

EXCERPTS FROM *SOUTHWEST PASSAGE* BY LAMAR MUSE

If you should happen to be browsing in a bookstore and pick up this volume, wondering who the heck this author is, well, here I am. A kid who barely got through the public school system of Palestine, Texas, more interested in the nine-piece dance band, in which he played third alto sax and clarinet, than in readin', writin', and 'rithmetic. Only by happenstance did I go to college, where I fell in love with accounting and finance. I took a couple of marketing courses, which piqued my interest, and I made good grades for three years, though I didn't stick around long enough to even get an undergraduate degree.

I ended up working for Price, Waterhouse & Co. for some years both before and after service in the army during World War II. I was hired by the fledgling Trans-Texas Airways (TTA) as its chief financial officer in 1948 and spent the balance of my business career in the commercial aviation industry as a senior executive. After resigning from TTA in 1960, other positions followed, with: American Airlines, as assistant VP-corporate planning, 1960-61; Southern Airways, as VP-finance, 1962-65; Central Airlines, as president and CEO, 1965-67; Universal Airlines, in the same capacity, 1967-69; Southwest Airlines, as cofounder, president, and CEO, plus chairman of the executive committee, 1970-78; and finally Muse Air, initially as chairman of the board, and finally as chairman plus president and CEO, 1981-85. On June 30, 1985, shortly after celebrating my sixty fifth birthday, Herb Kelleher, then president of Southwest Air lines, and I consummated the sale of Muse Air to Southwest. I had earlier participated in founding Southwest and subsequently, as its chief executive officer, guided the airline to fame and fortune during its formative years. So, as you can imagine, this book will have quite a bit to say about the airline industry in general and Southwest Airlines in particular.

Ever since leaving Southwest Airlines on March 28, 1978, just about everybody familiar with my career has remarked, "Lamar, you ought to write a book." Two decades-plus later, I've done it. When I mentioned my new project to John Eichner, a friend and business associate of forty-seven years, he remarked that I'd better have a good team of lawyers, referring of course to my revelations about the Southwest years. Rest assured, dear reader, my files more than substantiate the subjects covered in the Southwest chapters - from Southwest's first flight to my unplanned departure on March 28, 1978.

I would expect Bill Franklin and Bud Herring, business associates and good friends, to be a storehouse of knowledge all the way from the twelve years at TTA through and including my eight years at Southwest. My former wife, Barbara, and my four kids will have their slant on certain events, which often are at divergence from the way I saw things. Then there are Ben, Camille, Carole Ann, Ed, Ellen, Ernie, Hal, Harold, Herb, Herman, Jack, Jan, Jerry, Jess, John, Karen, Marcy, Nedra, Ron, Shad, and Sherry. Those are the folks still alive, and they know who they are.

Some awfully good people who are no longer with us had a vital effect on my life and career. First and foremost were my parents, Hiram and Nan Muse, after whom the new YMCA in Palestine is named. Then there's Miss Ida Stephens, my fourth grade teacher. She caught me cheating on a test and convinced me never to do that again by informing my dad, who gave me a spanking I won't forget, saying they would have to burn the damn schoolhouse down to ever get me out of it. Would you believe the old Lamar (no relation) Elementary School building in Palestine, Texas, burned to the ground that summer of 1930?

Lots of other people influenced my life. I always looked upon A.V. (Pop) Mims, treasurer of the I-GN Railroad and father of my friends Trow and Bud, as my second dad. Dr. Bergen, president of Southwestern University, was the sole reason for me being exposed to some higher education. Juanice, my everloving first wife, stuck with me when we moved from Houston to Westport, Connecticut, back to Houston, to Atlanta, Georgia, to Dallas, to Ann Arbor, Michigan, to Conroe, Texas, and then back to Dallas, where she died of lung cancer. Larry Lamping and Reb Burke at Price, Waterhouse & Co., and Charley Oursler and Bill Hogan at American Airlines should not be forgotten. Frank Hulse at Southern Airways convinced me to return to the airline industry, and Jack Bradford had the confidence to give me my first CEO job at Central Airlines. Last, but certainly not least, John B. Connally was my true and enduring friend, and Harold Simmons, who is still very much alive, made it possible to salvage enough of Muse Air to make it an attractive acquisition for Southwest Airlines. In this book I am going to write about my life and my business principles. You'll find that I believe organizations thrive under the leadership of a benevolent dictator. Committees create mediocrity. Our present government, for instance, is nothing more than a great big committee, which is not altogether bad; it pretty well ensures that nothing really horrible occurs. But at the same time, it guarantees that nothing really super, such as the financial success of Southwest Airlines, does, either. So don't put this book down just yet. Read on, my friend - I've got a lot to say!

My three plus years at Southern were generally very pleasant, as Frank, Graydon, and Bill were all such consummate southern gentlemen, but from time to time I was somewhat frustrated because the group was anything but aggressive. We could have acquired two new routes opened up by the CAB but let these opportunities pass us by. One, through North and South Carolina from Atlanta, was ceded to Piedmont Airlines without a whimper, just because Frank Hulse and Tom Davis, president of Piedmont, were good friends. The other, across southern Louisiana from New Orleans to Houston, was lost to TTA because they wouldn't let me fight for it. By the time I arrived at Southern, the CAB had instituted the "class rate" for the local service industry along the lines I had recommended as a consultant to the Conference of Local Service Airlines after I left TTA. As

opposed to the temporary and permanent individual carrier rates previously in effect, this was a permanent rate order for the entire local service industry. It was based on several factors, each with a monetary value - such as plane-miles, available seat-miles, number of daily/weekly departures, passengers enplaned, and revenue passenger miles that was applicable to all thirteen remaining carriers, Pioneer having been previously merged with Continental. Thus, the entire industry would be on the same rate-structure formula until such time as changing conditions made revisions and establishment of a new class rate necessary. The trick was to understand precisely the workings of the class rate order and gear your carrier's operation (primarily frequencies between various points on the system) to maximize your subsidy payment and net income. Together, we at Southern did a good job and, beginning in 1962, converted the company's historic losses or minimal profits to the highest return on investment in the industry.

In early 1964 Jack Bradford, a wealthy oilman from Midland, Texas, who had recently bought control of Central Airlines, headquartered in Fort Worth, Texas, contacted me to see if I would come to Central as number-two man there. He already had a president for the airline. Since I had little confidence in the man who would be my boss, I turned it down, but it got me to thinking that I was ready for a top position, and if it didn't come within a year at Southern, I would be on my way.

Jack Bradford called again, this time offering me the job of president and CEO of Central Airlines. I accepted effective May 1, 1965. On the morning of May 1, 1965, Jack Bradford, the controlling stockholder and chairman of the board of Central Airlines, accompanied me to Central's corporate headquarters at Greater Southwest Airport, which was operated by the City of Fort Worth but was located midway between Fort Worth and Dallas. He introduced me to the assembled officers and top supervisors of the company, all of who were, I'm sure, as wary of me as I was of them. They were probably also very concerned about their jobs. I was not an accomplished public speaker at this stage of my life - nor am I now for that matter- but at least I have every confidence that I know more about my subject than does my audience. Nervous as I was, I reviewed my background for them, told them I understood the precarious condition the company was in - large losses with the stock trading at \$1.50 per share - but that I had yet to be associated with an airline that was not the top producer and profit-maker of the industry. As number one at Central, as opposed to number two or three at Southern and Trans-Texas, I assured them that with their help I was going to be president of the very best and most profitable local service carrier in the industry or bust a gut trying.

I announced that two new senior officers would be joining the company as soon as they completed commitments to their present employers. They were Bob Sicard, then the head of the Federal Aviation Administration's (FAA) training school in Oklahoma City, and Bud Herring, a VP at TTA in Houston. Both would be in the office of the president, with Sicard being responsible for flight, dispatch, and maintenance operations, and Herring having responsibility for in-flight service and all ground operations. Central's Harold Salfen would continue as VP-sales, with direct responsibility for all marketing and sales activity systemwide. Additionally, Chet Lundstrom would continue in the position of treasurer, with responsibility for all accounting, budgeting, tax, and insurance matters. I explained that Sicard and Herring would be pretty much running their own show, but that I planned to be in Salfen and Lundstrom's faces much more than they would probably like because we had some major hurdles to overcome in all phases of our marketing program, with particular reference to pricing. Additionally, within the next thirty days I wanted an operating budget for cost control similar to the one I had created so successfully at TTA and Southern.

I further told the group that Central was held in low regard by the rest of the industry, by the cities and states the company operated in, and by present and potential customers. It was not something they particularly liked hearing, but they knew it to be the truth. As the first step in restoring the company to profitability, I felt it essential to invest the funds necessary to give the corporation an entirely new image. To begin the transformation, I had retained Ernest G. Mantz Associates of Dallas to put a new face on Central, with a new logo, new paint design on all flight and ground equipment, new uniforms for employees, and even new stationery. Since the company's advertising dollars were, in my opinion, being largely wasted, new advertising agencies would be asked to submit proposals. We would consider and apply for new routes, and we would make major schedule changes designed to complement the class-subsidy rate currently in effect. We would immediately start pushing the refurbished Convair 600 turboprop aircraft scheduled to arrive in the next few months, and for at least the next six months they could forget about eight-hour days and five-day weeks. I set our six-month goal as being solidly profitable, carrying at least 25 percent more passengers, and getting financial recognition by at least tripling the market price of our stock.

The next morning when I arrived at the office, I was pleased to see the employee parking lot a whole lot fuller than it had been the previous morning. Things were already beginning to move at a faster pace. I spent most of the second day interviewing young ladies to be my private secretary. I settled on a bright, quick-witted, sharp-tongued young woman named Dorothy Burke, who was married to an Arlington, Texas, detective and had no children. We found we were very much alike: both result-oriented and always eager to get on to the next task or project. I only had one problem with her over the two-plus years I was at Central. She hated to file. She always eventually produced what I had asked for from the files, but it sometimes took longer than seemed reasonable. I used to accuse her of having only two files: an in-file and an out-file. I was never convinced that this wasn't the case.

It quickly became apparent that Harold Salfen was extremely loyal to the founder and original president of Central Airlines, Keith Kayle, who was no longer a supporter of the company, despite his substantial minority stock-holdings. I could understand Harold's divided loyalties but could not tolerate that kind of situation, and it was mutually agreed that he should go on to other ventures, which he did very successfully as a travel agent. Dick Elliott, a young man from Mohawk Airlines in New York, who was full of piss and vinegar and anxious to run his own show, was exactly the kind of person I was looking for to replace Salfen as VP-sales. So Elliott and I made a deal, at which time things started popping and heads rolling in that area of the operation. Chet Lundstrom, our treasurer, was a hard-working, solid citizen who in the past had just lacked supervision; I was more than willing to provide it, and he turned out to be a valuable officer.

When I got into the books and financial situation of the company, I found mass disorder. Things were even worse than they had appeared to be when I arrived. As a result, one of the first things I did was terminate Central's public accountants, Arthur Young & Company, and replace them with my accounting alma mater, Price Waterhouse. First we got control of our costs by determining the where and why of all spending with a lot of "nos" thrown in, did some rescheduling to maximize the benefits of the CAB's new subsidy class-rate order, and instituted the new corporate-image program as expeditiously as possible. Tracy Locke was selected to create and produce our advertising.

I visited most cities we served in Texas, Oklahoma, Arkansas, Missouri, Kansas, and Colorado, trying to find the cause of the poor traffic we suffered. I talked with travel agents, chambers of commerce, civic groups, and business clubs. As had been the case at both TTA and Southern, most Central passengers flew just one or at most two flight legs, such as Dallas to Fort Smith, Arkansas, or Dallas to Fayetteville, Arkansas, via Fort Smith - routes on which we experienced little or no competition other than the private automobile. But on longer hauls, such as Dallas to St. Louis or Kansas City, routes also served by the trunk carriers offering nonstop flights, we had hardly any business, as would be expected.

As a result of what I learned on my tour of the system, we made more schedule changes and instituted a new, systemwide roundtrip fare that equaled the one-way fare between any two points on the system plus a flat \$10. This had the effect of dramatically reducing the fare per-mile flown as the distance between the points of origin and destination increased, and when it caught on, with the help of our systemwide advertising, the passenger loads began a steady climb. We gained a good number of new long-haul passengers from Little Rock or St. Louis on the east, for example, to Denver on the west, even with as many as four or five stops along the way. For people who thought more of their pocketbooks than their time, the lower fare made the extra stops worthwhile. As expected, business travelers continued to opt for the convenience of the trunk carriers' nonstop flights, since they weren't paying the bill. Most of the passengers handled by local service airlines had interline tickets connecting them to or from the major long-haul trunk carriers at terminal points. What we were doing with our innovative roundtrip fare, which was not available for interline traffic, substantially increased our internally generated business, but it still represented less than half our total passenger revenues.

I had wanted to try this "plus \$10" concept at both Trans Texas and Southern, but the legal and marketing people insisted that the CAB would never approve a tariff filing that infringed on the trunk carriers' territory. I had never been able to get across to them that it wouldn't infringe; it would just create new business that was now going by private automobile, bus, or not at all. Paradoxically, in today's world the highly restricted, advance-purchase roundtrip tickets that are available on a limited basis at fares even lower than regular one-way fares are the offspring of our original concept of one-way plus \$10 with no restrictions.

In 1965 Central turned its first profit in some years. But about this time there was an extended strike by American Air lines pilots, which shut that company down for several weeks, and since a high percentage of our interline traffic connected to American, our loads went to pot. However, within days we were able to dedicate two of our newly acquired Convair 600s to the military charter market, primarily carrying reserves from their hometowns to their summer training camps. Selfishly, we hated to see the strike end, because those two airplanes were producing more profits in charter service for the military's summer encampments than they ever did in scheduled service.

My time at Central was particularly good for my health and my mental attitude. The stomach ulcers I had developed while working for Southern just seemed to disappear after I arrived at Central. A couple of months later, I had forgotten I ever had them. This convinced me that it is not what you eat that causes ulcers, it is what is eating you. However, my officers at Central kidded me by saying that I had just passed my ulcers over to them.

In 1966 Central reported the highest return on invested capital of any of the remaining thirteen local service carriers. But apparently we had done our job too well for our own good, because in early 1967 Jack Bradford advised me that he was going to sell his majority ownership in the company. He got \$14 cash per share - quite an improvement on the \$1.50 at which the company's shares had been trading when I arrived on the scene some two years earlier. The buyer was RKO General Corporation, which also owned control of Frontier Airlines. Frontier was headquartered in Denver and was very eager to enter the Dallas-Fort Worth market.

The merger was effective as of September 30, 1967. It is interesting to note that for the calendar year 1967, Frontier Airlines reported a lower net profit for the combined Central/Frontier operation than Central had for the first nine months of that year by itself. In other words, Frontier, under the management of its egotistical president, Lou Diamond, had actually lost money during 1967.

By this time, though, I was already out of there. I guess Diamond had feared that if I joined the merged company, I would have wound up with his job sooner or later, so I was literally offered the position of assistant treasurer in charge of the stock room - not particularly my cup of tea. When I left, the one thing I did take with me was the very expensive and beautiful Romwebber furniture I had purchased for my office after the company became profitable. Since there weren't going to be two presidents at Frontier, they had no use for the collection. I offered a thousand dollars for it, and they took it. It was good riddance for them, and for me it has been thirty-five years of enjoyment. I've always considered it my good luck charm. That complete Romwebber collection has been moved nine times since then, and it is still beautiful.

I had never taken a single day of vacation at Central Airlines, and since I now had absolutely no interest in the company's welfare, I took off most of the month of September 1967. Our good friends Dick and Paula Richards flew with Juanice and me to northern Italy and Switzerland for a little R and R. We had a ball and got back in time for me to report to my new position in Michigan on October 1, 1967, just one day after the merger of Central into Frontier, a sad day for most of Central's employees.

My only gain for parlaying Jack Bradford's \$1 million investment - which hadn't been worth a tinker's damn when I arrived at Central - to an asset worth \$8 million two years later was my option to purchase 10,000 shares of Central's common stock. While Mr. Bradford got cash for his stock from RKO General, the public stockholders of the company received convertible debentures issued by Frontier. Their value was based on the price of \$14 per share that Bradford had received. Since my debentures arose from options, they were not a registered security and were not saleable for two years; Frontier's general counsel would release them for sale or conversion after the holding period. But Frontier continued to lose more and more through out 1968-69. When, in late 1969, Diamond finally permitted his counsel to release my bonds for sale in the open market, they were down 75 percent from their original market value.

Another recently displaced Braniff employee was Dick Elliott, who had been my "full of piss and vinegar" VP-sales at Central Airlines and subsequently district sales manager of the Dallas-Fort Worth area for Braniff. Unfortunately, Dick had developed a drinking problem. I told him at the time of his interview for employment at Southwest that the top job in marketing and public relations was his so long as he conducted himself in such a manner as to make me proud of him. But I told him to be forewarned that there would be no second chances. The very first time that he embarrassed the company as a result of his recognized problem, he would be out. He did a wonderful job of organizing his department, being our go-between with the Bloom Agency, and handling a thousand other details of getting started. Bill Franklin, who had earlier been fired from Texas International, was unhappy with his position at Frontier Airlines in Denver and anxious to return to Texas. I was equally anxious for a good ground operations officer and, as far as I was concerned, Bill was the best there was. It was not hard to convince him that he should be our VP-ground operations.

I flew out to Midland, Texas, to get Jack Bradford to put some of his gains from the sale of Central Airlines into my new venture but to my great surprise and disappointment was rebuffed. I spent the rest of each day studying for the exam to become a stockbroker, which I eventually passed with a grade of 100 - but then along came Southwest. On this particular day, I visited with one of the brokers, whose name I cannot now remember, but who had been kind to

The task now was to schedule a closing for the debenture issue as soon as possible so we would have some cash to work with, and I could get on to more important undertakings. I set the closing for 10:00 A.M. Monday, March 10, 1971, at John Walker's office at the Mercantile National Bank in Dallas, which I had chosen as our lead bank because of the good experience I had with them while running Central Airlines. John, a vice-president there, had been account executive for Central and now operated in the same capacity for Southwest. This closing date gave me a week to be sure that the full \$1,250,000 would be on hand, because we couldn't negotiate any of the checks tendered unless we reached the full subscription of \$1,250,000. Either everybody was in by closing day, or nobody was in. During the week, that shaky \$50,000 commitment looked more and more like it would fall through, and I was still leery that the \$100,000 from the Leonard brothers would not arrive. I obviously needed some insurance, so at John Walker's urging, I went back to Jack Bradford. John suggested that I just put it to Bradford that he owed me for making him \$8 million at Central. Sitting at an empty desk right in the middle of the bank floor, I called Bradford in Midland and told him that I was very close on this debenture deal and that I had set a closing at John Walker's office for the next Monday morning. I said I desperately needed him to be present to pick up any shortfall that might develop at the last minute. I hinted at the Central angle, but didn't make a big issue of it. He asked how much money I was talking about. "Hopefully," I said, "the shortfall will be only \$50,000 but it might be as much as \$150,000. I knew I had him

when he said, "Well, Lamar, \$50,000, is not enough to fool with." "Don't talk to me like that," I said. "I have nothing in writing from your friends, the Leonard brothers, and if you want to commit to \$150,000 right now, you've got it." He took it. I thanked him profusely, hung up the phone, stood up and hollered just as loud as I could right in the middle of the banking floor, "Whoooopeeeee!" The composition of the debenture sale, exactly as it appeared on the deposit slip, was as follows:

M. Lamar Muse - Merc, Nat'l Bank - \$ 50,000
Auchincloss, Parker and Redpath, for two clients - \$100,000
AnLaCo Land Co. (John Murchison) - \$50,000
Lupe Murchison - 1st Nat'l Bank - \$50,000
Van Ellis - Republic Bank - \$100,000
Wesley West - 1st City, Houston - \$750,000
Jack Bradford - Merc, Nat'l Bank - \$150,000
Total \$1,250,000

My oldest daughter, Diane Quigley, used the decoupage process to preserve that original deposit slip on a piece of wood that hangs on a wall in my office to this day. In fact, that slip is the only way I knew it was precisely on March 10 that the deal closed and the funds were credited to our account. Southwest was finally solvent. As I think back on it, we accomplished a hell of a lot in less than two months.

At the next directors meeting, we included Messrs. West, Bradford, and Alexander on the Southwest Airlines board, the first two as substantial investors, and Alexander as the senior officer of the co-underwriter of our IPO.

Bud Herring and his great family were tickled to death to be back in Texas after he became our VP in charge of all in-flight service, including provisioning as well as handling the purchase, storage, and into-plane service for all our jet fuel requirements. Additionally, Dick Elliott had brought back several of Purdue's top stewardesses, who were never to be called by that title again. At Southwest they were not stewardesses, not cabin attendants, not flight attendants, not waitresses. They were our passengers' "hostesses."

American Airlines signed an agreement with us to handle our reservation calls. Frontier rented us ten feet of their counter at Love Field, incorporating one baggage well, in return for us signing an agreement for them to handle our passengers' baggage at an exorbitant rate per flight. Delta subleased the use of a single gate at both Love Field and Houston Intercontinental.

But upon the return of one of these Las Vegas charters, I was advised that Dick (Elliott) had become intoxicated and abusive and had been an embarrassment to the crew and to the company. I hated to do it, but I kept my word. I fired him. Having had some experience in the past with associates who were on the verge of being alcoholic, I knew in my bones that if I let this incident go unpunished, it would happen again and again, and Dick, whom I had the greatest respect for, would eventually wind up a confirmed alcoholic. The only solution, in my view, was to administer what I call "tough love," and therefore, as previously stated, I fired him. As it turned out, the Glenn Advertising Agency had been trying to hire Dick from us for some time, for the purpose of assisting them in landing the Philippine Airlines account. Dick spent the next six weeks in the Philippines successfully pursuing that goal. In the process, he became an expert in the development of the passenger charter market and during the remainder of his career was highly successful in arranging vacations via charter aircraft for more than 100,000 passengers to Hawaii, Las Vegas, and foreign destinations. I, as well as Dick's entire family, are happy and proud to say that this was all done by a teetotaler, who even quit smoking in the process. Dick, very kindly, gives me credit for being the catalyst that got the conversion process started. We correspond to this day, and I consider him to be a good friend.

I had called a staff meeting to inform our supervisors that Southwest was bleeding to death with the burden of the fourth aircraft, that I could accept a very fine deal I had worked out with my friend Al Feldman, president of Frontier Airlines-Lou Diamond having long since been disposed of - but that we were still dead in the water unless we could continue our every-hour flights in the Dallas-Houston market with only a three-aircraft fleet. I explained that the only way we could do that was to fly the airplanes fifty minutes and turn them in ten minutes, as opposed to the twenty-five minutes we were currently scheduling. Their response? We can, and we will! Would you believe that our flight completion and on-time performance factors actually improved after instituting the ten minute turns into our schedule on May 15, 1972? It was a team effort led by Bill Franklin.

I slipped out of the hearing room and called Bill Franklin, my VP-ground operations, from a pay phone (no cell phones back then) and told him the situation. Would it be humanly possible, I asked, for him to borrow people and ground equipment from our three stations to use at the Harlingen airport on a temporary basis, then prevail upon the FAA to make their required station inspection over the weekend? If he could do this, we could begin service Monday or Tuesday morning before TI had a

chance to get some district judge to grant a restraining order. Exactly as when we went from twenty-five-minute turns to ten-minute turns, Bill's response was, "We can and we will." The commission issued its favorable decision from the bench before noon on that same day, Thursday, February 7, 1975. Talk about a wild weekend, that was one. We did in three days what other carriers would take three months to do with all of their chains of command and stifling rules and regulations. While Bill and his folks were busy setting up the ground operation, Harold Riley, our chief dispatcher-who incidentally had become a damn good schedule man - and I were rearranging our schedule to accommodate the new market.

By that time, we were operating 300 trips per week with our four-aircraft fleet. We wound up deleting 41 of those trips and adding 50 trips to the Valley, for a net increase of nine trips per week: one per weekday, and two on Saturday and Sunday. As the 41 trips we deleted had been the lowest load-factor trips on the system, if we could come anywhere near our forecasts for Valley traffic, our profits should skyrocket. On Saturday and Sunday, the flight department and in-flight service department rescheduled all their crew routings and assignments and got word to all the crew members. Had Bill Franklin and I not moved the way we did that weekend, it is entirely likely that service to the RGV by Southwest could have been delayed a year or more by court action. Several days after service was inaugurated, Texas International finally found a judge who would accept a petition for review of the TAC unanimous decision in the RGV case, but since we had already begun our flights and they were being patronized so enthusiastically by the citizens of the Valley, it was too late to issue any kind of restraining order. But TI's action meant that we had to gear up for still another court battle. In February 2000 the Harlingen Chamber of Commerce and the airport board threw a big invitation-only party celebrating the twenty-fifth anniversary of service to the RGV by Southwest Airlines. They asked Southwest to provide them with a list of people to invite who had been factors in bringing the service to the Valley at the outset. The list, prepared by Colleen Barrett of Southwest, excluded the names of Bill Franklin and Lamar Muse.

Doug Lane, former director of purchasing for Southwest, Universal, and TI joined us in our new venture as VP-purchasing, and Jim Thompson left his job as assistant treasurer at Southwest to become Muse Air's comptroller. Kelleher obviously realized that Bill Franklin and Bud Herring would also be joining our new company but kept them by offering five-year employment contracts with a substantial back-end cash bonus.