



Teresa Godwin (center), an agent at the North Raleigh Hilton City Ticket Office, issued a total of \$6,213.25 in sales/upgrades during a two-month contest held recently among the three CTOs in the Raleigh/Durham area.

Agent Jane Tracy (left), who works at the One Hanover Square CTO, came in second with \$4,310.00 in sales/upgrades, and Agent Jane Barnette, at The Days Inn CTO in Durham, came in third with \$3,018.00 in sales/upgrades.

The three offices generated a total of \$22,979.25 during the contest.

Colodny talks candidly on merger issues

Speaking before the Piedmont Management Meeting on January 29, and to the USAir Management Club on February 10, USAir Group Chairman and President Edwin I. Colodny addressed a range of issues and concerns related to the mergers.

"First, I want to congratulate the entire organization of Piedmont for the outstanding year you have just completed," Colodny told Piedmont employees.

"In the nine years since deregulation, both USAir and Piedmont have shown that there is a way to become good, profitable, and strong—and that it is not necessarily size that makes a winner."

Turning to the upcoming merger, Colodny said, "This merger is the most unique merger in the history of our industry. I don't think many people have focused on it. It's the first merger of any consequence that I can recall where two partners are both strong. The tradition in our industry has been for weak carriers to be acquired by strong carriers.

"But we put together two airlines in the same excellent financial condition, both of which theoretically had no need for a merger."

Colodny continued his remarks, "We have a job to do, and I'm sure if I sat down with each of you individually, we would pretty much come out with the same agenda of what it is that we need to do.

"The same issues confront all of us—namely, where am I going to fit, what's my job going to be, where is it going to be, am I subject to dismissal, am I superfluous, am I going to be treated fairly—all of these issues are also present for many of the USAir people," Colodny said.

"The way in which we deal with these issues over the next 12 to 24 months is obviously critical," Colodny then went on to deal with several items on the merger agenda.

the employee issue

On the employee issue Colodny pointed out that labor protective provisions are provided to all employees. "I'd be foolish to say that no hardships will occur—there will be some. But it is unavoidable. There's no way to sugar coat and tell you all 'don't worry, everything is going to be fine, nobody is going to be disrupted.' There will be many people whose lives will be disrupted in some form.

"Our job is to manage that process in a way that is fair, to make job opportunities equally available to people from either carrier on the basis of merit, qualifications, and getting the best job done."

By doing this properly, Colodny said the new USAir will be stronger than either of the separate airlines are today. More than 40,000 employees and their families are depending on that, Colodny noted. "I know it. I hope management of both airlines knows it. In working these problems, we will try to minimize hardship. We're going to have to deal cautiously, but objectively, in bringing the two management groups together."

the growth plan

Colodny moved on to the growth plan for the merged company saying, "We're starting off with

a tremendous base of customers who depend on what we do. It will not be our intention to erode that base. That base is essential if we're going to proceed and participate and expand our market share.

"It doesn't make any difference whether we carry a passenger 200 or 2,000 miles, if we do it well, he comes back. If we don't do it well, he . . . says, 'I wish I'd never gotten on that airline.' Our objective in the combined airline is to maintain the customer's loyalty with a service package that is not only competitive, but superior," said Colodny, adding that it's done by having employees who feel good about themselves and feel good about their company, their organization, and their job security.

first-class service

"This issue must be addressed in an economic context and a marketing context.

"I have absolutely nothing against first-class service—there's nobody who doesn't like more room, better food and free liquor," Colodny noted. "The issue is whether it's the right move for the airline. Piedmont made a judgment prior to this merger that it was, and we are discussing the issue on a staff-to-staff basis, trying to get a feel for what to do.

"I do not know what the answer will be. We're trying to approach the whole subject objectively to come out with the right answer."

customer service

"Piedmont has done a fantastic job of cultivating and nurturing the customer," Colodny said. "I go to many communities where Piedmont's reputation is so outstanding, where they say, 'Please don't change anything.' I am sensitive to this and our people are very sensitive to it.

"We have made major efforts over the last several years to make service our objective. I'm proud of the fact that USAir's complaint records at DOT are almost as good as Piedmont's. We're right behind you.

"I can assure that our objective in the combined airline is to maintain the customer's loyalty with a service package that is not only competitive, but superior," Colodny said.

the fleet plan

"We'll be operating too many fleet types, so . . . our first objective is to retire the BAC-1-11. . . and some of the oldest of the 727-200 fleet," Colodny said and added, "I believe that the importance of keeping this fleet modern is absolutely essential" since noise regulations at many airports are going to increase.

The California market opens up important opportunities for the combined USAir and a tremendous opportunity to increase the penetration of California travel to and from our parts of the world, Colodny said. "That's why we need so many more 737-300LRs, which is an important part of link flying. It's an efficient way to tie that part of the world into our hubs."

international service

"I get this question often," Colodny said. "Are we going to lose sight of our domestic base and try and become a big international airline? The

answer is no, we are not going to try to become a big international airline.

"We have a niche over the transatlantic. We can capitalize on Charlotte-London and maybe find a way to add another destination, but we should not lose sight of the fact that the success or failure of this combined airline would still be how well we do domestically," Colodny said.

He added, "The reason is simple: Two-thirds of all U.S. domestic air travelers take trips under 1,000 miles. That's why (Piedmont and USAir) have been so successful. We have concentrated on these markets.

"The combined airline will serve 75 percent of the population of the United States."

name and appearance

When USAir changed its name from Allegheny, the company dealt with an industrial design company in San Francisco. When the mergers with PSA and Piedmont were announced, Colodny explained, he went to the design company and said, "We're going to create a new airline, its name is going to be USAir, but we're combining three companies, and maybe this is the time to see if we should come up with a new look." There were "two givens—it must have a polished metal fuselage on the top and bottom, and the name USAir stays."

The firm created two designs. The first was put on a DC-9 but since it was designed for a 737 "it just didn't fly," as Colodny put it. "It was nicknamed the Ugly Duckling. It ran around the airline, and a lot of employees at USAir wondered if I'd lost my mind."

The artists went ahead and put the second design on a DC-9. This one has a banner of colors on the tail with a new logo in black lettering, Colodny explained. "That didn't look quite right but it was a very interesting design and we made some suggested changes to it." Colodny said the modified version was placed on a 737-300 "and that's going to fly around the airline for a bit, while we think about it.

"Taste is hard to define. I can assure you that USAir employees say 'don't change anything.' They like what they have. . . but the question is what this airline is going to look like for the next 10 years, and we're going to have to paint 235 aircraft at merger time. So this is the time to look at it."

In closing, Colodny reminded his audience that "our roots are strong. And we hold our heads high in the aviation community. We will be a key part of the strength of the airline system of this country in the coming years. And we will have a tremendous responsibility to do that job well in every dimension.

"We don't have all the answers. We don't know all the problems that we will face. We have no crystal ball which tells exactly the shape of the future of our industry. But I do know one thing. That the organization as a whole at both companies wants the same thing—they want to be proud of the airline that they are a part of."

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