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# Cambridge Elements

Elements in Reinventing Capitalism

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## THE TRANSFORMATION OF BOEING FROM TECHNOLOGICAL LEADERSHIP TO FINANCIAL ENGINEERING AND DECLINE

Charles McMillan

*Schulich School of Business, York University, Toronto*



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# The Transformation of Boeing from Technological Leadership to Financial Engineering and Decline

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Charles McMillan  
*Schulich School of Business, York University, Toronto*

**Author for correspondence:** Charles McMillan, [charlesmcmillansgi@gmail.com](mailto:charlesmcmillansgi@gmail.com)

**Abstract:** Organizations rise or fall based on misreading of external signals as well as internal factors – strong or weak management, leadership and governance, proactive or reactive benchmarks of innovation and performance. This Element addresses the commercial aerospace sector with the case study of the Boeing Corporation. Boeing and Airbus illustrate the dynamics of competitive rivalry, and the shifting attention span of senior leaders. Beset by internal dysfunctions, product delays, and certification challenges, Boeing has a negative net worth, and perverse executive incentives, financial engineering values, and governance dysfunctions when confronting the changes facing the main customers, the airline industry. Boeing trails its European rival in market share, R&D investments, and diverse product line based on seat size, pricing, and distance. This case study provides an opportunity to suggest new research directions on governance and managing truly complex organizations.

**Keywords:** strategic intent, reputation risk, corporate narcissism, duopoly, rivalry trap

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