

## THE BOEING COMPANY – CAS

### ENABLING A LOW COST & SCALABLE COMPONENT REPAIR SUPPLY CHAIN

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**Opportunity.** The commercial aviation services market is expected to total \$2.5 Trillion over the next 20 years, approximately one third of commercial aviation market spend. Boeing's Gold Care program offers its customers a full lifecycle management service solution for the 787 aircraft. Through its component repair service, also known as the rotatable exchange program (REP), Boeing manages 787 spare parts inventory and repair events, freeing the airline to focus its resources on serving its passengers. Air crafts in the program have a four-year, no repair cost, warranty period during which repairs are done at OEM supplier expense. As aircrafts age out of this warranty, Gold Care's REP business faces a large increase in repair costs for which Boeing is responsible.

**Goal.** The Team set out to design a low-cost, scalable 787 component repair and overhaul (R&O) supply chain.

**Findings.** The team documented the existing repair management process and explored improvement opportunities. They interviewed over 65 people across 15 Boeing organizational teams and visited three suppliers. The key learning that emerged from this research was the importance of bringing repair cost knowledge in-house in order to enable effective cost management across the supply chain.

**Recommendations.** The team designed and piloted a new systematic R&O approach focusing on a single Gold Care 787 part. The pilot confirmed the value of the initial findings and led to the creation of a Repair Cost Management Core Team to:

1. Adopt a team-designed, standard process using one information system
2. Align contractual incentives to drive desired supplier behavior
3. Manage the repair services supply base strategically
4. Leverage Boeing's resources within all organizations

**Impact.** The piloted results revealed the potential to extract significant cost savings over the nine year forecast horizon. This low-cost, scalable system will enable Boeing to compete effectively and capture market share in aviation services.