

Latest Dreamliner Drama Involves Exploding Engine

Written by Administrator

Tuesday, 31 August 2010 00:00

In late August, 2010, Boeing announced *yet another* delay to the first delivery of its 787 “Dreamliner” passenger aircraft. The Dreamliner, which has been plagued by problems and delays, is now due for first delivery in the first quarter of 2011, according to [this](#) Los Angeles Times article. The LA Times article reported that—

The new delay is largely because of the failure of a Rolls-Royce Trent 1000 test engine, which broke apart internally while being run on a ground-test stand at the engine maker's plant in Derby, England, this month.

We have reported on Dreamliner problems before—notably [here](#) and [here](#). We have looked at Dreamliner supply chain management problems

[here](#)—calling it a poster child of “what not to do.” And, to be clear, this is just the latest of a series of seemingly “surprise” production delays. As the LA Times noted, “In July, Boeing said poor workmanship on 787 horizontal tails built by Italian partner Alenia might cause first delivery to slip into the first weeks of 2011.” Boeing has already made at least \$1 billion worth of loss provisions for the troubled program.

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Remember, the first delivery was originally planned for May, 2008, according to [this chronology](#)

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What's going on? We have no special insider information. But we can use Internet search engines. We found this [great blog article](#) over at The Economist. In that article, the author wondered if Boeing's engineering talent has simply deteriorated to the point where the company has lost the formula of how to design and build great airplanes. The blog linked to a [satirical piece](#) over at The Onion—

Boeing Lays Off Only Guy Who Knows How To Keep Wings On Plane

CHICAGO—With the airline industry continuing to suffer under the ongoing recession, the Boeing Company was forced Monday to lay off Al Freedman, the only guy left at the corporation who knows how to keep wings from falling off planes. “We used to have a whole team of engineers who knew how to make the wings stay on, but those days are long gone,” Boeing CEO James McNerney, Jr. said. “We’ll make it work, though. The wings are not necessarily the most important part of the plane, anyway.” McNerney added that at least they were able to save the job of the guy who knows how to prevent jet engines from exploding.

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All attempts at humor aside, the blogger on The Economist site had a good point to make. The author wrote—

When *The Onion* starts making fun of your company's problems, you're in trouble. It means that those problems are well-known enough to be funny to a mass audience. That's the sign of a badly damaged reputation. ... The way things have been going, it looks like Boeing's—and the Dreamliner's—problems may only get worse.

Indeed. [This article](#) reported that

The Boeing Co.'s sixth postponement of its 787 Dreamliner could put the planemaker at greater risk for paying penalties to customers frustrated by more than 21/2 years of delays. ...

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Even before Friday's delay, Deutsche Bank AG analyst Myles Walton estimated that penalty payments to 787 buyers could reach about \$5 billion. Boeing will probably try to use discounts, maintenance agreements, options, purchase rights, delivery-slot availability and other means instead of cash payments, Walton said.

Boeing already faces compensation claims for late 787s. National Aviation Co. of India Ltd., Air India's state-owned parent, said this month that it plans to seek about \$840 million for the delays in its order.

'There's a slippery slope here,' said George Hamlin, president of Hamlin Transportation Consulting in Fairfax, Va., and a former Airbus SAS executive. 'If some carriers start receiving penalties, all will want them. It's unfortunate that this is coming piled on top of the earlier delays.'

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