

Boeing chairman says CEO Muilenburg did 'everything right'

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Boeing's chairman gave a forceful vote of public confidence in Dennis Muilenburg amid calls in Congress for the embattled Boeing chief executive to resign

Boeing's new chairman on Tuesday gave a forceful vote of confidence in

CEO Dennis Muilenburg amid calls in Congress for the embattled Boeing chief executive to resign after two deadly crashes.

"Dennis has done everything right," Boeing Chairman David Calhoun told CNBC, praising Muilenburg for keeping the board closely abreast of efforts to return the 737 MAX back to service after 346 people were killed in the accidents.

"To date he has our confidence," Calhoun said.

Shares rose after the interview in which Calhoun also confirmed that the company still expects the MAX to receive regulatory approval this year to return to service.

Calhoun acknowledged that some of Boeing's assumptions in the development of the MAX were faulty but hit back at suggestions that the company cut corners and compromised safety.

Boeing's board has kept a low profile during the crisis over the MAX, which was grounded worldwide in March following the second of the two crashes.

The company on October 11 stripped Muilenburg of the chairman title—replacing him with Calhoun—even as he was kept on as CEO and as a member of the board.

Muilenburg last week endured two days of bruising grilling and criticism from lawmakers probing the issues that led to the two accidents involving the top-selling jet.



Boeing CEO Dennis Muilenburg arrives was grilled by lawmakers over the issues that led to two deadly crashes of the 737 MAX aircraft

Boeing has acknowledged problems with the Maneuvering Characteristics Augmentation System, an automated flight control system implicated in both the Lion Air crash of October and Ethiopian Airlines crash in March.

Calhoun said the crashes also revealed "flawed" assumptions about how pilots would react to a malfunction of the system.

"No one was hiding anything. It was a set of engineering decisions that ended up being wrong," Calhoun said.

"And our job now is to make sure that whatever processes we had, whatever process our regulator has, that those processes never allow for this to ever happen again."

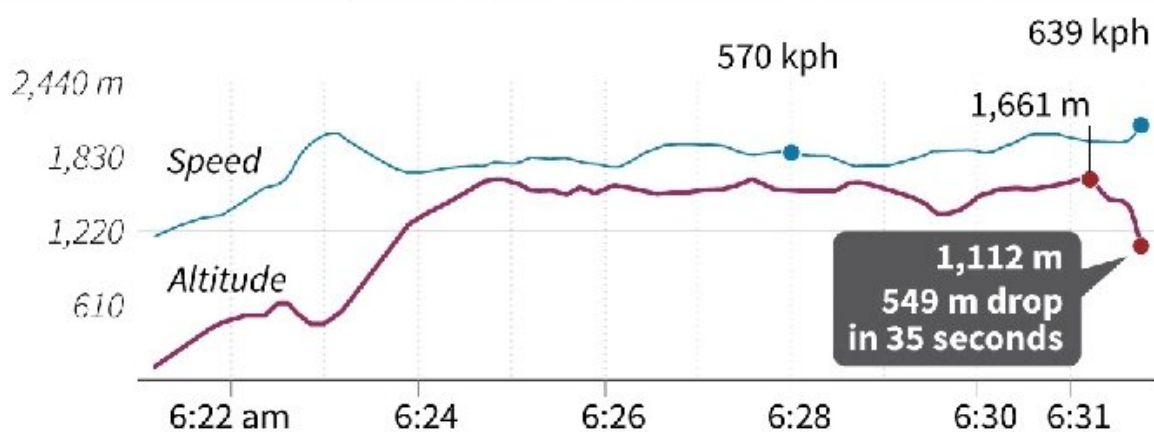
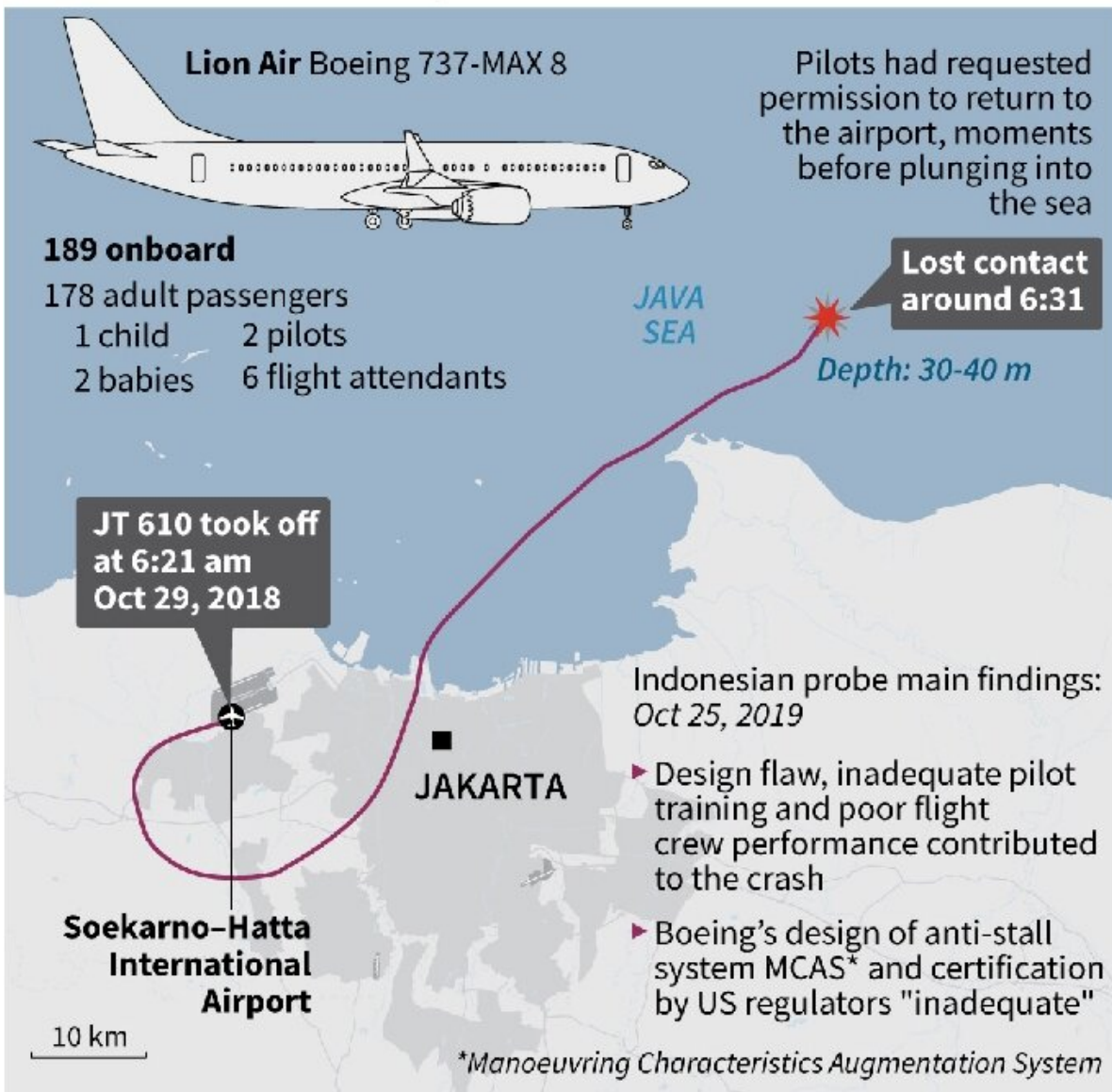
But lawmakers depicted the crashes as evidence Boeing had cut corners on safety to rush the MAX into service to compete with a plane from rival Airbus.

Cultural problem?

US Representative Peter DeFazio, an Oregon Democrat who chaired last week's hearing before the House Transportation Committee, pointed to documents he said showed that during the MAX's development, Boeing leadership was "aware of many of the problems that engineers are now attempting to fix."

DeFazio faulted Muilenburg's responses to many questions as "consistent with a culture of concealment and opaqueness."

2018 Indonesia plane crash



Source: FlightRadar24/Indonesia Rescue Agency/NTSC/maps4news.com

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Graphic on Lion Air flight JT 610 that crashed shortly after take-off on Oct 29, 2018, with 189 people on board.

"The bottom line is that there are a lot of unanswered questions and our investigation has a long way to go to get the answers everyone deserves, especially the families of the crash victims," DeFazio said in a letter to congressional colleagues.

But Calhoun said criticism of Boeing's corporate culture missed the mark.

While Boeing could take steps to strengthen the visibility of its commitment to safety, "I do not believe that this instance is indicative of a cultural problem," he said.

Meanwhile, he said Muilenburg is completely focused on returning the MAX to service and succeeding in the face of "one of the most difficult situations any CEO that I've ever known has lived through."

"We're going to support Dennis."

Calhoun said Muilenburg had asked not to receive a bonus for 2019 after lawmakers lambasted the CEO over his pay at the hearing last week.

In 2018, Muilenburg's total compensation package was \$23.4 million, according to a securities filing.

And Calhoun said the company was not considering clawing back Muilenburg's pay from earlier years because there was "no culpability."

Shares of Boeing rose 2.1 percent to \$358.29.

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