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Further Delays: Pass it On

IN THAT OLD CHILDHOOD GAME TELEPHONE (aka Chinese whispers), you speak softly and swiftly in another's ear, passing along in secret a message you thought you heard from the person beside you. Of course the person whispering you the message is passing it on from someone else too. What you heard and what they heard probably aren't exactly the same thing, or at least aren't likely to be communicated in the same way. The message, which originated from the person at the top of the chain, often has changed drastically by the time the last person in the sequence calls it out.

Boeing's 787 program has seemed a bit like this, only instead of whispers, critical structural parts of aircraft are traveling through a complex international supply network. Many have arrived in Everett, Wash., out of sequence and harmony with the engineering required for assembly. "If we've learned anything over these past three months, it's that we've underestimated how long it would take to complete somebody else's work," 787 Program VP and GM Pat Shanahan said at a news conference Jan. 16. "We thought we could modify the production system to accommodate the traveled work from our suppliers, and we were wrong."

And so Boeing yet again has announced a delay in its first delivery to ANA (this time it's shooting for early next year). Although the manufacturer said it won't issue a revised forecast for the 109 aircraft it had expected to deliver in 2009 until the end of this current quarter, penalties loom large and shares recently reached a one-year low of \$77.86. "I know our credibility is being tested on this program," Commercial Airplanes President and CEO Scott Carson said. "We are committed to executing this schedule and delivering on what we promised. We will pass this test."

But can its suppliers and program partners do so? If you heard "Boeing's global supply chain has not kept pace with its production system," but passed it on as "Boeing's production ambitions are out of sync with the realities of the global supply chain," you're probably closer to the crux of the matter. Coordinating the production efforts of numerous global partners and assembling and integrating thousands of components is undoubtedly a daunting task.

Even Airbus has commiserated recently with Boeing's situation. "These are complex production processes," CEO Tom Enders said shortly after its rival's most recent delay announcement. "We at Airbus know as well as anyone how difficult it is." Although it bested Boeing last year by delivering 453 aircraft, and also won a company record 1,341 net orders worth \$157.1 billion, the internal integration issues that delayed the A380 a few years back are still too fresh to be shrugged away.

The Dreamliner will fly one day in the not-too-distant future, perhaps even this summer. There's simply too much at stake for it not to. When it does, the challenges Boeing has faced with its elaborate chain of suppliers will be spun in a different light and perhaps interpreted less severely. Years from now, with hundreds of 787s gracing the heavens, delay may even start to sound a bit like delivery.

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