AMERICAN EAGLE *Up Close and Personal*

by Joel Chusid

Then VP of American Eagle Joel Chusid accepts delivery of the first EMBRAER ERJ-140 from Embraer Chairman Maurico Botelho in São Jose dos Campos, Brazil in July 2001. (Embraer)

Joel Chusid, one of the founders of American Eagle and a Contributing Editor to Airliners, *recalls some of the more personal memoirs of the regional airline, now approaching its 23rd birthday. He also talks with some of the American Airlines executives who had an impact on Eagle's path to its position today as the world's largest regional airline.*

The Beginnings

For the airline industry in the early 1980s, the name of the game was "connections". With reservation systems owned by individual airlines, a display preference, or bias, as it was known, was given to same-carrier connections. I was selling a version of American's Sabre system called "multi-host" to commuter carriers who were given incentives to connect passengers to American Airlines' long-haul flights; similar systems were offered by United's Apollo, Eastern's System One and TWA's Worldspan. The advantage to the commuters was a new reservation system, greater visibility, last-seat availability, and even flight information in travel agents' systems, which were relatively new at the time. The smaller carriers were housed in their own "partitions" and their cost was based on the percentage of connections generated - the more passengers who connected to the big airline, the lower the cost of the system to them. It was a "choosing sides" arrangement much the like the alliances of today. Airlines like Air Wisconsin, Wings West, Metroflight, Chaparral, Command and several others were on the American team.

Switching Sides

Air Wisconsin, which had been a Sabre user, was lured over to United's Apollo, leaving a vacuum in Chicago. Simmons Airlines was recruited to replace them. But a new troubling trend, to at least some people, was developing – codesharing. This was something that had been going on for years under the Allegheny Commuter umbrella, but it becoming an increasingly popular way to increase screen presence in reservations systems, and American opposed the notion fiercely. When United and Delta upped the ante by putting their codes on their commuter carriers' flight numbers, it was a shot was fired across American's bow at Chicago and DFW hubs, and it became a cause for action.

American's President, Robert Crandall, felt then, and still does, that codeshares were "inappropriate and misleading," and he openly argued against them. As a result, American was late in getting into the game. Crandall finally realized that American had no choice but to develop its own network in order to remain competitive. Today he admits that the industry has "evolved," and none of us at the beginning had any inkling that Eagle would ever be flying semi-transcontinental jet routes. The thought of a "commuter" flying LAX to Northwest Arkansas or DFW to Aguascalientes was unthinkable back then.

Code Name: Eagle

Crandall tasked our department, which was within Marketing and headed by Mike Gunn, to develop our own commuter

codesharing program. Gunn agreed that American needed a national feed network, but was unconvinced that they needed to be owned. So Rick Nelson, Steve Sedlak and I began developing our ideas for a franchise arrangement under the code name "Eagle", since projects like this were always worked on under secrecy with the so-called "non disclosure agreement." United had called their program United Express, and Delta created Delta Connection. American Express was obviously not an option, and we didn't like American Connection. (Ironically, American's current non-owned feeder program today is called American Connection.) There were rumors of AA developing a commuter feed system for months, but it was kept under wraps, while negotiations went on behind the scenes. The American Eagle logo consisted of the Helvetica "American" and "Eagle" in script, with the double wings in two colors, instead of AA's one. What one may not realize is the size of the script was reduced twice over time, with the feeling at the time that one day it would disappear and Eagle would just become a part of the big airline.

The Big Announcement

The '80s marked American's massive "Growth Plan" which added dozens of new markets and by design, new hubs. DFW was by far the largest and most logical place to start the foundation of an Eagle operation. In the summer of 1984, Senior Vice President of Marketing Thomas Plaskett, who later went on to become President of Pan Am, made the official announcement that Metroflight and Chaparral Airlines would be the "first two" of American's Eagle network. Metroflight operated the first flight of the franchise program on November 1, and I flew one of the first flights to Lafayette, Louisiana on that rather stormy day. Metro operated a fleet of Convair 580s and had a couple of Twin Otters, but we did not want the Otters to remain in the fleet. The Convairs were slow, but spacious. Ed Criner, who was Director of Flight Operations at Metroflight at the transition and is currently President of Executive Airlines, remembers them well. "They were manufactured in the 1950s, had no autopilots, and were equipped with just the basic navigation instruments." What a difference from the fleet today.

Chaparral joined a month later with its Gulfstream 1Cs, CASA 212s and Beech 99s, and by year's end, 60 daily flights were serving eight cities from DFW. The carriers adopted AA ticket stock, flight numbers, and a new AA-inspired livery. AA had been taking Metro's reservations calls under a special program, so that was an easy transition. AA's scheduling whiz, Jim Murphy, diplomatically coordinated schedules with the carriers to maximize feed, but each filed their own, which occasionally created conflicts.

Oversight or Arm's Length

The Sabre multi-host partitions I had sold melted away into AA's. The "Eagles" had to submit to inspections of their maintenance and flight operations. Safety was always of paramount concern, as the traveling public did not have complete faith in small carriers that were not household names and were competing with the automobile. Crandall remembers how the AMR Board wrestled with the decision to incorporate oversight on maintenance and pilot training, and was divided on what level of involvement there should be. On one hand, an arm's length relationship was an option; an intensive oversight program was the other. Plaskett also recalls that there was doubt and uncertainty at the time. "If we don't control them, how are we to protect our brand?" But he also believes that the association with American and the other major carriers helped the smaller airlines upgrade their standards and quality. It was interesting to note that when things went well, the brand American Eagle was used, but whenever there was anything negative to report, the operating carrier's name was used. This became harder and harder to do as the program matured and Eagle became a known brand.

As history shows, AA opted for the more intense oversight, and I drafted the first station procedures, evaluations and flight service procedures. After all, this was a marketing program, not an operational one. AA helped with the transition at Eagle stations for the first few days. Pre-reserved seats, advance boarding passes, a frequent flyer program, even adjusting the in-flight beverage offering - it was a lot for the commuter employees to learn, but they were all put through training at AA's Learning Center. Even flight attendants went through something called "sparkle training."

Metro added new markets the following year, and I remember the embarrassing inaugural flight to Monroe, Louisiana on a comfortable Convair 580. We had only eight passengers who were thrilled with the attention, the cham-

Metroflight, with its fleet of Convair 580s and de Havilland DHC-6 Twin Otters, was the first franchise carrier to sign on as an American Eagle carrier. N73165 (msn 368) is shown on short final landing at Ft. Smith, Arkansas. (Bob Garrard)

The Swearingen Metro was the early 19-seat aircraft of choice among Eagle operators. N1012Z (msn AT-502), operated by franchise carrier Air Virginia, lifts off of Runway 33 at Washington National Airport on a sunny June day in 1985. (Bob Garrard)

An oddball of the Eagle fleet was N245CA (msn 83), a Gulfstream 1C operated by Chaparral. Photographed at Abilene TX, this 37-seat "stretch" of the basic Gulfstream 1 was an early attempt to modify a basic corporate aircraft for airline use. It would not be the last. (Jay Selman)

Another fairly rare aircraft to be included in the American Eagle fleet was the Embraer Brasilia. N124AM (msn 120.016) was acquired by Air Midwest to supplement its fleet of Metros. It is seen at rest in American's short-lived hub at Nashville. (Jay Selman)

pagne and the opportunity to chat up company executives. There was egg on our face, however, when we landed and it was discovered that no bags had been loaded due to a last minute aircraft switch!

High Standards Required

To ensure the carriers were operating to our "high standards," flight service and airport processing procedures were mandated, as were uniforms, aircraft livery and interior design. While some resistance was to be expected, the phase-in went well, although Eagle employees felt somewhat slighted by their new AA "big brother." Steve Sedlak, currently Director of Customer Relations for Orbitz and who was on the original Eagle team, recalls the challenges with baggage, weight and balance on small aircraft and the imposition of so many new rules and standards. "The (commuter carrier) employees were "very proud of their heritage, and were not thrilled with the idea of giving up their hard-earned identity and independence." I personally remember spending a day at Wings West during their "cutover" where I'd be in one city watching the transition to Eagle. It seems one of the affiliate's managers who had not bought in on the program was elsewhere on the system "unraveling" what had been put into place and making up her own rules. But in each case, carrier leadership saw the handwriting on the wall, and knew that if they did not join with a larger carrier, their days would be numbered. Today, something like 99% of the regional carrier flights in the United States are under a codeshare agreement.

Rick Nelson and I talked to prospective carriers, selected initially from our multi-host partners, but some did not have hub and spoke operations. Wings West fed both San Francisco and Los Angeles with their Beech C99s and the tube-like Swearingen Metroliners; Command, in particular, had a linear structure in the northeast, where AA didn't even have a hub.

More Eagles Join the Flock

More carriers wanted to join the program than we wanted, but once it was determined who fit best where, more Eagles were anointed. In 1985, Simmons got the franchise for Chicago with Shorts 360s and ATRs, its "MQ" code surviving today as Eagle's two letter designator for operational purposes. The company's Embraer Bandeirantes were relegated to the Northwest Airlink system, which Simmons also operated. Occasionally, although rare, we'd hear of a Northwest-liveried airplane being substituted on an Eagle route which raised some hackles. In a short period, AA opened three new, but short-lived, hubs, San Jose (SJC), Raleigh/Durham (RDU), and Nashville (BNA). Air Virginia (AvAir) was the first carrier tasked with feeding one of the fledgling hubs, RDU, with its 19-seat Swearingen Metroliners.

Four Eagles were added in 1986. Wichita-based Air Midwest began feeding BNA, also with Metroliners, although Embraer EMB-120 Brasilias were used to larger cities. At DFW, Metro absorbed Chaparral and a non-union subsidiary called Metro Express II that had been formed to operate 19-seat Jetstreams. It also began to phase out the Convair 580s in favor of new Saab 340As. Some passengers were sorry to see the Convairs go, despite the newness of the Saabs; after all, the 580s were larger and more spacious. Command, the North American launch customer of the ATR-42, joined the franchise. Despite a successful Boston-White Plains commuter route, they were forced to drop it as the traffic was all local and didn't fit in with plans to feed AA long-haul routes. Wings West had to refocus its schedules for its Metroliners and Beech C99s at LAX and SJC.

Locking Up the Islands

The last remaining hub without Eagle feed was San Juan (SJU). Over dinner, Rick Nelson and Mike Gunn offered the franchise to Metro's owner, Jay Seaborn; but the dinner was over when Seaborn stunned the two executives with the news that he had agreed to feed rival Eastern at SJU and Atlanta a week earlier. Following a search, Joaquin Bolivar's Executive Air was selected, joining in 1986, as well. I visited many Caribbean islands, preparing for the arrival of the "new standard" in regional airline service. People on islands like Anguilla and St. Kitts welcomed us with open arms, and at the resort Casa de Campo in the Dominican Republic, with its airport smack in the middle of a golf course, residents were ecstatic to be linked to a hub for the first time.

AMR Eagle is Born

It did not take long for the regional carriers to become unhappy with the financial results, especially at RDU and BNA, which were decidedly weak, and they asked AA for financial relief. AA's

AMR selected the British Aerospace Jetstream 32 to replace the Metros as the carrier's 19-seat aircraft. N841AE (msn 841) was a common sight at American's Miami hub. (Jay Selman)

AMR Eagle selected the Saab 340B to replace the older, but larger and more spacious Convair 580s. Eventually, the Saabs found their way into most of American's hubs, N198AE (msn 340B-198) lifts off at Raleigh-Durham. (Jay Selman)

Chairman figured that if he was going to have to spend money to keep the Eagles flying, he may as well own them. In July 1987, Bob Martens, a seasoned and financially savvy AA executive, was sent on a mission: buy the Eagles. No longer just a marketing program, Eagle was shifted departmentally to operations under Executive Vice President Bob Baker. A newly-created subsidiary, AMR Eagle, was formed and Martens became the first president.

The first target was the BNA operation of Air Midwest, which didn't even have its own certificate, just routes, airplanes, and employees. It took Martens many trips to Wichita to work out a deal. He hired a staff to write manuals, define procedures and apply for a certificate for what would become, after much work, Nashville Eagle on December 31, 1987. Negotiations with AvAir did not go as smoothly, and its Chairman Dimitri Nicholas threatened to file bankruptcy if AMR did not meet his terms. He wasn't bluffing – he filed Chapter 11 and shut the airline down. Interim financing was obtained and while AMR negotiated with the bankruptcy court, the planes began flying again in a month. In May 1998, AvAir was merged into Nashville Eagle. AMR Eagle ordered British Aerospace Jetstream 31s to replace the older aircraft.

A Buying Spree

AMR's acquisition drive pushed forward, and Command, Wings West and Simmons were also bought in a one month period in 1988. Martens remembers the Simmons closing on 8/8/88. Its flamboyant owners, the Murray brothers, had offices in Chicago complete with a limousine and a vintage wine collection. Joel Murray invited the AMR Eagle officials to celebrate the purchase with a $10,000 bottle of wine. The next day it was discovered that the wine and the limo were part of the assets AMR Eagle had bought! Martens immediately sent the wine to the Chicago Admirals Club and sold the limo to a used car dealer. Wings West's closing was on August 9, and Command followed in September, both without such drama.

In the Caribbean, Executive Air was acquired in 1989. In 1991, Command was merged into Nashville Eagle, and its certificate surrendered. The geographically limited name Nashville Eagle name didn't fit, and Flagship Airlines was born. Later it initiated operations at the new Miami hub AA had inherited from Eastern. Although Metro had been the first Eagle, it the last carrier to be acquired, and it was merged into Simmons. The subs had their own employee groups and separate unions and pay scales, which would come up in AA's own labor negotiations.

"Transfer pricing" was implemented at AMR whereby every department was responsible for paying for service provided by other departments. Everything from legal expenses to allocations for a variety of overhead items, including rent, was charged back to Eagle, and this raised the cost of doing business. There was even talk of moving Eagle out of the AMR Headquarters building to avoid the cost of being there.

Standardizing and Consolidating

With AMR having operational responsibility, close oversight was necessary. Soon AA executives took over leadership of the individual carriers, as the owners, once having sold the company, had no real reason to stay around. Eagle did prove in later years to be a good training ground for American. A number of people got their start at Eagle and went on to senior positions at the big airline, and many of the AMR's senior management today have had some stint at Eagle in the past. Current AA executives Ralph Richardi, Bob Cordes, Tom Del Valle and George Hazy were cycled through to run carriers as a way of gaining broad experience.

The early 90s were characterized by high growth, centralization and standardization, but these created challenges, and the diverse fleet of ten types was slimmed down to three manufacturers. Training, manuals and spare part inventories for so many aircraft types was costly. A substantial fleet of BAe Jetstream 31s remained as Eagle's "entry-level" aircraft, AMR Eagle ordered new 250 new Saab 340Bs, ATR-42s and 72s to replace the Beeches, Metros, CASAs, YS-11s, Gulfstream G-1s and Shorts SD-330s and 360s that were gradually phased out. Most functions were standardized and centralized including planning, finance, scheduling, purchasing, pricing, yield management, real estate, manuals, recruitment, accounting, budgeting and reporting. While marketing had been centralized under the franchise arrangement, sales had not, although AA training was provided to the Eagle carrier sales teams. Later it, too, was centralized.

Martens can take credit for establish-

The ATR-42 became the workhorse of the Eagle fleet. N265AE (msn 266) was operated by Executive Airlines, and is shown at American's San Juan hub. Appropriately, it is adorned with a large Puerto Rican flag on the rear fuselage. (Jay Selman)

Today, the ATR-72 remains the only turboprop aircraft in the American Eagle fleet. N407AT (msn 407) is also operated by Executive Airlines, and sports the flag of Bonaire, one of many Caribbean islands served through American's San Juan hub. (Jay Selman)

ing a modern consolidated single simulator-equipped training center and a Systems Operations Center (SOC) within AA's Flight Academy complex. This was a challenge because Eagle had different certificates, and it took some convincing with the FAA that the dispatchers were "co-located" and not centralized. Now all pilots and flight attendants came to DFW for training. Wholly-owned subsidiaries for in-house maintenance and third party maintenance were established. At this point Eagle was operating over 1900 daily flights, equivalent to the fifth largest carrier in the world in terms of operations, with nearly 300 aircraft and 11,000 employees serving 190 cities from seven hubs generating $1 billion in annual revenue and $1.2 billion in annual connect revenue for American. The network reached 29 states and 11 Caribbean and five Bahamian islands.

A Bad Memory

November 1, 1994 was the tenth anniversary of American Eagle…and, sadly, a day my colleagues and I will always remember. Big celebrations had been planned system-wide, with a Saab 340B painted in a special livery. I will never forget Bob Martens coming in to my office on that fateful afternoon. "Come down to the conference room. We lost an airplane." Flight 4184, a Super ATR (Eagle's name for the ATR72), our largest aircraft type, had crashed into a field in Roselawn, Indiana; all aboard had perished. For an accident to happen on the eve of such an important anniversary was unthinkable. It spooked everyone for years, and later anniversaries were marked in a far more subdued fashion.

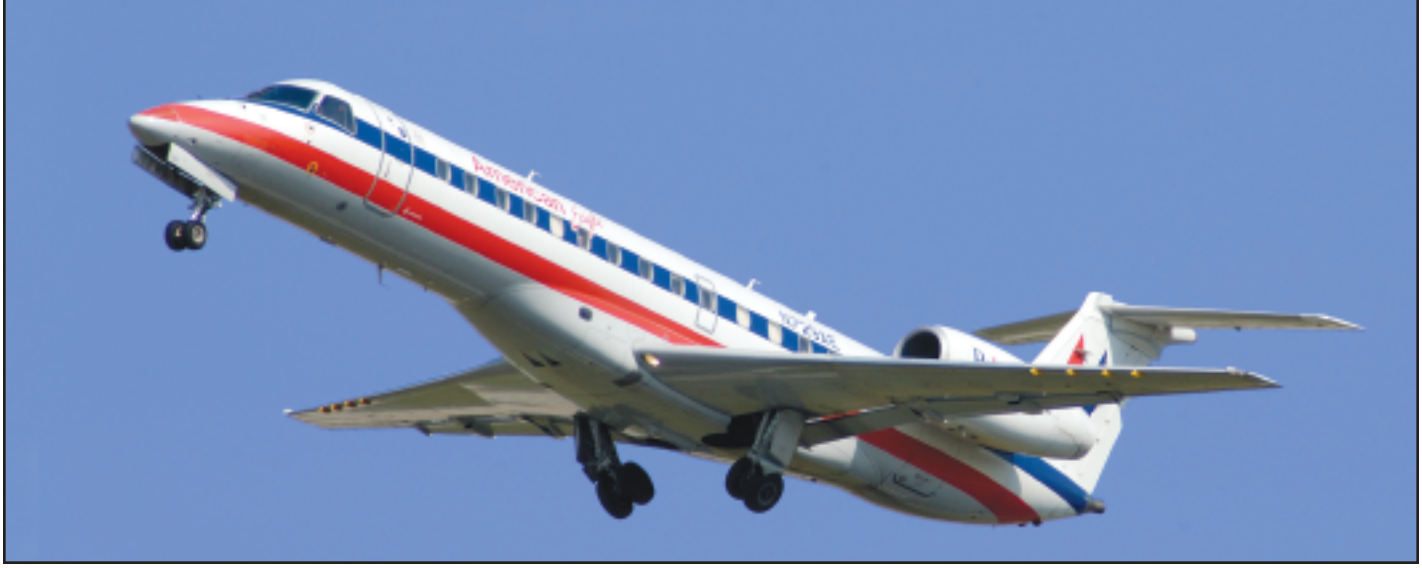
The emotion was palpable as we went about unraveling the celebrations and began dealing with the accident, which went on for months. The specially-painted Saab 340B was stripped. In subsequent weeks, with suspicions that icing on the wings caused the high wing airplane to lose control, the ATRs were shifted to southern routes for the winter. Simmons pilots were flying ATRs out of San Juan, and Executive pilots, who didn't even have jackets issued to them as they flew in a tropical climate, were now flying Shorts 360s to Peoria. New procedures for icing were finally implemented, and the ATRs returned to their regular bases, but some nervous passengers avoided them for years, especially in winter. Just six weeks later, another crash of a Jetstream 31 on approach to RDU stunned the carrier. It was not a happy holiday season for employees that year.

In 1995 the RDU hub was closed, followed by BNA and SJC in 1996. Older and smaller aircraft were purged from the fleet. Martens decided to retire, and in a surprise move, Dan Garton, a former AA executive who had gone to Continental, was brought back as Eagle's new President.

The Regional Jet Arrives … Finally

The regional jet had a huge impact on the commuter industry, which by this time had changed its name to "regional." While a one-hour hop on a turboprop from a hub to spoke was the initial vision for Eagle, new generation planes were able to fly higher, faster, and longer, and even semi-transcontinental routes were fair game. While its competitors were buying regional jets, AMR was late in the game, primarily because of opposition of the big airline's pilots' union. There was great frustration within Eagle since the "scope clause" which was put in place some years before, didn't really prevent Eagle from operating jets, but the company did not want to force a confrontation. AA's unions were always nervous about Eagle's growth over the years, and it took a considerable amount of negotiation to get them to agree to Eagle's pilots flying jets. The American Airlines scope clause placed restrictions on the size and number of Eagle aircraft (average size could not exceed 50 seats per aircraft) and it was also was the reason Eagle later convinced Embraer to build the ERJ-140, whose 44 seats kept the average unit seat count from getting too high since the Bombardier CRJ700s had 70.

Aircraft manufacturers continued to call at the airline, sharpening their pencil each successive time, but the delay lasted years, and probably cost AMR millions. Finally, a deal was reached in 1997, and AMR Eagle ended up buying bought both the Embraer ERJ-145 and the Canadair CRJ700. Garton, who is today AA's Executive Vice President of Marketing, looks back fondly at his time at Eagle, and is proud to have been at the helm when the carrier did the jet order, the same year as the 100 millionth passenger was boarded In addition to seeing the arrival of the first jets in May 1998 he admits running Eagle was fun, and he used to dress up in an Eagle suit for employees and show up at an airport. He and his family also starred in several light-hearted videos designed to introduce new airplanes, services and for employee communications. Under



N729AE (msn/ln 145343/343) is an ERJ-135LR, one of 250 Embraer jets that have been cycled through the American Eagle fleet. The ERJ-135/140/145 family is supplemented by 25 Bombardier CRJ-700s. This aircraft is lifting off from Runway 18L at Charlotte. (Jay Selman)

his tenure, the Eagles were further consolidated, financial performance improved, and an innovative 16-year pilot contract was signed.

The jets, however, were not efficient for the Caribbean so Eagle continued to invest in larger turboprops like the Super ATRs as older aircraft were retired. This remains true today. The first regional jets went to Simmons at Chicago, which was jealously dubbed "the golden child" by employees at the other hubs. But Chicago was the right place for them, and it did not take long for the hub to be all-jet, with its own terminal and even an Admirals Club in the late 1990s.

Trying for a Seamless Experience

One of the challenges Eagle faced was creating a "seamless experience" from the big jets, and focus groups lead us to realize that outdoor boarding was a big issue. At hubs, buses were used and passengers disliked it. Luckily, Eagle was a fertile ground for entrepreneurs even with the former owners gone, and employees were told to "do more with less." As a result, some things were invented to improve customer service or reduce expense. An Eagle employee in Champaign, Illinois invented a "jet bridge adapter" that linked the larger jet bridge to a regional aircraft. It was inexpensive and it worked. Later manufacturers began adapting jet bridges for regional aircraft, and today jet bridging regional jets is commonplace. Another product called "Commute-a-Walk" was developed with a company in New York to cover passengers who still had to board from ground level. Eagle employees in Marquette invented a special lift for boarding physically-challenged passengers. Garton also remembers a bus he nicknamed "Snuffle-Up-A Bus" taken from a cartoon character, which was designed to mate with regional aircraft but although tested at DFW, these were never purchased.

Limited carry-on space was also a handicap and passengers used to carrying on two bags on AA jets had to surrender one, if not both, when boarding Eagle planes for planeside check-in. In a marketing move, this procedure was named "Valet Service" and was promoted as a positive service. In reality, this was nothing new, but the new moniker made it sound like a special service, and many passengers came to like it.

Eagle had, and still has, its own inflight bilingual magazine, *Latitudes,* which I'm proud to say I had a hand in developing. It was distributed on board flights in the Caribbean and Miami, and in the northeast, and was complementary to AMR's American Way. It's won a dozen awards, including best bilingual magazine.

Further Consolidation

In 1998, all the Eagles were merged into American Eagle Airlines, Inc., although Executive still remains on a separate certificate, operating all the ATR72s, the ATR42s having been retired. American Eagle was named Regional Airline of the Year by Commuter World magazine. In somewhat of a full circle, AA retiree Martens was running Business Express (BEX), and although it was a Delta partner, managed to get the AA code on it, and Eagle acquired it, resulting in AMR improving its Boston (BOS) presence as a "focus city," although not quite a hub.

The first Bombardier CRJ-700 arrived in 2002, and Eagle launched an East Coast shuttle operation between LGA, BOS, and DCA. The 200th regional jet was delivered in 2004, the year Eagle celebrated its 20th anniversary, albeit more low key than what was planned for the tenth.

There'll Always be Someone to Complain

Eagle always got its share of criticism from the traveling public. Years ago, it was the slow prop flights, the lack of consistency and the outdoor boarding inconvenience, all of which Eagle managed to deal with. Today it's in the markets that had jumbos at one time where regional carriers take flack from customers, but the alternative in most cases, would be no service at all. So today Eagle, as do the other regional carriers, efficiently serve markets that might otherwise go unserved, and provide the major airlines with lots of connecting opportunities.

A Reflection

Since those early days, it's still amazing to me how the company has grown and evolved. In my discussions with the current Eagle team, I am heartened at how the entrepreneurial spirit I remember is still evident. This should serve Eagle well in the coming years.

EAGLE TODAY: Playing to Win

Peter Bowler has been President of American Eagle since 1998, and while its parent, AMR, has reported its first profit in years, challenges remain if the airline is to succeed in the long term. (Courtesy of AMR)

Peter Bowler is proud to talk about American Eagle, and for good reason. He's been President for nine years, longer than any other, and he seems to enjoy it.

A National Carrier

The largest regional airline in the world, Peter Bowler points out that American Eagle today is ranked as a national carrier, operating a fleet of 298 aircraft: 231 jets, 39 ATR72s and 28 Saab 340Bs. Very awkward The jets include 25 Bombardier CR7s, 39 Embraer ERJ-135s, 59 ERJ-140s and 108 ERJ-45s. The airline carries an average of 1.8 million passengers a month, and generates on-board revenues of $2.2 billion a year , while another $1.7 billion flows to AMR from Eagle's higher-yielding connecting passengers. Load factor last year was a record 73% and, with AMR reporting a profit in 2006 for the first time in years, Bowler feels that Eagle has turned the corner as well.

Challenges Remain

He still admits there are challenges, and how they are addressed will determine Eagle's future. Eagle has successfully overcome them in the past, and the optimism must be tempered with reality. Achieving and maintaining competitive costs have been an issue since Day One, and Eagle employees have always been paid at a lower scale than American's. But today, with AA employees having taken cuts a few years back and Eagle seniority increasing, the two pay scales have come closer together. While starting salaries are still low, a senior check airman at Eagle can actually earn a six figure salary, something unthinkable years ago. Other regional carriers have grown faster, bought new planes and have hired new employees, keeping their average costs down. But Eagle hasn't bought a new plane in several years and while it adds new routes, they don't necessarily mean new capacity.

A New Competitor

Eagle's biggest threat comes from its industry competitors. Major carriers can obtain their feed traffic in different ways, and carriers like United and Continental have cancelled contracts with their regional carriers, which led to the demise of Independence Air, nee Atlantic Coast Airlines, and the more recent redeployment of ExpressJet. Delta announced it was putting its routes up for bid. As a legacy from its TWA merger, AMR does use three separate carriers at St Louis where it operates American Connection, which performs the same function as Eagle without the ownership cost, but this is a relatively small operation, with only 31 aircraft. If AA finds a lower cost alternative to Eagle, there's nothing to say this couldn't happen here. Plus, having a third party perform the service relieves AMR from dealing with the employee and labor issues.

Five Years from Now

Where will Eagle be in five years? Bowler is optimistic that if things go well and the company is able to keep its costs competitive and retain its value to AMR, Eagle could be doing the majority of AA's flying, at least domestically. They could be providing feed services to other airlines, beyond the limited codeshare arrangements they currently have, primarily on the West Coast. The airline could have a higher percentage of jets, although there will likely continue to be some turboprops, albeit newer ones, as the regional jets don't seem to work in the Caribbean for both economic and practical reasons. Bowler admits they are "window shopping" for new airplanes, but not to expect any announcements soon.

In five years, Eagle may or may not be owned by American. If costs become out of line, AA may be forced to seek other ways to get their feed. But Bowler characterizes management-union relations as "creative and collaborative." A recent management meeting pointed out the options to employees, and the slogan "Playing to Win" was the theme. Everyone wants to be on a winning team. Eagle's future will depend on achieving a winning streak, and it's in the hands of its employees.