

# Will 737 MAX crisis take down Boeing CEO?

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Boeing decision to strip Dennis Muilenburg of his chairmanship has raised questions about whether he will soon exit as chief executive

The crisis over the 737 MAX that has tarnished Boeing's image has finally cost Dennis Muilenburg his title as chairman.

But Boeing's move last week to strip Muilenburg of his chairmanship—even as he remains chief executive—could be a prelude to his eventual departure, as the aviation giant faces pressure to prove its culture is changing, aviation experts said Monday.

Boeing, which has been in crisis mode since March following the grounding of its top-selling 737 MAX plane after two [deadly crashes](#), announced late Friday that Muilenburg, 55, would remain CEO and on the board but would be replaced as chairman by lead independent director David Calhoun.

Calhoun said the board maintains "full confidence in Dennis as CEO," as the company works to persuade regulators to clear the MAX to resume service after two crashes killed 346 people.

But several aviation experts interviewed by AFP said the move may also represent a key step towards Muilenburg's eventual exit from the company, with the timing depending on how Muilenburg performs during an especially crucial period in the coming weeks, including at a critical Capitol Hill performance later this month.

The decision looks to be "an effort by the board to maintain leadership continuity in the crisis while simultaneously signalling change," said Richard Aboulafia, a vice president at the Teal Group, a market analysis firm.

"The move also creates a smooth path to replacing Muilenburg if things don't go well over the next two or three months."

Boeing's announcement came just hours after a report by international regulators sharply criticized Boeing and the Federal Aviation Administration over the certification of the MAX. The report gave further ammunition to critics who accuse Boeing of cutting corners on

safety in their rush to launch the MAX to compete with a rival Airbus plane.

"I think it is a good idea to separate the CEO duties to allow a high ranking independent official to manage health and safety concerns," said Arthur Wheaton, an expert in aerospace industrial relations at Cornell University.

"That does not mean the move will be sufficient to save the CEO job once the 737 MAX situation is resolved," Wheaton said. "It may help Boeing buy some time."

One outcome might be for Muilenburg to stay to see through the MAX's return and then exit to give the company a "fresh start" under a different leader, Wheaton said.

Michel Merluzeau at AirInsight Research said it would be best if Muilenburg saw the MAX return to service to avoid destabilizing operations and denting morale.

## **High-profile hearing**

The chief executive since 2015, Muilenburg has been the public face of the company as it has navigated one of the toughest periods in company history.

Boeing has been under scrutiny since the Lion Air crash in Indonesia last October, but the situation intensified after the March crash of an Ethiopian Airlines jet led to the MAX's global grounding.

Muilenburg's handling of the crisis has at times drawn criticism, as when he initially blamed pilots for the Lion Air crash and called US President Donald Trump after the Ethiopian crash to argue that the MAX should

not be grounded, said Scott Hamilton of Leeham News.

Since that time, Boeing's efforts to get the MAX approved by the FAA and global aviation bodies has been repeatedly pushed back.

Unable to deliver new MAX planes to clients, Boeing in April slashed production of the MAX and said over the summer that it could be forced to further curtail or temporarily suspend production if the grounding drags on much longer.

Muilenburg will update investors on this and other key questions when the company reports third-quarter results on October 23.

Perhaps more importantly, Muilenburg is scheduled to appear before Congress for the first time about the MAX on October 30.

Charles Elson, a corporate governance expert at the University of Delaware, said the hearing offers little upside for Muilenburg.

"If it turns out well, there will still be calls for change," Elson said. "They're going to be looking to criticize him no matter what he says.

"Even if he does well, it's not positive at all," Elson added.

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