate social responsibility, economic conditions and ethics. The legal department at Boeing manages all aspects of planning in regards to ethics. Many organizations are sponsored by Boeing through its associations to assist them in their philanthropic efforts.

Corporate social responsibility is important because customers and potential clients assess businesses on the efforts the company makes to be socially responsible. The ethics in the code of conduct handbook created at Boeing are expected to be followed by every employee and subcontractor. Boeing needs to keep up with new technology and innovative ideas to be in the vanguard and ahead of the competition due to current economic conditions. The airline industry is influenced much by government regulations, such as, certificates, regulatory standards, and enforcing rules affect how fast an airplane can be made.

The planning process at Boeing is an ever-changing process due to varying changes in their internal and external environment. Reference Ann, K. (2008). 2nd Update: Boeing 3Q Hurt by Machinists' Strike; Stock Down. Retrieved April 17, 2010, from <http://www.smartmoney.com/news/ON/?story=ON-20081022-000844-1245> Boeing Company. (2010). About Us. Retrieved April 17, 2010, from <http://www.boeing.com/companyoffices/aboutus/> Boeing Company. (2010). Corporate Governance. Retrieved April 17, 2010, from

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