

STATEMENT OF DONALD J. CARTY
Chairman, CEO, and President
American Airlines
Before the Committee on Commerce, Science and Transportation
United States Senate
June 28, 2000

Mr. Chairman and Members of the Committee, my name is Don Carty. I am Chairman of the Board, President and Chief Executive Officer of American Airlines. I appear today in my capacity as Chairman of the Executive Committee of the Air Transport Association. ATA represents the major U.S. passenger and cargo air carriers. Our members transport approximately 95% of the passengers and goods transported by air on U.S. flag carriers.

I am here today as much to listen as to speak. I have obviously not had a chance to see the interim report of the Inspector General. Therefore, I cannot comment on any specifics in it. But I consider it my responsibility to listen to your comments and concerns, and then convey them promptly and accurately to my colleagues. The Members of this Committee have strong views, but you have also been willing to work with us to develop our various plans. For that we are most appreciative.

While I intend to be a conduit for your comments and concerns to the industry as a whole, I would like to give you a sense of how we at American have responded to your call for more responsiveness to customer needs.

It is no secret that virtually no one in the business community likes government telling them what to do. When Congress debated a "passenger bill of rights" last year, we resisted. That debate did, however, cause the ATA carriers to focus on and address customer satisfaction issues more quickly than we would have otherwise. While I still firmly believe that you made the right decision in not enacting rigid legislative standards, I have to say that the actions of this Committee and other were very beneficial in focusing the industry on customer issues.

You forced us to recommit ourselves to improving customer service. In direct response to your initiative, we had, and still have, people from different departments across our companies asking how we can treat our customers better. We have cut across functional lines and have taken a comprehensive look at customer service.

This was not a trivial task. Thousands of individuals put down pressing work to focus on the problem. We looked at other businesses to help us in developing better practices. And more and more we started looking at our business from the

customer's point of view. When we did, we found areas that needed improvement, such as communications and training. Most important, we started talking to each other to develop common objectives that were focused on the customer.

I realize that many of you are not satisfied with the results so far. You might be surprised to learn that neither am I. Despite an enormous effort, we are still not getting all the results that either you or we had hoped for. But I firmly believe that we have made very significant strides in the right direction and that, in fact, the pendulum in customer service is swinging back in the right direction.

Some of the criticism directed towards the airline industry assumes that we are cavalier in our attitude toward customers. Trust me, we want nothing more than for every single customer to have a safe and comfortable experience on our airline. In today's operating environment, that is a monumental task.

The airline industry transports over 2 million people each and every day. The vast majority of those people get to where they want to go, when they want to go, at a price they are willing to pay. We transport all these people with a safety record second to none in intercity travel. This summer the industry's passenger loads are breaking all records. On Friday, we expect to have the busiest day in our history.

As much as we try, we will never be able to satisfy all of these customers all the time. But we can certainly do better than we are today and, again, I genuinely believe we are making great progress, and we are making this progress in a very challenging and demanding environment. The record number of travelers this summer, while certainly good news, is making the task of providing better service for every passenger even harder. This is because with high load factors, when something goes wrong, there are more people who miss connections, more bags to transfer, fewer seats on other flights to carry people who missed planes, and fewer facilities at airports to feed and house stranded passengers. Transporting this record number of people has been made even more challenging by early summer weather patterns that have often caused substantial delays throughout the system.

Indeed, delays are the source of the vast majority of consumer complaints. While some of the delays are within our ability to manage, such as maintenance, most are a result of weather or air traffic control problems. The nation's air traffic control systems and practices have not kept pace with the growing demand for air travel, and there is no greater cause of delays. I know that this is not news to this Committee. No Committee in Congress has been more involved for a longer period of time in looking at air traffic control problems than this one. In particular, Mr. Chairman, your early commitment to ATC reform has moved the issue forward faster than any one else has been able to do. But we are only beginning to identify the long-term fixes to the problem. We have a long, long way to go, and until we get there, customer service will unfortunately suffer.

Some argue that delays are a result of the airlines “overscheduling”. With load factors in the 80’s and 90’s on a continual basis, we can hardly be accused of flying empty planes through scarce air space. Rather, we are responding to a stronger demand for air service than we have ever seen before. I am sure that passengers who cannot find seats to the destinations they desire don’t think we have too many flights.

So what have we at American done about all this? Taking off my ATA hat and putting on my American hat, I am very proud of our response to your concerns, particularly in areas that go above and beyond the voluntary plans. Let me share a few:

- There is no more customer friendly act than to provide medical services that save lives. We were the first carrier to place defibrillators on all of our planes. As a result, there are people alive today who were brought back to life on our planes. We supplemented this by adding state-of-the-art medical kits to all of our planes as well.
- As a response to our customer surveys and to your criticisms of the flying experience, we identified one of the single greatest complaints – crowded flying conditions. As a result, we decided to remove two rows of seats from the coach section of each of our planes, returning the coach seating to the way it was before deregulation. A number of you were there the day we launched this plan. We have now reconfigured over 500 of our aircraft and will complete conversion of the fleet by the end of the year. We hope that passengers will chose American over our competitors as a result of this vastly superior product. I am immensely proud of this customer improvement and thank you for the opportunity to shamelessly promote it today.
- We have added newly designed seats in most of our planes that are far more comfortable than the old ones and are the best in the industry. This program has cost us \$400 million.
- In an effort to reduce delays at O'Hare, American Eagle has voluntarily agreed to use lower flying altitudes for some of its O'Hare flights. This frees up air space at higher altitudes. Although this increases Eagle's costs because flying at lower altitudes uses more fuel, we made the decision in order to help all carriers at O'Hare to reduce delays and improve customer service.
- We have committed billions of dollars to refurbishing our terminals in numerous airports, including MIA, JFK, LAX and BOS, to make the traveling experience better for our passengers.
- We have made available additional food and water on all of our flights for passengers to eat and drink during long delays. Since the beginning of this

program, we have distributed approximately 500,000 packages during extended delays.

- By July, we will have deployed mobile check-in stations at more than 65 airports which will allow passengers to check bags and get boarding passes without having to go to the ticket counter.
- We are using voice recognition technology to handle telephone inquiries regarding gate assignments and flight status, which gives passengers a new option for obtaining information and frees up our agents to handle calls needing special attention more quickly.

Most important, we have spent countless hours talking to our employees about these issues and providing them with training on how to deal with difficult situations. Our agents and flight crews are on the front line each and every day. Their jobs are both stressful and challenging. We have made every effort we can to support them in their desire to provide our customers with the best possible information at all times. I believe that we are doing a much better job telling our customers about delays, schedule changes, and other problems when they occur. I know we are far from perfect, but we are working very hard to provide a consistent and accurate flow of information.

So let me say again, I am here to answer any questions and, most importantly, to listen carefully to you and to convey your comments and concerns to my colleagues at American and the ATA.