

PI people give us that competitive advantage

"The financial results from 1986—both operating and net profits—are the best the company's ever had," Chairman Bill Howard told over 480 Piedmont people at the annual management meeting, held January 28-30 in Clearwater, FL.

"We had a good year thanks to good people working for us. That's the primary difference among airlines, the people, and we're getting the very best that are available. I believe we'll see fare wars subside, and there will be less cost-cutting and discounting. I'm confident 1987 will also be the best year in our history."

first-class service

"Our people will be the key to selling first-class service," Ted Phillips, director-schedule planning, emphasized. Last year Phillips headed up a task force which spent months analyzing the benefits and costs, looking both at revenue and competition.

"The conversion period will be our first challenge," Phillips pointed out. "We will have to develop a base of customers from scratch, and we will also have to sell first-class on a short-haul system."

As to why the F28 is being converted, Phillips responded: "Product consistency is very important. We want to offer the first-class passenger the same product on his or her entire flight."

Ed Shockley, staff vice president—engineering and technical support, briefed the group on how the conversion is taking place. The interiors will be redone on 159 aircraft in 160 days. The F28-1000 will have 54 seats in coach and eight in first-class; the F28-4000, 64 coach, and eight first-class; The B727-200, 134 coach, 12 first-class; the B737-300, 120 coach, eight first-class; and the B737-200, 97 coach, eight first-class. (The 737-400s will be configured with 138 coach and eight first-class, and the B767s, 185 coach and 25 first-class.)

The first-class seats, designed by Jepson-Burns, are brand-new in the industry as are the free-standing class dividers designed for the F28s.

"The conversion period will be a challenge," Carl Crumley, director-passenger procedures, said. "Until June 15 when we are ready to offer first class service on every aircraft in our fleet, we are depending on our people to upgrade frequent flyers and full-fare customers to our new service by selectively upgrading them at the gate at no extra charge."

Over 600,000 glasses, 250,000 pieces of china, 261,000 utensils, and 54,000 dozen pieces of linen are among the items catering has ordered for first-class.

"We will offer six levels of service, depending upon the length of the flights," Pete Van Duser, director-food services, explained. Van Duser and his staff are developing 78 new menus as they plan for more than 600 daily flight segments with meal service.

"Our pledge is to introduce a first-class second to none while still maintaining a coach second to none," he said.

767-200

"Our first 767-200 is scheduled for delivery on May 22 and the second on June 3," Gordon Bethune, senior vice president-operations, told the group. "We plan to integrate this aircraft on a fast track and be ready, if we receive the authority, to begin London service June 15."

Gene Sharp, vice president-flight operations, gave an overview of the training program underway for the 767-200, "one of the most intensive training programs we've ever had to deal with."

Five-week training courses for pilots began January 28 at Boeing's facilities near Seattle with additional training in Winston-Salem.

"We're also adding five days of training in international procedures not required by the FAA," Sharp noted. Flight attendant training will begin April 1.

"The 767 will have 210 seats, 25 first-class and 185 coach," Tom Schick, vice president-maintenance and engineering, reported. "First-class will be five abreast compared to many of our competitors who have six abreast and the first class seat will have a hydraulic legrest. The aircraft will have three galleys and five lavatories, and the cockpit will be very sophisticated."

Thirty-three maintenance personnel are being

specially-trained to handle the aircraft at CLT. In addition, technical representatives will be on site.

"It will take 855 manweeks of training to get ready for the 767 program," Schick added. "It's an exciting aircraft, and our people are the ones who will make it work."

It will cost over \$8 million to buy ground support equipment for the six 767s on order, according to Doug Boggs, manager-ground operations. New containers are being purchased for the aircraft.

David Murchison, assistant general counsel, gave a comprehensive review of what has taken place in our bid for London service, and he reported on the testimony that took place in Washington in January. "Charlotte is the largest hub in the U.S. without London service. I believe our case is very good," he added.

on-time performance

George Stearns, director-corporate finance, and Jim Tabor, manager-system performance, discussed how on-time performance has improved in recent months.

"Our people are working in many areas to improve on-time performance," Stearns, who is chairing the on-time performance committee, said. "Some of the new developments in addition to recommendations already acted on include a more formal agent training program, 'distressed passenger' teams at large airports, and later this year, conference calls with stations will be possible. We have recognized the efforts by employees as have others outside of Piedmont."

Stearns pointed out that on the "Today" show, which airs daily in more than five million households, Piedmont was held out as an example of the one airline conducting a self-help program to improve its on-time performance.

Tabor emphasized that "we want to make dependability an attitude. To sustain on-time performance, our committee will continue to meet, we will update the station manager surveys, correct problem areas, and provide more training."

competition

"A Model Of How Good An Airline Can Be." That's the slogan Piedmont is adopting this year for its advertising campaign.

"We have got to keep on performing at the same high levels, setting the model of how to do it right," Bob Doherty, president of McKinney & Silver, our advertising agency, pointed out.

"In 1987 the eyes of the world will be on this airline. It's an extra opportunity for us to shine, to set the stage. Every effort will be seen in the context of this slogan. In one year, we can solidify our reputation forever."

Bob McAlphin, vice president-airline scheduling, pointed out that no less than six hubs and 12 airlines are vying for the East Coast market. "Competition is unprecedented in the airline market. We want to give employees ammunition in the form of good schedules so that they in turn can give the best service."

Piedmont will counter by continuing to expand services at CLT and BWI, where by this summer, we will offer 220 and 120 flights daily, respectively. We will also use linear services to overfly competitive hubs.

"They're coming after a winner," Lionel Anders, staff vice president-sales, said. "As other hubs are built, we won't have the markets alone. Service is most important. We're also developing several new sales programs."

properties and facilities

In addition to major expansions taking place at our four hubs, Bob Baker, staff vice president-facilities, and Dick Ketcham, staff vice president-properties, reported that many other airports are undergoing major construction projects this year.

Our facilities at TPA will expand to six gates plus a Presidential Suite in a new airside terminal by year end. A new terminal complex at BNA is scheduled for completion by fall which will give us three gates. At FLL, we're going from one to four gates, and at DFW, we're moving from Concourse 2E to Concourse 2W and gaining a new, larger Presidential Suite. A new \$3 million facility, ready by mid-summer, is under construction at MIA, which will give us six gates and, by year end, a new Presidential Suite.

Reports were also given by several other people. Bill Gardner, manager-commuter development, pointed out that more than 1.5 million passengers are expected to fly The Piedmont Commuter System in 1987 compared to just over one million in 1986. "This translates to an additional \$105 million in revenue last year. Our commuters also boosted our load factor 2.5 points," he said.

Joe Culler, president-General Aviation Group, emphasized to the audience that "our goals for 1987 are to continue to support the airline division and to be a model of how good general aviation can be. General aviation has been in a depression for the last five or six years. In spite of that, Piedmont's General Aviation Group has continued to set records."

Piedmont has been the leading Beechcraft sales distributor for the last two years. GAG's subsidiary, AirServices, Inc., has led Beechcraft Executive (piston) aircraft sales for two years running, and Piedmont, the overall total aircraft sales.

human resources

"People are our greatest resource and our greatest challenge," David Workman, vice president-human resources, pointed out to Piedmont's management. "By the end of 1987, one third of our flight attendants will be newly-hired employees as will 25 percent of our reservations agents, 30 percent of our station agents, and 20 percent of our pilots. We need good employees who will take responsibility for solving problems."

Workman explained that several new programs including video testing, structured interviews, and video training are being introduced this year to help Piedmont find the right person for each job.

"People. They are our competitive advantage," he added.

"More and more, we're going to screen applicants so that we can obtain the very best that's out there. In many ways, that's what an airline's about, the main difference between airlines."


finances

"1986 is our third straight year of record profits. Our net worth has tripled, only 33 percent of our capital is in the form of debt, and we have experienced a stock growth of 20 percent," Howard Mackinnon, senior vice president-finance, said.

"We're significantly bigger, more profitable, and stronger. We've been a class act, thanks to good people."

"But we have some real challenges before us. Major U.S. carriers are taking delivery of 147 aircraft this year with 779 on order or option after 1987. There could be a glut in following years. Eighty percent of these aircraft are slated for use in the Eastern U.S., the heart of our system.

"Our people who daily come face-to-face with the public are the ones who will make the difference. We have the best people, a good plan, and good performers. I know we will meet the challenge."



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