

American Airlines CEO: We Are In The Midst Of a Cultural Change

Helen Kang, AviationWeek.com | Mar 16, 2016



"With the advanced technology in today's modern aircraft, emphasis on specialized training and experience is paramount." - American Airlines

In advance of Aviation Week's [MRO Americas Conference & Exhibition](#) in April, we talked with [American Airlines CEO Doug Parker](#) about the new horizons facing the aviation industry, the challenges and successes of the merger with [US Airways](#), and his feedback for the MRO industry.

Parker discusses new horizons for the airline industry during a keynote at [MRO Americas](#) in Dallas on April 6. [Find out more about MRO Americas](#) or [register to attend](#).

AW: *What do you consider to be the most pressing issues facing the aviation industry?*

Parker: For us it's been figuring out the best way to compete with such a wide-range of other airlines. **Internationally we're up against subsidized airlines from the Middle East.**¹ We have a great product at a fair price – but we're competing against airlines that don't have to turn a profit. That's a challenge. Meanwhile, **at home we're facing a lot of growth from the no-frills airlines.**² We've found a good approach in how we compete with them, and there's more to come later this year. Both kinds of competitors are challenges we can handle.

We also have the [FAA](#) reauthorization bill, which is being considered on Capitol Hill right now. It's of the utmost importance to continue the strides we've made to make the United States the safest country for aviation, and **we need to find new ways to fund innovation and better efficiencies, including Air Traffic Control reform.**³ Our industry is at a crossroads right now in Washington as we're seeking a transformational change to the way the U.S. ATC system is financed and governed. We're in favor of a system with stable and predictable funding outside the federal budget. What we're advocating for is separating the ATC function from the FAA and creating an independent, federally chartered, nonprofit corporation that manages the system. Reforming the system will reduce delays and operational costs, allow the FAA to focus on its

¹ **aiR NOTE:** The U.S. airlines are HUGELY subsidized, with billions annually in passenger fees/taxes, and FAA's out-of-control spending programs, all supported by a Congress that is lobbied (and paid!) by A4A, the airlines, et al.

² **aiR NOTE:** Nearly all U.S. airports offer monopoly passenger service, on a city-pair route basis. Where actual competition appears to exist, it is nearly always a duopoly: one major airline using a regional carrier to offer limited daily flights also offered by another major airline (often also using a regional carrier). So, flesh this claim out, Doug; show us a few examples where American or an of the remaining four U.S. major airlines is being substantially pressured by 'growth from the no-frills airlines'.

³ **aiR NOTE:** Far more effectively, all we need is for FAA and the airlines to stop overscheduling at super-Hub airports.

most important priority – safety, and bring U.S. aviation back to the forefront of innovation and technology.⁴

AW: What have been the most rewarding success and the biggest challenge with the merger so far?

Parker: The most rewarding success has been how the two teams have come together so well. This merger came together in an odd way, and with the wrong attitudes, it could have been difficult to pull everyone together. But we had people on both sides that cared a lot more about the building of a great airline than they did about personal agendas. As a result, they were able to pull together with a common objective – building the greatest airline in the world.

AW: What advice would you give to the next generation of airline/MRO professionals?

Parker: It's an industry that is unique in its mix of technical expertise, customer service focus and workforce diversity. We operate highly complex products – that get more complex with every generation – to move people and products around the globe and have to cater to many different customer bases. We interact with flight crews, flight service, marketing, corporate, OEMs, regulatory/government agencies – all of which require a different approach and provide a different viewpoint on our work product. There are not many professions where the diversity of the experience is this broad. With the advanced technology in today's modern aircraft, emphasis on specialized training and experience is paramount. These modern aircraft require new methods of advanced carbon graphite repair, software admin/management and integrated avionics resolution. But you have to recognize that pure technical expertise isn't enough – that we need those interpersonal skills to be successful in this diverse environment

AW: Which work project are you most excited about right now?

Parker: We are in the midst of a cultural change in our airline that is only just beginning. We have built an airline that is going to be here forever and that is different than the world most of our team has been living in. That new world comes with new rules, both in how we treat each other and the service we can provide our customers. It's a bigger transformation than I think most people realize and I find that exciting.

AW: In an alternate universe, what other career would you have?

Parker: If I weren't a business executive, I think I'd be interested in teaching. I like to win, but what I really like is helping other people win. I love seeing our team members succeed. I think teaching would be much the same.

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(Highlights, footnotes and minor edits may have been added by aiREFORM)

⁴ **aiR NOTE:** Congratulations, Doug. You just repeated the standard salespitch being used by FAA, A4A, & Shuster. But, remember, repetition does not correct the problem that the proposal does NOTHING for safety or efficiency.

Comments (18 as of 3/24/2016 at 7:35am PDT):

rjowens@optonli...

on Mar 16, 2016

Teaching? Teaching people how to steal pensions, benefits and pay low wages? After taking 25% in 2003, and another 20% in 2012 AA promised to give their employees both halves of their retiree medical pre-funding accounts, it's not a ton of money and it's not part of AA's operating fund but still Parker has refused to release those funds.

He loves seeing his team members succeed. What team is he speaking about? I'm guessing he is talking about his America West executive team because they are the only ones succeeding at the worst paying most dishonest airline in America. He complains about subsidies that foreign carriers get but neglects to admit that his airline has and continues to receive subsidies through laws that other carriers can't exploit such as Chapter 11 Bankruptcy and the Railway Labor Act. These laws have allowed him to hogtie workers and continue to extract concessions while the company is earning billions and he cashes in millions of unearned income.

I think he would be better suited as an actor.

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el ttigre

on Mar 16, 2016

I agree, they are destroying the middle class. I will not fly American.

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airpartner

on Mar 18, 2016

Aviation week needs to stop this fluff job interviews.

This one is a complete farse.

AA is horrible!!!! He is the reason!!!

Great product??? Where? Their planes are tiny jammed sardine cans and they treat their staff like trash. The execs get rich and the employees and passengers can go to _____.

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rogmcc

on Mar 16, 2016

Over 400 words from Mr. Parker talking about success and transformation, and the customer is mentioned three times. Once as one of a long list of skills an employee must have, once as part of the description of the complex equipment they operate, and once in reference to "new rules" about how customers are served. From everything I see at AA, the new rules are that you can treat customers however you want and they have to come back because there's no one else. Can't wait to see his "more to come later' on no-frills competition.

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sparesoftware

on Mar 16, 2016

This guy has ruined our flying experience. AA is the worst airline out there. US AIR bought them, but all the US AIR loyal flyers got screwed

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blackfin66

on Mar 16, 2016

You just never know how airline mergers are going to work out. I thought the combination of United's route system and Continental's management was a sure winner. So far, it's pretty much like the old United. I also thought that a merger between USAir and American just brought two losers together with lousy service and multiple union problems. So far I have been quite surprised by Parker's success in turning the combined operation around. He certainly isn't out of the woods yet, but he's doing pretty darned well.

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airpartner

on Mar 18, 2016

Clearly you don't actually fly on AA in 2016.

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scaw757@aol.com

on Mar 16, 2016

While it's true that's it a "cultural change", the only thing that the new AAL management brings over the ousted AMR team is market share. AA was quickly going to go the way of Pan Am by allowing itself to be downsized and lose competitive advantage. The product has suffered in quality and is run more in the way of a regional carrier rather than a flag carrier.....but it's still around.

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Len Hobbs

on Mar 16, 2016

Spoken like the consummate politician he is. Doug Parker is NOT a businessman - he is a politician. He is an astute politician with destructive myopia toward the industry he claims to champion.

I assess his political skill and his ability to engage in baffling double-speak - equal to that of Bill Clinton. I judge his business skills to be inept and sophomoric. He is not smart. He is not honest.

To all the readers of this forum - I request that you re-read the entire article above and dissect it. Find ONE sentence he spoke (and will speak at the conference) which YOU believe to be true.

Doug Parker and Barack Obama are two 'mystery men'; what are their skills, where is their talent, how in the world did they get there...and why is anyone interested in anything they say or think?

Both men have done very well for themselves - and both did it at the expense of everyone and everything around them. Obama deserves to be in jail. Parker deserves to be wearing a paper hat with a name tag of 'Asst. Mgr'.

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airpartner

on Mar 18, 2016

The entire interview is one huge lie.

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aalexandre

on Mar 17, 2016

It would be interesting for this CEO to travel on the "COW class", no private jet, no platinum or what so ever program, next to the window close to the toilet!!!

The first obstacle is TSA, who really antagonise passengers and they act like criminals on innocent people.

The second is weight limits, 2 extra and you pay.

The third are beverage and food price on airports, 8 times the price of the supermarket outside the airport????!!!!!!!

Then and the last are treatments on passengers, flight attendants really rude, their pets are better treated than ourselves.

And I forgot when everything is going south and they are delays on international flights carriers leave you into the ditch by letting you sleep on the floor!!! Even refugees are better treated than us.

FOOD CHAIN FOOD CHAIN, we are customers so RESPECT US!!!!

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wally@wallyrobe...

on Mar 17, 2016

Cultural change? How about chump change for the passengers!

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JustaFa

on Mar 17, 2016

I hate to see these messages about flight crew treating passangers badly, no one and I mean no one needs that. But that being said, it is a food chain and a revolving door. We as most Flight attendant have been poorly paid and compensated. Treated wrongly as far as work rules, but are then expected to be on the spot the face of the company that just treated you poorly. I know everyone says then find a new job. Sounds easy oh wait I am 54, out of the normal work forse for 16 years and have no retirement. Again not the customers fault, so I smile and I greet every single costomer thats walks on my aircraft. Some are amazing, some cant give me the time of day, some start yelling at me saying what time are we getting there (note. You booked your flight shouldnt you know. I hardly know what state I am in)some get mad at me because they cant bring their VW size rollerboard on the plane, and proceed to tell me I am an Idiot and they can make it fit or thow it at me and storm off. Just to mention a few. There again I smile. Keep in mind we have not even done 5 min of the 12 to 14 hour day that is still ahead. But that is my Job and no

one makes me stay.

I am proud of the job I do for this company but I am sad that there are so many out there that dont like their job or people. I am sorry to all of you for them.

I hope some day when you are mad at the system and have been treated poorly, I can have the chance to have you on my flight to show you kindness and empathy, and just a warm smile to to get you started or finished with your day. My Job in my heart is to have you smile on the way off even if you didnt have it on the way on. Fly safe and have a great day.

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3Peppers

on Mar 18, 2016

JustaFa,

I am sorry that you, as a flight attendant, read these comments and took them to heart. It is important to stress that in general cabin crew are not at fault - AA management is. This is a training issue - an enormous issue regarding recurrent training for cabin crew at American. The same passengers who try to bring their VW size roll-a-board bags are the same ones who fly on Asian and European carriers. The difference is in the training on how to deal with this, and as you pointed out in the way the airline treats them (no, it is never well - but it is spectacularly bad here). You should also remember that in general they are at the end of their 12 hr days away from home when you are at the beginning of yours, or often are watching their 12 hour day become a 16 hour day as maintenance delays are announced on the Jurassic fleet of MD80's and beaten up 767s, So I am sorry you need to read this and take it to heart - that it upsets you is proof that you do care. And in the off chance that someone in control at AA is reading - training and retraining your crew makes a difference - also, encourage them to fly on foreign carriers and experience the difference (I would invite management to try too...).

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Markus F

on Mar 23, 2016

I have never been treated in a bad or rude way by any flight attendant. And I fly international on a weekly basis, AA and other airlines. But then again, I come on board with a smile on my face and greet the FA's when I see them. Passengers, you reap what you sow.

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avintel@netzero.com

on Mar 18, 2016

Don't tell me, Lucifer Lorenzo is going to come in and run American Airlines.

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wilson.pepper@g...

on Mar 20, 2016

American makes billions of dollars profit per Q, and not a single bonus for employees - while our counterparts at Delta and United get between \$29k - \$79k bonus/profit sharing.

American managers have been and will always be greedy.

Let's see, need new paint on the jets ? ? Freeze or terminate our pensions, then use that money to paint the jets.

Oh o, need new employee uniforms? Choose the cheapest, worst uniform vendor known to man. . .

How about layover hotels for flight crews ? ? Choose the cheapest rat traps around the country and tell your overworked crews to stay there with the cockroaches.

The above subjects and more combine to make the New American Airlines to look and feel just like the old American Airlines.

Just think of Parkers remarks - "the employees have nothing to do with making a profit at American Airlines".

Then think of how Southwest Gary Kelly opens every shareholder meeting . . ."I'd like to thank the employees of Southwest Airlines, our most important asset"

Then Parker "The most important asset of our company is our customers".

Too bad for the New AAL. Going the same wAAy as the old AAL.

Pan AM Eastern TWA Peoples Express Continental etc., etc.,

Now Parker runs a large international airline , just like he ran bankrupt US Air, America West.

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[jmplighthouse@g...](#)

on Mar 23, 2016

Remember, AAL doesn't care about employees. Much less the employees that are coming from all the mergers it has under its belt. **All they care about is Executives and management loading up their pockets** with all the green paper they can get and not showing any signs of intent to care about those who work their a*s off to get \$\$ for the Corp.