

Korean Air representatives observe the recent delivery of their new 777-200ER from the second-story window of the Everett Delivery Center. The handover also marked Boeing's 3,000th widebody aircraft delivery.

A key take-away

BCA Contracts improves the delivery experience for Boeing's jetliner customers

WILLIAM WANTZ PHOTO

By PATRICK SUMMERS

Visiting the aircraft Delivery Centers at Seattle's Boeing Field or Paine Field in Everett, Wash., during peak delivery times can be like walking through the main terminal at a major airport the day before a holiday. Airline customers from around the globe crowd the conference rooms, hallways and departure lounges. Airplanes line up on the taxiway. You'll even see travelers passing through baggage screening and security checkpoints.

Orchestrating the sometimes hectic delivery-day activities—including the transfer of large amounts of funds—is the responsibility of Commercial Airplanes Contracts. The organization has developed a new airplane-delivery process that aims to increase customer satisfaction.

"We designed the new delivery process to focus on the efficiency, service and support we need to meet our customers' complex and changing business requirements," explained Contracts Vice President Kevin Schemm.

It's not a 9-to-5 job. Midnight or pre-dawn deliveries and "flyaways"—when the airline representatives board their new planes and leave for home—are not uncommon.

Airplane deliveries are on an upswing. In fact, Boeing in June set a weekly record for deliveries in a single week with 20 deliveries.

Deliveries in 2006 were up 30 percent over 2005, with another 25 percent increase expected this year (see chart on Page 43). The growth is expected to continue, with guidance for 2008 at 515 to 520 deliveries and an even higher total for

2009, although specific numbers have not yet been released.

To better prepare for the boost in airplane deliveries, Contracts in November 2005 held an Accelerated Improvement Workshop to design leaner, more efficient and more responsive processes and systems. The Contracts Lean journey—with a focus on improving the customer experience—embodies the mission of the companywide Lean+ initiative to increase capacity, facilitate growth and improve productivity. In addition to enhancing the airplane delivery process, Contracts is developing a life-cycle-management system that will standardize work flows throughout the development and implementation of customer agreements.

MANY DUTIES

Contracts' range of responsibilities,

which includes delivering airplanes, is unique in Commercial Airplanes. At the front end, Contracts is an integral part of every sales campaign. It plays a key role in developing business strategy and negotiating deals that turn customer proposals into definitive agreements. When it comes time to build the airplane—which can be several years after the contract is signed—Contracts is the primary business interface with the customer through aircraft build and delivery.

In the new delivery process, Contracts created teams of delivery experts on-site at the Everett and Seattle Delivery Centers, with resources available to customers 24 hours a day, every day. The teams include delivery directors and support staff whose sole mission is to deliver the best-possible experience to customers as they take formal ownership of their new Boeing airplanes.

“The business, financial and technical issues involved in airplane deliveries are more complex than ever before,” said Carola Parker, Contracts managing director of operations and new airplane delivery. “The on-site delivery teams ensure a consistent level of service and support for our customers. They also are a key part of our strategy to increase capacity and better enable Contracts to manage a changing business environment.”

“I would describe the Contracts delivery process as ‘The buck stops here,’” added Delivery Director Peter Garland. “The delivery directors have the responsibility and expertise to resolve any outstanding contractual issues with the customers’ airplanes.”

BENEFIT OF ON-SITE EXPERTS

The delivery teams are connected with a broad network that shares responsibility for ensuring customers are delighted with their Boeing aircraft. It includes Customer Engineering, Program Management Office, Customer Quality Support and the factories—all facilitated by Field Operations at Boeing Field and Paine Field.

A primary benefit of having on-site experts dedicated to airplane deliveries is that fewer issues go unresolved until the day of delivery. “The delivery teams have a good working relationship with the field,” explained Jon Lewis, delivery team director. “We can represent the customer and Boeing at any step of the process.”

Previously, Contracts regional directors, based at Commercial Airplanes’ headquarters building in Renton, Wash., were the primary business point of contact for customers through the aircraft build and delivery process. As aircraft and services sales grew

and product offerings expanded, the volume and complexity of customer transactions also increased. The regional directors faced a greater need to be on the road at the customers’ home offices.

Contracts works closely with its Commercial Airplanes business partners and airline customers in implementing and refining the new delivery process. “Customer input is very important to us. We took the unique step to ask airline representatives to be part of the interview process in the hiring of the newest delivery directors,” Schemm said.

Customers appreciate the inclusion. “An upside for us of the new delivery process is the chance to take part in the structured interview and hiring process,” said Steve Adams, vice president of International Lease Finance Corp., a major airplane lessor. “It allows us to find the best fit for ILFC, our customers and Boeing. I’m able to meet candidates directly and ensure they understand the importance of all three in the agreement.”

“We do business with a lot of vendors in the purchase and maintenance of our aircraft. This is the first time we’ve had the opportunity to actively participate in hiring somebody who was going to be assigned to our program,” said Bill Rogers, Southwest Airlines field service manager. “We were able to help put in place the right

Delivering on more promises

Recent full-year commercial jetliner deliveries for Boeing.

Year	Deliveries
2004	285
2005	290
2006	398
2007	440-445*
2008	515-520*

* Based on delivery guidance contained in The Boeing Company’s second-quarter earnings report.

people that we’re going to be working with for a long time.”

DELIVERY DAY

On aircraft delivery day, delivery directors manage a process that brings together the legal, financial, regulatory, manufacturing and security elements involved in transferring aircraft ownership to a customer.

Deliveries follow a carefully executed agenda that includes

- The Federal Aviation Administration or foreign regulatory agency, which issues



Boeing Delivery Director Stephen Douglas (right) congratulates Mohsin Wali of Emirates at the Everett Delivery Center amid activity surrounding the recent delivery of a 777-200LR to the airline.

WILLIAM WANTZ PHOTO

■ FOCUS ON FINANCE

a Certificate of Airworthiness (see related story on Page 18).

- The transfer of funds from the customers' bank or other lending institution.

- The federal Transportation Security Administration, which in some circumstances must issue a security waiver for a non-U.S. airline to fly in U.S. airspace.

TSA regulations in some cases require all personnel boarding an aircraft being delivered to a non-U.S. airline to be screened. Baggage X-ray machines, bomb-sniffing dogs and secure waiting rooms can be part of an aircraft delivery. In busy weeks, the delivery teams in both Everett and Seattle will repeat the delivery process several times a day.

"One of the ways that I view deliveries is it's either the last act in a sales campaign that started years ago, or it's the first act in the next sales campaign with a customer," Lewis said. "A superior delivery experience is part of building and maintaining a long-term customer relationship." ■

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MARIAN LOCKHART PHOTO

Delivery Director Lucy Yi (foreground, left) and Customer Engineer Kim Huang (left) review maintenance and flight manuals and other technical documents with a delegation from Shanghai Airlines during a recent 737-800 delivery at the Seattle Delivery Center. One of the final steps in the delivery process is the signing of all financial, legal and regulatory documents and the transfer of funds required to complete the transaction.

The customer's perspective

Boeing has worked hard to improve the jetliner-delivery process that its customers experience. Here's what some airline representatives had to say about the changes.

—Patrick Summers



RICHARD GREEN PHOTO

Patrice Provost, Air France

"Overall, it has been a wonderful experience. Contracts is really supportive and tries to accommodate our requests. I know your door is always open. Having delivery directors dedicated to us also helps with issues on the factory side. We can achieve anything by working together. Trust, confidence and respect are the key."

Sang-Won Lee, Korean Air

"It is a big benefit to us to have delivery directors on-site who can settle issues that may come up in the factories. Delivery directors like Steve Douglas who have experience and knowledge of the issues can be a big help."



GAIL HANUSA PHOTO

It's our future

Actions cited in this story show how employees are applying concepts of the Boeing Management Model to support the company's business strategies. Here's how.

- **Growth and productivity: Lean+, through spreading factory improvements beyond production areas; strong focus on customer satisfaction.**

To learn more about the Management Model, visit <http://bmm.web.boeing.com> on the Boeing intranet.