

Just as young pilots train for years before becoming airline pilots at today's major airlines, the Delta Master Executive Council's approach to a successful merger began years before a merger was on the horizon. The Delta MEC and committee structure that guided the pilot group through the merger came on board in September 2005 just after Delta management filed for bankruptcy and subsequently filed a Section 1113c motion with the U.S. Bankruptcy Court to reject the pilots' contract. Both Delta and Northwest survived bankruptcy thanks in large part to the sacrifices of their pilots. Through the battleground of bankruptcy, a forward-looking strategy evolved that enabled the Delta and Northwest pilots, 3 years later, to participate in what is now widely touted as a historic and successful merger. From the earliest stages of a possible merger, the Delta MEC sought to provide the pilots of both airlines with an alternative to the traditional merger process. The MEC's position from the beginning was that if the "right merger" was in the works, it could garner the support of the Delta pilots—but if and only if it resulted in a stronger airline and the Delta pilots participated at the front end of the merger.

The strategy and tactics

A significant part of the MEC's merger strategy was to use every possible means to enable the MEC to establish relevancy with all other stakeholders in the process, including senior management executives, government regulators, legislators, and the business community. This strategy began in

bankruptcy and continues today. It was consistently made clear that while the Delta pilots did not oppose reasonable industry consolidation and that we might support the "right" consolidation scenario, we would not support a transaction for transaction's sake. We also actively engaged the news media and Wall Street. And the experts from ALPA's Economic and Financial Analysis Department provided tremendous amounts of time and analyses to support our efforts.

The pressure

Once the bridge was built to engage Delta senior executives in the business plan,

the MEC was unwilling to assume the role of spectator. Instead, the MEC determined that pilot support in the pre-merger environment could provide real value to the company. We needed to find a way to leverage that value, and set a course to enable that value to be transferred to our pilots in the form of contractual gains and equity in the new company.

Delta's senior executives also recognized this value and soon began to include union representatives in substantive briefings on the proposed transaction. Based on information shared with our representatives, the MEC crafted a profoundly new

days earlier, the Delta MEC ratified a tentative agreement that defined the Delta pilots' participation in the merger. That agreement, in turn, laid the groundwork for the Joint Collective Bargaining Agreement (JCBA), which provided parity to the Northwest pilots in many contractual areas, including pay, at the corporate close of the merger. Both MECs were writing their collective merger history together.

On August 11, both pilot groups, in advance of the corporate closure, ratified the JCBA. Approximately 62 percent of Delta pilots and 87 percent of Northwest pilots casting their ballot voted in favor of the agree-

A Successful Merger

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the MEC employed appropriate tactics to support our strategy with the ever-increasing possibility of a merger. Pressure for consolidation was building, and the economic environment was becoming increasingly challenging. Market volatility, increasing oil prices, and the worsening recession were creating a perfect storm, making it challenging for Delta's stand-alone plan to succeed.

While airline employees often first learn that their company is involved in a merger by reading about it in the morning paper,

way to approach a potential merger. An alternative merger approach needed to be innovative, have long-term vision, provide no windfall to either pilot group, and set the stage for a unified group going forward. No action was taken without reason; no decisions were made in a vacuum. The MEC wanted to produce and execute a merger process that would provide a superior outcome for both pilot groups of the merged airline.

On April 14, 2008, Delta officially announced that it would merge with Northwest Airlines. Two

ment. Equity, pay parity, job protections, working-condition improvements, and first-dollar profit-sharing were all part of the new agreement. Additionally, a Seniority List Integration (SLI) Process Agreement was negotiated to reframe the traditional seniority list integration process. The Process Agreement was designed to provide an alternative process but still comply with existing ALPA merger policy—and above all, create a fair and equitable merged seniority list.

Often the most contentious part of any airline



PHOTOS: KATHY HUNT

From left, Capts. Randy Helling, John Prater, Lee Moak, Jim Van Sickle, Kingsley Roberts, Bob Hesselbein, and Bill Couette during a special MEC meeting held in Orlando, Fla., in January.

merger is the integration of the seniority lists. ALPA Merger Policy provides a process to merge the seniority lists, but the two MECs determined that, like past seniority integrations, the process would likely be long, divisive, and not in the best interests of either pilot group, creating a long-term adversarial environment as it has many times in the past. An often overlooked portion of ALPA Merger Policy reads: "This policy does not preclude two or more ALPA pilot groups from entering into discussions and/or reaching an agreement without invoking this process."

The SLI Process Agreement defined a historic alternative to the traditional process and was designed to quickly realize an integrated, fair, and equitable seniority list.

Negotiations to integrate the seniority list under the terms of the SLI Process Agreement began during summer 2008. The seniority list integration process was developed to include a mechanism for negotiations and date-certain arbitration

if negotiations stalled. Eventually, negotiations did lead to arbitration before a panel of three neutral arbitrators.

On December 8, the three-member arbitration panel issued its award, and the seniority lists of Delta and Northwest were integrated. The award was constructed on the foundation of a "ratioed status and category" methodology with a rational treatment for the minor attrition differences that exist between the pilot groups. An announcement was made to the pilot groups, and the list was immediately placed on their respective MECs' websites so that pilots could see their position on the new list.

The present

The efficiency with which the MECs went about the contract negotiations and the seniority list integration greatly affected the financial value of the merger transaction, which affected the amount of equity and financial returns the pilots were able to negotiate for the value they brought

treasurer since October 2005, was elected treasurer. Capt. Bob Hesselbein, who served as ALPA's National Security Committee chairman, was elected secretary.

Committees of both pre-merger groups will continue working in parallel and, over time, methodically integrate into a single committee structure under the guidance of a chief transition officer as Delta continues its march toward a single operating certificate as early as year's end. The MEC will also add a second executive administrator in the Bloomington, Minn., office to help manage the day-to-day operations of



ALPA's president, Capt. John Prater, addresses the joint Master Executive Council before election of officers.

to the transaction.

With an integrated seniority list, corporate closure, and the 12,500 pilots working under one contract, the MECs now faced the challenge of integrating cultures and creating a single governing body in a smooth and timely fashion. ALPA's president, Capt. John Prater, convened a special MEC meeting in Orlando in January 2009 to elect officers for the merged Delta MEC. Capt. Lee Moak, chairman of the Delta MEC since October of 2005, was elected the new chairman. Capt. Jim Van Sickle, a member of the Northwest Negotiating Committee, was elected vice-chairman. Capt. Kingsley Roberts, who served as the Delta MEC's secretary-

the largest pilot group in the world.

Moak reiterated to the new MEC that "anger and false hope will never be effective strategies to counter the challenges we face; and change is never easy, but we have become intimately familiar with it over the years. It is one of the few constants in our industry. A key difference this time, however, is that the pilots from both companies chose to be the agents of change rather than bystanders to it."

Relevancy and active engagement in change for their company and for our union: That is the face of the new Delta pilot, and that is the future of the new Delta MEC. 🌐