**BOEING ANALYSIS**

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**Introduction**

The Boeing company opted to enter the market using the strategic partnerships with other firms. The new product was the Dreamliner 787 plane. These partnerships included 27 companies from a large number of countries. This aspect compelled the company to postpone the operation of the plane by three years(S.Tang, 2009). There were two incidents in which the batteries had explosions inside the planes. The financial risk of the company was reduced and greater responsibility was put on the strategic partners. The company used to design the planes itself and then asked the partners to fulfil the parts required. The company suffered as there were many cancellations by the airlines that had booked the plane.

**Boeing and the plane**

Boeing is one the leading company in the world dealing in the air travel carriers. In 2013 the company reported a huge amount in the revenues. Most of the revenue was collected from the commercial airplane business of the company. The company wanted to compete with the competitors like Airbus and at the same time it wanted to make the Dreamliner 787 plane. The plane was supposed to be a lighter one and had more capacity for more passengers. The company decided to make the airplane with the help of unconventional supply chain methods (Foster School of Business, 2008). This strategy hit back as the new plane faced issues both related to design and to the operation. There was a delay of three years in the first sale of the plane by the company due to these issues.

**The problem**

There were a large number of strategic partnerships formed by the company that were meant to help the company in making the new product. Before this option was availed, the company used to develop the products with the help of the in-house engineers. All the parts were designed and developed by these engineers prior to this product. There was considerable change in the material that was used to make the plane. This made the plane lighter and more fuel efficient. The company produced only 30% of the components while 70% of the components were provided by the suppliers. Traditionally the company made 60 % of the components of the planes. The outside suppliers were asked to develop huge parts of the planes that were to be brought to the assembly place by flying. Here was the major problem with the designing of the plane. The company could not properly put all the parts together for the plane to run properly (Corvi). The simulation was developed by the suppliers themselves and the company did not test the product by itself.

**Benefits and drawbacks**

The company policy of partnering with so many companies made the production of the plane an integration. The advantages associated with this strategy were the lowering of the cost of manufacturing, shorter time taken to produce the product, expertise from the suppliers. The contract between the parties stated that there will be no payment to the suppliers until the plane has been delivered to the customers, this out pressures on the strategic partners to complete the work at their end quickly so that the parts can be delivered to the company in time (Haloulakos, 2013). Once the components were received in the main plant of the company in the US where the plane will be completed in just three days. Thus, this strategy would have improved the delivery time of the company without incurring any additional cost.

There were many risks that were faced by the company when the strategic partnerships were started. Some of the risks include process, labor. Managers and demand side areas. The company tried to reduce the risks by using certain software to check how much work has been done by the suppliers. The software helped the company to track the details like purchase order issuance and to track shipments.

The things did not go as planned by the company and the company had some issues with the supply partners. The problems started to rise when a main supplier hired another of the suppliers to install some systems in the plane. The company and the main suppliers were not able to take proper information from the other lower level suppliers. Some of the lower level suppliers did not put accurate information to the software system (Zhao, 2016). The workers of the company also went on a strike as they thought their jobs were in danger. Some of the suppliers reacted by reducing their workforce.

**The opportunity**

The company could go forward with the strategic partnerships despite the various hurdles in the way. The customers want a better air travel experience and company wanted to minimize the costs. There were certain features of the plane that were much better than the older planes. The planes had equipment that helped remove the smell that irritated the passengers in most of the other planes.

The lower fuel costs of the plane attracted many airlines to order these planes. The plane produced lesser scrap as the major material of the plane was different to the older ones.

**Boeing’s Future and why strategic Partnerships make sense**

The main area with respect to the demand for air travel is the Asia Pacific region. There will be an increase in the sales of the company because the middle size segment of air travelers will increase. The company can enter into strategic alliances with the companies like Mitsubishi and Rolls Royce. The hardest customers to satisfy are the Japanese. The people force the companies working there to bring in higher quality products for them. By undertaking the integration rather than production, the company ahs tried to shift the financial risks to the suppliers. This is particularly true with the suppliers who have been given various subsidies by their governments. The company has made the mistake of transferring the important knowledge to the suppliers. This has given a threat to the company that they may turn up as independent plane manufacturers.

**Further Analysis**

The problems of the company have opened the ways for further profitable actions in the future. The right lessons have been learnt in the wrong ways and the company has the ability and the resources to fix the overall problems of the situation. The company has made other models of the Dreamliner series. There is a larger model on the way for the 787 that has more seats as compared to the older version. An even bigger version has been launched in the year 2018.

**Conclusion**

The company made a blunder by making the strategic partnerships for the Dreamliner. The overall team was unable to make a plane whose all parts are placed together properly. The companies are looking for the planes that can help them to save on fuel costs. The foreign suppliers have created a direct stake in the Dreamliner plane that has compelled these suppliers to promote the plane. The company seems to be moving towards profitability with more models of the Dreamliner.

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