

Troubled plane-maker Boeing holds its annual shareholders meeting

Warm-up question:

If you were a shareholder in a company experiencing significant turbulence and management shakeups, what actions or changes would you want to see from the company's leadership to regain your confidence?

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STEVE INSKEEP, HOST:

Boeing holds its annual shareholder meeting today, and so this is the moment when you can insert your own joke about **turbulence**. Boeing has been under public, regulatory and market **scrutiny** since a door plug panel blew off a 737 MAX jet while in mid-air back in January. And, of course, that came after other incidents. NPR's Joel Rose has been following all of this. Joel, good morning.

JOEL ROSE, BYLINE: Morning, Steve.

INSKEEP: I'm a little confused here. People are not getting on planes to go to the Boeing shareholder meeting here. What's going on?

ROSE: Right. This is a virtual meeting. It is not happening in person, so I expect Boeing will be able to **keep a pretty tight rein on** the message. I think we're going to hear a lot about efforts to improve quality, how the company has slowed production of the 737 jet and encouraged its employees in the factories to speak up about their concerns about quality and safety.

And remember, Boeing announced a big management **shakeup** back in March that went all the way to the top, including CEO Dave Calhoun, who has said that he's going to step down at the end of the year. But some analysts are still **skeptical**. They say Boeing remains too focused on the financials and that it hasn't really made the kind of deep changes necessary to refocus on quality and safety. I talked to John Gradek, who teaches aviation management at McGill University in Montreal. Here's some of what he had to say.

JOHN GRADEK: There's a lot of change that has to happen at Boeing, in my opinion. The shareholders are extremely disappointed. The shares have taken **a nose dive**. You know, the market is waiting for a sign of life from Boeing that they've listened.

INSKEEP: When he says shareholders are extremely disappointed, what are some of the ways that shareholders have been pushing Boeing to change or respond?

ROSE: Well, there was a proposal from one shareholder to move the company's headquarters back to the Seattle area, where it assembles the 737 and other jets.

INSKEEP: Oh, that's right - years ago, they went from Seattle over to Chicago for their headquarters, right?

ROSE: Exactly. You know, that proposal came from an **activist shareholder**, a man named Walter Ryan - 83 years old, lives in Las Vegas and owns about 10,000 shares of Boeing stock. Ryan told me the company's leaders need to be more in touch with what is happening on the factory floor.

WALTER RYAN: They do what they want to do, and they don't care. They want to ignore the shareholder. They want to ignore the government. Obviously, the shareholders are very, very upset.

ROSE: Many people believe Boeing lost its focus on quality around the same time that it moved its headquarters to Chicago and then later to Northern Virginia. Ryan tried to force a vote on that proposal at the meeting today, but the company blocked his **petition**, which means it is not likely to come up at this meeting. You know, Ryan is not the only shareholder who's unhappy, but we don't know how much of that anger will come out today, or if Boeing will be able to keep most of it offstage.

INSKEEP: So they have unhappy shareholders. They seem also to have unhappy prosecutors or at least curious prosecutors. Boeing could face criminal prosecution over 737 MAX crashes. How did that come about?

ROSE: Yeah. This goes back to crashes of two 737 MAX jets, in 2018 and 2019, that killed a total of 346 people. Boeing struck a deal with the Department of Justice to avoid prosecution for **misleading** regulators about the safety of those planes, and basically, the company was put on **probation** for three years. Now, federal prosecutors say Boeing has not held up its end of the deal and could be subject to prosecution.

Boeing disputes that. In a statement, the company said, we believe that we have honored the terms of that agreement and look forward to the opportunity to

respond. It's not clear yet what prosecutors will do. They could decide to extend the agreement and keep Boeing on probation, or they could take the company to court.

INSKEEP: Aren't federal regulators also after Boeing?

ROSE: They are. Boeing has till the end of the month to come up with a plan to show that it's getting its quality control in line, and that deadline's just days away.

INSKEEP: NPR's Joel Rose, thanks so much.

ROSE: **You bet.**

Vocabulary and Phrases:

1. **Turbulence:** Violent or unsteady movement of air or water, or of some other fluid. In a business context, it refers to a state of disturbance or disorder.
2. **Scrutiny:** Critical observation or examination.
3. **Keep a tight rein on (something):** To control something strictly.
4. **Shakeup:** A significant change or restructuring, usually involving many people or processes within an organization.
5. **Skeptical:** Not easily convinced; having doubts or reservations.
6. **Nose dive:** A sudden and dramatic decline.
7. **Activist shareholder:** A shareholder who uses their equity stake in a corporation to put pressure on its management.
8. **Petition:** A formal written request, typically one signed by many people, appealing to authority concerning a particular cause.
9. **Misleading:** Giving the wrong idea or impression.
10. **Probation:** A period of time during which a company or individual is subject to critical examination and evaluation.
11. **You bet:** Informal way of saying "certainly" or "of course".

Comprehension Questions:

1. Why has Boeing been under scrutiny recently?
2. What changes has Boeing made in response to the scrutiny and incidents?
3. Why are some analysts still skeptical about Boeing's recent efforts to improve quality and safety?
4. Who is Walter Ryan, and what proposal did he make regarding Boeing's headquarters?
5. What legal challenges is Boeing facing related to the 737 MAX crashes?

Discussion Questions:

1. What are the potential benefits and drawbacks of holding a virtual shareholder meeting as opposed to an in-person meeting?
2. How might management shakeups impact employee morale and company performance?
3. Discuss the role of activist shareholders in corporate governance. Do you think they help or hinder companies?
4. How can companies balance the need for financial performance with the necessity of maintaining high safety and quality standards?
5. What measures can companies take to regain trust after a significant public relations crisis?