

## Boeing: Ongoing Fallout Over the 737 Max Crisis

By Chris Gronseth, J.D. Candidate 2022 | October 28, 2019

Dennis Muilenburg is having a tumultuous year. As Boeing's president and Chief Executive Officer over the last five years, Mr. Muilenburg led Boeing through the two crashes and subsequent groundings of its 737 Max aircraft ("MAX"). As part of this ongoing saga, Boeing recently [removed](#) Mr. Muilenburg as Chairman of the Board after a multiagency task force released an investigative report as part of the re-certification process for the MAX. The [report](#) found that Boeing had not adequately informed regulators about the flight control software implicated in the two crashes, and that the Federal Aviation Administration lacked the ability to effectively vet Boeing's assertions about the safety of the MAX. Mr. Muilenburg's situation is reflective of wider executive scrutiny at Boeing as Kevin McAllister, the recently-removed head of Boeing's commercial airlines division, can [attest](#).

While Boeing shareholders fret over fraying airline relationships and an estimated \$8 billion in losses stemming from the MAX groundings, U.S. lawmakers [prepare](#) for their chance to hold Boeing accountable. Mr. Muilenburg testified in front of Congress this week on the one-year anniversary of the Lion Air Flight 610 crash. House and Senate Committees are looking to Mr. Muilenburg for answers concerning the ongoing safety concerns and uncertain future of the large U.S. [manufacturer](#).

Boeing's recent Q3 earnings report provided a glimpse into Boeing's financial outlook. Boeing reiterated confidence in the MAX recertification process, leaving its year-end timeline for MAX re-entry unchanged and continuing their current MAX production rate at 42 per [month](#). Inventory build-up resulting from the MAX groundings continues to reduce cash flow, however, as approximately 275 completed planes are now awaiting shipment. Boeing also revealed that some customers have stopped making advance payments for completed planes.

Exemplifying Boeing's customer concerns is Southwest Airlines' ("Southwest") CEO Gary Kelly, who recently announced that Southwest is reevaluating its policy of having Boeing as its sole [supplier](#). Mr. Kelly's statements are illustrious of both commercial airline and public sentiment surrounding Boeing's recent MAX crisis. Moreover, the commercial airline [duopoly](#) between Boeing and Airbus suggests that Boeing will need to continue its publicity campaign to improve its image. Otherwise, Airbus may seize the opportunity to capture Boeing customers and gain market share against its largest competitor.

