

Who should lead Boeing coming out of this tailspin?

With numerous challenges surfacing recently, there is a pressing question of who should lead the company out of this turbulent period.

By Nancy Albertini



The Need for a New CEO Profile

As the world watched, Boeing faced failures in quality in its products. Boeing's recent incidents, such as the two crashes in 2017 and 2018 plus a host of issues in 2024, have led to a loss of confidence from major carriers and the public, as well as a change in CEO. This comes after the Boeing Board of Directors had already taken action in 2019, replacing then CEO Dennis Muilenburg and setting up a Board committee to review all quality and manufacturing processes¹.

“Typically, those two qualities are not present in the same person, so we think now is the time for the board of CEO, of board of Boeing to think about Co CEOs.”

Now that current CEO Dave Calhoun has announced his plans to step down, it's clear that developing the proper profile of Boeing's next CEO is one of the most complex challenges facing the board. Some have suggested that the current or a former CFO may make a suitable candidate. While there is no doubt the organization needs a strong CFO at this time, the leader who is needed at this time must bring an extraordinary skillset that specifically addresses the current crises.

Research suggests that a Co-CEO structure, with one leader focused on engineering and quality and a second focused on external communications, could potentially outperform a single CEO.

We've studied quantitative research that shows that Co-CEOs really do outperform the single CEO scenario, with the difference being 9.5% versus 6.9% in terms of annual shareholder return².

The complexity inherent in Boeing's specific environment today may require a range of skills unlikely to be present in a single individual. With Boeing's need for improved manufacturing quality and internal processes, an engineer with a strong focus on assuring high quality and zero defects is necessary. Given that a significant number of components are outsourced to Spirit AeroSystems, a key issue for Boeing is manufacturing quality and subcontractor management. It is clear that quality and compliance have to be Boeing's top priority, requiring an engineer with formal training who's skilled in assuring a high-quality zero-defect manufacturing environment and end product.

At the same time, an externally focused leader who can effectively communicate with carriers, regulatory agencies, consumers, and the press is crucial. To give a sense of how external stakeholder perception matters, consumers now are looking at booking their trips based on the type of airplane: there's even a website for finding flights that don't use Boeing planes³.

¹The New York Times. "Boeing Fires C.E.O. Dennis Muilenburg". December 13, 2019.
<https://www.nytimes.com/2019/12/23/business/Boeing-ceo-muilenburg.html>

²Harvard Business Review. "Is It Time to Consider Co-CEOs?" July-August 2022.
<https://hbr.org/2022/07/is-it-time-to-consider-co-ceos>

³Quartz. "There's a website for finding flights that don't use Boeing planes."
<https://qz.com/boeing-planes-airlines-avoid-alternative-flights-1851334743>

This suggests that a Co-CEO arrangement with complementary skills and expertise may be the ideal solution for Boeing's leadership.

Importantly, Co-CEO arrangements are not necessarily meant to endure indefinitely. Sometimes they are implemented as a temporary solution to address a specific business need given that “unicorn” talent profiles that bridge widely divergent skill sets are rare and infeasible to implement. Oracle, for example, had dual CEOs until Mark Hurd passed away and it resulted in a single CEO (Safra Catz).

Considerations for the CEO Selection

When it comes to potential candidates for the Co-CEO roles, the externally focused leader does not necessarily need to come from the aerospace and defense industry. Experience navigating a complex stakeholder map and regulatory compliance requirements can be found in adjacent industries such as medical equipment, robotics, and satellite production. Non-aeronautical backgrounds with experience in highly regulated and complex systems could bring fresh perspectives.

“ This is an American icon. It’s absolutely critical they get this right. ”

The selection of individual CEO profiles is not the only consideration. Given the unique need, the two leaders would have to work in harmony and present a united front. Effective communication and collaboration between the Co-CEOs are essential success factors for this dual leadership structure to work. It is imperative that both parties present one voice. The challenge is finding two people who don’t have the benefit of years of experience working together and getting them to operate as one.

The Future of the Board

With the news that the current Chairman of the Board is not standing for re-elections⁴, it has become clear that the new chairman will be involved in the CEO search process. Boeing has named the former Qualcomm CEO, Steven Mollenkopf, as the next Chairman. Given that Boeing has a complex board and is a company that operates a complex manufacturing system, our assessment is that the Chairman’s Qualcomm experience will prove immensely valuable. While Qualcomm is not dealing with life-or-death stakes, it still requires a zero-defect development and manufacturing process.

⁴Boeing. “Boeing Announces Board and Management Changes.” March 25, 2024.

<https://investors.boeing.com/investors/news/press-release-details/2024/Boeing-Announces-Board-and-Management-Changes/default.aspx>

Conclusion

The Board of Directors must also take responsibility and ensure proper oversight of this new management team, considering the complexity of the company's operations. As Boeing navigates these challenging times, the selection of the next CEO is a crucial decision that will shape the future of the company. The Co-CEO structure, with a balance of engineering and quality focus as well as external communication skills, seems to be a promising approach. The Board of Directors must also acknowledge their responsibility in overseeing management and ensuring proper governance. With careful consideration and a focus on finding the right leaders, Boeing has the potential to regain its position as an industry leader and restore stakeholder confidence in its products.

 **Kingsley Gate**

