



2003 Award Winner

Boeing Aerospace Support

Boeing Aerospace Support (AS) is part of the Boeing Company, the largest aerospace company in the world. Boeing AS provides products and services, including aircraft maintenance, modification, and repair, and training for aircrews and maintenance staff, to reduce life-cycle costs and increase the effectiveness of aircraft. Ninety-seven percent of Boeing AS' business comes from military customers.

President David Spong leads a workforce of over 13,000 employees based at Boeing AS headquarters in St. Louis, Mo., and nine major sites—eight in the United States and one in Australia—as well as more than 129 secondary and smaller sites. In this highly competitive industry, new orders for Boeing AS' products and services have grown each year since 1999 and are significantly higher than its competitors' cumulative growth. The company's sales exceed \$4 billion annually.

In 1998, Boeing Airlift and Tanker Programs, which Spong led at the time, received a Baldrige award in the manufacturing category.

Growth in a Competitive Market

Traditionally, the military services have provided support to maintain military aircraft. But, in recent years, the Department of Defense has contracted with private industry to provide these services, resulting in a highly competitive market. The Boeing Company is successfully competing in



Highlights

- Boeing AS earnings have grown at a double-digit average cumulative rate from 1999 to 2002.
- Annual revenue has more than doubled from 1999 to 2003.
- Since 1998, Boeing AS has provided products and services within three days of a request, while competitors take up to 40 days.
- Cash awards paid to employees for extraordinary performance have tripled from 2000 to 2002.

this environment by leveraging its aircraft design, development, and production capabilities with the ability of Boeing AS to deliver integrated support solutions on time and at a competitive price.

Key factors to the success of Boeing AS are its commitment to customer satisfaction, performance-to-plan, and on-time delivery of quality products and services. Since 1998, the “exceptional” and “very good” responses from government customers regarding Boeing AS' performance have gone up 23 percent. In 2003, the exceptional responses nearly doubled those in 2002. In a survey of customers conducted by an independent third party, positive responses improved from 60 percent in 2001 to more than 75 percent in 2002.

Since 1999, on-time delivery of maintenance and modification products and services, significant hardware, and other products has been between 95 and 99 percent. Quality ratings for the maintenance of C-17 aircraft has been near 100 percent since 1998 compared to AS' competitors, which trail at 70 percent in 2002 and 90 percent in 2003.

A key element of AS' successful on-time delivery rate is its partnership with its suppliers to ensure high-quality services and products. As a result, the Supplier On-Time Delivery Rate has improved from about 68 percent in 1999 to about 95 percent in 2003, matching best-in-Boeing results. Quality of Supplier Deliverables has been above 99.5 percent for the last three years and was at 99.7 percent for 2003.

Processes Are Key to Success

Carefully planned and well-managed processes combined with a culture that encourages knowledge sharing and working together have been essential to Boeing AS' ability to deliver high-quality products and services. Boeing AS has developed a seven-step approach for defining, managing, stabilizing, and improving processes. This process-based management, or PBM, methodology also is used to set goals and performance metrics and requires interaction and agreement among process owners, users, suppliers, and customers.

Developing a sound, long-term strategy and then turning that strategic intent into meaningful action is another of Aerospace Support's strengths and competitive advantages. AS uses an Enterprise Planning Process (EPP) comprised of four process elements, Key Data Factors, Strategies, Plans, and Execution, and 10 defined steps, including Lessons Learned and Process Improvements, to plan and execute key strategies. Senior leaders and business, strategic planning, and functional councils each have a role in developing and executing the EPP to ensure that all business functions and sites are integrated and aligned to the overall strategic plan.

To improve performance, a five-step system helps Boeing AS select, analyze, and align data and information. The system begins by gathering requirements and expectations from stakeholders and results in a set of action plans and performance goals and metrics. A "Goal Flowdown" process communicates goals and directions not only throughout the organization but also to customers and suppliers. Measurement, analysis, and knowledge management systems provide performance status and other information needed to make decisions. Finally, performance analyses and reviews are conducted regularly, resulting in recommendations or actions needed to improve performance at all levels.

Employee Involvement and Performance

Teams of employees who "own" and are responsible for the company's complex operations and processes are the core of the company's high-performance work environment. A highly structured process known as the "AS People System" helps to ensure that employees who comprise these teams understand priorities and expectations; have the knowledge, training, and tools they need to do the job and to assess performance against goals and objectives; and are rewarded and recognized for their accomplishments. Programs such as the Atlas Award, which recognizes outstanding team achievement, cash awards, and stock options are used to acknowledge employees who develop innovative solutions to problems. Cash awards to individuals and teams for extraordinary performance have tripled over the past three years.

Employee surveys show that 66 percent of employees feel encouraged to generate new and better ways of doing things and about 65 percent are satisfied with their involvement in decision-making and process improvement. Seventy percent feel their supervisor is doing a good job.

In this large, widespread organization, communication is vital. Employees are encouraged to "shamelessly share" information across businesses, sites, and functions. A continuous flow of information also comes from a wide range of sources including meetings, roundtable discussions, on-line newsletters, and functional and business councils.

This culture of openness also extends to ethics. Boeing AS expects every employee to "always take the high road by practicing the highest ethical standards." Almost 70 percent of employees agree that: "Management will act upon reported unethical practices;" "I can report unethical practices without fear of reprisal;" and "I feel free to communicate bad news to my management." This score is better than the industry average and other Boeing units. Expectations for ensuring ethical behavior are set during new employee orientation and annual refresher training. Ninety-five percent of Boeing AS staff received ethics training in 1999 and over 98 percent in 2002. A 24-hour ethics line is available to report ethical concerns or to seek advice.

Award-Winning Community Work

Boeing AS employees are involved in community activities through the company's Employee Community Fund (ECF) programs operated at all Boeing AS locations. The ECF, which is sponsored by AS's parent organization Boeing, is the world's largest employee-owned charitable organization. AS charitable contributions and community involvement activities are aimed primarily at education organizations, health and human services, culture and arts, and the environment. Although AS makes up less than 10 percent of total Boeing employees, for the last two years they have won the company's William M. Allen Award, which recognizes exceptional volunteer work by employees.

Boeing AS also has received numerous awards for its efforts to protect the environment, including the Environmental Protection Agency's Clean Air Excellence Award, the gold and silver California Governor's Environmental and Economic Leadership Award, and the Kansas Water Environmental Association award.

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