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APS1012 Management of Innovation – Final Team Projects, Spring 2012

## **Innovation Generation and the Transformation of Aerospace Companies: Boeing deHavilland / Bombardier / Messier Dowty**

The Canadian Aerospace industry underwent a business transformation and diffusion of innovation from 1992 to 2003, with changes occurring in clusters as a result of corporate acquisitions: deHavilland Canada Aircraft Ltd. (de Havilland) was acquired by The Boeing Company (Boeing); Bombardier Aerospace was formed through acquisition of Canadair, Short Brothers, Learjet and de Havilland from Boeing, and record breaking growth was achieved by Messier Dowty.

Interviews with current and past managers of these companies, as well as a review of their meeting minutes and presentations, has given insight to the transitions that took place.

Bombardier turned its near-bankrupt aerospace company acquisitions into profit by changing their business models, implementing automotive-style manufacturing principles to reduce product costs, using project management discipline to launch new products in line with timing, cost and quality targets, and buying in many components that had previously been made in-house.

The learning experience at Bombardier was subsequently and successfully implemented at Messier Dowty. Changes and innovation were also applied to the human side of the organization: Emphasis was given to ensuring all levels of employees worked together with mutual respect, and a performance appraisal program was launched, designed to motivate achievements from employees across-the-board. Employees were trained and encouraged to exploit new systems and materials, and external experts were brought in as professional advisors.

The most important elements behind effective implementation of changes are full support from top management, proper communication to employees, small company size, and support from the union. These findings have been observed at many established and successful manufacturing companies.