

Boeing and Aviation Industry Find Balance Through Change

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The global aviation industry, over the years, has kept its balance by changing. The Boeing Company is embracing that same successful philosophy, according to Phil Condit, Boeing chairman and chief executive officer, in a speech here today.

"Keeping one's balance is much like riding a bicycle," Condit said. "You have to keep moving to stay balanced on a bicycle, or you fall off."

In his speech to the European Aviation Club, Condit traced the history of flight, from the 15th century and the aviation designs of Italian artist and engineer Leonardo da Vinci, to the first successful engine-powered flight by the Wright brothers in 1903 in Kitty Hawk, N.C.

According to Condit, that 12-second flight changed aviation history forever. "What isn't well known is the spectacular learning curve that occurred that week in aviation history." On those dunes in North Carolina, Condit said, distance flown was boosted by more than 700 percent and altitude reached by 500 percent. "Fundamentally, that was the real beginning of a 'push for performance' to fly higher, faster, farther," Condit added.

"History shows that the first part of our modern aviation development was focused on technical performance," said Condit. In that arena, Condit said, there is now little room to grow. "You have to conclude there are no huge leaps ahead in aerodynamics."

Since Boeing's beginnings eight decades ago, the aviation industry itself has mirrored that change and growth, Condit stressed.

"About 70 percent of Boeing jetliners are sold outside the United States," Condit said. "Our 1997 Current Market Outlook, which was released last week, projects that worldwide air travel will grow nearly five percent during the next two decades."

According to Condit, international collaboration is becoming the foundation on which Boeing products are built. "Our latest 737-600/-700/-800 models are a good example of this collaboration. The end of the 737 outboard leading edge flap contains parts from five suppliers around the world, including ASCO Industries of Belgium, British Aerospace, and Precision Machine Works of the United States," Condit added.

Condit said those suppliers, as well as others from around the world, contribute daily to commerce and trade, and exemplify "working together." The overall goal for working together, said Condit, has been to create a focused, integrated, broad-based aerospace company. "This means changing and creating a better balance between our commercial, and our defense and space work."

However, he said, Boeing ran into a problem when looking at ways to achieve that balance.

"Our commercial aircraft business, which is subject to economic cycles, is much bigger than our defense business," Condit said. Quickly ruling out shrinking the commercial aircraft business, Boeing sought balance elsewhere, he added.

In addition to acquiring the Rockwell Aerospace and Defense businesses in late 1996, Boeing continued to implement its strategy of balance by agreeing on a merger with McDonnell Douglas, Condit said.

"Besides giving us better balance between our commercial and defense and space business, it adds balance for the near- and long-term for both current and future production programs," he added.

An example of that balance, he said, is the current McDonnell Douglas production program F/A-18 fighter, and the potential production program of the Joint Strike Fighter.

Condit said Boeing expects to receive regulatory and shareholder approval of the merger this summer.

"We believe that the merger brings together two strong aerospace companies with complementary capabilities, and preserves the rich heritage of our past," Condit said. "This positions us to meet our objective to be the number one aerospace company in the world, and truly among the world's premier industrial firms."

Condit concluded his remarks by saying, "At Boeing, our work requires embracing change, and like a bicyclist trying to get from one place to another, we have to keep moving to stay balanced."

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