



At the immigration desk of Haneda Airport, Japan, are Sherwood Nichols, director of TAL operations in Japan; captain William Word; navigator Morris Richter; co-pilot Leonard Knolls. HORACE BRISTOL

# The Daring Young Men of Transocean

By *RICHARD THRUENSEN*

Orvis Nelson's hungry young airline found itself in a world where everybody—and everything—had to get someplace else in a hurry. In this lush confusion he once moved a plane so fast it looked like a fleet—and he made \$2000 a day profit.

## PART TWO

ORVIS NELSON, founder and president of the young and bumptious Transocean Air Lines, was sitting in his office in an Oakland Municipal Airport hangar one spring day in 1950 when a wire from New York announced that Transocean had received a charter

from the Federal Reserve System to transport forty-five tons of gold from Tokyo to New York. The gold cache was part of the loot the Japs had taken from Thailand and it was now being moved to New York vaults by the Thailand Government to bolster the little country's currency. For reasons of security,

\$46,374,000 in gold bricks had to be moved in a quiet hurry. Transocean was given nine days to complete the movement.

"I got my staff together," relates Nelson, "and we figured out that Operation Gold Rush would require seven DC-4 airplanes. After we'd spotted seven of our aircraft at various places around the world and ordered them to Oakland, we sat down and figured out our routes, our maintenance procedures along the way, the security measures we'd have to take and the back-hauls available. The back-hauls would give the airplanes a load for the return trip to Tokyo—and keeping your airplanes loaded is one of the principles of running a profitable contract air service. Twenty-four hours after we'd received the job we had the first of the seven planes on the way to Tokyo."

Operation Gold Rush was accomplished without accident, but not without incident. Each airplane carried about six tons, or almost \$6,200,000 worth of gold; some were routed across the Central Pacific and others through Alaska. The movement was kept a secret until an alert newsman in Anchorage spotted one of the heavily guarded planes during a stopover and broke the story. That made Nelson unhappy.

"We weren't too worried about ordinary theft, because those heavy bricks of gold—each one was a little larger than a fire brick—would be hard to handle. But I was concerned about someone hijacking an airplane and flying it to some isolated spot and unloading it. What finally happened was that five of the aircraft arrived in Oakland on a Saturday and as we could not deliver the gold in New York until early Monday morning, we had to hold the gold in our hangar over most of the weekend. We had roughly \$30,900,000 in gold sitting there on the hangar floor. I alerted the Oakland police and the county sheriff's office and we had our own guards around the place, but I was glad to see those airplanes get away from there."





1950, Transocean was chartered to fly 45 tons of old bricks worth \$46,374,000 from Tokyo to New York. Here, Japanese cargo handlers load up a plane. TRANSOCEAN



Orvis Nelson, (center, rear), TAL executives Richard Pettit and H. Bruce Obermiller, Mrs. Nelson and daughters Holly and Sue at the Nelson home. JOHN GUTMANN

### No Routine Schedules, No Routine Business

NELSON, whose Transocean project now flies air services on a worldwide basis, likes to recall jobs like the Gold Rush and the emergency 3.5-inch bazooka lift to Korea because such operations help to make his company the world's largest contract aerial carrier. The flexibility necessary for such operations—the shuttling of fleets of planes anywhere in the world on a few hours' notice—is a facility pecu-

liar to the contract carriers, which, unlike the regular air lines, have no routine schedules to maintain.

Faced with the problem of operating without the relatively dependable backlog of income supplied by the general traveling public and without the highly profitable mail payments the scheduled carriers receive - Transocean and its companion contract carriers are forced to find business where they can and to make it pay. This sort of job-to-job existence calls for enterprise,

imagination and a sharp eye for the airborne dollar. One of the Transocean's first and most gratifying contracts developed from a combination of these attributes.

During the spring of 1947, when the young company was hungry for business, a crew member of a Transocean plane laying over in Rome between charters spotted a news-magazine paragraph which mentioned the fact that Prime Minister George Drew, of the province of Ontario, was in England and bemoaning the fact that he



A Transocean plane taxis for a take-off at Haneda Airport. Last October, TAL started an interisland air service in Japan. HORACE BRISTOL

couldn't get shipping space for some English emigrants he wanted to transport to Canada. The crew member thought this was interesting enough to repeat in a cable to his boss in California. Nelson immediately called his New York representative and had him fly to London to meet and talk with the provincial prime minister. A week later Nelson signed a contract, in Toronto, to fly 7000 emigrants from England to Canada. The whole movement took three airplanes ten months of flying and helped meet a lot of Transocean payrolls.

It is customary in the flying trade to say that Transocean is Orvis Nelson and Orvis Nelson is Transocean. Though this easy generalization is less than just to Nelson's energetic staff, there is enough truth in the statement to make Transocean's short and some what implausible history as much a record of personal accomplishment as it is the story of a fabulous business adventure. Today, Transocean has 3224 employees scattered around the world, a payroll of \$800,000 a month, and profitable operations in a dozen different service and manufacturing fields. Transocean planes have flown more than 38,000,000 miles along the world's air lanes.

Six years ago Transocean was just an idea in the mind of a man who knew nothing about business or corporate administration or buying and selling or profit and loss. A further oddity in Transocean's unconventional history is that the company has been largely self-financed-there have been no personal fortunes, no public stock sales and no RFC loans to plush-line its treasury. And no one in Washington wears a Transocean mink coat. Furthermore, the idea which originally energized Orvis Nelson wasn't a particularly novel one-even in 1945.

It all started on Okinawa, just before V-J Day. In order to make the first movement of the American forces into Japan by air, the crews and the airplanes which had been hauling freight and mail and men

across the oceans for the Air Transport Command were all gathered together on Okinawa. Among the pilots was a group of twenty or so United Air Lines captains who had been flying ATC Pacific runs under their company's contract with the Government. One of these pilots was Orvis Nelson-a thirty-eight-year-old Minnesotan with an idea and an urge to sell it to someone.

Orvis had spent his whole adult life behind the controls of a flying machine-first as an Air Corps flier and later, for ten years, as a copilot and captain with United Air Lines.

Outwardly, Orvis Nelson resembles most of his associates in the super-professional world of commercial flying; he is a big, calm, self-confident man who knows a lot about weather and airplanes and how to get the airplanes from one place to another in one piece.

If there was anything atypical about Nelson at that time-anything which distinguished him from his own breed of very competent cats-it might have been the fact that Orvis had a master's degree in creative writing. That suggested imagination, which more often than not is simply excess baggage for the professional airman. Flying is for realists. Or it might have been evident in the phrase that Nelson uses so often to explain what has happened during these last six years. "When you're flying, you just don't sit there and fly-you think."

During his several years of wartime flying to Alaska and across the Pacific for ATC, Nelson had been doing a lot of thinking. The result of these airborne reflections was the conviction that there would be a lot of flying business to be had after the war. Now, there was nothing particularly original about this idea-at least 2000 groups of ex-war pilots shared it and started aerial-transport enterprises of one sort or another during the immediate postwar period. Nelson's conception of such a project, how-

ever, had an original twist. Nelson's first thought and an odd one, considering his subsequent record as an entrepreneur-was that he wanted his employer, the United Air Lines, to get in on the Pacific flying. As Nelson puts it:

"All the United pilots out there with me felt that the company should get into the transpacific or the transatlantic field. We knew there would be more companies certificated to fly both oceans after the war. And we'd had a taste of this flying to faraway places and we liked it.

"We had plenty of time to talk about all this out there on Okinawa. Two typhoons came in, one right after another, and so the high brass decided to wait for the weather. After we'd seen the island and looked up everybody we knew in the cemeteries, we just sat around and talked. I sold the United boys on the basis that, if the company wasn't interested, we'd go in on our own and try to get the contract to set up the air lines in Japan. I knew it would be a long time before the Japs could have their own air service. We agreed we'd each chip in ten thousand dollars of our own money for a project of that sort."

Nelson was put back on the mail run to the States several days later and missed flying in to Japan with the occupation troops. He did, however, take advantage of his next trip home to see William Patterson, the president of United Air Lines, and present his ideas on an overseas expansion. As vice-president of the pilot's union, the Air Line Pilots Association, Nelson had often sat at the conference table with Patterson, and the two men knew each other well. Patterson told Nelson that United wasn't interested in a transpacific expansion at that time; he was, however, quite willing to have Nelson's group try to get the Jap airline contract on their own. To implement this helpful attitude, the air-line president gave Nelson a letter of recommendation to General MacArthur,

Once the fighting was over, demobilization began with a rush, the ATC contracts with the air lines were canceled and, shortly after Thanksgiving in 1945, Nelson found himself back home and flying the San Francisco Denver run for United. By this time a number of the other air lines were jockeying for overseas routes, and scores of demobilized service fliers, using their veterans' priorities for surplus equipment, were setting up their own small, nonscheduled air lines and flying services. Meanwhile General MacArthur, when approached in Tokyo by a Nelson emissary, had vetoed the Jap air-line project for reasons of policy. It looked as though Nelson would have to be content with a pilot's seat on the air lines for the rest of his active flying days.

Opportunity gave just one small, tentative rap on Nelson's door-but that was all he needed. Three months later, during a casual conversation with the Western operations manager for United, Nelson learned that the company had been asked to set up a temporary transpacific service to bolster ATC, which was falling apart at the seams due to demobilization. Nelson learned, further, that United was considering subcontracting a part of the operation to another carrier. The whole operation would be run on the plan the ATC had followed during the war-with the military furnishing the planes and parts, and the contractor supplying the flight crews, the administration and the maintenance.

Though it looked as though he had arrived on the scene too late-and with nothing-Nelson started to scramble. Ten days later, after he had assured both United and ATC that he could arrange maintenance facilities and obtain the necessary flight crews, Nelson was called to the phone during one of his routine flight layovers in Denver and told that he had been awarded a subcontract by United Air Lines to fly two round trips daily between Oakland and Honolulu. The first flight was to be in

Honolulu on the eighteenth of March, 1946-which gave Nelson just a week to start an air line.

"The military was to lend me a dozen C-54, four-engine airplanes for the duration of the contract. And the Matson Navigation Company, which had planned a transpacific air line late in the war, had agreed to furnish me with maintenance at the shops they had established at Oakland Municipal Airport. The rest was up to me. I took a leave of absence from my twelve-thousand-dollar-a-year flying job with United, with its seniority and retirement privileges, and became an independent operator."

With events moving at such a pace, Nelson had no opportunity to collect the widely scattered members of the group who had agreed to join him in an independent venture during the conversations on Okinawa. On the advice of a lawyer who helped him guide the project through its early stages, Nelson formed ONAT-the Orvis Nelson Air Transport Company. A California bank, upon being assigned the proceeds of the subcontract, advanced ONAT enough working capital to meet its first payrolls. To safeguard the bank's advance, Nelson took out a \$25,000 life-insurance policy, with the bank as a beneficiary. The \$1000 down payment on the policy was Nelson's sole initial investment in his new enterprise.

Advertisements in the San Francisco papers and a call to the Air Force base at Hamilton Field solved the flightcrew problem. A few evenings later Nelson returned from his first conference on the contract with ATC and the United Air Lines to find his house literally surrounded by demobilized Air Force flight crews-pilots, navigators, flight engineers and radio men. Col. Ray Elsmore, an ex-air-line pilot who practiced law between trips, left ATC and joined Nelson as his chief assistant at this time.

"I borrowed a few key men from United to become heads of my maintenance, communications and

navigation sections and help me check out the new crews. On Wednesday, four days after I got the subcontract from United, I picked up the first of the C-54's, or DC-4's, from the military, and by Friday we had ten of them. I

I began checking out the pilots, while the rest of my staff worked on the other members of the crews. On Monday, March eighteenth-my thirty-ninth birthday - we had our first airplane on its way to Honolulu and GNAT was in business."

With his seven-day-wonder of an air line carrying military mail, men and supplies from Oakland to Honolulu on a twice-daily basis (United operated the Honolulu-Tokyo run), Nelson tackled two urgent problems. The first concerned the incorporation of his Okinawa conspirators into the ONAT project. The second involved the unpleasant fact that ONAT was, literally, living on borrowed airplanes. Surplus Army aircraft were available for purchase-but veterans or veteran owned organizations enjoyed priorities. And though Nelson had tried several times during the war to join the Air Force (he held a reserve commission from his Air Corps flying days)

both the military and United Air Lines had decided that he was doing his part for the war effort as a pilot on an ATC run.

A new company, Transocean Air Lines, Incorporated, solved both of these problems. When the rustle of the paper work had quieted, three groups-the Okinawa cabal, a second group of United pilots who were veterans, and the key members of the ONAT organization-held a substantial portion of the new company's 40,000 shares of stock. Nelson, who invested his own savings, retained 27 per cent of the stock and signed over ONAT's contract to the new company on June 1, 1946. In Transocean, a veteran-owned company, Nelson had some shopping money for the first time.

ONAT's military contract for the Honolulu run had, meanwhile,



proved to be a handy sort of operation to have around. During the first few weeks Nelson's company was averaging \$2000-a-day profit on its share of the operation. Once the costs were established, the United Air Lines, as the primary contractor, advised ATC of the situation and the whole contract was renegotiated to provide a more conservative return. Nelson likes to point out that this was the first of several occasions on which his company, as an independent operator, has helped set up a yardstick on costs for overseas operations.

"Even with the revised ATC contract, we were making money. Those profits went to pay off our original bank loan. Now, with the formation of Transocean and the stock distribution, we had about \$190,000 in the kitty. We took some of that and bought two surplus DC-4's from the Government. The deal was fifteen per cent down and three years to pay the balance. Then we paid seventy-five thousand apiece to have the planes modified and certificated for commercial-passenger service-there's quite a difference between the commercial and the military requirements in an airplane. With two airplanes of our own being readied for service, I went out looking for some business to fill them."

Though the first four months of the ONAT operation had been busy and profitable ones, Nelson realized that the trial for his survival as an independent operator was just beginning when he went out to look for Transocean business. The happy windfall of a profitable military contract could not be relied upon to repeat itself; finding customers was just as important as serving them profitably. These two requisites-salesmanship and careful pinchpenny administration-were the stumbling blocks that tripped most of the independent aerial enterprises launched immediately after the war. Speaking of Transocean's early scramble to avoid the breadline, a competitor is

reported to have remarked, "Every time I would hear of a piece of business and go after it, there would be Nelson just departing, shaking hands in the doorway, the business in his pocket." Another competing independent operator complained about Nelson's luck. "Every time he threw the dice, they came up seven; never snake eyes."

Nelson himself is perfectly willing to admit that fortune smiled on Transocean's first faltering steps in the business world (the ONAT contract being Fate's sweetest buss) but he likes to point out that it took a little more than just luck and energy to get the new company under way. There has been a lot of what businessmen call creative selling and a good deal of plain persistence involved in the Nelson-Transocean success story. A typical example of the company's methods is to be found in the 1948 contract to haul construction crews across the Pacific. Nelson thought this one up himself.

"I started working on the idea a year before, while we were still busy ferrying the seven thousand English emigrants to Canada. I knew the contractors who were doing Government construction work on Guam and Okinawa had to pay their workers from the time they reported to the embarkation point in the States until they were returned to their homes. And since they had to collect a big group before they could take them over by ship, this meant that many of the workers were being paid their regular salaries for weeks of idleness and traveling time.

"I showed the contractors we could get the men from Oakland to Guam in thirty-six hours and that, after a night's sleep, they could be on the job. The contractors thought the idea was fine and so did the Navy Bureau of Yards and Docks, which handed out many of the civilian construction contracts. The Navy's Admiral Radford liked the idea, too-liked it so well, in fact, that, he decided to set up a special marine transport squadron, so that the

Navy could fly its own civilian workers out.

"Well, that tossed the Navy contractors out the window for us. Then we went to work on the Army Corps of Engineers, who were building establishments on Guam and Okinawa. They bought the idea and put the ferry contract up for bid. There were seven bidders. We felt that after all the work we'd done in developing the business, we shouldn't let it get away from us. So we sharpened our pencils-and won the contract. It turned out to be a very sizable operation. After about a year of the marine operation, the Navy quit that and also gave us a contract. During the next few years we flew approximately 30,000 construction workers across the Pacific between the West Coast and Guam and Okinawa."

Enterprises such as Transocean, which are essentially service organizations, rarely prosper unless the idea of service is spread right down the line. Some of Transocean's most profitable outcroppings have been unearthed by the company's eager lower echelons who realized that one contract had to be followed by another if everyone was to eat regularly. Jim Kelly is an example of this healthy opportunism.

Jim was station manager for Transocean on Okinawa during the days of the heavy traffic in construction workers. When this activity simmered down to a point where Transocean was running only one flight a week through the island, Jim found that he didn't have too much to do. Reflecting on this parlous state of affairs, Kelly decided that with all the Americans on the island-soldiers and construction workers and their families-there ought to be a good business for a garage and filling station. And so, with Nelson's approval and permission from the military, Kelly launched Taloa Motors, using Transocean's cable address as a name. Later, Nelson obtained the Okinawa distributorship for Dodge, DeSoto and one English car. Last year

Taloe Motors, a Transocean subsidiary, sold 100 cars on Okinawa and did a profitable garage-and-service-station business.

The wide range of Transocean's activities (among its dozen or so non-flying enterprises the company lists a hotel, two restaurants and a barber shop) is the product both of a planned scheme of diversification and an "if they can do it, we can do it better" philosophy which animates Nelson and his staff. When the company started, however, Nelson had no idea that he would ever be board chairman of a chemical plant, a printing company and a construction firm—his one preoccupation was to find business for the two airplanes which had suddenly swallowed Transocean's liquid assets.

Transocean's first flying job (aside from the ATC run it inherited from ONAT) materialized while the two DC-4's were being modified for commercial-passenger service. A Filipino publisher with the improbable name of Doctor Yap, who wanted to organize a charter trip to transport a number of his countrymen living in the States back to the islands for the Philippine independence celebration, was introduced to Nelson in Washington. Transocean accepted the charter and then lost half the business because its planes weren't completed in time. Nelson did manage to get one of the DC-4's out to Manila to bring the group back. That started a chain reaction which, literally, carried the company around the world.

"A few days after that return flight," recalls Nelson, "I got a phone call from Manila. Andres Soriano, president of the Philippine Air Lines, had seen our Transocean DC-4 go out, loaded with Doctor Yap's passengers, and he wanted to know if I would set up a transpacific charter service for PAL. How much did I want? I didn't have an idea in the world of what I ought to charge—we didn't know what bases would cost us and I didn't even know the price of gasoline out there. But I glibly

quoted a price of \$2.25 a mile. Soriano said that was O.K. for two trips—any more we'd have to talk about."

Nelson, a 13,000-hour pilot who likes to reconnoiter his company's new flying operations personally, flew the first trip under the PAL contract in July, 1946.

"I took my wife, Edie, with me as stewardess. We'd been married ten days after I'd started ONAT, so I guess you could call it our honeymoon trip. We still had bucket seats in our DC-4. Because of the length of that first hop, we could only take half a load as far as Honolulu. From there on to Manila we carried a full passenger load. We called that double-shuttling.

"That first trip was a terror. First, we were held up in Honolulu for several days awaiting military and naval clearances to stop at Johnston Island, Kwajalein and Guam. It happened to be a week end and everyone in Washington who could give us the clearances must have been out playing golf. Edie and I used that time in Honolulu to buy a small house for transient crew quarters and to pick up a couple of cars for our station personnel. Then, coming into Honolulu, I had let the cylinder heads get a little too cool and burned out a high-tension lead. Ordinarily, a mechanic could replace one of those leads in about forty minutes, but the jokers at the airfield there had never worked on a DC-4 and they spent eight hours on the job. Meanwhile they wrecked four or five leads and a harness—which cost us twelve hundred dollars."

Nelson, his wife and crew waited five days in Honolulu for the Washington clearances which would permit him to proceed to Manila. Meanwhile his forty-five passengers enjoyed an unscheduled Hawaiian holiday at Transocean's expense. Finally the necessary permission to use the facilities of Johnston, Kwajalein and Guam islands arrived and Nelson got his aerial safari under way once again.

"I had planned to overnight at Kwajalein. That's an unprepossessing place at best. Now, almost a year after the war, it was a shambles. Discipline had broken down at the base and when we arrived on a Saturday night, the place was jumping in a sort of mad carnival. The two women passengers on the trip stayed at the nurses' quarters, but Edie, after one look at the confusion, decided she'd bunk in the airplane with me and the crew. At that, there were wandering soldiers trying to get into the airplane all night. We finally had to have the loading platform taken away, and then we shut and locked the door. At dawn I'd had enough of that, so I assembled the passengers and got out of that madhouse."

That day Nelson flew his group to Guam, where their misadventures continued. A captious engineering officer, ignoring Nelson's documented authorization to service the ship at the military field, made things as difficult as possible when the Transocean crew borrowed a platform with which to check the plane's engines. When it came time to gas the plane, the officer refused to give Nelson any fuel until his ground crews had gassed up every plane on the field.

"So we sat there' eight hours while those poor devils gassed every plane on Harmon Field—and most of those airplanes were just parked there and out of service. How self-important can you get? "

Nelson's arrival in Manila more than made up for the unpleasantness of the trip. A good part of the city was out to celebrate the postwar re-establishment of regular air service with the States and to greet the plane—tactfully named The Taloe-Manila Bay. During a day's stay in Manila, Nelson signed a contract with Soriano that resulted in several million dollars' worth of business and gave Transocean the job of setting up the international division of the Philippine Air Lines, first from the States to the islands

and then westward through India to Europe.

"That was a big day for Transocean. We had what PAL needed-operational know-how and the aircraft. Later they developed the necessary financing and we helped them set up their own operational procedures and crew-training facilities. By that time we held a stock interest in the air line, which we accepted in payment for several planes we sold them."

During Transocean's subsequent operations across the Pacific for PAL, Nelson's crews pioneered in straight through flying on the twice-weekly trips between Oakland and Manila. This streamlining, accomplished by staffing the airplane with two crews between Honolulu and Manila, enabled the flights to avoid overnight stops at the island bases. This hurry-up operating technique provided Nelson with a good laugh when he flew the third round trip of the new service.

"I stopped in Guam for refueling on my way back and while I was

watching the ship being serviced at Harmon Field a sergeant in the field crew came up and visited with me a little bit. 'This new air line, Transocean, certainly has got a lot of airplanes going through here,' he says finally. 'There's one stopping here pretty near every day or so.' I didn't tell him-but it was just one airplane he was seeing. We didn't get our second ship off the modification line till October, six weeks later."

Whenever he recalls those early flights of his one-airplane air line, Nelson is reminded of Old 635-the aircraft which made like a fleet. Most of Transocean's over-water operations have been carried on with C-54's, those dependable, four-engine work horses of the air which grow old so gracefully that they seem to acquire a personality in the process. Transocean flew Old 635 until 1949, giving it new engines and an occasional refurbishing now and then. The plane was finally sold to the Icelandic Air Lines, which operated it between New York, Iceland and

Stockholm. Nelson, who felt as though he had lost an old friend, kept track of 635's subsequent career.

"The Icelandic outfit were very proud of 635, because it was the nicest airplane they had. And then, after they'd had it about six months, they hit a bad storm going into Reykjavik and flew 635 into the side of a glacier. The amazing thing was that they had a full load of passengers and crew and 635 broke in two-but they all survived.

"I talked to one of the crew later and he said that the storm was so bad that for three days they didn't dare venture from one wrecked section to the other-though the front of the airplane, with the crew, was only a dozen feet from the main part of the fuselage containing the passengers. It was snowing and blowing so hard that the two parties could only see each other for seconds at a time. They finally got everyone out, but Old 635 still lies up there on the glacier in Iceland. Sort of sad-but it did its job to the end."