Boeing Streamlines Aluminum-Procurement Strategy

Boeing Commercial Airplane Group (BCAG) today announced a new "lean" procurement strategy, in which one distributor and a select number of mills will handle all the commercial airplane manufacturer's requirements for aluminum flat-rolled products and small and intermediate extrusion for the next 10 years.

"This lean strategy allows us to better forecast our aluminum requirements, which will help ensure that an adequate supply of aluminum is available to Boeing and its external suppliers at a reasonable price," said Russ Bunio, vice president and general manager - BCAG Materiel Division.

Boeing has contracted with distributor Thyssen, Inc.,, N.A., Detroit, Mich. - a subsidiary of Thyssen A.G., based in Dusseldorf, Germany - and is finalizing contracts with a select number of mills that will be announced shortly. The value of the 10-year contract with Thyssen is estimated at $300 million.

Boeing will buy the aluminum directly from the mills and then provide it - through Thyssen's subsidiary, TMX - to its external suppliers and internal parts shops. Suppliers will be phased into the new procurement strategy as their current contracts with mill houses and distributors expire. Boeing estimates this will take 2.5 years.

Currently Boeing, more than 500 aerostructures suppliers and other aluminum users deal individually with more than 50 distributors, seven flat-rolled product mills and 14 extrusion mills.

"By restructuring the supply chain, we are eliminating speculative demand and ensuring a continuous supply of raw material to Boeing internal operations and external suppliers at the lowest-possible cost," Bunio said.

Deliveries under the new contract will begin in late 1998.

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