



## Crew Room Wall . . .

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# A Look at Corporate Culture

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**W**hat follows is an invitation to look at the future of our company. This article should create a challenging dialogue among us all. It is time for all of us to contribute in ways that are more meaningful.

The situation as we see it is – we have a strategically talented management team. However, by Messrs. Wolf and Gangwal's own admission, two of the five points from the business plan eludes this management team. The two points are "cost control" and "corporate culture." We believe these issues are intertwined and are in fact the central issue of our future. Further, we would like to explore the effects of "soft" issues in our industry and look at new ways to move toward a new level of mutual accountability.

### Road shows

At the October road show, Mr. Wolf made a short opening statement that said the presentation was not about us blaming each other for the problems with which we are faced. In fact, he publicly told us that if there was any blame to be given, it was to be given to himself and to Mr. Gangwal. This was profound in the history of our airline. Accepting responsibility and speaking the truth are fundamental to cultural change.

We have a terrible culture of "blame" here at US Airways and its contingent "lack of responsibility." In our opinion, we must tame this dynamic in order to excel to the full potential of the five-point business plan.

Mr. Gangwal pointed out that the two parts of our five-point plan that need our attention are

"cost control" and "corporate culture." We agree. We feel even more certain that corporate culture is the underpinning of the whole five-point plan and find it regrettable that we have not addressed it more fervently. We feel very strongly that the complete root of our problem at US Airways is culture.

We would like to explore what we see as a contract and conflict between "compliance" and "commitment," between "numbers" and "feelings," and between "hard" and "soft" issues at US Airways. We would also like to suggest some potential resolutions to these contracts.

### The hard/soft paradox

We submit two examples with a series of questions to illustrate the difference and effects of "hard" vs. "soft" approaches to the airline business. They are really the same story but with some significant differences that we call, "The Delta/Eastern Paradox," and "The Southwest/America West Paradox." The central question is: How is it that two airlines with essentially equal equipment, flying essentially equal routes, with essentially the same cost structure, and essentially the same fare structure find themselves with such radically different outcomes?

In "The Delta/Eastern Paradox," there were nearly identical "hard" issues and yet one company's future results in success and growth, while the other one fails and goes miserably out of business. One might point to management and say that Frank Borman was not the right guy for the job. One might point to the employees and say that they were just too proud to compromise

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and took the company down. These answers are all too simple and certainly ignite the issue of blame.

The “soft” issue in “The Delta/Eastern Paradox” is culture. At Delta, they had a “family” atmosphere. All of the employees had been inoculated with the notion that they were a family and that they had to stick together. This attitude allowed them to compete through rough times. Moreover, it was not just empty words. During the rough times in the 1970s, they did not furlough their people. For example, they kept their pilots working through the furlough by offering them work in other parts of the company. *The atmosphere penetrated to the smallest actions of each employee.* They had an austerity program in effect, and we remember seeing ticket agents saving paper clips while remarking that it was essential to the future of their company. All the good stuff they did became part of “their story” and they all felt good about it. Today they still differentiate between the “family” members and the new employees as a result of a merger or as new hires. Even employees of other airlines still think there is something unique and peculiar about Delta employees.

At Eastern, they had “soft” issues that revolved around hatred and blaming. There is a story about the final days of the airline where a Captain was dealing with peculiarly trying issues at the gate during departure preparations. There were problems with the gate agents, the passengers (by the way, the passengers participate very concretely in the company culture), the mechanics and the baggage handlers. Everybody was uncooperative and hard to get along with. Apparently during pushback, there was another struggle between the Captain and the ground crew and it was enough straw to break the camel’s back. The Captain requested to be towed back to the gate. When he arrived at the gate, he exited the airplane and retired from the airline on the spot. You can imagine the effect of this story on the other employees. Moreover, it does not even matter if the story is accurate. It only matters that there exists such a story and it is part of the culture and mythology surrounding the “Final Days of Eastern Airlines.” The atmosphere at Eastern was palpable. We remember walking down the Eastern concourse in Atlanta in its final years and marveling at their new uniforms. The flight attendants looked exactly like soldiers and it certainly reflected the internal war going on at Eastern.

In the interest of some brevity, we are going to dispense with the complete analysis of the “Southwest/America West Paradox.” The “hard” issues are nearly identical between these two companies. If you were to look at the books, you would find that the differences only show up at the bottom line. The soft issues are as different as night and day. Repeatedly, upstart airlines have tried to copy the Southwest playbook and the airline history book is littered with story after story of failure upon failure. The point is that you can exactly copy the “hard” issues at Southwest, but you cannot obtain their success until you copy their internal culture. We are not suggesting that US Airways copy their culture. This is why we are using the two examples. We want to show that this is not just a “low cost” versus “high cost” or Southwest versus “everybody else” problem. We are suggesting that there is an important element of any business that defies quantification but is nonetheless repeatable.

Ask yourself: What is the dominant theme of everyday life at US Airways? If the answers you find are negative, then you know the problem. Would you rather work for Eastern or Delta?

### **Compliance versus commitment**

Another issue is compliance versus commitment. We have seen the issue of compliance driven home in virtually every aspect of our operation. We would like to explore the meaning of such a drive.

Compliance means that you follow the rules. The assumption is if all the rules are followed, then excellence will follow. We admit that rules are important, yet there is another dynamic that is at work here. If we have rules, then we can hide behind them. We know the drill, “I don’t make the rules, I just follow them.” There is no framework or expectation within a strict compliance-based culture to create dialogue and common ground to resolve conflicts between the rules.

We see this at work virtually every day with the “rules” the cleaners, caterers, the mechanics, the flight attendants and others have to follow. This conflict creates the tension we all feel at departure time. *When the rules are in conflict then there must be some overreaching consideration with which everyone can identify so the conflict can be resolved.* As it is, we have, as our mantra, “Follow The Rules.”

Compliance has some more subtle and insidious repercussions. With rules, borders are created. With borders, territory is created.

Does this sound like a battle? Well, it is. In battles, there are winners and losers. *Why create losers within the organization?* We see this during contract negotiations. If the Company cannot win, the Union must lose. If the Union cannot win, the Company must lose. It has been said that the only outcome of win-lose over the long term can be lose-lose.

We create borders and battles in day-to-day events like not allowing the agents to board passengers until 30 minutes before departure time. This conflicts with rules that the flight attendants must follow, which conflicts with rules the cleaners and caterers must follow, etc. These are the corners into which we paint ourselves when we embrace “rules for the sake of rules” rather than “rules for the sake of some larger cause.” This notion is at the heart of the Delta/Eastern paradox. We submit that this notion is at the heart of the US Airways cultural condition. The invitation to address our culture has at its roots the notion of a win-win situation. At the very least, it would be appropriate to acknowledge the lose-lose situation created by compliance to rules for rule’s sake and attempt to change that way of doing business.

So how do we achieve compliance with commitment? We believe the cornerstone of commitment follows from a clearly enumerated and communicated picture of our shared values and beliefs. When we clearly understand these underpinnings of our culture we know how to behave whether our rules are in conflict or not.

### **Stand up and be counted**

We submit that the analytical ability of our management team is superior. Our management team has the ability to simplify tremendously complex subjects and communicate them. Messrs. Wolf and Gangwal have communicated the cause and effect of our competitor’s threats, our future plans and our implementation strategies.

It is important to look at these issues as objectively as we can. We have no intention of placing blame on anyone. We are asking that Mr. Wolf and Mr. Gangwal clearly identify the culture values and goals for US Airways so that we all have ways in which we can identify our responsibilities. One of the topics raised by Mr. Gangwal at this presentation was his opinion that there is a “veil of mistrust” between employees and management. We are not sure what this means but we are certain that it is part and parcel of the cultural landscape at US Air-

ways. Consider this an invitation to dig deeper into its meaning and its eradication.

Until we tame the culture monster, we chance becoming part of the past rather than a force of the future. We have the internal resources to do what it takes to turn this airline into the juggernaut it can be.

This is not about “who is right,” which creates winners and losers. This is not an either/or but rather a both/and situation. Our culture has a long history of power positions operating autonomously and without regard to the impact on other parts of the organization. Let us get on with the business of changing it.



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