

FORDHARRISON FH SOLUTIONS GROUP

# Addressing Employee Demands and Combating Pattern Bargaining

Presented by:

Jerry Glass, FH Solutions Group

MARCH 27 & MARCH 28, 2025 | VIRGIN HOTELS NASHVILLE | NASHVILLE, TN

# What's Happening With Unions?

- The entitlement mentality has never been higher
- Expectations far exceed any airline's ability to pay
- Many union negotiators have little to no experience at the bargaining table, which complicates the ability of the parties to reach agreement
- Unions are worried about getting tentative agreements ratified which makes reaching an agreement that much more difficult

# What are Unions Demanding?



- Boarding pay only exists at Alaska, American, Delta, and SkyWest
- There is a major push by AFA to negotiate boarding pay at other mainline and regional airlines and to “close the gap” between mainline and regional airline pay scales
- More time off
- Paid Parental Leave



- Pattern bargaining has emerged between American, Delta, and United on pay and retirement
  - However, unlike pattern bargaining in the past, airlines are matching each other's pay scales and not exceeding them
- There is an aggressive push by pilot unions to deadhead in First Class
- More time off, getting more rest, and fatigue are now at the forefront of pilot negotiations
- Paid Parental leave

# What are Unions Demanding?



- Some mechanic unions are still reluctant to embrace apprenticeship programs
- Mechanic rates have skyrocketed as the skilled mechanic is getting harder to find
- Unlimited shift swaps



- Disruptive customers and what to do with them continues to remain a focus of unionized passenger service agents
- Like other airline employees, these unions want significant pay increases
- More time off
- More leniency in dependability programs

# What are Unionized Employees Seeing?

- The media has glorified strikes and labor leaders like Sean O'Brien (IBT), Shawn Fain (UAW), and Sara Nelson (AFA) are “media darlings”
  - This emboldens employees to have their union leaders be more militant



# What are Unionized Employees Seeing?

- The thinking is, if Hollywood actors and writers can strike, we should be able to do the same
- Starting with the “Great Resignation,” companies were unable to hire enough employees, which resulted in unions having more leverage at the table
  - Recently, there has been a shift in hiring, but airline labor appears to have not gotten that memo!



# How “Elastic” is the Airline Labor Market?

- In economics, “Elasticity” means a larger increase in an employee’s standard of living in exchange for a small price change on a product or service
- The industry always has some type of external event that rocks the industry
  - It isn’t a matter of *if* an external event will happen, it’s a matter of *when* it will happen
- When will the industry collapse?
  - Remember Doug Parker’s famous quote in February 2018? **“American will never lose money again”** thanks to industry consolidation
  - Frontier, Southwest and Spirit are reinventing themselves to better compete with the legacy carriers
  - Avelo and Breeze are the latest new entrants and by some estimations, are profitable

# What are Strategies for Responding to Employee Demands and Pattern Bargaining?

1. Understand this is not a “one size fits all” industry
2. Cannot compare airlines generating \$1 billion to \$12 billion in revenue to airlines generating more than \$30 billion annually
3. Unions are insisting that smaller airlines come close to matching wages and have similar contract provisions of the Big 4
  - Approach is not sustainable in the long term
4. It is critical for airline management to constantly reinforce the financial and business differences between them and the legacy airlines
5. Work with the union to help them prioritize their demands and see how the company can meet those demands, which will result in a higher percentage of tentative agreements being ratified



# What are Strategies for Responding to Employee Demands and Pattern Bargaining?

6. Do not accept cherry-picking by union negotiating committees
7. Matching the pay scales and retirement are not the answer
8. Airlines must do what is best for their company if they are going to stay in business long-term
9. Company negotiators at smaller airlines have to do a better job of combatting union demands for the same or similar contracts at the larger airlines
  - Every time a union negotiator brings up a comparison to a larger airline, remind them **your airline is different and cannot compete with larger airline labor costs**
  - Keep the focus on the **long-term success** of your airline, constantly telling the union **profitability is the key** to a growing, successful company
  - Listen carefully to what the union is saying – this is **critical for ratification**

# What Does the Future Hold for Airline Labor Relations?

- Unless there is financial discipline, these unsustainable contracts will continue
- Future airline CEOs will eventually have to take strikes as this may be the only way to manage the escalation in labor costs



FORDHARRISON FH SOLUTIONS GROUP



**Thank you!**

Jerry Glass, FH Solutions Group  
[jglass@fhsolutionsgroup.com](mailto:jglass@fhsolutionsgroup.com)

MARCH 27 & MARCH 28, 2025 | VIRGIN HOTELS NASHVILLE | NASHVILLE, TN