

Boeing CEO Message on Third Quarter Results

Oct. 23, 2024 – Boeing President and CEO Kelly Ortberg shared the following message with all employees today, including his prepared remarks for the third quarter financial results webcast:

Team,

As we report our third-quarter 2024 results today, I want to take this opportunity to share my perspective on the challenges we face and, more importantly, my focus for how we will move Boeing forward, together.

With that in mind, below you can read my full prepared remarks, and I invite you to tune in to the call at 7:30 a.m. Pacific time, [here](#).

I am sharing my remarks directly with you this morning, because when it comes to our future the only way to be successful is by working together.

It will take time to return Boeing to its former legacy but, with the right focus and culture, we can be an iconic company and aerospace leader once again. We will be focused on fundamentally changing the culture, stabilizing the business and improving program execution, while setting the foundation for the future of Boeing.

To define that future, we will stay true to our roots and the values that defined our legacy.

Be on the lookout for an invitation to an all-employee meeting in the coming weeks where we will share more about our path ahead and answer your questions. Thanks for all you do.

Kelly

3Q 2024 Results

Prepared Remarks: Kelly Ortberg, President and Chief Executive Officer, The Boeing Company

Let me start by saying that it's an honor to be leading The Boeing Company.

I've spent my entire career in the aerospace and defense business and one constant has always been the critical role that Boeing plays, not just to the A&D industry, but to our national security, and the overall global economy.

But clearly, we are at a crossroads:

- The trust in our company has eroded.
- We're saddled with too much debt.
- We've had serious lapses in our performance across the company which have disappointed many of our customers.

But, by the same token, we have great opportunities ahead:

- Our company backlog is roughly half-a-trillion dollars.
- We have a customer base that want us and need us to succeed.
- We have employees who are thirsty to get back to the iconic company they know, setting the standards for the products that we deliver.

So, my mission here is pretty straightforward. Turn this big ship in the right direction and restore Boeing to the leadership position that we all know and want.

Now to do this is going to require changes in four particular areas and let me introduce them, and I'll come back and discuss each one.

- First, we need a fundamental culture change in the company.
- Second, we must stabilize the business.
- Third, we need to improve our execution discipline on new platform commitments across the company.
- And fourth, while doing the first three, we must build a new future for Boeing.

So, let me start with arguably the most important, changing the culture at Boeing

I spent the last two decades working with Boeing in the supply chain. So, I have had an outside-in view of Boeing, which is very helpful. That experience combined now with seeing things from inside the company has helped provide an informed view of some of the actions we need to take.

Much has been written about how we got to where we are, but most also recognize that Boeing was once a benchmark for what good culture looks like. And I believe we can return to that legacy.

I know culture change starts at the top. Our leaders, from me on down, need to be closely integrated with our business and the people who are doing the design and production of our products.

We need to be on the factory floors, in the back shops and in our engineering labs.

We need to know what's going on, not only with our products, but with our people.

And most importantly, we need to prevent the festering of issues and work better together to identify, fix, and understand root cause.

I've already introduced a much more detailed business cadence to drive this across the organization and this process of change is underway.

Culture is driven by values, and we'll redefine those for the company together.

This has to be more than the poster on the wall. These values will be used to hold leaders accountable in how they lead our teams in delivering safe, high-quality products and services to our customers.

I recently had a meeting with our top executives in the company and we talked specifically about this culture change. I see this more as a continuous process improvement rather than a milestone. We will be relentless in changing the Boeing culture through action, not just words on a page.

Now let me shift to the second item, which is stabilizing the business.

This has been central to my focus since starting the job in August. We have some really big rocks that we need to get behind us to move the company forward.

The first and foremost on everybody's mind today, is ending the IAM strike. We have been feverishly working to find a solution that works for the company and meets our employees' needs.

I met with the union leadership the first week on the job and let them know that I was committed to resetting the relationship.

And I remain committed to getting the team back and improving our relationship, so we don't become so disconnected in the future.

I'm very hopeful that the package we put forward will allow our employees to come back to work so we can immediately focus on restoring the company.

Once we get back, we have the task of restarting the factories and the supply chain.

And it's much harder to turn this on than it is to turn it off. So it's critical, absolutely critical, that we do this right. Our Safety and Quality Management Systems will guide us through the restart, and we have a detailed return-to-work plan in place and I'm really looking forward to getting everybody back and getting to work on that plan.

One additional area of focus that is critical to our stability is the implementation of the safety and quality plan.

As you know, this is a plan that we have reviewed with the FAA and will be part of the criteria we will use to measure stability of our production system which is necessary to gain authority to increase 737 rates.

I'm encouraged with the progress we are making already, and we need to continue that momentum.

Another big rock to stabilize the company is managing our balance sheet to best support retaining our investment grade credit rating.

We have a plan, and we are executing that plan and I'm confident that we have a good path forward to manage the realities of our business and retain our investment grade rating.

So, I've talked about Culture and Stability, the third area is improving the execution discipline on our new platforms, whether this be the commercial derivatives of the 737 MAX and 777 or the series of programs in our BDS business.

We have to be better at understanding and managing the risks on these projects more proactively.

This includes disciplined program and risk management in all phases of the project, including the bid phase.

Again, this is an area where we need the management team much more focused on their programs and much more active working with their customers on ensuring success and anticipating risks before they happen.

Supply chain management improvements will be critical to this effort.

Clearly, we have some difficult contracts in our defense business, but we have to do a better job of executing on the things that we can control.

So, lastly, the fourth area to discuss is building a new future for Boeing.

While we are somewhat consumed with the challenges of today, we need to be setting the foundation of the future for Boeing.

Boeing is an airplane company and at the right time in the future we need to develop a new airplane. But we have a lot of work to do before then.

This includes stabilizing our business, improving execution on the development programs, streamlining the portfolio to do what we do well and restoring the balance sheet so that we do have a path to the next commercial aircraft.

We need to reset priorities and create a leaner, more focused organization.

We've recently announced a workforce reduction which will focus on consolidation of areas where we're not efficient and we need to continue to focus on reducing non-essential activity.

So, before I hand it over to Brian, let me summarize by saying that we have a lot of work to do, we have a plan and change is already underway.

This is a big ship that will take some time to turn, but when it does, it has the capacity to be great again.

This is a company that ushered in the new era of air travel and helped land the first man on the moon.

Getting back to the values that helped define this legacy is what will define our future. I'm excited about the opportunity, and I look forward to working with all of you.

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