

AMERICAN AIRLINES: BANKRUPT, LIKE EVERY OTHER LEGACY AIRLINE

DISCUSSION QUESTIONS

1. Why would American Airlines (AMR) wait so long to file Chapter 11, in spite of the fact that all its major competitors had already done so? What finally led company managers to file?
2. How did deregulation influence the airline industry? Has the industry ever really recovered? Explain.
3. How might AMR improve its relations with its unions? Describe the intended benefits and possible costs associated with actions to improve relations.
4. Describe AMR's business-level (competitive) strategy. What actions has the company taken to reinforce this strategy in recent years? Is it working?
5. Does AMR have any resources that provide sources of competitive advantage (relative to competitors)? If so, are any of AMR's advantages sustainable? If not, what should AMR do to develop a competitive advantage?
6. Should such a company with so many problems be involved in philanthropy? Why or why not?
7. Are the multi-airline industry alliances such as Star Alliance good for customers? Why? Are they good for the companies involved in them? Why? Do you think average airline profits are likely to be higher or lower in the future because of the alliances?
8. If you had a pool of money to invest in the stock market, would you invest in AMR? Why or why not?