

A winning hand

Defense, Space & Security has great people, products and services, but it must be more competitive to prosper in a tough global marketplace

As Dennis Muilenburg approaches the end of his second year as president and CEO of Boeing Defense, Space & Security, he spoke with *Frontiers* about developments over the past two years and what's ahead for the business.

What has our response been to the increasingly difficult business climate?

We're realistic about the environment we face and aggressive in setting high expectations for the future. While we see a flat U.S. defense budget and even a declining budget in Europe, we anticipate growth in the Middle East and Asia Pacific. This has led us to further globalize our business and hone our strategy.

Could you talk more about the BDS strategic objectives?

No. 1: "People First, Customer Always" speaks to leadership and our core values. We want to invest in our people with the same focus and detail as we invest in the rest of our long-range business plan. "Customer Always" recognizes that it's a privilege to support our customers' missions. The second objective is to drive competitiveness, link productivity to growth and achieve market-based affordability. The third is to grow aggressively into new markets—for instance, we're making great progress in targeted adjacencies like C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance)—and expand internationally. Our fourth objective is to execute flawlessly to satisfy



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our customers and grow our core business. And the fifth is to selectively invest in vertical capabilities to achieve long-term vertical-horizontal balance. That means we’re not only integrating across a broad supplier base but also deepening our capabilities in design and composite manufacturing, for example, as well as building out in areas like cyber and unmanned systems.

How important is the international market for BDS?

Fundamentally important. In this past year, about 17 percent of our revenues were outside the United States. Five years ago, it was only 7 percent. We had set an objective that 25 percent of our revenue base by 2015 would be international sales, and our latest estimates show we’ll probably be there by 2013.

Assess our overall progress in becoming more competitive.

All you have to do is look at the U.S. Air Force tanker win and the answer is clear. In our tanker bid, we brought all of Boeing to the table, with an innovative production concept and reduced costs. Overall, our team is energized to streamline and drive productivity improvements every day. I’m encouraged on how we’re accelerating change to make us more competitive, but we still have much work to do.

What are a few of the main challenges BDS faces in the next three to five years?

It’s important that we continue to attract, develop and retain the best talent. Also, we need to grow our core business while we’re



moving into new markets and expanding the boundaries of our company. Finding that synergy between core growth and investments in adjacent markets is a challenge, but it’s one I’m excited to take on.

What is the value of “One Boeing”?

Our unique combination—of Boeing Commercial Airplanes; Boeing Defense, Space & Security; Engineering, Operations & Technology; and the Boeing enterprise—brings a talent base, a global reach and a customer network that nobody else can match. One of the reasons our defense business is making progress in places like India is because we’re operating as One Boeing. Commercial Airplanes and Boeing International have great relationships in India, going back decades. Those relationships have opened doors for us.

What are some of the other characteristics that make us well positioned?

Our portfolio is the best in the industry. Our backlog is diverse and deep. We have the best talent, we’re driving competitiveness and productivity, we’re investing in growth, and we’re operating as One Boeing on a global scale. I’d take Boeing’s hand over any other in the marketplace. And when we’re in a very tough, high-pressure environment, how we lead is just as important as what we do—leadership matters and differentiates us.

What role does innovation play in our future?

Our company will be 100 years old in 2016 and we have been at the leading edge of innovation throughout our history.

We played key roles at the introduction of the jet age and the space age. You see new examples every day. Just this past year, we completed the first airborne laser shoot-down of a ballistic missile and the first supersonic flight of a jet fighter operating on a biofuel mix. We introduced hosted payloads into our satellite business and achieved a world record in hypersonic scramjet flight with the X-51A Waverider. We also are innovating in our business processes and operations. In this environment, a company that can operate with high productivity and competitiveness while bringing innovations to the market has a big advantage.

You meet regularly with employees across BDS. What’s the value of those visits?

Hearing from people doing the day-to-day work improves communication, flattens the organization and allows us to create an open and inclusive environment. We want to make sure that every employee can have a say in our strategy and be able to connect his or her daily work to at least one of our strategic objectives.

What’s the most important thing you’ve learned as BDS president and CEO?

Recognizing how dependent we, as leaders, are on our teams. Our people are engaging with our customers, and delivering our products and services. They set this company’s reputation. My job is to help our team succeed by investing in leadership and our people. I’ve also gained an even

greater appreciation for our customers and their missions—missions that provide global and national security, expand the boundaries of exploration, and literally save lives—and the importance of inspiring a sense of excellence and integrity in all that we do.

What one piece of advice would you offer a new Boeing employee?

In coming to Boeing, you’ve made a great choice. We make a difference for important customers globally. Stretch early to experience the breadth of the company. Find areas where you excel, where you can take on the toughest challenges and make the biggest difference. We have an exciting future ahead of us! ■

PHOTOS: (Far left) In this artist’s concept, a KC-46A Tanker is shown refueling an F-22. The recent U.S. Air Force tanker program win was made possible by “One Boeing” collaboration and continued progress in making Defense, Space & Security more competitive. **BOEING**
(Insets, from left) International customers for the Apache Longbow Crew Trainer include Kuwait, Egypt, the Netherlands, the United Arab Emirates and Saudi Arabia. **RICHARD RAU/BOEING** The unmanned Phantom Ray, shown atop a modified 747 on a ferry flight, represents not only technological innovation but innovation in terms of how BDS operates in a period of restrictive customer budgets. **BOB FERGUSON/BOEING** Contracts administrator Lauren Donnelly meets BDS President and CEO Dennis Muilenburg following an employee meeting with Argon ST, acquired by Boeing last year. **FRED TROILO/BOEING** Space Shuttle *Discovery* launched on its final mission Feb. 24. **NASA**