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Elements in Reinventing Capitalism

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

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CAMBRIDGE  
UNIVERSITY PRESS

Cambridge University Press & Assessment

978-1-009-47562-4 — The Transformation of Boeing from Technological Leadership to  
Financial Engineering and Decline

Charles McMillan

Frontmatter

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CAMBRIDGE  
UNIVERSITY PRESS

Shaftesbury Road, Cambridge CB2 8EA, United Kingdom

One Liberty Plaza, 20th Floor, New York, NY 10006, USA

477 Williamstown Road, Port Melbourne, VIC 3207, Australia

314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,  
New Delhi – 110025, India

103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment,  
a department of the University of Cambridge.

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education, learning and research at the highest international levels of excellence.

[www.cambridge.org](http://www.cambridge.org)

Information on this title: [www.cambridge.org/9781009475624](http://www.cambridge.org/9781009475624)

DOI: 10.1017/9781009394734

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When citing this work, please include a reference to the DOI 10.1017/9781009394734

First published 2024

*A catalogue record for this publication is available from the British Library.*

ISBN 978-1-009-47562-4 Hardback

ISBN 978-1-009-39472-7 Paperback

ISSN 2634-8950 (online)

ISSN 2634-8942 (print)

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

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DOI: 10.1017/9781009394734

First published online: July 2024

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**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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ISBNs: 9781009475624 (HB), 9781009394727 (PB), 9781009394734 (OC)

ISSNs: 2634-8950 (online), 2634-8942 (print)

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