

Boeing names new CEO as it reports hefty loss

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Boeing announced that outgoing CEO Dave Calhoun, pictured here, is being replaced by that Kelly Ortberg.

Boeing named former aerospace veteran Robert "Kelly" Ortberg its next CEO Wednesday, as the aviation giant reported a hefty loss on continued

operational problems.

Ortberg, 64, helped lead Rockwell Collins and integrate it into United Technology prior to his retirement from RTX in 2021. Ortberg is an engineer and is an outsider to Boeing, fulfilling key CEO requirements in the eyes of some aviation insiders.

His appointment, which will take effect August 8, comes as Boeing attempts to rebound from a series of safety and quality control problems that have sharpened scrutiny on the company.

Those difficulties were immediately visible in Boeing's second-quarter results released Wednesday, a loss of \$1.4 billion, compared with a loss of \$149 million in the year-ago period.

Revenues fell 14.6 percent to \$16.9 billion.

The quarterly results reflected a continued drag from Boeing's commercial division, where it has lowered production while upgrading safety and quality control practices under the close watch of regulators.

The latest results also showed significant weakness in its defense business due to a number of fixed price contracts where it has experienced deep losses due to supply chain problems, as well as higher engineering costs and technical issues.

Boeing's press release listed four defense contracts behind an operating loss of \$913 million in the quarter.

Leadership shakeup

Boeing has been in the hot seat since a January incident in which a 737 MAX operated by Alaska Airlines made an emergency landing after a

fuselage panel blew out mid-flight.

Outgoing leader Dave Calhoun ascended to CEO in January 2020 unexpectedly following the ouster of predecessor Dennis Muilenburg amid fallout from the MAX crashes.

Calhoun appeared poised to stay CEO to 2028 until the January 2024 Alaska Airlines incident sparked outrage on Capitol Hill and concern among Boeing's airline customers, whose reported efforts to engage the board preceded Calhoun's announcement on March 25 that he would step down by the end of 2024.

Some names mentioned as CEO candidates such as GE Aerospace CEO Larry Culp and Spirit AeroSystems CEO Patrick Shanahan took themselves out of consideration.



Boeing is at work on the certification of the new 777X in Everett, Washington.

At Boeing's annual meeting in May, Chairman Steve Mollenkopf vowed to find the "right" person to "regain the trust lost in recent times to get back on track."

Aviation experts have said the next Boeing CEO should ideally have an aerospace background, experience managing big manufacturing projects, strategic smarts and a hands-on approach to safety.

Communications skills are also critical, in part to be able to navigate congressional hearings and other politically-oriented venues.

In Wednesday's press release, Mollenkopf described Ortberg as "an experienced leader who is deeply respected in the aerospace industry," according to a message to employees.

Ortberg said "I'm extremely honored and humbled to join this iconic company," according to the press release. "There is much work to be done, and I'm looking forward to getting started."

Representative Rick Larsen, the senior Democrat on a key House Transportation Committee, said on X that was "encouraged" by the appointment.

"Mr. Ortberg is a mechanical engineer," Larsen said. "I hope that means he will ensure that his top message for everyone is building the best airplane means building the safest airplane in the world."

Analysts at JPMorgan Chase praised the appointment, while noting the CEO post "remains a very challenging job," according to a note.

"We believe he is highly respected in the industry, he has important operational and engineering experience, and we think he has the potential to do some of the things Boeing needs most, including restoring relationships with customers, suppliers, regulators, and legislators," said the JPMorgan note.

Third Bridge analyst Peter McNally said Ortberg's aviation experience will help at Boeing, but said "he and the organization face a long road ahead."

Ortberg is set to take office on August 8, just after a two-day hearing organized by the National Transportation Safety Board in Washington on the Alaska Airlines incident.

The Alaska Airlines incident raised fresh scrutiny on Boeing and the MAX following two fatal crashes in 2018 and 2019 that led to a lengthy grounding of the plane.

Boeing agreed to plead guilty to a fraud charge in connection with the MAX certification as part of a plea deal with the Department of Justice, US officials announced July 24.

Shares of Boeing rose 2.0 percent in morning trading.

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