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Boeing: The Stonecipher Departure



F-15E Photo: Boeing

Publisher's Note, March 9, 2005

"Economic war is always waged first" is a maxim of Sun Tzu's eons old military doctrine. Boeing, it seems, is feeling the full effects of such a war waged against it as still the world's pre-eminent builder of military and commercial aircraft. And it goes without saying that if you want to shake a company – or a government – to its very core, attack, discredit, neutralize and eliminate the executive leadership. As a result of the world's oldest executive indiscretion, Boeing has lost yet another helmsman, Harry Stonecipher, who, as we stated in an earlier analysis *"Aerospace Giant in Fight of Its Life"* was capable of leading a charge of revitalized design, engineering and marketing talent from within Boeing's ranks against an EU-supported AIRBUS. A consortium, mind you, whose mission in life is to unseat the company's dominance in the aerospace arena.

Two schools of thought are emerging relative to the Boeing board's swift action – some say too swift – in addressing what they felt was a continuing and untenable state of affairs – no pun intended -- relative to corporate ethics. This in light of embarrassing industrial espionage misadventures and alleged improper overtures to key Department of Defense acquisition officials, both resulting in harsh disciplinary procedures initiated against the company as a whole and the individuals involved. Desirous of a credible

and rapidly implementable fix, Boeing brought in no less than Warren B. Rudman, co-crafter of the near-prescient *Hart-Rudman* report on the terror threat, to head up a no-nonsense independent team anchored by the Washington, D.C. law firm of Paul, Weiss, Rifkind, Wharton and Garrison, LLP, with a mission to redraft the company's internal ethics directives.

Most industry analysts and commentators are applauding the board's decision to request Stonecipher's resignation – an offer he apparently couldn't refuse – subsequent to its being alerted, via an anonymous emailer, of an improper relationship with a female executive employee. But if the all-important Wall Street reaction was any indication, they, well, just yawned. The stock barely moved following the interim appointment of Boeing CFO James Bell, suggesting that the company could have very well weathered a potentially emergent tempest of controversy. The Street tends to respond favorably to apparent continuity and stability – critical in this post-dot.com induced economic meltdown era.

Despite what many would call an egregious breach of corporate protocol on the part of former McDonnell-Douglas CEO Stonecipher, it is worth considering the wisdom and appropriateness of an alternative strategy: Not changing leaders in the middle of a war. And what exists between Boeing and archrival AIRBUS Industrie is nothing less than that.

It is virtually incontestable that every Boeing misstep and charge lain against it moves AIRBUS ever closer to its goal of capturing the lucrative, and hotly contested, AF tanker deal. Moreover, It tends to create an atmosphere of mistrust and loss of confidence on the part of military and commercial customers in terms of the company's ability to perform.

It is not known at this point to whom the nod will be given among the very short list of executives to assume the mantle of CEO. However, it is crucial that the board not bow to pressure to assign the duties of running Boeing to an industry outsider with financial experience, but no knowledge of building airplanes. General Motors learned an awful lesson that car companies must be run by car guys who know the product and its creative process; intimately. Boeing is poised to do well – very well, we believe – with the roll out of the farthest ranging (9,420 nautical miles) aircraft in the world, the 777-200LR Worldliner, along with a hangar-mate already on its way to reshaping how aircraft are produced, the 787 Dreamliner.

The right guidance at the helm, no doubt, will help ensure success.



777-200LR Reveal Photo: Boeing

Boeing's Role Within The Industrial Base

Since inception of this medium, the health of Boeing and its role as a core component of the US industrial base has been a constant refrain. A refrain echoed in additional analyses such as "[Boeing Going?](#)", "[Der Sturm](#)", "[Chrysler: Crafting a Reprieve](#)", "[Super-Globalism: Strategies for Maintaining a Robust Industrial Base Through Technological, Policy and Process Improvement](#)" and "[Lessons From Toyota: A Global Grand Strategy For Boeing](#)". These analyses are demonstrative of our conviction that perpetuating the worth and viability of the base is critical to economic well-being, and Boeing is inseparable from that mission.

In conclusion, it is important to understand that there is much more at work here than just another company in difficulty seeking to assuage the gods of Wall Street. Rather, there are clear and observable national and economic security implications that, if not handled aright, will have negative repercussions for the next two decades as a nation struggles to find its balance in the middle of two wars: One economic and one military.

Losing either, in the opinion of learned colleagues charged with shaping strategic policy, is unacceptable.

Call it what it is: Harry Stonecipher is a casualty of war.

Carpe diem,

Myron D. Stokes

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