
From: Burns, James
Sent: Friday, May 8, 2015 5:39 PM
To: Haley, Nikki; Godfrey, Rob
Subject: Fwd: News: Efficiency gains in North Charleston prompt Boeing to shut down Dreamliner "surge line"

Sent from my iPhone

Begin forwarded message:

From: "Leonard, Lindsay E" <lindsay.e.leonard@boeing.com>
Date: May 8, 2015 at 5:34:52 PM EDT
To: "Burns, James" <jamesburns@gov.sc.gov>
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<http://www.postandcourier.com/article/20150508/PC05/150509406/efficiency-gains-in-north-charleston-prompt-boeing-to-shut-down-dreamliner-x201c-surge-line-x201d>

Efficiency gains in North Charleston prompt Boeing to shut down Dreamliner "surge line"

David Wren

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Increased efficiency and ramped up production at Boeing Co.'s North Charleston campus will let the aerospace giant shut down its temporary Dreamliner assembly line in Everett, Wash., months ahead of schedule, a company official said Friday.

The move is an indication that production levels are equalizing at the two Dreamliner sites, with North Charleston producing roughly the same amount of 787s — five per month — by the end of this year as its sister plant in Everett.

"Basically, the progress we've seen in North Charleston, as well as in Everett, means we can now close that line down," Beverly Wyse, vice president and general manager of Boeing South Carolina, told The Post and Courier on Friday. "We're seeing the production system stabilize to the point that we feel confident doing this."

The third line will be reconfigured for production of the twin-aisle 777X, Boeing's largest twin-engine plane. Boeing's Propulsion South Carolina plant, also in North Charleston, designs and engineers the engine nacelle for that plane.

Boeing currently produces its Dreamliners on three assembly lines — a main line in North Charleston, a main line in Everett and a “surge line,” also in Everett. The surge line was activated in August 2012 to help Boeing meet its goal of building 10 Dreamliners per month if the two main lines could not keep up with production. Wyse said the two main lines will be meeting that goal by the end of this year, making the surge line — which was supposed to close at some point in 2016 — no longer necessary.

Wyse said the North Charleston plant has been producing at a rate of more than three Dreamliners per month, with production scheduled to increase to roughly four per month beginning in June and then roughly five per month by the end of 2015.

Boeing initially said the North Charleston campus would not reach the five-per-month goal until sometime in 2016. North Charleston and Everett are scheduled to build a combined 12 Dreamliners per month by the end of next year.

“It’s the awesome team that we have here in South Carolina and Everett doing a great job of working together to come up with a plan that exceeds our expectations,” Wyse said. “Now is the right time to do this, It will position us better for the 777X as well as continue to get the work where it needs to be over the long term.”

Through April, there have been 286 orders for the 777X, which is scheduled to start production in 2017. By contrast, there have been 1,104 Dreamliner orders — with 269 deliveries through April — including 142 orders for the 787-10 model that will be produced solely in North Charleston beginning in 2017.

Wyse said there are no plans for an additional production line in North Charleston despite ramped up production levels — to a goal of seven Dreamliners per month by 2019 — and the introduction of the 787-10, the Dreamliner’s longest and most fuel-efficient model.

“What we will do is continue to effectively speed up the line,” Wyse said. “We believe that we will be able to continue to increase the capacity so that we can meet it on a single line.”

In an email to employees Friday, Wyse said the company will “continue to work on improvement with some of our suppliers, and we’re confident in your ability to execute this plan.”

Boeing has had problems with some suppliers, most notably delays in Dreamliner seat deliveries by France’s Zodiac Aerospace that have delayed deliveries, but the company said it doesn’t expect those issues to affect its production goals.

Wyse added that Boeing intends to follow its overtime guidelines during the ramp up in production “so our teammates enjoy time off with their families.”

Uresh Sheth, a New York investment banker and Dreamliner analyst, said he has heard rumors of a closing surge line for months, but believes getting rid of it by the end of 2015 will be ambitious.

“There seems to be pretty good efficiencies at North Charleston as well as on the main Everett line which Boeing will want to leverage, so it is not out of the realm of possibility that Boeing can shut down the surge totally by the end of this year,” Sheth said.

Saj Ahmad, chief analyst for Strategic Aero Research, an aerospace analyst group, said the North Charleston site “has improved leaps and bounds since opening and this has been a key driver behind expediting the surge line behind phased out.”

Ahmad said using the surge line for 777X production “will allow Boeing to keep a lid on costs by using available floor space in-house while it feathers in production between the current 777 family and that of the 777X.”