



Straightforward Bargaining

One of the things I enjoy in my spare time is reading. I really enjoy books about history and I also like to read books about business and management – the stuff that helps me better understand our business and helps me continue developing the skills necessary to be an effective employee and manager.

I've also read a few books about the art of effective negotiations. One approach that I come across in these pieces says that whenever possible, you should strengthen your negotiating position by hiding all information that could be useful to the other side. The theory being that the less information the opposition has, the better your bargaining position.

Well, while that may work in some instances, I don't believe that approach works for parties who will have a long-term relationship. This contract isn't just a single transaction between an anonymous buyer and seller. We know each other, work along side each other and need each other if we are going to succeed.

So we've shared as much information as possible so that both sides are able to make informed decisions during this process. For example, for the past several years we have invited not only APA leaders, but all union leaders to review our financial position. In both good times and bad times, looking at actual numbers has helped in most cases establish a common understanding of where we stand. We've also talked in depth about our business – route profitability, the balance we need to strike when it comes to our regional feed, the importance of the JBA and other business strategies. During these conversations, we've tried to be as open and honest as possible.

We've also consciously avoided the doomsday scenario or ultimatum. It makes no sense for us to do that. What we have tried to do, however, is have realistic and clear-eyed conversations about our financial position and what we need to improve in the future. Because I don't think anyone is satisfied with where we are now. But if you look at what happened with the recent round of financing from Citi and GE, it's a clear signal that our partners have confidence in our ability to weather this economic storm, return to profitability and pay back the loan. But we're not out of the woods and – as we've said repeatedly at the table – our future success as an airline will depend on our ability to compete in all areas and to be able to repay those debts. That means we need excellent customer service, dependable operations and decent financial returns (so that we can buy new aircraft, parts, and equipment) as well as being responsible on the cost side.

To be perfectly clear, the last thing I want – or anyone on my side of the table wants – is for our pilot group to believe they have been forced into signing a bad deal. That would lead to resentment and be a sure way to move down a negative path. Now I'm sure that some believe that's exactly what happened in 2003, but as I said last month, approving the 2003 contract was hands down the right decision.

Now, there may be some individual parts of the contract that you don't like – and quite honestly, there are parts that we don't like and would like to improve upon so that we can become more efficient. But that's the nature of negotiations. And I think it's symbolic of fair and equitable bargaining when both sides give a little bit and get a little bit. Parties take the long-term view and don't look for short-lived wins. You approach problems from a standpoint of how to craft solutions that can benefit both sides and not turn it into a zero sum game of winners and losers. This is especially true of our situation because our futures are closely tied together.

I remain optimistic about our ability to start moving forward towards reaching a new contract with the APA – a contract that we can feel good about and that meets your needs as well as the company's. We've still got a long road ahead, but I know we can get there.

Strength and Honor,

Captain John Hale
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