

The Eye of the Tiger: Airports Require Agility During Difficult Times

Canada's airports have taken a beating over the last several years. Mental and marketing agility will be key to recovery for most regional and GA airports.

By Rob Beynon, A.A.P., President and Founder of Operations Economics Inc.

“When you have exhausted all possibilities, remember this – you haven’t.” – Thomas Edison

For regional and general aviation (GA) airports in Canada, recovering from the pandemic will take more focus and energy than operations required before COVID-19. The economy and society have shifted – creating new opportunities and challenges – while airports have not recovered financially from the pandemic years and have limited resources for responding. This landscape requires a leaner, more agile approach than the past.

ONE PANDEMIC, BUT MANY DIFFERENT ROUTES TO RECOVERY

The COVID-19 years were painful for Canada's transportation sector and economic recovery is continuing. Aviation in Canada was particularly hard hit, and airports lost air services, passengers, revenues, and employees. Now that passenger flights have been returning, economies are recovering at different rates, and the same holds true for different transport systems and routes. The financial losses airports endured during the pandemic cannot be easily recovered. If you lose 50 per cent of typical income for a year, it takes years to recover that lost income, and that is where most of us are. Pulling up from that type of financial plunge is difficult and can be painful.

After the COVID-19 years of suspended activity and losing employees to retirement and layoffs, the challenges that airports and related businesses struggle with have gained an unwanted spotlight.



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For airports, carriers, and passengers the bad news came in waves in 2022 and piled up one atop the next: last summer's lost luggage crisis, the Christmas Snowmageddon, regional aviation's anemic recovery, the untimely demise of some discount carriers and tour companies, tales of tourists stranded on vacation tours, viral social media stories of missed connections and ruined trips, and, for a long time, coverage of multflight waits and distraught customers on the nightly TV news. Aviation has bounced back from hardships in its 100 plus year history, but the pandemic hit far harder – and longer – than any previous downturn post Second World War. Many of us recall 9/11 and the resulting shock, industry shutdown, and the relatively quick return to trend. Post COVID is different. While there have been some immediate airport winners coming out of the pandemic (St. Hubert and Kitchener-Waterloo come to mind), this article is focused on those experiencing a slow recovery. Regional and GA airports, unlike the internationals which are now recovering rapidly, have been struck especially hard.

For example, many regional airports have significantly reduced or no scheduled air service following COVID-19. Examples in British Columbia alone include Smithers, Dawson Creek, Castlegar, Cranbrook, and Penticton. COVID-19 is not the only reason, because air carriers are changing aircraft, struggling to find pilots and crew, and are struggling with supply chain issues on the maintenance side, but the pandemic initiated this rupture in service.

In my view, the new federal Air Passenger Protection Regulations may make this loss of service to regional communities permanent. This is because regional airports have always suffered from cancelled and delayed flights for a variety of reasons. The easiest way for major air carriers to manage this risk is to reduce or end flights to these communities. If I am correct, the new regulations will have had a much more profound impact for regional airports than Transport Canada ever imagined.

A DIFFERENT KIND OF DOWNTURN REQUIRES A DIFFERENT TYPE OF RECOVERY, AND NEW TYPES OF LEADERSHIP

When COVID-19 receded, we stepped outside of our personal and business bubbles to confront a new world where many pre-pandemic certainties had ended. Business was back but anemic, and the future we had previously imagined was filled with amplified crises: war in Europe, drought, inflation, political extremism, fuel price surges, labour shortages, skills gaps, and forest fires.

LOOKING FORWARD

I am also part of the aviation ecosystem, and while struggling with the ongoing impacts of the COVID pandemic, I have been contemplating what all businesses – and airports in particular – need to focus on during these difficult times, particularly for regional and GA airports. The image that came to mind for me thinking of how to respond was that of a tiger in the snow, seeking food in a difficult demanding environment. We all need to be tigers.

The following points are taken from a tiger perspective. In sports, coaches work with players to develop agility with techniques like speed ladders, and we need to develop business agility today.

DEVELOP STRATEGY

Strategy discussions are much less popular than they were in the 1990s when most airports were devolved, but the need is probably

greater in these uncertain times. Approach the present and future with a strategic outlook. I know of many airport leaders who retired during the pandemic and who were unable to pass on the full depth of their knowledge to the next generation because of the measures taken to keep staff safe, and unfortunate timing. Just as troubling is the all-too-frequent discovery that departed executives and managers have kept vital institutional knowledge all in their heads without leaving written records for their successors.

FLEXIBILITY IN THE FACE OF CHANGE

Disruptions are rushing at us from numerous directions, but if managed well they will lead to opportunity. We need to get more comfortable taking reasonable business risks – and failing – because the future is unclear. We need to look beyond aviation and airports for inspiration in a period of rapid change. And we need to embrace diversity and inclusion, at many levels, making the best of every opportunity we have.

FACE FORWARD

For most airports, scheduled service is the big prize. Scheduled service leads to revenue, eligibility for the Airports Capital Assistance Program (ACAP), and ancillary business opportunities, as well as social and economic benefits for the communities it serves. Those with no or reduced scheduled service may find that recovery is delayed for a few years.

The large international airports are saying total recovery will come by 2025, but for regional and GA airports experiencing slow recoveries getting back to pre-COVID-19 levels will take longer. This will pose a financial challenge to many regional airports that have been relatively successful previously.

TURN SIDWAYS

While we must remain focused on the bigger opportunities before any business, we must look sideways to the related opportunities on-site that could be expanded. This could include leases, increased fuel sales, film and TV production hosting, forging new partnerships with flight schools, helicopter operators, and avionics shops. Looking sideways means considering the opportunities on airside that need a nudge.

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LOOK BEYOND THE HORIZON

Change is coming – Airbus has committed to hydrogen power in the future and Air Canada has invested in electric aircraft. Harbour Air in British Columbia has flown its first all-electric seaplane, the ePlane, and is planning passenger operations. Advanced Air Mobility (AAM) promises new types of operations and aircraft. The time to investigate these options and their implications for airports is now. We cannot know the future, but it will be different than the present.

REVIEW THE PAST

Keep your leases, contracts, and other agreements up to date. Recently, I've worked with two airports that had not updated their fees over the past 20 years. Airports provide valuable services and deserve to be paid for it. To avoid this predicament, airports need to review and update agreements, licences, and leases as an ongoing practice. Regular reviews can also identify areas of potential development or missed opportunities.

DEFINE AND TRACK KEY METRICS

Many municipalities and airports do not track metrics of financials well, which makes analysis of operations and opportunities difficult. Operations Economics Inc. (OEI), was recently engaged to advise an airport that had all its expenses consolidated into three line items, and we therefore could not see enough detail to understand what was happening. The municipality which owned the airport said they could not provide additional detail, so we could not conduct the analysis they hoped to receive. This requires discipline, analysis, and

up-to-date technology. Several business clichés come to mind, such as “garbage in, garbage out.”

LOOK UP AND DOWN

Airports are a team/community effort, and success depends on working well with airport owners, staff, tenants, and users. Don't forget about related organizations like economic development offices and tourism bureaus that can support development and marketing. Successful teams thrive on interactions and information exchange.

PUT IT IN WRITING

It is surprisingly common for airport managers to put as little as possible in writing, often with deleterious results, particularly when they retire. Continuity cannot exist without detailed written plans. This is part of the reason the onerous procedures behind safety management system plans and incident reports. Writing clarifies and communicates, and it prioritizes and protects data, strategies, tactics, and vital knowledge of daily operations. I am a big fan of brevity, but information must be regularly written, reviewed, and updated. ✈

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