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Personnel Strategy
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READING ASSIGNMENT ON BOEING

This is a reading/writing assignment on which we will base our class discussion in the last week, worth 10 percent of your final grade. The written portion should consist of bulleted background points (that Trisha, Aaron and I can understand) on the questions and issues that I have raised below: each team member should have a hard copy of the team report and/or an electronic copy to refer to, so that you can all both contribute to the class discussion. Every member in your group should contribute to the general class discussion. Background articles are on the course website, but you should feel free to draw from other references.

This assignment is based on a sequence of plant location and outsourcing decisions by Boeing's regarding the 787. The purpose of the assignment is to help you understand how and why personnel and logistic issues are intertwined.

I will moderate the discussion, but try not to interfere too much! A warning: do NOT believe everything you read. I want you to emphasize the actions and motivations of the outsourcing firms, the employees and management in this saga. Of course Airbus is also in the background waiting and hoping for Boeing to fail in a spectacular manner.

1. Why did Boeing decide to outsource? They are a world class company and would have devoted a lot of resources to making such an important strategic move. (Who are the players involved, what could they have done, what did they know at the time, and what were the possible consequences?)
2. Did anything "go wrong" and if so "what"? Is it possible that they might have made promises they knew they could not keep, and would that have been bad for their business? (Again who are the players, . . . etc) If this was such a disaster, how come the company did not see it, and how come they did not go bankrupt; how did their share prices and dividends fluctuate over this period? Did Airbus gain from Boeing's gaffe, if indeed it was a gaffe? What about top personnel: if this was handled so badly we would expect to see a lot of turnover at the executive levels. Was there much?
3. How did Boeing revise its initial plans and why? Give reasons. Can you estimate you much it cost them to change their production plans? Did they learn anything of value in the process that might help them be more profitable in the future? For example are they in a better or worse position to negotiate with their unions now?