

ED BEAUVAIS

A BIOGRAPHY

The story of America West begins when founder Ed Beauvais graduated from Regis College in Denver, CO with a degree in accounting in 1958. He immediately went to work in the finance department of a steel company in his hometown of Pueblo, CO. In 1960, a friend called wanting to know if he was interested in interviewing for a Senior Accountant position at Frontier Airlines. Beauvais flew his first flight on a DC-3 to Denver for the interview. He was offered the job and moved his young wife and two children to the Mile High city where he worked at Frontier for three years.

In 1963, Beauvais was hired by Bonanza Airlines and moved his wife and three children to Las Vegas where he accepted the position of Manager of Budgets and Cost Control. In 1966, with the first DC-9 aircraft scheduled for delivery, Bonanza moved the headquarters from Las Vegas to Phoenix. Once again, Ed moved his wife and now five children to the Valley of the Sun.

In 1968, Beauvais was heavily involved in the tri-merger of Bonanza, Pacific, and West Coast Airlines now called Air West. The Bonanza management engineered the merger, which prevented the weakest airline, Pacific, from ceasing operations. Beauvais worked tirelessly to ensure that open dialogue continued since the merger was laced with problems including the meshing of three very different corporate cultures. The new headquarters for Air West was San Mateo, California. Beauvais along with other Bonanza executives moved to the Bay Area.

In 1970, with Air West continuing to struggle financially, aviation pioneer Howard Hughes jumped in, purchased Air West outright, quickly rolling out a new paint scheme consisting of sundance yellow and purple with the new name, Hughes Airwest.

Beauvais would leave Hughes Airwest to form his own aviation firm called Beauvais, Robert and Kurth in Burlingame, California. The firm specialized in airline economics, route system performance, and marketing. Beauvais' company served many airlines including Trans Texas, Frontier, Allegheny, a starter airline in Texas called Southwest Airlines and later Continental Airlines. In addition, several cities and airport authorities including Oakland, Reno, Louisville, Toledo, Houston, Baltimore, Boston, Wichita, and Phoenix also retained the firm. Beauvais would open a second office in Washington D.C. since much of the firm's time was spent before the Civil Aeronautics Board on Capital Hill.

As the 1970s rolled on, the winds of change started blowing in Washington D.C. as proponents for deregulation, along with several members of both the Congress and Senate started considering the deregulation of the U.S. airline industry. Pacific Southwest Airlines (PSA) of California was considered the model of what happens when there are no constraints in routes and setting airfares. Since PSA was governed by the Public Utilities Commission of California and not the C.A.B., much of the typical red tape did not exist and PSA charged very low fares and flew when and where they wanted within the state of California. In the 1950s and 60s, PSA made a market where none existed by getting people out of their cars and onto a PSA plane between San Diego or Los Angeles to San Francisco since the airfare was reasonable and the flights were frequent. In addition, PSA was successful in making flying fun and would become the true pride of California. PSA would be a major reason why deregulation occurred.

In 1978, with deregulation signed into law by President Jimmy Carter, the industry was about to change forever. In 1979, Beauvais moved to Phoenix and opened a third office. Although deregulation was signed into law, things were slow to change in the airline industry. Because of the bureaucratic red tape prior to deregulation, it was virtually impossible to start a new airline. However with most of the barriers now removed, Continental Airlines

started a new airline called New York Air, while a gentleman named Donald Burr would create People Express. Beauvais had worked on routes out of Phoenix for years and felt the market was over priced and schedules were awful. In addition, he had correctly reasoned that it was difficult to fly from the east coast to the west coast. He knew that Phoenix was ripe for a hometown airline. Many carriers made major route system changes, the two extremes were Braniff International who expanded quickly by ordering over a hundred new planes and redeploying other aircraft to try to form new hub cities in Denver, Kansas City, and Atlanta. While American Airlines pulled much of flights out of upstate New York and throughout the Ohio Valley and redeployed the aircraft to develop Dallas/Ft. Worth as a major hub and spoke network.

In 1981, Beauvais felt he was ready to start a new airline based in Phoenix, which could not only support a hub and spoke network but with its mild climate, abundant gates, and uncongested airspace made it the diamond in the desert. Beauvais tapped Michael Roach of Continental Airlines who he had done some consultant work for in the past. Roach would bring other key Continental executives including Michael Conway, Al Frei, and Don Monteath. The new company needed a name. Names considered included White Eagle, and Economair. Beauvais' sister in law Evelyn Davrio who had worked for him in his consulting company and who had come to work for the new company stated, "Let's call it America West, because that is who we are". Beauvais agreed that it was the right name because America West would be selling the west. The official formation of America West would occur on September 4, 1981. The original business plan called for Douglas DC-9 aircraft. With several in storage, he felt that his new airline could start flying by May 1, 1982. Beauvais picked San Diego, Ontario, Burbank, Tucson, El Paso, Denver, and Albuquerque as the first cities. His focus now turned to raising enough start up capital so that America West could be successful and withstand the peaks and valleys, typical for any new business.

In early 1982, the focus now turned to raising enough start up capital, the new company found it was very difficult and there were issues with raising money publicly since two other airlines, Air One of St. Louis and Braniff International, both shut down operations leaving creditors holding nothing in return for their earlier investments. However, Beauvais found both People Express and Muse Air had successful public stock offerings and appeared to be on solid financial footing. In Phoenix, Southwest Airlines entered the market and potential investors needed to be convinced that the Phoenix market was big enough for two airlines.

In February 1983, after months of work, America West had its own initial offering of common stock. Beauvais was finally able to accomplish this due to his business contacts and being well respected within the aviation community. Beauvais was pleasantly surprised as the airline raised almost \$19 million. Next, company officials flew north to Calgary, Canada to meet with Pacific Western Airlines who, in conjunction with leasing company Guinness Peat Aviation, agreed to lease up to seven 122 seat Boeing 737-200s, since Pacific Western was in the process of downsizing their airline. America West also inked a deal with Boeing for two brand-new Boeing 737-300s. While Beauvais was working on the finances and aircraft, Roach carefully looked at People Express and recommended that America West adopt the cross-utilization for front line employees. While the idea was accepted, Beauvais ensured that unlike People Express, who made all employees managers, he would have a separate group of managers to support the front line employees. A Dallas public relations firm designed the America West corporate logo and paint scheme.

As America West was preparing for the first flight, decisions were made including having CSRs trained in Reservations, Airport Services, and Inflight, while Pilots would be trained to fly the aircraft and share in dispatch duties. Tickets would be sold on-board the aircraft since this was successful with both the Eastern Shuttle and People Express. Cocktails would be complementary, as well as Wall Street Journals for every passenger to make America West stand out as the nations first low fare full service airline. Beauvais wanted gates at Phoenix Sky Harbor International Airport, but the airport officials balked stating that any gates would first be offered to "real airlines" before America West could lease them. Finally, three gates became available, to which Beauvais stated he wanted all three, airport officials responded by wanting to know how many airplanes did America West have? He stated the answer was also three. America West got the gates.

On August 1, 1983, with 277 employees and three Boeing 737-200s, America West began service from Phoenix to Kansas City, Wichita, Colorado Springs, and Los Angeles. Load factors early on exceeded expectations, and Beauvais knew he had a winner as passengers flocked to America West. By October, Omaha and Ontario were added to the route system with Las Vegas following on October 31 and Des Moines in November.

By January 1984, America West had grown to ten Boeing 737-200s. The airline would double its size during the first full year of operations capturing 21% of the Phoenix market operating to 23 destinations and increasing boarding gates in Phoenix from three to nine to support the growth. Although Southwest Airlines was not happy with America West's success in Phoenix, Southwest concentrated on trying to keep Texas based Muse Air from developing as a formidable competitor in its Texas routes. Later in the year, America West discontinued ticket-purchase on board, as it was not practical, while by the end of the year more Boeing 737-200s joined the fleet supplemented with smaller Boeing 737-100s.

In 1985, America West continued to expand as cities throughout the west and mid west cities begged the airline to start service to their city. America West was now boarding thousands of passengers a month, continuing to exceed expectations as passengers warmly embraced the airline. In February, America West received the first brand new Boeing 737-300 aircraft. In July, America West became a feeder for Northwest Orient Airlines called "The Airlink" with specific cities targeted to feed traffic to Northwest Orient domestic and international flights. America West established an air cargo division to take advantage of strong demand for reliable cargo service. At year end, America West was flying 32 various Boeing 737-100s and 200s, including three brand new Boeing 737-300s to 25 cities with over 2,500 employees. America West had also benefited from a long strike at United Airlines giving America West exposure to passengers who otherwise would have not flown or known about America West.

In February 1986, America West entered into an agreement with Greyhound to provide bus service from Phoenix Sky Harbor airport to Scottsdale and Mesa. The bus schedule was listed in the computer as flights and passengers were able to board the "Careliner" bus directly from a gate with curbside service to the city station. Mesa was discontinued after a short time when passenger loads could not justify the service. Beauvais understood that aircraft do not make money when on they sit on the ground, so on July 1st, America West inaugurated "Nite Flite" service from Las Vegas to several destinations using aircraft that otherwise would sit overnight. Las Vegas was chosen since visitors desired to stay in the desert oasis as long as possible.

The gamble would pay off quickly as Las Vegas became the second hub city in the America West system, while new cities opened as additional Boeing 737-200 and 300s were acquired for a total of 46 aircraft by year end and opening a modular concourse at Phoenix was attached to Terminal Three to double the gates. Southwest Airlines made an aggressive move to try to drive America West out of business by under cutting airfares and focusing expansion into existing markets where America West flew. Although skeptics were predicting America West's demise, Beauvais again provided outstanding leadership and continued to use the full service low cost strategy against Southwest and its image as a cattle car airline.

In early 1987, Beauvais knew he needed to be able to leap frog Southwest attempts to destroy America West. Northwest Airlines (formerly Northwest Orient) and Republic Airlines were in the process of completing a merger and Northwest had determined that the six brand new Republic Rolls Royce powered Boeing 757s were not a good fit for Northwest Airlines Pratt and Whitney powered 757s. The Republic aircraft were returned to Boeing. America West jumped at the opportunity to acquire the six Boeing 757s, as these aircraft would allow America West to expand to the East Coast and give the company the ability to gain key slots at Chicago, Baltimore, and New York- Kennedy. America West would also offer a "Business Class" option on the 757s with airfares much less than other airlines first class fares.

At the same time, smaller cities in Arizona were screaming for reliable air service, but could not support jet service. Beauvais reached an agreement with Dehaviland of Canada for three 37-seat Dehaviland Dash 8 turbo-

props with options on three more to serve Yuma, Flagstaff, and Grand Canyon. This allowed America West to solidify the route system and insulating America West from attacks by Southwest Airlines. America West opened the first Phoenix Club at Phoenix to give business travelers a place to conduct business or simply relax while waiting for flights. Beauvais' wife Mary Ellen had personally decorated the Phoenix Club with a tasteful southwest flare that became an instant hit with frequent flyers. Ground was broken on a new maintenance hangar to allow America West to bring outsourced maintenance on aircraft in house. A second reservation office was opened in Reno, Nevada. Northwest Airlines signed a new code share agreement with PSA, while canceling the agreement with America West. With aggressive growth, continuing Australia based Ansett Airlines invested 10 percent into America West giving much needed capital infusion.

In one year, America West had doubled in size to become the ninth largest airline, although by year-end a loss of \$46 million occurred. Skeptics both inside and outside the airline industry were again predicting America West's demise stating that the company was going down the same path as People Express. Beauvais knew otherwise for America West to survive "critical mass" had to be accomplished as America West could not build a fortress hub since Southwest Airlines continued to aggressively market airfares and schedules against America West to try and continue to drive the young airline out of business. America West Vacations was formed as a marketing advantage over Southwest by offering complete air and hotel packages to America West's most popular destinations. The year closed with America West operating a fleet of Boeing 737-100, 200 and 300s, Boeing 757s and Dehaviland Dash 8s.

In February 1988, America West opened its own hangar and technical support facility, which included a state of the art paint stripping and painting facility. America West could now bring all maintenance and painting of aircraft in house saving millions of dollars. The airline growth continued as people from around the country flocked to work for the innovative carrier. The welfare of individual employees was paramount in the success of the airline. If employees enjoyed their job it reflected in higher productivity and passenger satisfaction. Beauvais worked with a local company to ensure employees had a childcare center that operated twenty-four hours a day seven days a week. Beauvais took the program one-step further by creating a home based program, which gave the home care providers watching America West employee's children flight benefits, while ensuring that the home care providers were carefully screened and trained in first aid and CPR at company expense.

Finally, an on-site medical facility was opened to make sure employees received high quality medical care. This created high morale and a "family" type atmosphere. Employees looked to Beauvais as a father figure that could be counted on. An America West pilot suggested a new program regarding recognition of Vietnam Veterans and "Operation Freedom Bird" was created to transport veterans to Washington D.C. for Veterans Day ceremonies. By the end of the year America West Flight Fund frequent flyer program had grown to over 500,000 members, while the airline celebrated achieving the best on-time performance of the year for all U.S. based airlines. The fleet had grown to a total of 70 Boeing 737s, Boeing 757s, and Dehaviland Dash 8s serving 43 cities and carrying a record 12.7 million passengers with 7,000 employees.

As 1989 opened, America West started exploring destinations beyond the continental United States. America West filed with the Department of Transportation for service from Phoenix to Sydney to connect with Ansett Airlines, but was rejected. The Reagan Administration awarded the route to another airline. At the same time Hawaii was a very highly sought after destination for frequent flyers and passengers wanting to vacation in the Islands. Beauvais announced service to Honolulu and was not surprised as Flight Fund membership climbed to over 1.3 million frequent flyers. The company now needed an aircraft capable of reaching the Hawaiian Islands from Phoenix and Las Vegas. He first looked at the McDonnell Douglas DC-10-30, but none were available and the domestic DC-10-10 could not fly the distance required. The only aircraft that could fly the market successfully was the Boeing 747.

Company officials signed an order for four brand new Boeing 747-400s, but since delivery was a few years away, the company needed used Boeing 747s to fly the market. After a worldwide search, America West reached an

agreement with KLM Royal Dutch Airlines to purchase four-used Boeing 747-200s that were available immediately. Company officials were disappointed as America West received notice from the DOT that Narita, Japan had also been denied, but America West would be granted route authority to serve Nagoya, Japan from Honolulu. In November, America West launched service to Honolulu, and Nagoya with much fanfare. The year closed with five new Boeing 737-300s, three Boeing 757s, and six Dehaviland Dash 8s being added to the fleet, as America West was reclassified as a major airline by the DOT.

In 1990, America West became the official airline of the Phoenix Suns basketball team. To celebrate, America West added a special Phoenix Suns trademark and logo to a Boeing 737-100 that was reconfigured to 55 seats during the basketball season. With the shutdown of Braniff Airways, America West acquired the state of the art Airbus A-320. This aircraft would quickly become popular with pilots, flight attendants, and passengers. In August, Iraq invaded Kuwait which drove up the price of crude oil which resulted in a huge spike in jet fuel, while at the same time a softening in the economy started occurring as business travel slowed down. In November, America West moved into the state of the art Terminal Four at Phoenix Sky Harbor International Airport.

In January 1991, as the United States joined coalition forces, the Prime Minister of Japan told Japanese citizens not to fly any U.S. airline. This caused traffic to Japan to drop to almost nothing as America West reduced the schedule to Nagoya from Honolulu as two Boeing 747s were redeployed to New York-Kennedy from Phoenix. As passenger traffic continued to drop, the company implemented a 50% off sale on all tickets to stimulate cash flow to help America West ride out the slump in air travel as a result of the economic recession and Operation Desert Storm. A total of \$125 million was raised while four other airlines filed bankruptcy including Eastern, Midway, Pan Am, and Trans World Airlines (TWA). Southwest Airlines responded by flooding the Phoenix market with lots of seats and rock bottom fares. America West was in trouble, Beauvais looked to President Michael Conway who assured him that the airline could ride out the storm.

Beauvais held a “thumbs up” rally to assure employees and passengers that the airline was OK. Unfortunately, by late June America West was out of time and cash, as America West became the fourth airline to file for Chapter 11 bankruptcy protection. Immediately, officers of the company turned their attention to saving the America West as the decision was made to sell the Honolulu to Nagoya route to Northwest Airlines, while immediately parking and taking out of service two Boeing 747s reducing service to Honolulu. Thirteen cities were closed as several additional aircraft were returned to lessors. Beauvais reduced his salary, as did the rest of the executive team while front line employee salaries were reduced by 10 percent. Both the management and employees worked together to create the Dash 8 Division as the turbo props broke away from the main operation. America West also participated in Operation Desert Storm by transporting troops from the Middle East. In December, America West opened a mini hub operation at Columbus, Ohio.

In 1992, America West started developing service to Mexico, while the Dash 8 Division was closed down and the turbo props and spare equipment were sold. With the Dash 8s withdrawn, America West signed a comprehensive agreement with Mesa Airlines to create America West Express to operate flights to cities formerly served by the Dash 8s. The operation expanded when turbo prop flights were added from Columbus to cities that could not support mainline jet flights. The Phoenix Suns moved into their new home court facility, the America West Arena. The two remaining Boeing 747s were withdrawn from service as a wet-lease agreement was reached with American Trans Air to operate Lockheed L-1011 flights to Honolulu from Phoenix. Beauvais and the Board of Directors of America West were compelled to resign in September as a result of conditions imposed by investors who brought in new financing to keep America West flying while in bankruptcy. As the year ended, America West was down to 85 Boeing 737, 757, and Airbus A320 aircraft.

In 1993, America West Express turbo-props were withdrawn from the Columbus hub early in the year since it was not generating enough passenger traffic, while America West continued to operate under chapter 11, the 10th anniversary of the company occurred on August 1st. The company started gaining momentum as the company

increased projected flying to fifty-five cities as the routes continued to be adjusted to maximize passenger revenue.

In early 1994, three Boeing 757s were painted in themes. The first was the Phoenix Suns to celebrate being the official carrier of the basketball team, the second was the state of Nevada, dedicated to the citizens for their continued support of America West, while the final aircraft was called Teamwork. Inspired by the daughter of an America West pilot, it celebrated all employees working together. Under the leadership of Bill Franke, America West emerged from bankruptcy, as the new stock of the reorganized company started trading on the New York Stock Exchange. The reorganization was accomplished by three main sources; Texas Pacific Group, Mesa Airlines, and Continental Airlines. America West entered into a very comprehensive code share with Continental Airlines. By the end of the year employees had grown to 10,000 using 87 aircraft and carrying just under 16 million passengers, as America West received two brand new Airbus A320s, the first new aircraft in three years.

As 1995 opened, America West started soaring again as an alliance was established with British Airways. The company became the dominant airline at all three hubs of Phoenix, Las Vegas, and Columbus. Two more Boeing 757s were painted in special themes; the first was the state of Arizona, and the second was the state of Ohio to honor the citizens of both Arizona and Ohio for their support of America West. America West became the official airline of the new Arizona Diamondbacks.

In February 1996, America West unveiled the new corporate identity with a revised logo and new paint scheme of teal and red on a pearl white background. The company launched a 10 percent growth focused on the company market power and strengths in Phoenix and Las Vegas. This included a \$40 million commitment in improving technology as "effortless ticketing" became the main alternative to paper tickets, while the America West web-site was updated to allow advanced seat assignments, easier methods to check schedules and flights. Continuing the Boeing 757 theme aircraft, the Arizona Diamondbacks aircraft was rolled out and dedicated celebrating America West being the official airline of the Diamondbacks.

In 1997, the company formed the America West Holdings Corporation creating separate divisions for both America West Airlines and the Leisure Company, which was a rebrand of America West vacations. Phoenix reservations moved to a brand new reservation center with state of the art equipment, while the company broke ground on a new corporate headquarters building since the existing facility was obsolete. Almost immediately, a wrecking ball was brought in to demolish the old headquarters, which had carried America West from the beginning of operations in 1983. The company won the J.D. Power and Associates award for satisfaction on flights less than 500 miles. The year ended with 12,000 employees, 91 cities, and 102 Boeing 737s, 757s and Airbus A320s.

In early 1998, America West accepted delivery of the first Airbus A319. The shorter version of the Airbus narrow body family was largely built with input from America West. With the delivery of the new aircraft the company accelerated the retirement of the older Boeing 737-200s, while the airline continued a 10 percent annual growth rate. On August 1, America West celebrated its 15th anniversary as the company was recognized for the second year in a row in customer satisfaction from J.D. Power and Associates.

In early 1999, America West moved into a nine story new corporate headquarters as growth continued. Three used Boeing 737-300s were added at very favorable leasing rates while factory new Airbus A319 and A320s continued to arrive from Toulouse, France allowing America West to further expand. The company rolled out an elite program for America West's most frequent fliers, while the Reno reservations office moved into a larger new facility. By fall, Chautauqua Airlines and America West signed an agreement for Chautauqua to provide feeder service from the company's Columbus hub.

In 2000, the aggressive growth of America West over the previous few years caught up with the airline as passenger complaints skyrocketed. The employees of America West at all levels created an overhaul of the

airline's operations and customer service to take immediate steps to turn the carrier around which was quickly successful.

As 2001, opened the year promised to be tough on the industry as businesses once again started curtailing travel. On September 1, Doug Parker was named Chairman, CEO and President of America West. The entire world reacted in horror on September 11, as three planes were used as weapons of mass destruction to destroy the World Trade Center in New York City and damage the Pentagon in Washington D.C. Only the heroic efforts of flight attendants and passengers prevented the fourth aircraft from reaching an intended target in Washington D.C. In an unprecedented act, the Federal Aviation Administration grounded all aircraft flying in the United States for over two days. America West like all airlines experienced a severe drop in demand for air travel and the company faced a real potential of permanent shutdown and liquidation.

When the federal government set up the Air Transportation Stabilization Board, Parker did not hesitate in using all resources necessary to apply for federal assistance. Parker would earn the respect of lawmakers, financial institutions, and employees as he laid out a solid plan of recovery for his ailing airline. America West was able to obtain a \$429 million dollar loan from the government, although 2,000 employees would be laid off as the company reduced operations to stabilize the carrier. All first class and coach meals were discontinued on all flights, while the Columbus hub was closed and the code share agreement with Chautauqua Airlines was abruptly cancelled.

In 2002, America West revamped all airfares and in many cases dropping prices too competitive levels to stimulate traffic away from other airlines. The plan was overwhelmingly successful, but Continental Airlines who has been a code share partner with America West since the company had emerged from bankruptcy was not amused and promptly cancelled the agreement, a new System Operations Center and Flight Training facility was opened, while America West held the number one position for three months in a row as the on time leader. By the end of the year, all furloughed employees had been recalled as passenger traffic continued to react positively to the new fare structure.

In 2003, America West rolled out new tray table advertising for all aircraft as both the economy and air travel rebounded. Additional Airbus A319 and A320 aircraft were delivered, as the Boeing 737-200 fleet was reduced to just nine aircraft. The company expanded rapidly into several Mexico markets.

In 2004, America West once again proved it was the pacemaker in the industry as first class airfares were reduced by 70 percent, as the company earned best elite frequent flyer award. Late in the year, the company rolled a new Buy On Board meal program for coach passengers, while revamping and improving complimentary first class meals. In November, America West expressed interest in acquiring and merging with ATA (American Trans Air), however after ATA filed chapter 11 reorganization a complex deal was worked out with Southwest Airlines leaving America West out in the cold.

On January 19, 2005, the last Boeing 737-200 was retired from the America West fleet. The 737-200 fleet had safely transported millions of passengers and had faithfully served the company for over two decades. In late spring, rumors started floating around the industry that America West was talking to a fledging carrier in the east, US Airways.

On May 18, 2005, America West and US Airways held a joint press conference announcing the merger of the two companies. The new company would be headquartered in Tempe, Arizona with most of the America West leadership retained. In August, a new US Airways paint scheme was rolled out and taken across the country to be unveiled in Philadelphia, Pittsburgh, Charlotte, Las Vegas, and Phoenix, along with four retro liveries from the past including PSA, Piedmont, Allegheny, and America West. While in the past, management had tried intensely to have employees shed their former airline; Doug Parker embraced and encouraged it. Parker, like Beauvais

recognized the success of the new airline depends on the employees embracing the new company. While twenty-three years have passed since the first flight of America West, Ed Beauvais's dream of making air travel affordable for everyone has been realized and his contribution to Phoenix and Arizona is without a doubt the reason for a thriving economy today. Even today, America West employees welcome any opportunity to see and visit with the dynamic man named Ed Beauvais who not only shaped an airline but also an industry.

****The writer is grateful to Ed & Mary Ellen Beauvais who offered their assistance and memories in preparing this article****

Adapted from

US Airways: A Heritage Story

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Part VIII - America West

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