

In the new environment
‘Route authority and a dime won’t buy you a cup of coffee.’
by Al Feldman

As I have talked with employees around the system during the past few weeks, the most frequently-asked question is “what new routes are we going to get?”

I generally answer, “Tell me what you want, and we’ll get it for you.”

Under the Airline Deregulation Act of 1978, passed by Congress and signed by the President in October, getting new routes will be almost as easy as shopping in your local 7-11 store. But the other guys can do the same thing. And therein lies the moral to my story: Route authority and a dime won’t buy you a cup of coffee (even if you could find a ten-cent coffee machine). Not any more.

In the “old days” (a couple of months ago) when the CAB awarded us a route, it was a protected franchise. Only a few airlines had the authority on the route, and in many cases, there were legalized monopolies. Although routes were hard to get, once you got one it was a real solid asset. Nobody else could compete with you without going through a lengthy and expensive process with the CAB.

Now, all that has changed. Route authority is cheap. Having a route isn’t as important as what you do with it.

I don’t want to imply that we won’t be going after new routes. Of course we will. But our selection criteria will be different. We need to anticipate who the competition might be, and what they’re likely to do. And every route — both existing and potential — will be competing with every other route for our resources.

Simply put, we’ll allocate our dollars, our airplanes and our people to the markets that will give us the greatest return. We’ll be adding routes, we’ll be dropping routes, and we’ll be shifting schedules.

What really is important now — more than ever before — is productivity. We’ve been an effective competitor in the past because our unit costs are lower, we can make decisions faster, our service quality is better, and our people are smarter. In the new environment, the importance of all of these factors will be magnified many times.

The money we spend must be spent wisely — a particularly tough challenge in the face of inflation. Our analysis of what the competition is doing, or is likely to do, must be communicated through the organization rapidly, so we can alter our strategies. We must continue to treat our passengers as first-class citizens, and improve our on-time performance and operating reliability. And we must work smarter, not necessarily harder.

I’ve been an outspoken advocate of airline regulatory reform because I’m absolutely convinced that it will be good for our company and our employees. Although the future holds an appreciable amount of uncertainty, the skill and dedication of Frontier’s work force — at every level of the organization — is unmatched by any other airline. I firmly believe our people will be equal to the tasks ahead. And Frontier’s routes — whether old or new — will all be winners.

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