

CASE REPORT  
ON  
**Hit by Delays, Airbus Tries New Way of Building Planes**  
by

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**DIFFERENCES IN BOEING AND AIRBUS'S APPROACH TO PRODUCT REALIZATION :**

Boeing farmed out major chunks of its new 787 dream-liner by signing up with suppliers to design and build most of the planned parts. Boeing managed the overall concept and integration of the parts. This plan was made with an objective to reduce cost. They convinced the contractors to invest their own money and in return they would get a share in the revenue. They delegated major part of the work without overseeing the workers who had no prior experience in doing it.

Airbus sent the blueprints to the suppliers to link them to the design they created with them. The engineers know a fair deal about the products that they would be using for Airbus. Hence engineers were sent to contractors to help them to manage their work and also because they were trained to handle sub contractors. The program manager for Airbus helped suppliers to quickly shift from designing to manufacturing. They used the book "The A350 making of" which was published by Evrard, the program manager. They had better networking with distant suppliers and ensured that frequent design changes immediately ripple through all blue prints.

**STEPS THAT AIRBUS TOOK IN ADDRESSING PRODUCTION DELAYS :**

Airbus, even though with their complete dedication and commitment couldn't help with the delay in the A-350 project. However, the project missed the time line not because of their own issues but because of the supplier couldn't supply with nearly 8000 clips that fasten the wires and pipes to the structure. With this delay, the overall production came to a halt and resulted a extension in completion by six months. In order to take their suppliers back on track and minimize any more further delay, more than a dozen of top partners of Airbus, Suppliers and outside consultants started digging through the operations to fix any internal or external glitches.

**REASONING HOW THE NEW APPROACH WOULD WORK :**

Yes, Airbus new strategy to go down a middle path which combines outsourcing with their highly centralized production system would work. They recognized the need for more collaboration in order to be successful. Boeing underestimated the quality and richness of information needed across the network, as well as the depth and breadth of coordination necessary. Airbus learnt from Boeing's mistakes as well as its own challenges with A380 superjumbo fiasco in 2006. As noted in the article "The new A350 offered a chance to develop from scratch an even more collaborative approach." Evrard, the program manager for Airbus realized the amount of collaboration that was needed to make the network successful and to create a better management. Some of the steps Evrard took to ensure the required collaboration among the network of approximately 450 suppliers and subcontractors worldwide include:

- Data sharing and visibility across the supply chain
- Focussing on how they build the parts
- Eliminated the outdated software design and wiring issues
- Permitted more simultaneous work(parallel processing)
- Better networking with suppliers and quick update of blue-print as any design changes occur
- Designing the plane together with suppliers' engineers and everyone using an identical software, so everyone could access one pool of information.
- Internal coordination on common standards and buying identical equipments.
- Providing access to Airbus' expertise by having its engineers work jointly with contractors on their portions of the project.
- Creating an open work environment, so problems are seen early and are dealt quickly.

#### **RECOMMENDATIONS FOR ADDITIONAL IMPROVEMENT IN APPROACH TO BOEING :**

- Improve oversight on the progress of various supplier
- Work closely with the suppliers through a more sophisticated technology
- Constantly monitor the processes and guide the suppliers in achieving the goal
- Obtain more visibility and retain the ability to control how the process takes place
- Develop core competency that is hard for competitors to imitate.
- Adopt LEAN concepts like Just-in-time deliveries, little to no inventory, outsourcing

#### **RECOMMENDATIONS FOR ADDITIONAL IMPROVEMENT IN APPROACH TO AIRBUS :**

- Ability to control distant operations.
- Out or in sourcing requires that the supporting process be as visible, accurate and efficient as possible.
- Train the design team to be more efficient to avoid redesigning multiple times. Design team should collaborate with the manufacturers on blueprint and thoroughly check its components and narrow down to one design before proceeding to the next step.
- No communication gap between different internal organisations of the company and between manufacturers and suppliers.
- Improve their data management and coordination skills for timely delivery of products.
- More focus on reducing conflicts between the organisations.
- Improve investors relationship and customers relationship.

#### **REFERENCES:**

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