Boeing To Forge 21st Century Partnership With Suppliers

The Boeing Company told its commercial airplane suppliers worldwide on Tuesday that changing the way they and Boeing do business together will be key to success in the 21st century.

"Through new supplier councils, partnerships and alliances, Boeing is committed to forming closer relationships with its suppliers," said Alan Mulally, president - Boeing Commercial Airplanes Group. "We have an opportunity to work together and focus on continuous improvement of our quality and productivity to exceed our customers' expectations to be successful and remain competitive in the marketplace."

More than 2,000 supplier representatives participating in the conference at 16 locations learned of new expectations that Boeing has of its suppliers, as well as what suppliers may expect from Boeing.

"Fifty percent of our total production costs come from our suppliers," said Russ Bunio, vice president and general manager - Materiel Division at Boeing Commercial Airplanes Group. "Without a doubt, you are integral to the success of our business. Your products must continue to provide Boeing and our airline customers with the greatest value at an affordable price."

In the 21st century, Boeing will establish a partnership with its suppliers for mutual prosperity. There will be more alliances, partnership-style relationships and supplier councils. Suppliers will receive report cards so they can see where they are meeting expectations as well as areas where improvement is necessary. They also will be expected to recommend ways Boeing can change to improve procurement and delivery.

At the same time, Boeing wants to be the preferred customer to suppliers who are willing to embrace the transition to a new partnership based on mutual prosperity.

"In the 21st century, cost reduction that leads to price reduction is the goal," Bunio said.

The result will be shared savings, delivering prosperity to the supplier and an affordable part to Boeing and, ultimately, to the customer, he said. One supplier who has used lean-manufacturing techniques and other productivity improvements to reduce costs has committed to reducing prices every year for the next nine years - with millions of dollars in shared savings.

Suppliers can expect Boeing to set clear performance expectations, provide accurate, realistic and timely design requirements, and be helpful and supportive.

A major component of the new relationship will be the expectation that suppliers will deliver fewer parts and more assemblies to Boeing. Suppliers will be asked to work with Boeing and network with other suppliers to deliver higher-level assemblies. When a similar effort was used in the production of the Boeing 777 landing gear, the number of parts Boeing was required to handle was reduced from 1,850 to three.

In 1998, The Boeing Company purchased $37 billion worth of parts, components and systems from more than 30,000 suppliers in 46 states and 37 countries.

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