Industry’s Challenge

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Why I have gray hair!

- over 30,000 contracts
- ~ $2B in sales + $2B “in house” support
- > 1.5 million parts delivered annually
- 1,500 + suppliers around the globe
- operations in 154 countries
- support a global fleet of over 9,000 platforms
  - some in service for over half a century
  - each a little different than its siblings
  - all require individualized attention
Risk

Business Model Complexity

The Business Challenge

Optimize

Integrate

Accelerate

Traditional
- Management intensive
- Transaction-based
- Numerous “bottlenecks”

Transitional
- Administrative consolidation
- Performance focus
- Investment

Transformational
- More investment!!!
- Exponential growth
- Unknown end-state
Traditional Business

Requires -

- a reduction in the number of contracts
- improved forecasting – for everyone!
- access to relevant information
- identification of roadblocks that inhibit information velocity
- continued focus on solutions for:
  - aging fleets
  - loss of manufacturing capability
  - obsolescence
  - technology migration
Characteristics

- sequential planning
- slow execution – not responsive to operational dynamic
- large inventory investment
- build up of Administrative Lead Time (cumulative effect)
- multiple hand-offs require buffer stocks
Transitional Business

Requires -

- a better understanding of enabling technologies
- elimination of non-value added “white space”
- aggregation of administrative actions
- internal financing to bridge the challenge “gaps”
- a grounded “vision” of the end state
  - Know where we are, but not exactly where we’re going
- the right information - when needed!
- a vetted plan for technology maturation & infusion
A Transitional Support Chain

- **Industrial Base**
  - Depot maintenance schedule
  - Wholesale inventory
  - Depot part demand
  - Planning activity

- **Manufacturing / Repair Agents**
  - Capacity planning
  - Work flow
  - Delivery schedule
  - Repair status

- **Supplier Base**
  - Supplier inventory
  - Delivery schedule
  - Capacity planning

- **Customer**
  - Flight operations
  - Customer part demand
  - Retail inventory
  - O & I maintenance activity

- **CRM**
  - Performance Metrics

- **SRM**
  - Integrated Framework

**Characteristics**
- fully integrated material planning
- closed loop system responsive to change
- has a bias for velocity
- reduced inventory investment
- capacity driven supplier base
**Transformational Business**

**Requires -**

- an end state that is inclusive
- open information lanes for collaboration
- a focus on rapid infusion of enabling technologies
  - **RFID / UID**
  - **Sea-basing**
- investment in resources
  - **people, processes & tools**
- an achievable global vision
  - **a seamless supply chain to the “user”**
Technology Acceptance Curve?

- Temper Expectations

SCM Technology “Hype Cycle”

Source: Gartner Research '04