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NEWS ANALYSIS

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Run Boeing? Count Another One Out

Respected GE Transportation chief David Calhoun seems like just the type the CEO-challenged giant needs -- but he has pulled out of the race

David L. Calhoun, the ambitious chief executive of GE Transportation and an industry favorite to run Boeing ([BA](#)), has pulled his name out of the race to lead the world's largest aerospace company. Calhoun, 47, has told General Electric ([GE](#)) Chairman and CEO Jeffrey R. Immelt that he won't take the Boeing job if offered. Says Immelt: "I have talked to Dave. He is fully committed to GE and is not going anywhere." Calhoun declined to speak with BusinessWeek Online, but a GE spokesman confirms that he won't consider taking the job.

That makes Calhoun the second leading contender to drop out of a race that's fast running low on worthy candidates. W. James McNerney Jr. -- 3M's ([MMM](#)) CEO, a Boeing director, and Calhoun's predecessor at what's now GE Transportation -- recently issued a statement saying he doesn't want the job. Given Boeing's recent ethical scandals, criminal convictions, and abrupt CEO departures -- not to mention what many perceive to be a dysfunctional corporate culture and soured relations with the Pentagon -- whoever takes over the \$52.5 billion company seems destined to face a gargantuan challenge.

"A REAL MENTOR." Calhoun has a history of taking on tough tasks and has the kind of background that Boeing needs. Moreover, insiders say, he's eager to lead his own company. For the past five years, Calhoun has run GE's \$15.6 billion transportation business, which manufactures jet engines and has performed impressively throughout the aviation downturn. He knows the aerospace industry inside out and can manage complex industrial projects.

He's a talented leader, who, says executive recruiter Peter D. Crist of Crist Associates, "is a tough boss, but also creates opportunities for others. He's a real mentor." And, most important, insiders say, Calhoun has the ability to see problems -- and solutions -- before his rivals. Says Immelt: "I am not surprised any company would be interested in him."

But Boeing's interest in him, confirmed by several high-level sources, clearly isn't reciprocated. Whoever takes over would inherit two high-risk aerospace programs still in their early stages: the new fuel-efficient 787 Dreamliner and the Future Combat Systems, a vast and complex information network for the U.S. Army.

NO "DANDELION FARM." Moreover, the new CEO will have to change the culture at the top of Boeing, where political intrigue is said to be a pastime. "Do you really like the experience of having a knife in your back and a wall before you?" says Teal Group aerospace analyst Richard Aboulafia. "With Boeing, you get the glory but enormous headaches. It makes GE look like running a dandelion farm."

Boeing's board of directors could take several months to make a decision, but Chairman Lew Platt said recently it had identified a list of top candidates. Boeing insiders Alan R. Mulally, who runs the commercial airplane business, and James F. Albaugh, head of the defense business, are clearly on it. Rockwell Collins ([COL](#)) CEO Clayton M. "Clay" Jones may get a look, though the \$3.1 billion aerospace supplier is small, as will Honeywell ([HON](#)) Chief David M. Cote, who's a former GE exec.

But in the absence of McNerney, recruiters were salivating over Calhoun. Gordon M. Bethune, the retired CEO of Continental Airlines ([CAL](#)), which flies GE aircraft engines, says of Calhoun: "He understands the customers, and he understands the importance of reliability and integrity." For a company that has dealt with the resignations of two chief executives in as many years, those qualities were bound to be appealing. The challenge is to make Boeing as appealing to potential candidates.