

Boeing case study completed

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Executive Summary In the period of late 1980s to early 1990s, Boeing encountered a series of problems which badly affected business operation and tainted the corporate reputation, making it to lose the market position as an industry leader to the hands of its biggest rival: Airbus. First came the manufacturing crisis, which caused Boeing to stop its production for nearly a month.

Then, Boeing's acquisition in an attempt to diversify its business portfolio created cultural clash problems and raised doubts about financial trickery. Boeing's diversification plan also generated unwanted results of demolishing history-long corporate culture and employee morale deterioration. Following are problems and loss of competitive edge, which were caused by Boeing's obsolete technological systems.

Question 1 . What is your analysis of what went wrong? Critically discuss what Boeing should have done to avoid this Issue?

Through the case study, several key problems of Boeing are identified including out-dated technology system, production issues, organizational structure, issues of merger and calculations, cultural issues of diversification and leadership issue. The TLS problem of Boeing is outdated technology (Palmer and Akin 2008). This is identified as a key problem, which had a severe effect on Boeing's business since in industries, which rely heavily on machinery, the significance of technology is emphasized more than ever and technological innovation in such industries is in fact, one of the main sources of competitive advantage. Boeing did not conduct regular analysis of external market environment, which includes factors such as political factors, economic factors and technological

factors, etc. Only when owing about what is going on in the market, what is the trend, what are the influential forces, organization would be able to design strategies to respond.

Once acknowledging the advancement in technology, Boeing should have experts to inspect and propose options of new technological systems.

It is also worth to mention that organization should not wait until the change already happens to act; it is strongly advised that the analysis of external factors is conducted regularly to identify the trends, the potential problems before they even happen in order to best prepare and counter the effects of such changes. The inefficiency in managing apply chain (here is at manufacturing stages) is another failure of Boeing (Palmer and Akin 2008). Disruption in supply chain resulted in the collapse of the whole chain: manufacturing of products is delayed, customers are not happy, and corporate reputation is compromised.

This problem was caused by lack of communication within the organization (Palmer and Akin 2008). If Boeing had had a better bond among organization departments and units, it could have avoided this problem.

Corporate communication is crucial to every organization in a sense that it facilitates the full dissemination of corporate values and practices to all corners of the organization (Corner and Kuhn 2011). Corporate communication is also important in coordinating activities among different departments and divisions.

To avoid the miscommunication resulting in manufacturing supply chain, Boeing should have required all associated divisions (manufacturing and production planning units) to have frequent meetings to exchange information of what they are doing, what is the specific support required from other units. The third key issue of Boeing is its organizational structure created obstacles in coordination within the corporate. Decentralized organizational structure may lead to lack of control and unfit elaboration among different units, units are not aware of one another's activities which resulted in overlaps and inconsistency of activities.

Suggestion to avoid this problem is quite similar to above that of the second issue: improving communication within the organization. Managers must be updated frequently on what task their employees are performing, and also communicate with counterpart managers of associated units to share and exchange information of each unit's activities. The fourth key problem of Boeing is the inability to solve the issue of clashing cultures (Palmer and Akin 2008). In its attempt to improve corporate situations and regain market positioning, Boeing acquired McDonnell Douglas.

However, due to dissimilar line of business and failed attempt at merging two corporate cultures, the acquisition was not viewed as effective. Besides, clash of cultures also affect employee performance of the organization.

Integration after merger and acquisition has always received special attention from big organization due to the important corporate cultural implications it produces. McDonnell Douglas was reported to have an entire

different corporate culture from Boeing, creating strong resistance when he two merged.

To avoid this problem, may be before buying McDonnell Douglas, Boeing should have carefully inspected corporate culture besides looking at possible business leverages gained from the acquisition. Even if a company presents a sound Denial Portola, ten Initially to sauce Tanat company would create contradictory expected results. The next problem is cultural implication of diversification of Boeing (Palmer and Akin 2008). Boeing wanted to enter a new industry to diversify its portfolio, hoping to create a new leverage for the whole organization.

As part of the Lana, Boeing moved its history-long location of headquarters and operation from Seattle to Chicago. The old location was considered as the culture house of Boeing. Moving to another location is a symbol of demolishing the culture. The action hit employees hard, causing serious morale deterioration. Afterwards, even Boeing admitted that its move to enter space industry was a wrong move. Before deciding to diversify its business line, Boeing should consider whether the diversification would fundamentally change the history-long culture and capacity of the organization or not.

Diversification should be done if corporate can utilize its existing capabilities in the new business line. Small changes (such as in practices of daily operations, etc.) are acceptable when entering a new business line. But organizations should always meticulously examine any strategy that is detrimental to corporate values unless under serious organizational cultural

crisis. And finally but not least importantly, leadership plays a big part in determining the success of an organization.

Both old and new leaders of Boeing underwent severer criticism (Palmer and Akin 2008), thus it can be referred that Boeing choice of Coos was lack of sound Judgment.

The first leader – Phil Condition displayed weak leadership ability when letting issues getting out of control. He also has no visionary – a must in every successful organization when planning Boeing’s strategies based on cost-cutting motive, not on “ airy vision statements”. Meanwhile, visionary leadership is vital in any strategy management approach (Wesley et al. 1989) and in motivating employees to follow (Stamp et al. 010). The later leader – Harry Stonecutter, on the other hand, was criticized for “ overprinting and under-delivering”.

Boeing should reconsider its standards in choosing leaders and examine characteristics of a good leader. Question 2. In your view, what change management process (model) must be structured and implemented to enhance Boeing’s competitive advantage in the market in the future? Please provide a clear Justification for your proposed model. Crisis of Boeing fundamentally is caused by the lack of poor leadership and troublesome organizational culture.

Poor leadership, as mentioned above, is lack of guidance and clear direction.

Therefore, the first and foremost change in how Boeing is doing business is to establish a vision for the company. Bush and Coleman (2010) implied that

every management approach needs clear direction and purpose. The single most important task must be done in the beginning of each strategic approach is creating vision. Collusion-Thomas (1992) supported the argument and stated that big corporate emphasize the significance of vision and management commitment. Mentor et al.

2002) examined different models of change management process and implied that Stork's model has an important implication to organizations that lack clear directions. Thus, the eight-stage model of Cotter is applicable to help improve Boeing's competitive advantage. The first step in eight-stage model of Cotter is establishing a sense of urgency. In this step, Boeing needs to identify external industry environment, which includes market conditions and competitors, from, then Nonentity current problems, potential problems Ana opportunities.

Boeing needs to fully understand market situations and its own strengths and weaknesses in order to utilize its capacity to solve and prepare for issues. For instance, in the context of rapidly changing technological advancement and in the aircraft industry where manufacturing process is one of the key success factors, Boeing needs to acknowledge the importance of technological update and in order to catch up, prepare and capture future opportunities, Boeing should renovate its R&D.

The second step is forming a powerful guiding coalition.

In this step, Boeing should group a team of high-level managers and promote teamwork, this management team would be responsible for overlooking the current situation of Boeing as well as match up corporate

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abilities with problems needed to solve or opportunities needed to be captured. In the third step of creating vision, managers in different units/divisions must lead the efforts in implementing change. They would be the one who assassinate changes in corporate practices and values, and work with high-level managers to establish strategies to achieve vision.

As mentioned before, Boeing acted without vision, thus its path of actions is not strongly supported resulting in weak and feeble motivation for achieving its goal of cutting cost.

The fourth step is communicating vision. Another weakness of Boeing: lack of organizational communication is another one of its undoing.

Communication is the key to coordinate all activities within the organization, the cohesiveness connecting all individuals within the Organization (Corner and Kuhn 2011).

In order to make all organization members fully grasp what mission and goal of the organization are, Boeing needs to strengthen all channels of communication among all levels with one another to successfully spread corporate vision. Also, role model behaviors are strongly encouraged in this stage.

In the case study, Boeing's manufacturing crisis was identified as lack of communication within the organization. Managers who are in charge of activities in the manufacturing process and production planning should communicate frequently and conduct regular check-ups to make sure production requires are matched up between the two units.

Besides, the executive who is in charge of coordinating production planning and manufacturing process must conduct final step of checking to guarantee there is no mismatch. The fifth step is empowering staff to act based on goals in vision. In this step, obstacles to changes needed to be removed.

Resistance to change would be expected; managers should act as a pioneer and lead other employees to follow. Subsequently, necessary changes in organization system and structure are executed in this stage. In this step, risk-taking behaviors and innovative, fresh ideas are also encouraged, aiming to bring a fresh air to the organization.

The sixth step is planning and creating short- term wins. For this step, Boeing should establish strategies to make apparent improvement and motivate employees by reward scheme.

The seventh step continues to create changes by reinforcing changes in organization system, policies, and procedures and conduct training, promotion and even recruitment of employees who are capable of implementing changes. In the case study, Boeing was adopting decentralized organization structure which makes it hard to tightly connect all units together, resulting in action overlaps.

To solve this problem, the company should insider establish a band of high-level managers; each one is in charge of one product Ellen. Besides correlating actively In Tanat product line, managers are required to conduct periodical meeting/conference call once a month to exchange information on what they are doing. The practice facilitates frequent communication among managers. Information sharing helps them know what other is doing, if there

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are the same activity unnecessarily conducted at the same time; also if there are problems, they could together contribute to solutions.

The eight steps are institutionalizing new approaches to clarify linkages between new behavior and reporter success and ensure development of leadership. The leader of Boeing played a quite significant role in the crisis of Boeing. Based on numerous problems Boeing encountered as describe in the case study, it can be concluded that Boeing's leader at the time provides no vision, does not act as exemplar, inability to coordinate organizational activities and lack of problem-solving skills. Boeing needs to identify what is a good leader before making hiring decision.

It is widely stated that a good leader is the one who inspires, who displays transparency and legitimacy for his action, and who has knowledge and experiences.

The leader must be an exemplar for his employees to follow - this is demonstrated through his visionary statement (Wesley et al. 1989). He also must display transparency and rationale for his action - this is demonstrated through his statements and actions. The leader must have knowledge and strong experiences of the industry as well as showcased successful leadership in the past. Question 3.

What obstacles would you expect Boeing to meet in implementing your proposal?

How should these obstacles be overcome? It is always easier said than done. Implementation of above suggestions encounters various obstacles. Changes

n organization structure, system, and practices would encounter resistance to change within the organization. Resistance to change is unavoidable and expected especially in big corporate. According to Hoax et al.

(2002), three primary causes of resistance to change are leadership, management and staff. Schaffer (2010) agreed with above arguments and highlighted the significance of employee's acceptance of changes and managers' promptness in the success of change management process.

Employees are the main executers of implementing changes, thus their resistance can lead to the failure in organizational changes. Poor leadership is another obstacle to changes; poor leadership is characterized as lack of vision, no support provided to employees, delays in making actions, and lack of understanding reasons for changes. The final main obstacle is management-related. Management-related issues include lack of efficient communication regarding changes and poor execution of changing organizational current procedure and practices.

In order to overcome all of the above obstacles in making changes, first of all, changes must be done at individual level. Employees of all levels must be educated about how changes in organization old improve the corporate situation. Rotterdam and Lamar (2012) examined managing corporate changes through employee empowerment and stated that employee's play a big role in the success of organizational changes and thus, employee involvement is strongly encouraged. For example, a program of change management can be established to better educate and motivate employees to make changes (Rotterdam and Lamar 2012).

Second of all, managers must also be caudate tout organizational changes (winy change, now to change) Ana must display pioneering action in leading changes, inspiring employees to follow.

Communication about changes is another crucial matter needed strong emphasis. There should also be some small modifications in corporate culture to better facilitate changes. To counter management obstacle, changes must be consolidated through the consistency of changes in practices and regulations (Mentor et al. 2002).

Changes in technological procedure or in any other operation activities must be carefully planned by person in charge and clearly explained (in terms of reason to change, how to change) to employees who would apply those changes in current procedure.

And finally, outcomes of changes must be evaluated, compared with revises performances before changes and communicated within the organization with the purpose of continuing changes if good outcomes are generated and discovering problems and solutions if bad outcomes are generated.

Conclusion Analysis of Boeing case study provided a thorough insight into change process management. Problems of Boeing are identified as several but fundamentally, poor leadership and troublesome organizational structure caused those problems. Due to Boeing's crisis mainly raised because of lack of clear organizational direction, Cotter's eight-stage model, which put a special emphasis on organizational vision, can be applied to implement changes in Boeing. Obstacles in implementing such changes are proved to come from employees, leadership and management - related issues.

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