



Always Have More Than One Pilot On Board

By Bill Ferguson, Chief Executive Officer and Jeffrey Hauswirth, Vice Chairman



A major crisis erupts. The CEO at the center of the maelstrom mishandles and complicates the issue.

Shares tumble. Public trust in the company erodes. The Board is forced to make a change at the top.

Sound familiar? That's what happened at Boeing.

The tragic chain of events surrounding the 737 MAX cost Boeing billions of dollars, severely tarnished its reputation and cast a shadow of doubt over its future in the aerospace business. To make matters worse, CEO Dennis Muilenburg failed to acknowledge the missteps and organizational problems at the root of this debacle. His willful blindness to his company's deficiencies allowed matters to worsen, to the point where irreparable damage was done.

After deflecting blame and protracting the investigation around what went wrong, the Board showed Muilenburg the door, leaving a leadership void and raising numerous questions. Incoming CEO David Calhoun, the Chairman of the Board at the time, was swiftly slotted into the role of CEO and entrusted with overcoming the fallout from the two deadly crashes. These tragedies, due to software and design issues, also exposed ingrained systematic problems at the aerospace giant.

David Calhoun, a 10-year Board member at Boeing, suddenly was thrust into the eye of the storm.

What qualified him on such short notice?

There's no substitute for experience.

Calhoun's history outside of Boeing factored into the equation. He worked for over two decades at General Electric, highlighted by a lengthy stint in their aviation unit, which included dealing with the aftermath of 9/11. He is a well-respected industry veteran who, beyond having relevant aerospace experience, is no stranger to extreme crisis.

An insider understands company culture.

As a long-time Boeing insider, Calhoun had access to information that an external CEO appointee would struggle to obtain and master with the immediacy the circumstances demanded. Calhoun also had the advantage of understanding the nuances of Boeing's culture, political dynamics and business strategy.

Go with a known quantity.

If Boeing is to change its culture and regain the trust of investors and the public, a known and trusted successor with the appropriate pedigree is key. Parachuted into an urgent situation like this, what chance could an outsider CEO stand? Boeing knows exactly what they're getting in David Calhoun.

The Boeing story is just another reminder that one never knows when a company's leadership will hit turbulence. Having capable talent on a Board who are ready to unexpectedly assume command is an insurance policy no organization should be without.

That is why finding the right Directors requires as much care and attention as hiring a CEO. The assurance that someone on the Board could take over in a pinch is invaluable. You never know when you will need a backup pilot to jump into the cockpit.