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Great Strides: A History of Henson Aviation During the 1980s

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The aviation industry has witnessed a profusion of mergers following the Airline Deregulation Act of 1978. The growing demand for affordable fares and destination options clashed with the decision to lessen federal control over the airline industry. As a result, many commuter and regional airlines either diminished or merged with larger corporations out of necessity or as a method of survival by eliminating potential competition. Modern day Piedmont is not an exception to mergers and carries a long history of successful mergers from the business perspective of Richard A. Henson (1910-2002). In his aviation career, Richard Henson successfully established commuter and regional airlines such as Hagerstown Commuter and Henson Aviation while merging with larger companies, Allegheny (later USAir) and Piedmont Airlines following the 1978 act which allowed for gradual expansion along the East Coast. This allowed Henson to operate through a time of deregulation within the airline industry while demonstrating the effectiveness of his business practices in the areas of employee training, customer satisfaction, and fleet maintenance, which resulted in progressive revenue through slow, continuous growth in order to compete with other regional airlines.

Richard A. Henson's role in aviation history far exceeds his business endeavors with Hagerstown Commuter Airline based in Hagerstown, Maryland in the early 1960s. From Hagerstown, Henson Aviation was established and operated under the Allegheny system.

Henson Aviation operated alongside Piedmont Airlines in 1983 before finally merging with Piedmont while under contract with USAir (formally Allegheny) in July of 1989. The ability to merge and expand remains one of the many unique features of present day Piedmont. Richard Henson's life has been documented in a number of books regarding his business ideals, philanthropy, and contribution to the commuter airline industry. Many historians have previously discussed Henson's vast career through multiple airline and business endeavors, while some historians agree on a proper timeline for each merger; each also holds their own interpretation of the successes and issues of each merger, especially from USAir to Piedmont in 1983. Historians and aviation experts have tackled the topic of Henson's success in the aviation industry and agree that he was a pioneer who remained grounded in his convictions, which he would continuously navigate through changes resulting from company mergers and airline deregulation.[1]

The perspective of Piedmont as its own entity prior to the 1987 USAir merger explains the issues with airline deregulation in the 1980s. As a result of airline deregulation, regional airlines either merged with large national airlines or closed due to the influx of competition amongst larger airlines and popular regional carriers. The perspective of Henson's success through previous airline mergers creates a rounded understanding of the risks that came with navigating through mergers, especially as a company that was regional. The economic gamble of

[1] For sources on this topic, see Jack L. King, *High Flight beyond the Horizons: The Aviation Legend of Richard A. Henson* Washington D.C: Library of Congress 2002, 3, 71, 120, John Kwoka, and Evgenia Shumilkina, "The Price Effect of Eliminating Potential Competition: Evidence from an Airline Merger," *Journal of Industrial Economics*, 58, no. 4 (December 2010): 767-793, R.E.G Davies and I.E. Quastler, *Commuter Airlines of the United States* (Washington D.C, Smithsonian Institution. 1995), IX, 242, 243, n.d, Our History, http://piedmont-airlines.com/Our-Company/History, "USAir: Fifty Years of Flying High," *Piedmont*. May 1989: 73-90, Walter R. Turner, "Building the Piedmont Airlines Hub in Charlotte, North Carolina, 1978-1989," *The North Carolina Historical Review*, 2006, 355, Turner, Walter R, "Piedmont Airlines Flies the Blue Skies," North Carolina. N.d. http://ncpedia.org/aviation/piedmont-airlines, Richard E Eller, Piedmont Airlines: *A Complete History, 1948-1989* (North Carolina: *McFarland & Company Inc.* 2008).

merging to prevent potential competition ties both USAir and Piedmont together with the common goal of remaining grounded in the airline industry without succumbing to harsh government regulations and the possibility of falling under as a corporation.

Numerous historians who have studied Richard Henson have focused on his entire career in aviation as well as his life outside of aviation and his philanthropy.[3] In contrast with previous Historians, this paper aims to analyze Richard Henson's unique employment practices and business decisions through multiple airline mergers following deregulation during the 1980s. This includes his pioneering training program, attention to customer satisfaction through surveys, and improvement of maintenance bases in order to train employees to grow with the company and the demands of the aviation industry. This new argument and historical method relies heavily on Henson's perspective through employee newsletters from the 1980s and several of his personal documents regarding his employment policies and his employment status and authority throughout the 1980s as well as the early stages of the USAir-Piedmont merger. The following analyses is based on a social history perspective in regards to Richard Henson's role in the company, his employment practices and policies through employee training, and the reasoning behind the major growth in passenger traffic and revenue throughout the 1980's following deregulation. By basing much of the research on employee newsletters it has become clear that growth and expansion was encouraged by Henson with his employee's skills and abilities in mind. Additionally, these documents established Henson's disposition regarding his leadership practices.

In his history of navigating mergers, Richard Henson maintained the ideal that, improving regional airlines, creating large commuter fleets, and establishing stations were

[3] For a survey of the literature, see the appendix.

essential in serving smaller communities to feed passengers into larger cities and hubs for major airlines. Additionally, Henson stressed updated employee training and continuous customer satisfaction to remain in constant competition with other airlines. In his early days as a commercial pilot, test pilot, Beechcraft Aircraft dealer, fixed base operator, and executive aircraft fleet manager, Henson became known in some areas as, "Maryland's Dick Henson – A Pilot with Five Hats."[4] Henson's vast interest and understanding of business and the aviation industry helped to propel his success through endeavors with Fairchild, Hagerstown Commuter, Allegheny Airlines (later USAir), Henson Aviation, and Piedmont Airlines. Throughout his life, Henson remained dedicated to his love of aviation and his support for the Salisbury community, which still benefits from his airline and his philanthropic ideals through the Richard A. Henson Foundation.

Richard Henson would carry his success and knowledge of the aviation industry through Allegheny Airlines from Hagerstown, Maryland to his new Salisbury location in the fall of 1975.[6] The relocation of Henson Aviation to the then Salisbury-Wicomico County Regional Airport required an expansion of hanger space to house a growing fleet of Dash-7's and Shorts-330's with the early stages of planning beginning in 1979.[7] One of the unique features of the Salisbury expansion was the introduction of a commuter training center for the Shorts-330's. The Spring 1980 issue of the *Henson Flight Scene* details the need for Shorts-330 training as essential to keep up with the growing command for the commuter aircraft, "The Shorts-330~~'s is~~ increasingly being purchased by the leading commuter air carriers in the United States, including Henson Airlines, the nation's seventh largest commuter and Maryland's pioneer air carrier,

[4] King, *High Flight beyond the Horizons: The Aviation Legend of Richard A. Henson*, 27.
[6] Ibid., 95
[7] "Corporate Expansion at Salisbury," *Henson Flight Scene*, No. 13. Hagerstown, MD, *Henson Aviation INC.* Print, spring 1980, 4.

currently operating as the Allegheny Commuter."[8] While Shorts-330's held a light passenger load of only 30, personnel training was imperative for connecting passengers in Salisbury, Maryland to stations in Hagerstown, Maryland and Newport News, VA, Washington Nation Airport, BWI, and Philadelphia International Airport.[9] The Commuter Training Center focused on flight simulation for pilots and flight attendants for realistic on-the-job training of how possible issues should be handled while in flight to assure crew and passenger safety. At this time training emphasis was placed on the Shorts-330's due to its popular use prior to the introduction of the Dash-7.

The Commuter Training Center focused on aspects of Henson's own background in aviation as a test pilot. Training emphasized the importance of pilot ground training and strict government regulation largely from the Federal Aviation Administration. A 1980 Henson employee newsletter predicted that the impact the program would have on the local economy was due to the inclusiveness of the program to, "encourage economic development in the state, utilizing the resources of four state agencies: the Departments of Education, Economic and Community Development, Human Resources, and the Board of Community Colleges."[10] Other areas of all-inclusive training focused on engine subsystems, navigation subsystems, flight performance, instructor subsystems, mechanic training, and flight attendant training with the common projected outcome of efficiency and safety while on the job.[11] As with most on-the-job training programs, the emphasis on material retention and continued education to keep up with changes in regulations was enforced not just for the Shorts-330's, but for every aspect of employee training. Expansion following deregulation required routine training, primarily for

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[8] Ibid., 5.
[9] Ibid., 5.
[10] Ibid., 6.
[11] Ibid., 5-6.

safety sensitive employees in accordance with the Federal Aviation Administration. Efficiency also resulted in higher revenue from passengers who found employee retention of material satisfactory.

Deregulation continued into the early 1980s and changed the traditional methods of operation throughout the airline industry. During a 1980 press conference regarding the training program, Richard Henson remarked that, "We are on the threshold of presenting to the commuter air carrier world a model program. This program is: 1. An answer to what can be accomplished in this de-regulation air carrier environment where the newborn air carriers must replace and support the growing needs of so many small to medium size communities when they lose their trunk air carrier service. 2. An example of the great strides that can be accomplished when the community and the air carrier work together toward their mutual advantage."[12] Henson continued by regarding the program as vital during the time of deregulation, "I think this is a most timely project. I say this because of the very heavy responsibility being placed upon the fledging commuter industry during this period of deregulation of the air carrier industry. Quality training has sometimes been a weak and neglected area in the commuter's transition to its new enlarged responsibilities."[13] While deregulation changed the traditional environment of commuter carriers, the upgraded methods of training would prove effective in establishing what would become the required methods of training for efficient passenger and crew safety while in flight.

Henson's relocation to Salisbury, Maryland brought necessary change to the commuter carrier industry as well as the local economy. While operating under Allegheny Airlines as Henson Airlines, stations along the East Coast were established to best meet the needs of

[12] Ibid., 7.
[13] Ibid., 7.

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passengers based off their location and the demand for efficient commuter travel. An article in the spring 1980 issue of the *Henson Flight Scene* specified the results of a two-week long passenger survey for commuter flights out of Patrick Henry Airport and connecting flights to Washington, Baltimore and Philadelphia. In the survey passengers were asked to rate their travel experience based off opinion of service through employee helpfulness (excellent- 62%, satisfactory, 36%, and unsatisfactory, 2%), their ultimate destination (Washington D.C projected the largest percentage with 20%), their home towns (highest percentage of 48% as Newport News locals and less than 5% for Virginia Beach, Gloucester, Norfolk, and Porquoson), where the passenger had heard about Allegheny services from Patrick Henry (the highest percentage reflected travel agencies at 16% and Allegheny Commuter advertisements at 13%), and where passengers purchased their tickets (travel agencies-41%, Allegheny Commuter-30%, military/government bases-19%, and other airlines-10%). Passenger satisfaction was reflected through the availability of services from smaller cities into larger cities and connecting flights to major airlines. While the expansion of the Salisbury Corporate building was still being planned to house a larger fleet in 1979, Allegheny Commuter services through Henson Aviation saw a 34% increase in passengers carried (256,769 in 1978 to 343,986 in 1979).[15]

Maintaining passenger and employee satisfaction was a continual goal for Henson Aviation as the company continued to expand. As time progressed and more stations were added to the Henson Aviation and Allegheny systems; trends continued to rise regarding revenue passenger miles. 1982 was a year of major growth with a 31% increase in passengers carried which was an estimated 650,000 compared to 1981's 494,945.[16] Boarding trends in 1985

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[15] Ibid., 9.
[16] "LaGuardia Service Launched," *Flight Scene: Henson Airlines*, No. 17, Salisbury, MD, *Henson Aviation INC*. Print, winter 1982-1983.

continued to rise with a 19.8% increase compared to 1984 and an increase of 22% for revenue passenger miles and 20.4% for available seat miles.[17] Richard Henson wrote in a February 1985 issue of the *Henson: The Piedmont Regional Airline* employee newsletter that change as well as growth would continue as the year progressed, "This spring is an optimistic time for the company. We envision more growth in 1985 than in the past few years. In February we take delivery of the first of our Dash-8's, and in March we spread our wings south to Charlotte. We all should be proud of our traffic gains since airline deregulation, carrying more than 733,000 passengers in 1984 compared with 256,000 in 1978, one last year under full government regulation."[18] Revenue enhancement was continuously monitored using state of the art mapping software which followed sources of passenger data regarding demands for flights. This data followed sources pertaining to advertising, stations, sales, reservations, pricing/tariffs, data processing, scheduling [of flights], and management policy and how it reflected in the popularity of flights out of the Henson system.[19] Henson's advancement in technology ensured that passenger satisfaction was maintained through analyzing data based off the demand for commuter travel and connecting flights to major airlines through the Henson system.

The introduction of the Charlotte, North Carolina hub to the Henson-Allegheny system and new Dash-8's signified Henson's partnership with Piedmont and the projected path the company was headed in. A 1985 employee newsletter explained how the Charlotte Hub provided passenger service to Charlottesville, VA, Lynchburg, VA, Roanoke, VA, Florence, SC, Greenbrier/Lewisburg, WV, and Hilton Head Island, SC with the goal of filling, "significant

[17] "We're Expanding to Charlotte," *Henson: The Piedmont Regional Airline Employee Newsletter*, Vol. No. 2, Salisbury, MD *Henson Corporate Office*, Print, February 1985, 1.
[18] Ibid., 1.
[19] "Revenue Enhancement: Improving the Bottom Line By Maximizing Revenue," *Henson: The Piedmont Regional Airline Employee Newsletter*, Vol. No.4, Salisbury, MD, *Henson Corporate Office*, Print, November 1987.

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gaps in the service pattern [of service to Lynchburg and Charlottesville] and will go a long way to re-establishing Piedmont and Henson to a dominant market share position in those cities."[20] For many of the routes from Charlotte, the Dash-8 aircrafts would begin to replace the Dash-7's as Henson's fleet continued to grow. Compared to the Dash-7, the Dash-8 featured larger baggage-carrying capability which was beneficial for Henson's passengers traveling along the East Coast for vacation to resort towns. Dash-8's also provided necessary takeoff and landing capabilities ideal for short commuter flights. To maintain the current and incoming fleet Henson Aviation introduced plans for a maintenance base in Norfolk, VA in 1985. The base was essential for the growing fleet of Dash-8's and routine maintenance checks to insure crew and passenger safety as well as keeping up with the changing marketplace regarding technology upgrades and changes in load sizes. A February 1985 employee newsletter quoted the then Vice President of Operations, Norman Grubb as saying, "Our primary reason for locating in Norfolk is the logistics of our aircrafts relative to the route structure, and also the fact that Norfolk is an excellent market. Aircrafts brought in each night for maintenance will carry good loads at departure rather than being basically a ferry flight."[22] Norfolk would serve as the third maintenance base for Henson and proved to be an asset to the growing challenge of housing the incoming fleet of Dash-8's.

Henson's fleet continued growing to meet passenger demand and the changing airline industry as the 1980s progressed. Growth statistics for Henson Airlines show that 1981 held the capacity of 245 seats between a fleet of 1 Dash-7, 4 SD-330s and 5 B-99s for 9 cities served with 287 employees working for the airline at the time; additionally, 1987 shows that Henson's fleet operated 6 Dash-7's, 11 Dash-8's, and 11 SD-330's for 38 cities and an overall employee base of

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[20] "We're Expanding to Charlotte," *Henson: The Piedmont Reginal Airline Employee Newsletter.*
[22] Ibid., 2.

894.[23] Deregulation in the late 1970's altered the route systems available to many commuter and regional airlines by allowing expansion and farther flights to feed into major airlines.

By January of 1984, Henson Aviation became known as Henson: The Piedmont Regional Airline with both Dash-7's and new Dash-8 aircrafts carrying the Henson and Piedmont Regional Airline logos. Between 1986 and 1987 Henson introduced 11 Dash-8 with a contract with DeHavilland to increase the fleet to 32 by 1989 based off the projected assumption of how many Dash-8's may be needed to operate the existing routes and any expanding routes.[25] Statistics for continued upward trends in the April 1987 edition of the *Henson: The Piedmont Regional Airline* employee newsletter showed that passenger traffic began to rise as routes to Florida and the Bahamas through Piedmonts Shuttle Link service were introduced, "After a successful inauguration on February 1, the Shuttle Link has shown strong growth in passenger acceptance. Load factors began in the high 20's and by the end of February were averaging 40% daily. Henson implemented its second phase of the Piedmont Shuttle Link on March 15, with equally exciting results. During the first Three months of 1987, we boarded 285, 210 passengers around the Henson system, a 26.7% increase over the same period last year. Revenue passenger miles for the quarter were 44,418,918 and available seat miles were 94,619,312, increases of 33.4% and 22.6%, respectively over last year. This produced a load factor of 46.9%, up 3.7 points over the first quarter of 1986."[26]

Mergers often bring policy changes that mirror those of the parent company. Though Henson was experiencing positive growth and revenue, compliance with USAir's policy

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[23] "We've come a Long Way," *Henson: The Piedmont Regional Airline Employee Newsletter,* Vol. 4. No. 6. Salisbury, MD, *Henson Corporate Office*, Print. June 1987, 4.
[25] Ibid., 7.
[26] "It's better In the Bahamas" *Henson: The Piedmont Regional Airline Employee Newsletter.* Vol. 4. No. 4. Salisbury, MD. *Henson Corporate Office*, Print. April 1987, 6.

regarding Henson's position was inevitable to continue expanding and receiving aircrafts. On November 3 1988, Richard Henson wrote to Edwin I. Colodny, then the Chairman and President of USAir, regarding a proposed employment agreement that would alter Henson's traditional method of operation for his airline. He wrote regarding the separation of his duties as president and chairman, "Since my visit to your office, I have given quite a bit of thought to your proposed separation of duties between the President and the Chairman. I have also discussed your thoughts on the management of our company with Lew Costello, our long-time attorney, as well as my three advisors here in Salisbury. Needless to say, we all want to understand your viewpoint and we hope you will understand ours. In reviewing the agreement together, it is felt that we can accomplish your desires by using the present agreement, but with certain changes as to duties."[27]

Henson wanted to remain in full control over his company during negotiations with USAir. Henson had found success in both President and Chairman positions prior to negotiation, but would have to undergo the change in compliance with USAir's business regulations. Upon reading the letter from Henson to Colodny it becomes clear that Henson's age may have played a role in the separation of President and Chairman. "We have left the title of C.E.O. intact, although it is now meaningless as far as operating authority. With your approval, the contract would be modified to assure that the new president would have exclusive authority over all matters other than those spelled out in the revised employment agreement. The modified agreement would be effective when drafted and signed. Ed, I do think I have a great degree of real value to contribute and I would like to enter this new program in a totally cooperative approach that will be most beneficial to both parties."[28] Section 4, part D of the drafted Employment Agreement states that, "The C.E.O will assist in the search for, and the employment

[27] Richard Henson to Edwin I. Colodny, the Richard A. Henson Foundation, November 3, 1988.
[28] Ibid.

and development of, a President and Chief Operating Officer of Employer and the integration of a President toward full responsibilities in all operating matters for employer [Henson Aviation]. The development of such a president, and the consequent reduction of duties and responsibility of Employee as C.E.O. is specifically contemplated by the parties."[29]

Henson would continue to serve as Chairman while consulting an appointed CEO regarding business decisions and financial affairs. Colodny's letter indicated how Section F would interfere with Henson's former methods of operation, "Employee [Richard A. Henson] will not be engaged in any other business activity which interferes with or represents a conflict of interest with his employment. However, he may invest his assets in such form or manner as he chooses which will not require his services in the operation of the affairs of any such business entity in any substantial way without the approval of the employer."[30] The separation of duties would limit Henson's authority over his traditional methods of operation prior to merging with USAir and later the USAir-Piedmont merger in 1989.

Henson's role in both the Henson-USAir and USAir-Piedmont mergers saw success by eliminating potential competition from USAir. On November 4, 1988 Edwin I. Colodny wrote Richard Henson regarding his proposed amendments to the Employment Agreement, "The purpose of this letter is to amend both your Employment Agreement with Henson Aviation, Inc. ("Henson Aviation") dated as of October 3, 1983, and the Stock Purchase Agreement between you and Piedmont Aviation, Inc. dated July 15, 1983, in the following respects."[31] Coldony would further explain that Henson would, "continue to serve as Chairman of the Board of Henson Aviation and will have the duties of Chairman as those duties are set forth in Article VII,

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[29] Ibid.
[30] Edwin I. Colodny to Richard A. Henson, the Richard A. Henson Foundation, November 4, 1988.
[31] Ibid.

Section 4 of the by-laws of USAir Group, INC."[32] By serving as Chairman Henson would consult with the Chief Executive Officer of USAir Group, Inc. on future business affairs regarding Henson Aviation, involvement in community programs, and any advice or guidance necessary on everyday operations. Furthermore, Henson would have to, "relinquish his positions of [both] President and Chief Executive Officer of Henson Aviation and the duties of the Chief Executive Officer" upon signing his employment agreement with USAir so long as he remained in strong mental and physical health."[34] In signing his employment agreement Henson would be granted "special provisions" that allowed him similar control over his operation as if he had remained in the position of Chief Executive Officer. As previously stated, it is apparent that Henson's age played a factor in the separation of his roles of President and Chairman as Henson was seventy-eight years old during negotiations with USAir.

By August 1989, all Dash-8's were altered in compliance with USAir's paint scheme and the USAir Express wordmark.[36] The July/August 1989 edition of the *Henson Flight Scene* explained that the change marked the beginning of a new era, "It's a great day in the history of Henson Airlines. We needed a new look to better represent what we have become" the article continued by saying, "Henson began to "show its new colors" as our maintenance staff painted the vertical fins on aircraft in the fleet prior to the USAir/Piedmont merger on August 5th."[37] Between 1988 and 1989 Henson began to phase out the majority of Shorts-330's which improved operating efficiency by making room to bring in newer models such as Dash-8's with higher passenger capacity, "As we introduce our Dash-8's into markets that previously supported

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[32] Ibid.
[34] Ibid.
[36] "A New Look: Henson Unveils USAir Express Colors," *Henson Flight Scene Employee Newsletter,* Vol. 6. No. 5, Salisbury, MD. *Henson Corporate Office,* Print. July/August 1989, 2.
[37] Ibid., 2.

our Shorts 330's, we would normally expect our load factor to go down with an additional seven seats per flight. Customer acceptance of the Dash-8 has more than offset the increase in seats."[38] The estimated number of passengers carried by the beginning of 1989 was 1,586,142 as more stations were established under either Henson or Piedmont and more Dash-8's were introduced to the growing fleet.[39]

The USAir-Piedmont merger proved to be successful by slowly upgrading Henson's fleet and introducing new stations and Hubs that allowed for expansion for connecting flights to major airlines along the East Coast as the 1980s progressed. A January 1988 edition of *Henson: The Piedmont Regional Airline* provides a review of 1987 and the projected goals set for 1988 through building a stronger fleet for higher passenger capacity by removing the Beech-99's and refurbishing Dash-7s.[40] An increase in fleet size demanded an increase in employment. By the end of 1987 Henson saw a 28% increase in employment growth which also reflected in the 21% increase in passenger traffic to account for the demand for connecting flights.[41] During the USAir-Piedmont merger the Henson route structure grew significantly to add flights further south to Florida and as far as Rock Sound in the Bahamas, "The highlight of 1987 was Henson's expansion into Florida and the Bahamas. Our Dash-8 operation was enthusiastically received in a market that had never enjoyed the type of reliable, regional air service that Henson offered."[42] The new fleet of Dash-8's required updated simulator flight safety training in compliance with the Federal Aviation Administration and under the Federal Aviation Regulations [FAR part 121]

[38] "The Year in Review: Looking back on 1988 and a Preview of 1989," *Henson Flight Scene Employee Newsletter,* Vol. 6. No. 1, Salisbury, MD, *Henson Corporate Office*, Print. January 1989, 4.
[39] Ibid., 4-5.
[40] "The Year That Was: 1987 in Review and a Look at 1988," *Henson: The Piedmont Regional Airline Employee Newsletter*, Vol. 5. No. 1, Salisbury, MD, *Henson Corporate Office*, Print. January 1988, 4-5.
[41] Ibid., 4.
[42] Ibid., 4.

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which requires compliance and applicability of understanding for pilot training.[43] Additionally, updates and revisions of manuals were needed regarding FAR 121 and FAR 135 operations. These revisions were necessary to remain in compliance with the Federal Aviation Administration and in some cases, DeHavilland's aircraft manuals in areas of flight such as, "operations, flight information, emergency procedures, and aircraft check lists"[44]

To summarize, by maintaining slow, continuous growth through employee training, fleet size, and revenue, Henson was able to remain in constant competition in the airline industry following the deregulation act of 1978. Following the Airline Deregulation Act, many commuter and regional airlines faced great difficulty in remaining stable through the uncertainty brought on by the competition of major airlines. By maintaining slow expansion and growth along with the ability to navigate through mergers and periods of economic uncertainty, Richard Henson was able to find success and remained avidly in control of his airline, including his adjustment in authority following his partnership with USAir. Slow growth lead to great expansion from Boston to the Bahamas during the 1980s as a result of coastal expansion of hubs and stations and a growing fleet of Dash 7's and Dash 8's that fed into larger airlines along the East Coast. Henson established an all-encompassing training program that prepared pilots, flight attendants, and mechanics for on-the-job situations in compliance with changing government regulations [primarily enforced by the Federal Aviation Administration] and technology. To further improve revenue and employee training, Henson relied on the opinions of passengers for recommendations on how his airline could continue to improve and increase passenger revenue and insure passenger and crew safety while in flight. This included customer surveys to track

[43] "Flight Safety," *Henson Flight Scene*, Vol. 5 No.7, Salisbury, MD, *Henson Corporate Office*, Print, August 1988, 4-5.
[44] "Revenue Enhancement: Improving the Bottom Line By Maximizing Revenue," *Henson: The Piedmont Regional Airline Employee Newsletter*, 1.

passenger satisfaction out of newly established stations to the Henson system and state-of-the-art mapping systems that recorded ticket purchases and monitored the popularity of flights. The establishment of maintenance bases ensured that the current and incoming fleet could be housed and maintained for adequate passenger and crew safety. These aspects kept Henson in constant competition with other regional airlines while merging and expanding along the East Coast to increase commuter traffic and routes.

Appendix

An Annotated Bibliography of the Secondary Sources on Richard Henson and the Mergers

R.E.G Davies and I.E. Quastler's *Commuter Airlines of the United States* was published in 1995 by Smithsonian Institute. Davies and Quastler respectively used their experience in researching and writing to complete *Commuter Airlines of the United States* based on their knowledge of the aviation industry and the various aviation based companies and individuals that they have worked with. *Commuter Airlines of the United States* analyzes that "the changing government regulations of the industry, including clashes between maverick entrepreneurs and the federal government that often roughly tried to shoehorn the commuters into the nationwide airline structure" (IX). The book also profiles specific innovators in commuter aviation including a chapter on Richard Henson. Davies and Quastler highlight the 1970s by analyzing The Hagerstown Commuter and Henson Airlines under Henson's operation. Davies and Quastler detail The Hagerstown Commuter's rocky start in the spring of 1962 with a "brightly painted yellow ten-place Beech D-18, purchased for $8, 500" that improved over time due to Henson's increase in daily services (242). By the fall of 1967, "The Hagerstown Commuter became the

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first Allegheny Commuter" due to the amount of passenger traffic The Hagerstown Commuter was carrying over to Allegheny (242). The authors go on to explain how Henson Aviation established its corporate headquarters at the Salisbury-Ocean City Regional Airport and increased passenger traffic from Salisbury, Maryland into larger cities along the East Coast. Moving to Salisbury required an expansion of the facilities to account for Henson's growing fleet and passenger demands. As the 1970s progressed, Allegheny Commuter began servicing smaller cities as a regional carrier that would feed into larger cities along the East Coast. Henson's partnerships from Allegheny to Piedmont is explained in the book to account for Allegheny's merger with USAir. This would later lead to Henson's involvement and merger with Piedmont Airlines in 1983 from USAir. The USAir-Piedmont merger is described as being an inevitable decision by the late 1980s.

Jack L. King's *High Flight beyond the Horizons: The Aviation Legend of Richard A. Henson* analyzes Richard Henson's life while emphasizing his ideals, philanthropic dedication, and successes which he conveyed in all aspects of his life. *High Flight beyond the Horizons* details Richard Henson's "personal and professional life, as related in anecdotes from his colleagues and friends" (3). This biography was published in 2002 by Jack L. King associates and the Richard A. Henson Foundation. King entangles Henson's personal life with his business endeavors in order to chronologically follow Henson from the time he obtained a pilot's license until the day he retired from the airline industry. In contrast with Davies and Quastler's research on Henson's business history, King takes more time discussing the technological advancements Henson was either involved in or used to keep his airline relevant and in competition with other regional airlines. King follows Henson's time line in considerably small, detailed gaps based off of documents provided by the Richard A. Henson Foundation and interviews from past colleagues. Due to the economic lows of Hagerstown, Maryland, Henson was able to expand his involvement in the airline industry through merging with a larger company, Allegheny. *High Flight beyond The Horizons* dives deeper into the USAir and Piedmont Airlines merger in 1983 by stating that the years following the official merger to become "Henson, The Piedmont Regional Airline" were met with "rapid expansion of service to 42 cities from Boston to Miami to the Bahamas" (120). Though the timeframe is constructed differently in comparison with that of *Commuter Airlines of the United States*, both sources remain consistent with each merger, advancement in fleet, and expansion of stations and hubs.

The May 1989 issue of *Piedmont* contains an article regarding the then 50th anniversary of USAir including Henson's involvement in both USAir and Piedmont during the final stages of the merger. One section of the article explains Henson's idea to provide shuttle services as one of the many reasons why Henson was able to stay grounded in the changing commuter airline industry during his time with Allegheny Commuter. By providing the services that were in demand the frequency of passenger traffic and ultimately revenue would continue to increase. Deregulation was one of the many similarities the two companies held in common. Through deregulation it was imperative to continuously meet the demands of passengers while mapping the best routes for growing revenue. Often, the demand did not meet the accessibility required to establish stations for connecting small city flights to national airlines.

The current Piedmont website provides a brief *History of Piedmont* section that traces Piedmont's original history as well as Richard Henson's aviation career and explains how the

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company merged with other airlines throughout its history. Like many sources pertaining to Henson, the timeline established to trace corporate growth is expressed differently from one source to the next. The corporate history provides a breakdown of minor changes such as name and logo changes under each corporate partnership. Geographic expansion is also mentioned in detail regarding operations in Florida and along the East Coast. Fleet expansion with an emphasis on the Dash 8 aircraft is mentioned as one of the unique features of the airline.

“The Price Effect of Eliminating Potential Competition: Evidence from An Airline Merger” was published in *The Journal of Industrial Economic* by John Kwoka and Evgenia Shumilkina in December 2010. The article analyzes the outcome of airline mergers through the elimination of competition amongst larger companies. The question of the overall effect of mergers is asked to better understand the effect on the incumbent pricing to see if it changes or remains the same. Kwoka and Shumilkina explain the 1987 merger between USAir and Piedmont based off the routes of both companies, “The possibilities include, of course, routes where they were both incumbents as well as others where neither was present. Most important for present purposes are the routes served by one carrier with the other as a potential entrant” (769). This article proved beneficial for mapping the geographic and financial growth throughout the merger between the two companies.

Walter Turner’s *Building the Piedmont Airlines Hub in Charlotte, North Carolina, 1978-1989* explains the Charlotte, North Carolina hub’s history with Piedmont as well as the expansion of locations from Charlotte including London. In regards to the timeline of expansion between USAir and Piedmont, this article places Charlotte in a challenging situation. Originally, USAir did not fully back the idea of the Charlotte hub, though the hub was maintained. Though Turner does not heavily explain the Charlotte hub's use at the time of the merger, the article does follow the Piedmont perspective and the direction Piedmont was headed prior to the merger with USAir.

Another article by Walter Turner is titled "Flies the Blue Skies" originally published for the *Tar Heel Junior Historian adds to Building the Piedmont Airlines Hub in Charlotte, North Carolina 1978-1989.* Turner continues his analysis of the Charlotte, North Carolina hub prior to the Piedmont and USAir merger by establishing routes in which Charlotte provided a connection to allow for travel to larger cities. The economic expansion from the 1987 direct flight to London is explained along with the merger with USAir and cutting back on underperforming stations to increase profits. While both of Turners' articles are detailed and precise in their explanation of Piedmont's long history with the Charlotte, North Caroline hub, the 1987 merger itself and how it directly affected the hub is not fully explained.

Piedmont Airlines: A Complete History by Richard E. Eller published in 2008 by *McFarland & Company Inc.* details Piedmont's history between 1948 and 1989. Chapter eight, "The Last Virgin, 1985-1987" discusses the era of deregulation that resulted in the merger with USAir. As with "The Price Effect of Eliminating Potential Competition Evidence from an Airline Merger", eliminating the possibility of losing control of business regulations is one of the main topics discussed regarding the merger. Eller explains that Piedmont Airlines was not interested in being on the acquired end of any purchase; Instead, management kept an ear to the ground for a smaller enterprise that might fit well with the growing airline. This desire to remain regional resulted in Piedmont buying Henson Aviation along with its fleet of Beech 99s, Shorts

3-30's, and Dehavilland Dash 7's. This source aids in mapping out the expansion following the merger with USAir along the East Coast as well as the stations already established by Piedmont.

About the author

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