

Boeing's seemingly endless reputational quagmire

Every time the label 'troubled' appears next to your company name, you know you are in a precarious position. That is the reality for a once much-admired and envied giant of the aviation and aerospace industry, according to **Tony Jaques**



When the label 'troubled' is inserted every time your company name appears, you know you are on a hiding to nothing. That is the reality for a once much-admired and envied giant of the aviation and aerospace industry. And it's a stark example of how a succession of persistent and repeated crises creates a multiplier effect of exponential, corrosive reputational damage, each event building on the ones before.

Most importantly, it demonstrates that traditional crisis response is sometimes just not enough. For the Boeing Company, the seemingly endless nightmare began in late 2018.

■ **October 29, 2018:** Boeing 737 Max aircraft belonging to Indonesian Lion Air crashes into the Java Sea soon after taking off from Jakarta, Indonesia, killing all 189 on board.

■ **March 10, 2019:** Ethiopian Airlines 737 Max crashes soon after takeoff from Addis Ababa bound for Nairobi, Kenya, killing all 157 passengers and crew. Boeing CEO Dennis Muilenburg partially blamed aircrew for both disasters. He asserted that the pilots did not "completely follow" emergency procedures and that there was no "technical slip or gap" in the design of the aircraft. The American Airlines' pilots union later said it was

"inexcusable" for the CEO and others at Boeing to point the finger at foreign pilots. "Shame on you," their spokesperson said. "That's a poisoned, diseased philosophy."

■ **March 11, 2019:** China grounds all of its 737 Max aircraft, followed by similar bans in more than 40 other countries around the world.

■ **March 14, 2019:** The US Federal Aviation Administration (FAA) finally grounds all 737 Max 8 and Max 9 aircraft, one of the last aviation authorities to do so. CEO Muilenburg at this point then said that the company supported this step: "Out of an abundance of caution."

However, respected writer John Beveridge argued the decision was several days too late. "As for acting out of 'abundant caution' in grounding the planes," he said, "the time for that was after the first crash, not the second. And certainly not after most other regulators had already acted."

■ **December 20, 2019:** Boeing's unmanned Starliner spacecraft fails to reach the International Space Station, setting back hopes of carrying astronauts for NASA.

■ **December 23, 2019:** Dennis Muilenburg, the CEO of Boeing, was fired and left with stock options and other assets valued at US\$80 million.

■ **January 21, 2020:** Boeing halts production of the 737



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Max, conceding that problems will take longer to rectify than previously indicated.

■ **March 2020:** As a result of the Covid-19 pandemic's drastic reduction in air travel, airlines worldwide start cancelling orders without incurring costly penalties due to the grounded 737 Max.

■ **August 28, 2020:** Some Boeing 787 Dreamliners temporarily grounded by the FAA because of concerns over manufacturing standards.

■ **September 16, 2020:** A US Congressional report into the Ethiopian and Indonesian crashes identifies new software on the 737 Max as the cause, for which pilots had not received any training. It would engage unexpectedly, pushing the aircraft's nose towards the ground. When the pilots on the doomed planes attempted to steady the aircraft, the software would once again force the 737 Max into a dive.

The CEO of the plane maker asserted that the aircrew did not completely follow emergency procedures, but the report revealed that Boeing first informed pilots worldwide about the existence of new MCAS software almost two weeks after the Lion Air crash. The report found a "culture of concealment" at Boeing. The report revealed a series of design failures in the plane, and an overly close

relationship between Boeing and the federal regulator compromised safety certification.

■ **November 18, 2020:** The FAA lifts the grounding of 737 Max planes, which return to service after Boeing was required to upgrade software, systems, and training. Boeing estimated the cost to date at US\$20 billion. The US Justice Department eventually announced the company would have to pay US\$2.5 billion in compensation and penalties.

■ **January 5, 2024:** A 27-kilogram door plug blows out on an Alaska Airlines 737 Max 9. Remarkably, the plane landed safely without any injuries. Investigators later discovered that faulty paperwork allowed the plane to leave the Boeing factory in October, missing four bolts necessary to secure the door. CEO Dave Calhoun called the mistake a "quality escape."

■ **March 7, 2024:** A tyre fell off a Japan-bound United Airlines Boeing 777-200 plane taking off from San Francisco International Airport seconds after take-off, damaging several vehicles in a nearby carpark.

■ **March 11, 2024:** The LATAM Boeing 787, which was en route from Sydney, Australia, to Auckland, New Zealand, experienced a rapid loss of altitude, resulting in

Timeline of incidents involving Boeing 737 Max aircraft

October 29, 2018

Lion Air flight 610, en route from Jakarta to Pangkal Pinang, Indonesia, crashed into the Java Sea just minutes after takeoff, killing all 189 people on board. Later investigations blamed new software forcing the aircraft's nose down



March 10, 2019

Ethiopian Airlines Flight 302 crashed soon after take-off from Addis Ababa bound for Nairobi, Kenya, killing all 157 passengers and crew. Authorities around the world grounded all 737 Max 8 and Max 9 aircraft. They returned to service in November 2020 after Boeing upgraded software, systems, and training



December 4, 2023

Ryanair Flight 1269 from Austria to London experienced a sudden last-minute 2,000-foot descent during approach to Stansted Airport. The aircraft did a fly-around and landed safely. Authorities blamed an aircrew error



January 5, 2024

Alaska Airlines flight 1282 from Portland, Oregon, to Ontario, California, suffered explosive decompression after a 27-kilogramme door plug blew out. There were no serious injuries; investigators found four bolts missing from the door plug assembly



May 25, 2024

Shortly after take-off from Phoenix, Southwest Airlines Flight 746 suffered a 'Dutch roll,' which is a violent rocking and oscillation of the aircraft. The frightened passengers landed safely at Oakland. Investigators blamed damage to the aircraft's tail section caused by severe weather while parked two days earlier



June 23, 2024

Korean Air flight 189 from South Korea to Taiwan suffered a sudden loss of cabin pressure, reportedly due to a fault in the aircraft's pressurisation system, and made a 26,000-foot rapid descent. Fifteen people were taken to the hospital with minor injuries



the injuries of dozens of passengers. Boeing then released a warning that accidentally triggering a switch on the pilot's seat may throw the pilot forward into the controls, which could cause a nosedive.

■ **March 25, 2024:** Boeing announced that CEO Calhoun will leave at the end of the year. American consultant Jeff Chatterton described the Calhoun announcement as: "The least shocking news since we discovered it's cold in the Arctic."

In a letter to staff, the CEO cited the Alaska incident as a 'watershed moment' for Boeing. "The eyes of the world are on us," he told the staff. "We are going to fix what isn't working, and we are going to get our

company back on the track towards recovery and stability." Changing the CEO is a well-recognised crisis management response, but leaving Calhoun in place created a 'dead man walking' scenario and months of lame duck management.

Asked why he decided to stay on rather than leave immediately, Calhoun told CNBC: "We have another mountain to climb. Let's not avoid what happened with Alaska Air. Let's not avoid the call for action. Let's not avoid the changes that we need to make in our factories. We will get through that."

For a CEO statement that was issued in the middle of an ongoing corporate crisis, his message was not exactly

clear. In fact, leading aerospace analyst Richard Aboulafia tersely summed up the advantages gained by Boeing's main rival during Calhoun's tenure running Boeing: "He's the very best CEO that Airbus has ever had."

■ **June 5, 2024:** Following years of delays, Boeing launched its Starliner spacecraft, taking two astronauts to the International Space Station for a week-long stay. Following issues with helium leaks and thruster outages, NASA decided not to send the astronauts back on the spacecraft, and the spacecraft returned to Earth without them. It was decided the stranded pair would return home instead in a capsule produced by Boeing rival Elon Musk's SpaceX.

■ **June 18, 2024:** Boeing's broken safety culture was the subject of an angry Senate subcommittee hearing, which CEO Calhoun faced. He admitted the safety culture was far from perfect, but insisted that the company was working to fix the problems. One senator demanded to know why Calhoun hadn't resigned.

■ **July 7, 2024:** Boeing said that it would plead guilty to: "Defrauding the FAA during the certification process," and agreed to a criminal fine of US\$487 million, more than double what had been agreed to in 2021. The company also committed to spending US\$455 million on compliance and safety programmes over the next three years.

■ **July 31, 2024:** Boeing announced Kelly Ortberg as the new CEO, effective August 8, 2024, the third leader within six years. Just months into the job, he released a plan to cut 10 per cent of the company's workforce and, at the same time, diagnosed the problem as a culture issue. The company had lost too much trust, gained too much debt, and made too many mistakes, Ortberg said. To put Boeing back on the right path would require a fundamental culture change, which could help in stabilising the business and improving execution.

■ **October 21, 2024:** A six-tonne Boeing-built communications satellite, launched in 2016 for Intelsat, inexplicably exploded, leaving some customers without power or communications. As journalist Justin Joffe quipped: "An exploding communications device is an apt metaphor for Boeing's troubles over recent years."

This timeline and commentary about Boeing's 'negative press cascade' is not comprehensive and is probably not at an end, with fresh allegations, revelations, and lawsuits likely continuing, such as the next safety incident or another whistleblower claiming reported failures were ignored.

Taken alone, any one of these crises could have been successfully managed. When combined, these crises have emerged as a unique category of crisis risk, dubbed a "Sticky crisis" by American communication expert Tim Coombs.

Sticky crises are defined as "Complex and challenging issues" by the seminal Crisis Communication Think Tank at the University of Georgia. These issues often involve disinformation, deeply polarised social issues, moral outrage, and erosion of trust, all of which social media magnifies.

Another important element of a sticky crisis – particularly relevant for the Boeing case – is the concept of a longitudinal crisis, which persists over months or even years, ebbing and flowing with changing media interest but never far from renewed attention.

Tim Coombs says that after decades of practice and research, we have a solid knowledge base for understanding how to utilise communication during 'typical' crises, which might last days or weeks. But sticky crises take managers

outside of the normal crisis communication knowledge base by creating unique demands.

He told me the Boeing case is indeed a sticky crisis. "I say that because there is a way through, but it's not easy. At the merger, the McDonnell Douglas culture was chosen. It favoured profit over quality. Boeing needs to find its old culture. Again, not easy, but it can be done and will take years. The crisis will linger during that time of change and proving that change to stakeholders."

Part of Boeing's situation derives from the nature of the aviation industry itself, which has a very long-range business model with massive investment that won't be recouped for decades; where customers commit to multimillion-dollar contracts that won't be filled for years; and where those customers can't easily change suppliers. These structural challenges all mean that any improvement will necessarily be slow.

Plus, of course, billions of dollars in government contracts help foster a perception of 'too big to fail' and an illusion of invulnerability. Yet Boeing's sticky crisis has practical lessons for all crisis managers.

Beyond the technical issues of aircraft manufacturing, the company's communication throughout the prolonged crisis demonstrated an arrogance, a blithe hubris, and a lack of transparency, not uncommon among giant agencies and business enterprises.

Successive Boeing managers, who lacked empathy, tried to blame others, and failed to recognise and promptly address the fundamental problems plaguing the company, are partially to blame for this.

Can its reputation be restored? At the time of Calhoun's announcement, *PR Daily's* Allison Carter concluded: "There is a point at which trust can no longer be repaired with the same leadership. Boeing had reached that point."

The new CEO has promised to change the company's culture and to: "Know what 's going on, not only with our products but with our people."

In an all-hands-on-deck meeting, he told staff: "We spend more time arguing amongst ourselves than thinking about how we're going to beat Airbus. Everybody is tired of the drumbeat of 'what's wrong with Boeing?' We have an opportunity today to come racing out of where we are and to really improve."

Sadly, experience from other big organisations with systemic failures – like some giant financial institutions – suggests that changing the CEO and promising to address culture is sometimes simply corporate theatre aimed at stopping the bleeding and propping up the share price.

Ian Mitroff, an international authority on crisis management and crisis-prone organisations, once wrote: "How people react to crises and/or extreme events, both real and imagined, provides one of the most powerful windows, if not the most powerful window, into the souls of people and their institutions."

The seemingly endless crisis at Boeing has undoubtedly exposed the soul of the company. Only time will tell whether it can recover. [C|R](#)

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