Bombardier Analysis: Executive Summary

Bombardier Inc. is a Canadian-based manufacturer of aircraft and rail transportation products. Despite its success as a technological leader, it has recently been subject to criticism for its poor performance, with its share value declining 87% in the last decade. This report aims to analyze Bombardier's organizational dimensions to identify potential roots causes for its failures. Following a short history of Bombardier's acquisitions, successes, and downfalls, an analysis is completed to investigate its recent downfall. The analysis is achieved through exploration of two case studies: the C-Series program and the TTC Contract. The C-Series program, aimed at introducing new aircraft products, has had its success compromised with aircrafts being delivered 2.5 years late, US$2.2 billion over budget, and with little market demand. Moreover, Bombardier faces challenges with its TTC contract to deliver 204 streetcars by 2019, having only delivered 17 streetcars in April 2016. In analyzing Bombardier through these case studies, the team provides Bombardier management recommendations on how the company can recover its lost reputation and declined market value.

The first analysis completed was an internal organization analysis, focusing on challenges within organizational boundaries. Firstly, analysis of Bombardier's management and decision making structure revealed that its current dual class share structure, where the Bombardier family owns 54% of all voting rights, has had substantial consequences by closing opportunities for institutional investors to fund Bombardier's product development programs. Had investors funded the C-Series program, current financial challenges could have been prevented. Organization structure was the second component of the analysis, whereby it was determined that Bombardier's deep hierarchical structure, also subdivided by geography, may have posed communication barriers between production teams in different regions. The product dimension discrepancies for the TTC streetcar contract between the Thunder Bay and Mexico plants could have been a consequence of the current organizational structure. Lastly, organizational culture was analyzed, revealing that Bombardier's lack of a knowledge sharing culture, and recent downsizing of the company, may have reduced employee morale and led to production failures in both its C Series program and the TTC streetcar development.

The second analysis completed was an external environment analysis, focusing on challenges attributed to external influences on Bombardier. Firstly, political influences were explored, revealing that Bombardier's close ties with the federal and Quebec government may have prevented potential sale of the C Series program and transportation sector. Secondly, in looking at competitor influences, Bombardier underestimated the quick response of its two primary competitors, Boeing and Airbus, who began rapid product development to compete with the C Series program and began selling its existing products at a discount. The last external influence analyzed was the consumer market, where Bombardier failed to recognize that there was little demand for the C Series product, and severely lacked confirmed orders.

To recover from reputation and financial loss, the team consolidated a set of recommendations for Bombardier management to explore. These recommendations include: changing the dual class share structure to reduce family control below 50%, implementing a Business Intelligence team to better gauge market and competitor behaviour, creating an organization-wide lessons learned repository to promote knowledge sharing, and creating employee satisfaction surveys to measure and boost employee morale. In implementing these recommendations, Bombardier can prevent similar downfalls in the future and remain a technological leader in its fields.