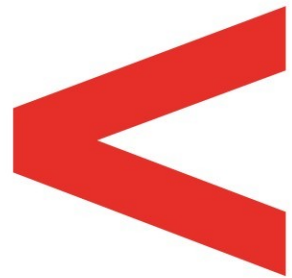


The future of the aviation  
industry and its impact on  
you and the economy

# SOFT LANDING

AIRLINE INDUSTRY  
STRATEGY, SERVICE,  
AND SAFETY



BY  
ANDREW R. THOMAS

**apress®**

# SOFT LANDING

AIRLINE INDUSTRY STRATEGY,  
SERVICE, AND SAFETY

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*Andrew R. Thomas*

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## ***Soft Landing: Airline Industry Strategy, Service, and Safety***

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para mi esposa, una buena abuela  
para mis niños y una viajera excelente.*

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# About the Author

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**Andrew R. Thomas** is a bestselling business writer and assistant professor of international business at the University of Akron. His recent book, *The Distribution Trap*, was awarded the Berry-American Marketing Association Prize for the Best Book of 2010. Thomas is founding editor-in-chief of the *Journal of Transportation Security* and contributing editor at *Industry Week*. He has been interviewed by more than 1,000 media outlets and is a regularly featured analyst for CNBC, FOX News, and NBC. A multimillion-mile flier, he has traveled to and conducted business in more than 120 countries on all seven continents.

# Acknowledgments

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Every book I have ever written is ultimately a debt that can never fully be repaid to the many people whose thoughts and writings my own rest upon.

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# The Past

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In Joseph Heller's *Catch-22*, there is the following exchange between the anti-hero Yossarian and the unwavering mind of military authority:

*Major Danby replied indulgently with a wide superior smile,  
"But, Yossarian, what if everyone felt that way?"  
"Then I'd certainly be a damned fool to feel any other way, wouldn't I?"*

Through his distinct prose, Heller reveals to us that those who need or want to think for themselves will always be a minority. That the contrarian is always fighting an uphill battle against conventional wisdom.

So might be the case of this book as well...

# You Cannot Be Serious!

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*“The enemy of the good is the perfect.”*

—Voltaire

It wouldn't take much to categorize modern air travel as an experience somewhere between juvenile detention and dread. Recently, I caught a CNN headline story that hysterically reported that 2,600 pieces of luggage are lost each day by the airlines in America. Two thousand six hundred! In feet, that's almost half a mile. In years, it takes us back to the construction of the Hanging Gardens of Babylon by King Nebuchadnezzar. 2,600 lost bags every day: that's almost 1 million annually!

Around that same time, a YouTube clip of a six year-old girl getting a police-like “pat down” by a TSA screener began making the rounds. The video was shot and posted by the girl's father, who, along with his wife, were forced to stand by, helpless, as their daughter was touched in uncomfortable ways and places. Dishearteningly, scenes like this one involving other small children, paralyzed war heroes, or elderly people in wheelchairs are not uncommon.

If you've flown in the last year or so, you've found that boarding a flight has gotten even worse, as more and more of us carry on all of our stuff to avoid the airlines' innovative program of charging for checked bags. God help you if you're one of the last people to enter the cabin and need space in the overhead bin.

Between the continuous stream of media reports about lousy customer service, the dehumanizing security checkpoints, and the cattle-class experience, one might wonder why anyone would ever want to fly at all. It seems that air travel today is something for the masochistic or those with no other options.

Yet I disagree with how many in the media and the government, as well as my fellow passengers, might characterize air travel and the industry today. I am a contrarian. Let me put my cards on the table right up front: I think the airline industry, unvarnished and with warts and all, is one of the best things we have going for us. I look at the 2,600 lost bags a day with awe—but for a different reason than most folks might. In May of 2011, for example, more than 49 million passengers flew in the U.S. Of those, more than 172,000 reported that the airline lost their luggage.<sup>1</sup> This means that there is somewhere around a 0.35% chance that you would have lost your bag if you flew commercial that month—or a 99.65% likelihood the bag would have arrived with you. And while the TSA and the behavior of some of its agents are sometimes questionable and occasionally reprehensible, the agency screens nearly 2 million passengers and their carry-ons each day, which is about the same number as the entire population of Houston. And, despite the fact that the flying experience has become much more like going to Wal-Mart or taking the bus, the average cost of a ticket has fallen by more than half in real dollars over the past twenty years.

My point here is not to justify the behavior of the industry and the government at every turn: to the contrary. Take a look at my earlier books, articles, and public comments about the industry and you'll find I've been highly critical of the ways the airlines' leaders and the federal government have managed themselves and treated the traveling public—the people who ultimately pay their salaries and underwrite the system. Let's be frank, they're easy targets, especially if we focus on the outliers. As a business professor, I can assure you that there are only a handful of successful case studies in the airline industry: Southwest comes to mind, and almost no one else. In fact, the industry provides countless examples of what *not* to do when trying to manage an enterprise. On the governmental front, the bungling by Congress, FAA, and TSA when it comes to overseeing the airline industry is the stuff of legend. Still, I am an optimist—a rational one, I believe—when it comes to the airline industry. Bluntly stated: It's certainly not perfect, but it's pretty darn good.

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<sup>1</sup> U.S. Department of Transportation, Aviation Consumer Protection Division, "Air Travel Consumer Report," July 2011, <http://airconsumer.ost.dot.gov/reports/atcr11.htm>.

## How Can You Say That?!

I am not a shill. I don't work for anyone associated with the industry and never have. I'm pretty sure after this book is published, any friends I may have in the industry will run for cover. My optimism comes from two places: first, as a frequent flier who has logged more than 3 million miles over the past 20 years; and, secondly, as a student of the industry for more than 15 years.

Probably like you, I have my own travel nightmares. Every now and then I enjoy comparing stories with my friends, seatmates, and students. Having spent my adult life logging at least 100,000 miles a year, I've had my share of trips to and/or from hell. I still remember them vividly and quietly wear them as a personal badge of honor. One in particular sticks out: a 54-hour slog from Madagascar to back home, which included 30 hours of delays.

Even though it was quite draining, I wasn't riding in a Higgins Boat to Omaha Beach. I was ensconced in the safest transportation system ever designed. And, while the delays were maddening at the moment, I completed the trip in about the same amount of time it would have normally taken the year I was born: 1967. Moreover, in the century before my birth, I would have had to make the journey by ship, which would have taken several weeks, and put me at the mercy of seasickness, pirates, tropical diseases, and only God knows what else. Finally, the cost—whether by air in 1967 or sea in the 19th century—would have been exponentially higher than what I paid.

Today we are beyond fortunate to have access to the global air transport network in its current form. As a middle-class guy, my historical equivalent would never have imagined the places I've been able to see because of the accessibility to the planet afforded to me by modern air travel. And I'm not an exception. Hundreds of millions of people, maybe billions, have been able to connect with the bigger world in ways no one conceived a mere 90 years ago. Experiencing the adventure of travel, enjoying the beauty of a family vacation, seeing an old friend or making new ones, celebrating a wedding out of town, visiting your grandchildren, or paying respects at a funeral—the important moments in life—are more achievable for more people than ever before in history. The availability of air travel makes this, and so much more, possible. Frankly, at this level, there is simply no disputing the fact that the airline industry is a tremendous benefit to so many of us.

At another level, the rational optimist in me is also aware of what the airline industry means for human progress and innovation. The evolutionary biologist Matt Ridley ties the advancement of human development to what he

calls “ideas having sex.” When people and their ideas come into contact with one another, adaptation and improvement often occur. Ridley asserts that it is collective innovation, fertilized by exchange, which fosters the great leaps in civilization.<sup>2</sup> When scientists from around the world travel to a conference to listen to one another share their research findings—and maybe have a few drinks together, too—wonderful things can happen. Ideas are shared; collective intelligence is unleashed; new innovations are born. When businesspeople travel to distant places to visit suppliers, customers, and prospects, the introduction of new technologies, products, and services happens. Exchange occurs and the wonderful unknown that is human creation gets fueled once again. It may sound a bit trite, but the airline industry facilitates the cross-pollination of ideas and human progress.

Of course, if you’re reading this book while sandwiched between two fat guys on a cross-country trip, or waiting in a crowded terminal after your flight was cancelled, all this talk about memories, innovation, and progress might ring hollow. I readily admit the experience of flying today is a lot worse than it was in the past. And, unfortunately, the future looks no better. Going forward, as you’ll see in this book, passengers can continue to expect over-packed planes, byzantine security practices, and fewer benefits than those given to guys serving six months for a parole violation. In addition, if you work for the airlines, the likelihood of better pay and benefits is quite low. Taxpayers should anticipate more bailouts and subsidies to the industry, as the airlines and the manufacturers of aircraft will always have their hands out. And, if you’re a shareholder, good luck: profits and dividends will remain few and far between. Even so, what I am saying here is that on balance, despite all of the industry’s imperfections that continuously plague its stakeholders, it remains a net positive for society. Access for more and more people to the air transport system overshadows corporate mismanagement, governmental waste, fraud, abuse, and awful customer treatment. In short, the benefits of more people enjoying their lives and exchanging ideas with each other far outweighs the costs and burdens put on us by the industry.

## Contradiction and Imperfection

Contradiction is part of everyone and inherent within all human endeavors. I love tomato juice, a strong Bloody Mary, and extra sauce on my pizza. But I refuse to eat tomatoes on my salad. Thomas Jefferson, who wrote some of

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<sup>2</sup> I would recommend Matt Ridley’s book *The Rational Optimist: How Prosperity Evolves* (New York; Harper, 2010) without reservation.

the most profound words about equality in history, traveled with his slave to Paris and fathered several children with her. We are all hypocritical and contradictory—and imperfect—in various forms. From economics comes the Nirvana Fallacy. It occurs when we compare actual things with unrealistic, idealized alternatives. It refers to the somewhat natural human tendency to simplify complex things and seek implausible solutions. Recognizing this—and avoiding the trap—is a big part of what makes us adults. What keeps us immature, however, is when we expect perfection in others and will not tolerate any contradictions.

As we move forward, I will try to appeal to your better angels and humbly request that you try to remember not the few bad flights you have endured, but instead the dozens, and maybe hundreds, of uneventful ones that delivered you safe and sound. Once you do that, we can start our journey to critically and fairly assess the industry for what it is, what it is not, and what it realistically can be. As it says in the New Testament:

*“When I was a child, I spoke like a child.  
I understood as a child.  
But when I became an adult, I put away childish things.”*

When it comes to looking at the airline industry, we need to adult-up and appreciate what we have. Which brings me to the title of this book: *Soft Landing*. It is not merely an attempt to capture a short title that is easily recalled. The term derives from both economics and aviation. From an economics perspective, a soft landing is a slowdown in the business cycle that does not lead to a recession: a minor speed bump and little else. If you’re a pilot, crew-member, or a passenger, a soft landing is just that: a smooth touchdown. I’m convinced that the airline industry, probably despite itself, is setting the stage for a period of sustained stability. This is *not* to say that constant profits are just around the corner for the industry. The industry has never really been profitable over the long term and no evidence suggests that it ever can be. Nor is it to say that the industry will never experience a massive downturn again, as it did in early 1992, September 2001, or, most recently, in 2008.

Instead, the focus of this book will be on what is happening in the industry that is creating an environment where the wild fluctuations of the past—characterized by short periods of profits followed by much longer spells of huge losses—are smoothed over and reduced. Instability, the natural opposite of stability, will remain, but it should be less frequent and devastating. The book acknowledges that while there will still be some unavoidable turndowns in the future, they won’t be as low or as long lasting as the ones of the past; that the airline industry, whether through good planning, blind

luck, or a combination of the two, is now entering an era where it finds itself more resilient, robust, and prepared for the inevitable turbulence than any time in recent memory. In the end, the industry will still have imperfections and contradictions. But, with some effort, they should be less in number and magnitude.

## So Why Should You Care?

On the first day of each semester, I challenge my students—and, ultimately, myself—to ask the “So what?” questions: “You have been required to take this course by the university. Why? Why are we making you learn about concepts such as foreign direct investment and mercantilism? How do you think this relates to your ability to think critically, and how does it directly impact your future?” Whatever we do, these kinds of questions should be asked. I use them as a way to make sure the material I am teaching stays relevant to my audience. I am assuming that by reading this far, you have some degree of interest in the current and future state of the airline industry. With all due respect to your curiosity, let me go further and specifically articulate why you should care.

The scope of the airline industry is massive and its reach into our lives is equally impressive. In 2010, in the United States alone, 743 million passengers took a scheduled trip by air. This is almost two-and-a-half times the entire population of the country. Moreover, 536,000 Americans were employed full-time by the industry, about the same number as all of the residents currently living in Seattle.<sup>3</sup> Further, the direct annual contribution of the airline industry to the U.S. economy is approximately \$781.5 billion, or more than 5% of America’s total gross domestic product.<sup>4</sup> If we expand the impact of the industry to include other critical business sectors such as aircraft manufacturing, travel and tourism, retail, shipping, and international trade—each which are all dependent upon the airlines in big ways—the overall amount of U.S. GDP driven by the airline industry is over \$1.2 trillion, or nearly 9%.<sup>5</sup> These numbers are similar to the contribution of the entire automotive sector in the U.S.<sup>6</sup>

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<sup>3</sup> Air Transport Association and Bureau of Transportation Statistics.

<sup>4</sup> Federal Aviation Administration, “The Economic Impact of Civil Aviation on the U.S. Economy,” (Washington, D.C.) December 2009.

<sup>5</sup> Ibid.

<sup>6</sup> Michael F. Thompson and Ali Arif Merchant, “Employment of Economic Growth in the U.S. Automotive Manufacturing Industry,” *Indiana Business Review*, Spring 2010, [www.ibrc.indiana.edu/ibr/2010/spring/article2.html](http://www.ibrc.indiana.edu/ibr/2010/spring/article2.html).

At the global level, the numbers are just as compelling. In 2010, more than 2 billion passengers flew, which represents the equivalent of nearly 30% of all human beings alive today. They could have traveled on one of 1,629 airlines, which flew 27,271 aircraft, and used the facilities of 3,733 airports.<sup>7</sup> Moreover, nearly 32 million jobs are generated around the world by the industry and almost \$4 trillion is contributed to global GDP.<sup>8</sup> Although it is not known for sure, it is likely that somewhere around 300 million individuals took a commercial flight somewhere in 2010. Even a cursory glance at Table I-1 reveals the reach the global airline industry has into so many facets of society.

**Table I-1.** Key Stakeholders in the Global Airline Industry

<p><b>Manufacturers</b></p> <ul style="list-style-type: none"> <li>• Airframes/Engines</li> <li>• Mechanical systems</li> <li>• Computers/Electronics</li> <li>• Information systems</li> <li>• Software</li> <li>• Materials/Chemicals</li> </ul>	<p><b>Carriers</b></p> <ul style="list-style-type: none"> <li>• Major airlines</li> <li>• Regional airlines</li> <li>• Charter airlines</li> <li>• Special services</li> <li>• Air cargo carriers</li> <li>• General aviation</li> </ul>	<p><b>Directly Served</b></p> <ul style="list-style-type: none"> <li>• Passengers</li> <li>• Rental cars/Parking</li> <li>• Other ground transport</li> <li>• Hotels/Restaurants</li> <li>• Tourism/Attractions</li> <li>• Retail</li> <li>• Travel Agents</li> <li>• Cruise lines</li> <li>• Conventions</li> </ul>
<p><b>Governments</b></p> <ul style="list-style-type: none"> <li>• Aviation authorities</li> <li>• Legislative bodies</li> <li>• Regulatory agencies</li> <li>• Customs</li> <li>• Air Traffic Control</li> </ul>	<p><b>GLOBAL AIRLINE INDUSTRY</b></p>	<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Manufacturers</li> <li>• Airlines</li> <li>• Airports</li> <li>• Cargo</li> <li>• Aviation services</li> <li>• Bureaucrats</li> </ul>
<p><b>Aviation Services</b></p> <ul style="list-style-type: none"> <li>• Insurance</li> <li>• Leasing/Financing</li> <li>• Distributors</li> <li>• Telecommunications</li> <li>• Maintenance</li> <li>• Fuel and oil</li> <li>• Training</li> <li>• Universities</li> </ul>	<p><b>Airports</b></p> <ul style="list-style-type: none"> <li>• Major airports</li> <li>• General aviation airports</li> <li>• Training centers</li> <li>• Terminal maintenance</li> <li>• Catering/In-flight service</li> <li>• Air Traffic Control</li> </ul>	<p><b>Cargo</b></p> <ul style="list-style-type: none"> <li>• Freight forwarders</li> <li>• Warehousing</li> <li>• Consolidation</li> <li>• Mail</li> <li>• Transport</li> </ul>

<sup>7</sup> International Air Transport Association, "Fact Sheet: Economic and Social Benefits of Air Transport," [www.iata.org/pressroom/facts\\_figures/fact\\_sheets/Pages/economic-social-benefits.aspx](http://www.iata.org/pressroom/facts_figures/fact_sheets/Pages/economic-social-benefits.aspx).

<sup>8</sup> Ibid.



As the only truly worldwide transportation system, it is not a stretch to conclude that the global economy is driven at least partially by what happens in the skies. Beyond the 2 billion passengers, the airlines also transport billions of tons of cargo on the planes you and I fly in. What kind of cargo is moving? Items like mail, electronics, medicines, luxury goods, flowers, seafood, tropical fish, human remains, critical spare parts, and thousands of other things that make our lives better. All these passengers and all this cargo moves seamlessly over oceans, mountain ranges, and national borders 24/7/365 as a kind of coordinated orchestra that exceeds the individual genius of Bach or Mozart.

Beyond the numbers, the ubiquitous nature of the airline industry is something that many of us have already built into our lives. The real opportunity to take a flight to anywhere at almost a moment's notice is seared into our consciousness. It is something that we don't even think about. This knowledge and certainty about the unfettered availability and access we have to the world via the global airline network makes us dependent on it for our comfort and the day-to-day conduct of our lives—and all in a good way. Try to imagine your world without being able to fly. What would change? How would your view of things around you be altered? How about your business? Could it be done at all without the availability of air travel? If so, and you're probably one of the lucky few, how much harder would it be? And what about all of those important moments in your life? How many of them would not have happened at all if you couldn't have flown? My point in all of this is to recognize how indispensable—and I choose that word carefully—the airline industry is to our lives.

## But Is It Really an Industry?

To call the airline industry an “industry” in the purest sense is probably disingenuous. The use of the term implies a commercial enterprise that operates under the conditions of normal business parameters. That includes the development of investments and a sufficient number of customers to whom its output can be sold for a profit on a *regular, consistent basis*. While the airline industry does regularly make investments and it has many customers, historically this has rarely translated into regular, consistent profits. In fact, since the advent of the airline industry, the amount of total losses has far outweighed any profits that may have been earned. Regular, consistent profits for the overall airline industry have never happened. There are a couple moments in time where profits were earned by all; and there have been a few airlines that turned a profit every year, but those are exceptions.

Since deregulation in 1978, the airline industry in the U.S. has lost around \$60 billion in current dollars. There was a brief period of time during second half of the 1990s when the carriers did make some money. However, that was all washed away and then some in the period from 2000 till today. It was hardly any better before deregulation, when bankruptcies and consolidations clogged the landscape. Arguments have been made that factors like high taxes, rising fuel costs, weak demand, the entry of low-cost carriers, terrorism, geopolitical shifts, economic downturns, or something else is what keeps profits away. The logic seems to be that if the industry could better predict when one or more of these factors will rear their ugly heads, profitability would be there for the taking. But the assumption is hollow: how can anyone accurately predict what oil prices will be next year? Or when and how the next terrorist attack will occur and by whose hands? Or the prospects of economic growth or stagnation? Or the next major geopolitical shift?

From where I sit, the airlines have operated in a perpetually loss-driven environment in which the over-arching strategic objective is survival, and little else. As you'll see next in Chapter 2, the survivability of the airline industry has been tied to the huge amount of governmental support it has received since its inception. Take that away, and there would hardly be any kind of an airline industry to speak of, and certainly nothing we'd recognize today. This dependency on government may irritate the "free market" crowd, but a mature look at the airlines requires us to check our ideologies at the door. I will argue later that the rush to government bailouts for the banking, insurance, and automotive sectors during the panic of 2008 was possible only because the airlines had set the precedent in the wake of the 9/11 attacks. And that those industries in 2008 successfully followed the same approach the airlines used to get billions in handouts from the government in 2001—by deploying armies of lobbyists and leveraging irrational fears.

## Stability: Our Best Hope

When I speak of stability as it relates to the airline industry, I mean it as the capacity to resist sudden deterioration. It is more than the survival mode the industry has habitually functioned in. Instead, it is resiliency and adaptation—and maybe even improvement—in the face of big changes and threats. I repeat: it doesn't mean profitability. I simply believe it is not possible for the industry to generate long-term, sustainable profits in its current form, and to change its current form is not even remotely a consideration.

Unfortunately, because of their exposure to so many factors that lie outside of their control, the airlines have traditionally counted on luck—and

government largesse—more than anything else to get them through. While plans, forecasts, and strategic objectives are regularly written, developed, and pursued with strong attention to detail, it is the roller-coaster nature of the industry that ultimately determines how things play out: a sudden turn here—say oil prices spike because of a crisis in the Middle East—or a drop there, like an economic shock that suddenly keeps passengers away. By effectively being held hostage by so many things outside of their purview and being, by nature, pretty inflexible, when things go bad for the airlines, they go real bad. As you'll see later on, the turndown in early 1992, the recession of 2000, and the fallout from 9/11 each shook the industry more violently than it should have because the airlines possessed little or no room to maneuver. The industry was a prisoner to a system that had already set itself for up failure.

Darwin observed that it is the agile and the adaptable that survive—not the biggest and strongest—and the same is true for organizations. In the past, however, the airlines haven't displayed the kind of agility we would want as stakeholders. But things may be finally starting to change. Stability for the industry finally appears on the horizon. It is distant, but seeable nevertheless.

## Finally, a New Era for the Airline Industry?

Having studied the airline industry since the mid 1990s, I have read my share of consultants' reports, op-eds, industry analyses, and the like that predicted the industry was ready to turn the corner and enter a new era of stability. Each one of these came up short in some way. It seems just when we think we've figured things out, something in the nature of the industry catches us by surprise. So you might wonder, in the face of all the failed predictions of the past, why I am going out on a limb now and saying that the industry is ready to experience a soft landing? My answers to this question make up the core of this book.

To start with, the soft landing is *not* because of globalization. In Chapter 3, I'll address the paradox of globalization and the industry. While the airline industry has been one of the pillars of the globalization over the past 50 years, the industry itself is mired in a hodge-podge of local political struggles and national idiosyncrasies. Even though airliners, with their nation's flag prominently displayed, crisscross the globe each day, the day-to-day management of the business is remarkable local in nature. Much of this is due to the massive investments local governments have made in building and maintaining their domestic carriers and aviation infrastructure over the years. Follow the money and you'll ultimately see who is really in control. While

there have been calls for years to open up the industry to global competition and allow airlines access to new markets abroad, these moves have been thwarted at nearly every turn. It seems the domestic airline industry is one of the most protected parts of any economy today.

Further, much of the soft landing is *not* attributable to big advances in technology. With the exception of customer relationship management and more fuel-efficient aircraft, technology has not really played the major role many might think in helping the airlines to set the stage for what is coming. Airports, air traffic control systems, and aircraft navigation are not much different than 20 or 30 or even 50 years ago. And significant changes in the near future just aren't going to occur.

So what is it? If neither globalization nor most recent technological progress have prepared the way for the soft landing, then what is making it possible? More than anything else, it is because we have grown our dependency on air travel—and therefore the airlines—over the past decades. Through plain survival, propped up with huge amounts of taxpayer support when needed, the airline industry has become increasingly influential in the lives of more and more people, organizations, and their governments. In other words, access to safe and affordable air travel has become something we couldn't imagine living without, like running water, electricity, or a mobile phone. This rising indispensability finally reached critical mass sometime in the past decade and permitted the airlines to try new things when it comes to managing customer service, operations, and its employees—things that simply weren't possible twenty years ago. It is here that the foundations of the soft landing originate.

Don't think that the industry's leaders saw all of this coming and, then, being smart businesspeople, developed and implemented a successful strategy to get to this moment. Not at all. What has happened since 1992—and I believe 1992 is the tipping point in the industry's evolution—has been a series of attempts (a few successful, but most of them futile) to change the way passengers view the air travel experience. This evolution, coupled with the increasing dependency I just mentioned, made passengers more conducive to accept change. Over the past twenty years, almost imperceptibly, a new model has emerged that gives every indication it will pave the way forward for a more stable industry. I call it Flying Cheap.

The Flying Cheap Strategy, which I'll discuss at length later in the book, provides the airlines with the kind of flexibility they need to better adjust and deal with the inevitable shifts in the landscape. From charging customers extra for almost every imaginable service, to outsourcing entire operations and routes, to using bankruptcy protection to break unions and pay much

lower wages, to using the lowest-cost provider for necessities like maintenance, the Flying Cheap Strategy has made the airline industry much more efficient than in the past, and, therefore, more elastic. Again, this doesn't mean that everything is smooth sailing ahead and no major crises will occur. Instead, the soft landing, supported by the Flying Cheap Strategy, signifies that the ability of the industry to respond when things get tough will be more responsive and vigorous.

## What Does More Stability Mean for Us?

Increased stability underpins greater predictability, which permits us to set more realistic expectations in what we do. The Expectation Gap (the difference between what we expect and what we actually get) can be a tremendous source of stress and strain if the gap is too big. An output of the soft landing is that the expectations of an ever-larger number of passengers will be much more realistic than in the past. Today, anyone who expects to be treated like a high-flier had better be sitting in business or first class. For those of us left to tough it out in the back of the plane, we, like any sane person, recognize that the benefits of air travel are no longer found in the means but purely in the ends. Knowing what you're going to get and then getting it, even if it is in cattle class, makes life's difficulties easier to digest.

From a 35,000 feet perspective, a more stable airline industry will make it less difficult to project how much governmental assistance will be needed. In today's fiscally challenging environment, where governments around the world are drowning in huge deficits, the amount available at the public trough will be limited. As governments seek to allocate their scarce resources in better ways, a more stable airline industry will help with that cause. Taxpayers should be better served.

But even with the soft landing at hand, this does not mean that the industry and their allies in government still can't screw things up. Looking forward, the specter of aviation security looms as a potential high barrier to any progress. As terrorists and criminals continue to target the global air transport system—as they always have—the way that security is done or not done will go a long way to determining the extent of the soft landing. An overreaction by TSA to the next inevitable spate of attacks could dramatically set things back and cause the kind of deterioration the soft landing is meant to avoid. The possibility that TSA will seriously weaken the industry in order to protect it remains omnipresent. It has nearly happened in recent years and may yet occur when the bad guys once again decide to do something. Other uncontrollable events like a global pandemic or a catastrophic oil