

Governing Energy

The DC-10: A Cautionary Tale

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The McDonnell Douglas state of the art wide body passenger airliner, the DC-10 made its inaugural flight on August 29, 1970.ⁱ The company believed this was the airplane that would revolutionize the public's flying experience and add significant shareholder value to the firm. The plane is remembered in the annals of aviation history but not in the manner McDonnell Douglas had hoped.

Something happened on the way to the future. The aircraft was beset by problems and ultimately the public lost its faith in this wide body jet. After four major crashes and a host of other problems including temporary grounding by the Federal Aviation Administration (FAA), the plane went out of production in 1983.ⁱⁱ Perhaps, the most infamous accident, Flight 191 from Chicago on May 25, 1979 killed 271 people and may have cemented negative public opinion of this asset.ⁱⁱⁱ

Once trust has been lost, it is very difficult and sometimes impossible to regain. This is particularly true where safety is involved.

For example, the FAA found that airline maintenance was the most likely cause for the loss of Flight 191 not aircraft design, but this technical detail was lost in the public outcry of this greatest airline incident prior to September 11, 2001.^{iv} From its inception through July 2006, the aircraft had 29 accidents with over 1400 fatalities.^v

One could argue that this stream of misfortunes for the company's flagship product contributed to its ultimate demise. In 1997 The Boeing Aircraft Company acquired the 58 year old McDonnell Douglas as its share of the commercial airline market struggled.^{vi}

In an era where we are continually reminded that too big to fail is an oxymoron and complex systems continue to sub optimally perform, all firms are potentially just an event away from demise—often at fire sale prices. The history of the DC-10 is insightful, not necessarily regarding the inherent airworthiness of the aircraft, but because of a reputation rightly or wrongly acquired.

It should be noted that the DC-10 continues to fly albeit primarily by the air cargo sector. The last US passenger service by the aircraft ended in 2007. Lastly, one argument in defense of the airliner is that its safety record is not much different from the Boeing 747, a very successful product.^{vii} In the end however, *perception is reality*.

Many industry sectors have a similar profile. Assets are manufactured by global organizations, sold or leased to global operators and maintained by still others. The weakest link in a supply chain can ripple through to all.

What is your company's crisis management process to assure continuance of your hard earned reputation?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of two books and has written extensively about the field of operations management. Shemwell is also the CEO of Knowledge Ops, Inc.; a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management.

End Notes

ⁱ http://en.wikipedia.org/wiki/McDonnell_Douglas_DC-10

ⁱⁱ <http://www.nytimes.com/1989/07/20/us/troubled-history-of-the-dc-10-includes-four-major-crashes.html>

ⁱⁱⁱ http://en.wikipedia.org/wiki/American_Airlines_Flight_191

^{iv} <http://articles.latimes.com/2007/jan/07/opinion/op-thornton7>

^v <http://www.dc-10.net/>

^{vi} <http://economics.illinoisstate.edu/dloomis/eco320/downloads/papers/steve.PDF>

^{vii} <http://articles.latimes.com/2007/jan/07/opinion/op-thornton7>