



AIRBUS CEO ENDERS TO TAKE CONTROL OF PLANE SALES IN NEW SHAKE-UP

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Airbus is launching a reorganization of its commercial aircraft sales operations in a move likely to focus fresh attention on a delicate balance of power at Europe's largest aerospace company, people familiar with the situation said.

From July, the globe-trotting sales team, best known for contesting leadership of the jetliner market with Boeing, will report directly to Airbus Chief Executive Tom Enders, bypassing commercial aircraft president Fabrice Bregier, the people said.

A spokesman for Airbus declined to comment.

The surprise move, announced at a management dinner on Thursday, is part of a wider effort to streamline the company by uniting the headquarters with its dominant civil planemaking business, giving substance to a recent internal merger.

But it is likely to raise questions about the coherence of the commercial planemaking operations and could revive speculation over the future of Frenchman Bregier, who has run the world's second-largest civil planemaker since 2012.

The issue is not one of differing strategies, but the way responsibility is divided inside a company straining to keep a lid on tensions amid recent industrial and regulatory problems.

Absorbing commercial sales, the powerful driver of Airbus's growth in past decades, will strengthen German-born Enders' grip on civil operations, which provide 74 percent of revenue.

Bregier and Enders have long been rivals but had reached what was widely seen as a peace deal over the internal merger.

Bregier stepped aside from his role as chief executive of the Airbus civil business as Airbus combined with Airbus Group.

But he remained in charge of the planemaking business as its president, while also becoming Enders' official no. 2 and chief operating officer of the overall group, now renamed Airbus.

The decision to shift sales from Bregier's direct control raises uncertainty over the stability of the management deal and steers him toward a purely industrial role, a position the 56-year-old former missiles CEO is unlikely to relish indefinitely.

Bregier could not be reached for comment.

Sources caution it is too early to talk about a repeat of Franco-German tensions that rocked the group over a decade ago.

But any instability among top management would come at a sensitive time for Airbus as the company wrestles with supplier delays, growing concerns over A350 quality problems and an aggressive new marketing stance at rival Boeing.

A senior company source said the shake-up was driven by "heavy operational challenges" and would "better balance the internal burden sharing" as Airbus becomes a normal company after ridding itself of complex internal structures this year.

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The shake-up comes as John Leahy, who propelled Airbus to equal status with Boeing, prepares to retire after 23 years running sales. He is expected to hand over to his designated internal successor, Kiran Rao, later this year.

Whispers of a shake-up partly explain a sense of inertia as Airbus lost on orders to Boeing at last week's Paris Airshow.

Although it won more orders than expected, many delegates said Airbus failed to display its usual self-confidence and agility as Boeing executed a polished new airplane launch.

"Everybody feels lost (at Airbus)," one delegate said.

The company has also been thrown off balance by British and French investigations into the use of middlemen in plane sales and a widening Austrian probe into a fighter sale.

The chief executive of an aircraft buyer said Airbus was slower to react than before due to new internal processes.

The challenge under the new structure will be to recapture momentum while separating sales from core industrial operations, which have emerged as a key priority to fulfill record orders.

By contrast, the sales teams for helicopters and defense will continue to report to the heads of those units.

Bregier has taken an increasingly high-profile role in sales campaigns, forging relationships in Japan and elsewhere. He has been credited with improving Airbus's industrial performance, but has recently been distracted by delays at key suppliers.

Enders overhauled Airbus's strategy after a failed defense merger in 2012 and has become a leading advocate for exploiting 'Big Data' to reshape the industry. But industry sources say he is less well known for a 'hands-on' approach to operations.

Speaking to media earlier this month, he praised "much flatter" management structures and said "old-style command and control" was ill-suited to the pace of change in a digital era.

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