



*2019 X-Culture Global Business Week, Calgary, Canada
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Challenge Presented by: **Calgary Airport Authority**
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THE CITY OF CALGARY

The City of Calgary is referred to as the “Gateway to the Rockies”.

Calgary sits in the sunny eastern foothills of Canada’s Rocky Mountains, where the Bow and Elbow rivers meet. It is the major urban center for the entire southern half of the province of Alberta, and is surrounded by an area of profound beauty with an unspoiled, resource-rich natural environment.

It is no surprise to Calgarians that their home has been ranked among Top 5 most liveable city in the world by The Economist Intelligence Unit every year between 2009 and 2018 (#4 in 2018).

The population density in Calgary is low, the quality of life is high, and housing abundant. Calgary’s population is young, well educated, entrepreneurial, community minded, generous and well paid.

As individuals, Calgarians are family-focused, recreation lovers, that are committed to a healthy work-life balance. As citizens, Calgarians are enthusiastic supporters of community organizations: there are more volunteers in Alberta than the national average.

The top priority of most Calgarians is sustaining the city’s superb quality of life. This means ensuring the economic, environmental, health and wellness, recreational, educational and social service advantages that Calgarians have today will be here in the future.

A few helpful Calgary websites:
Life in Calgary: www.lifeincalgary.ca/moving/calgary-facts
Tourism Calgary: www.visitcalgary.com

CALGARY AIRPORT AUTHORITY – BACKGROUND INFORMATION

The Calgary Airport Authority (the Authority) is a not-for-profit, non-share capital corporation, incorporated under the Province of Alberta's Regional Airports Authorities Act. Since 1992, the Authority has been responsible for the operation, management and development of Calgary International Airport (YYC) and, since 1997, Springbank Airport (YBW), under a long-term lease from the Government of Canada.

As a not-for-profit corporation, all financial surplus is reinvested to upgrade and improve airport operations and improve the customer's experience. For ease of understanding and analysis, for this Company Challenge you can assume that nearly 100% of The Calgary Airport Authority's activities are focused on YYC, Calgary International Airport.

The Authority is governed by a community-based [Board of Directors](#) and led by an [Executive Team](#), dedicated to the long-term success of the Authority and the airports they manage and operate.

In 2017, the Authority teams across the organization worked with the Executive team and Board to develop a new five-year strategic business plan. This plan will guide the future development and operation of the airport and puts forward a vision that is focused on putting the customer at the forefront of everything they do. Similar to a vision statement, the North Star serves as a compass and guiding principle. It captures the shift in priority from being a transportation infrastructure organization to be a hospitality-focused organization.

For additional Authority history, please see:

www.yyc.com/en-us/calgaryairportauthority/abouttheauthority/history.aspx

VISION (AKA NORTH STAR)

The North Star guides all of the Authority's decision making, and clearly articulates their desire to deliver excellent customer service while serving as ambassadors for their region:

"We create effortless and memorable airport experiences that reflect Calgary's legendary hospitality and our region's natural beauty".

Mandate

The Authority's mandate is defined by the governing legislation of the Regional Airports Authorities Act of Alberta. The mandate defines who we are and describes why we exist.

We will:

Manage and operate the airports for which we are responsible in a safe, secure and efficient manner and

Advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry

For the general benefit of the public in our region.



Strategic Planks and Focus Areas

In order to deliver on their North Star, the Authority selected four strategic planks in order to be successful and to deliver on their promise to provide elevated experiences to their guests.

1. Develop Our People

- Cultivate employee engagement and culture
- Create a learning organization with the right skills and capabilities
- Build our talent pipeline
- Enable the future of work

2. Deliver a Remarkable Customer Experience

- Put the customer at the heart of every decision
- Create a seamless customer experience
- Measure success in exceeding expectations

3. Drive Value to Airline Partners

- Make it easy for airlines to operate here
- Improve financial flexibility, strength and competitiveness
- Drive exceptional airline/client relationships

4. Diversify and Grow Our Revenue Streams

- Maximize existing revenue streams
- Seek new revenue opportunities



The Authority's Values

The Authority is committed to a customer-focused environment, aiming to create a positive experience for our guests and partners; we are creative, ensuring that our approach is proactive and innovative; collaborative, welcoming all ideas at the table; we are accountable, taking ownership for our actions; and passionate, bringing our dedication and energy to all of our work.

The Authority's Enablers

We have four key enablers at YYC, which are our foundational operating principles:

1. **Safety** – Working with our airline partners, agencies and emergency responders, the safety of our guests and employees is a top priority.
2. **Security** – Ensuring the security of everyone who interacts with YYC is of the utmost importance.
3. **Enterprise Key Performance Indicators (KPIs)** – Establishing measurement within our organization is a critical enabler of successful operations. At YYC, we have a robust set of enterprise-wide KPIs to measure our performance.
4. **Environment** – Taking a responsible approach to the environment is paramount.

The Authority Facts and Figures: www.yyc.com/en-us/media/factsfigures/factsheet.aspx

Business Climate and Opportunities

In 2018, YYC welcomed 17.3 million passengers, maintaining its status as one of Canada's busiest airports.

YYC also continues to be the leading air cargo hub in the province of Alberta. Last year, cargo tonnage moved through the airport totaled more than 146,000 tons, representing more than three-quarters of all air cargo moved in the province.

With more than 270 passenger flights per day and service to 80 non-stop destinations, YYC is well positioned as Alberta's gateway to the world. YYC is Canada's fourth busiest airport.

The airport contributes more than \$8 billion to the city's GDP (about 10% of the economy) and supports nearly 50,000 jobs (including 24,000 direct jobs). The future growth and development of YYC will only increase YYC's position as an important economic partner and contributor to Calgary's continued development.

Business Opportunities with The Authority

These Non-aeronautical areas represent current the Authority's revenue sources and areas for future growth. In 2018, non-aeronautical revenue (CAD \$ 138.9 million) represented 33% of total Authority revenue. It is a very important revenue source.

- Concessions (commercial and retail)
- Car parking
- Land rental
- Terminal space rental
- Interesting Facts about Calgary

Please see the following interesting Calgary facts:

www.yyc.com/en-

us/calgaryairportauthority/projectsprograms/projectregistryenvironmentalassessment/didyouknowlinks.aspx

Additional Information

2018 Annual report: <https://stories.yyc.com/pdf/the-calgary-airport-authority-2018-annual-report.pdf>

2018 Financial report: <https://stories.yyc.com/pdf/the-calgary-airport-authority-2018-financial-report.pdf>



CALGARY AIRPORT AUTHORITY – STUDENT CHALLENGE

The Calgary Airport Authority is a major contributor to the local economy and tourism. The Authority's goals are to provide an unforgettable travel experience for their customers, make YYC airport an attractive environment for their airline partners, and increase airport revenue. This allows the Authority to attract more customers to fly through YYC airport, increase the number of flights to YYC airport, strengthen its contribution to the local economy and increase its financial performance so it can continue to make capital improvements to the YYC airport.

Your specific challenge is to develop a ***five year business proposal*** for YYC airport with the following objectives (assume your recommendations will be implemented from January 2020 – December 2024)

1. **Non-aeronautical Revenue:**

Increase existing non-aeronautical sources and develop new sources of revenue.

Hint: understand YYC airport's current revenue sources and research other innovative airports to get ideas for new revenue sources. In 2018, non-aeronautical revenue (CAD \$ 138.9 million) represented 33% of total revenue.

Please review these important resources to learn more about non-aeronautical revenue:

<https://concessionaireanalyzer.com/airports/non-aeronautical-revenues/>

<https://www.ikusi.aero/en/blog/what-are-main-sources-non-aeronautical-revenue-airport>

In addition, to better understand YYC's non-aeronautical revenue you need to prepare questions for your June webinar and July 15th meeting with representatives from the Authority.

2. **Customer experience:**

Develop programs to enhance the customer's experience and develop a marketing plan for promoting this program.

Hint: You need to understand both current and target customers. Customers can *originate* their trip at YYC, *connect* flights through YYC, or *end* their trip at YYC. What do they want?

Also, what is happening at other world class airports?

See passengers' stories at <https://stories.yyc.com>

3. **Passenger volume:**

Recommend ways to attract new customers and to encourage existing passengers to take more flights from, through, and to YYC airport.

Hint: Consider programs you can introduce to encourage airline partners to add new destinations, more non-stop flights, additional flights and offer reduced fares.

How do airlines evaluate airports?

Why do they add flights and new airport locations?

How can you encourage passengers to take more *connecting* flights through YYC?

WestJet uses YYC as a major airport hub – how can YYC nurture and grow this relationship?

What can the Authority do to encourage other airlines to use YYC as a hub?

Research and Support: it will be critically important for you to provide persuasive evidence to support your business plan recommendations

Additional Considerations

- Visit your local airport and talk to officials to gain a better understanding of how an airport operates.
- Interview local airline passengers to understand their “buying” decision:
Why do they fly?
How do they select a specific airline?
What would motivate them to fly more?
What features do they like at their favorite airport?
What would motivate them to book a connecting flight through YYC?
- Develop targeted marketing campaigns to defined market segments.
- Clearly identify key markets, consumer groups and market segments.
- Analyze buying patterns and identify new opportunities.
- Create meaningful messages for your target audience.

In developing your business plan, pay attention to the information available on the Authority’s website and Dropbox folder: www.dropbox.com/home/X%20Culture%20and%20YYC



SUGGESTED SCHEDULE

June 10: Develop a Team Charter that specifies how your team will operate, the roles and responsibilities of the team members, expected time investment, performance expectations and what happens if a team member is underperforming.

- June 15: Initial brainstorming, exchange of ideas; all ideas are considered.
- June 20: Select the best ideas around which the team will be developing their strategy.
- June 24: Webinars with the company management. Your opportunity to learn more, ask questions, get feedback.
- June 30: Share the initial work and input from each team member.
- July 10: Have a pretty good idea as to how your solution looks like. You will continue developing it and it will still undergo many changes, but you should have the initial version ready by this date.
- July 16: Have the complete first draft of the report that the presentation will be built upon. You will not need to submit the report, but you want to put everything on paper in a form of a single coherent document that you can work with. It can also be a set of detailed notes on slides that you will later format to be suitable for presentation.
- July 16: Have a set of slides and one-page handout for the presentation.
- July 17: Initial rehearsal of the presentation, update the slides and one-page handout.
- July 18: Final rehearsal of the presentation, final update of the slides and one-page handout
- July 19: The Presentation:
 - Presentation:** 12 minutes + 3 min Q&A
 - Handout:** One page. This will be an executive summary of your presentation. You should highlight (e.g. bullet points) your recommendations and include anything else (e.g. graphics, picture) which will help the judges remember the main of your presentation. You can use the front and back of the page

COACHING

10 Ambassadors are available to provide coaching and help with the challenges. They all have received additional training in coaching when they completed the X-Culture Coaching Program They can assist with:

- Clarifying the challenge instructions;
- Support and directions for developing an effective solution to the challenge;
- Help with team organization and management, including scheduling, workload distribution, roles on the team, etc.
- Help with resolving conflicts, communication and collaboration difficulties, other interpersonal and team dynamics issues;
- Provide feedback on your intermediate work and ideas;
- Assist with presentation rehearsals.

The coaching help could be requested by sending a note to Coaching@X-Culture.org or by contacting your Ambassadors directly.

CALGARY AIRPORT AUTHORITY: 2018 FINANCIAL REPORT
(Financial figures are in thousands of Canadian \$'s)

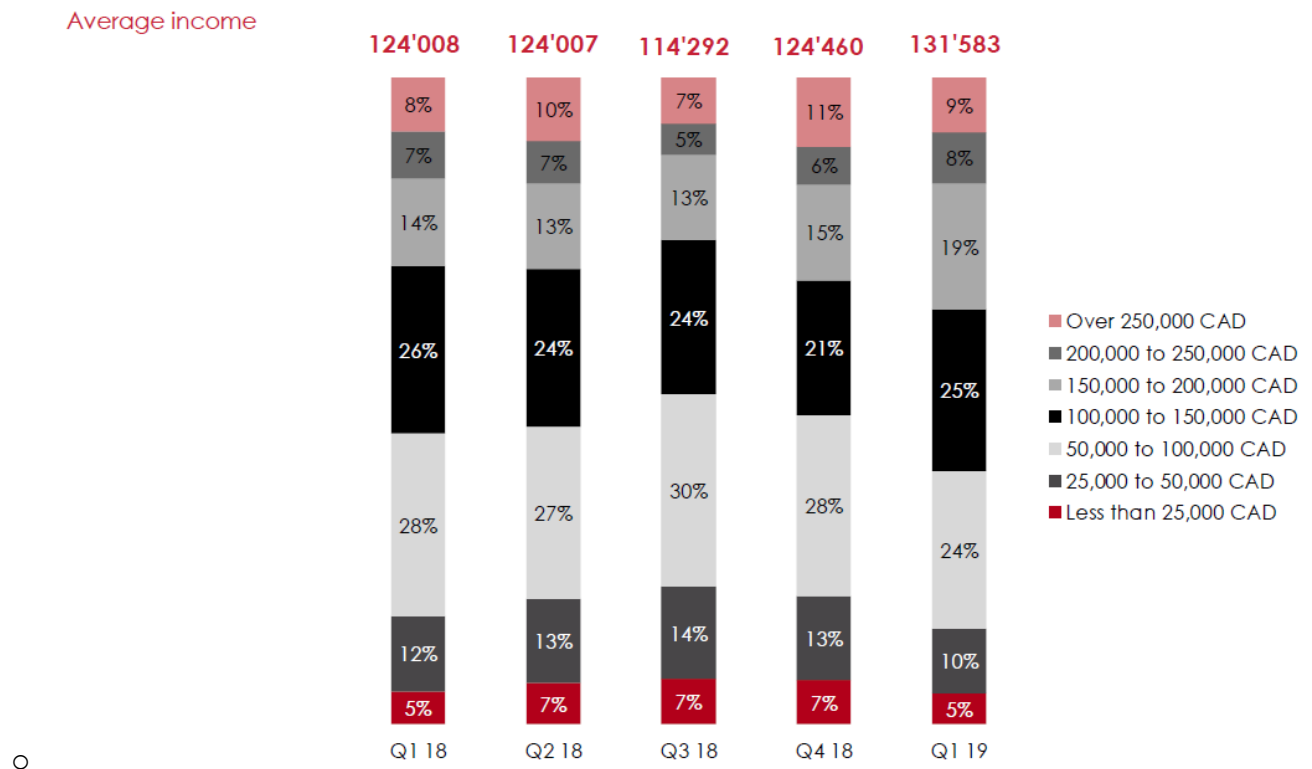
	NOTE	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 34,581	\$ 19,438
Accounts receivable		28,748	38,639
Inventories	3	5,613	6,225
Prepaid expenses		3,730	3,374
		72,672	67,676
LONG-TERM RECEIVABLES		819	841
CAPITAL AND INTANGIBLE ASSETS	4	3,135,459	3,296,535
PENSION ASSET	12	23,614	28,168
		\$ 3,232,564	\$ 3,393,220
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	5	\$ 43,978	\$ 57,607
Interest payable on long-term debt		19,233	19,233
Deferred revenue		1,371	1,229
Current portion of other long-term liabilities	6	1,792	1,759
		66,374	79,828
OTHER LONG-TERM LIABILITIES	6	2,554	2,637
PENSION LIABILITY	12	15,093	17,570
LONG-TERM DEBT	7	2,915,901	2,915,901
		2,999,922	3,015,936
NET ASSETS		232,642	377,284
		\$ 3,232,564	\$ 3,393,220

	NOTE	2018	2017
REVENUE			
Airport improvement fees	9	\$ 163,880	\$ 156,138
Non-aeronautical revenues			
Concessions		67,159	61,879
Car parking		43,694	44,115
Land rental		20,357	19,468
Terminal space rental		6,973	6,563
Interest income		523	98
Other revenue		206	274
		138,912	132,397
Aeronautical revenues			
General terminal fees		48,443	53,381
Aircraft landing fees		47,208	44,148
Other aeronautical fees		22,441	21,077
		118,092	118,606
		420,884	407,141
EXPENSES			
Depreciation and amortization	4	249,363	242,311
Goods and services		114,420	116,740
Interest	16	99,851	97,595
Canada Lease	11	42,466	40,820
Salaries and benefits		33,170	33,721
Property taxes		16,902	14,958
Airport improvement fee handling fees	9	6,509	6,204
		562,681	552,349
LOSS FROM OPERATIONS		(141,797)	(145,208)
OTHER INCOME (LOSS)			
Post-employment pension benefits	12	(2,845)	2,698
NET LOSS		(144,642)	(142,510)
NET ASSETS, BEGINNING OF YEAR		377,284	519,794
NET ASSETS, END OF YEAR		\$ 232,642	\$ 377,284

The Authority has provided an abundance of information and data. Listed below is a sample of the information. Please make sure you thoroughly review all the Authority provided information.

- 58% of passengers at YYC travel alone; 21% as a group of 2; 11% as a group of 3; 5% as a group of 4; 3% as a group of 5 or more;
- 32% of passengers at YYC travel for business; 35% for leisure;
- \$132,000 CAD is the average income of passengers at YYC:

Average household income in Q1 19 was CAD132,000



- 46 is the average age of passengers (22% 45-54; 20% 35-44; 19% 55-64; 16% 26-34; 10% 65-75; 7% 22-25; 5% 16-21; 2% 76 and over);
- 47% men; 51% women;
- 10-11% of passengers are foreigners;
- Average dwell time in the airport is 100 minutes and 12% of travelers spend less than one hour at YYC;
- 35% of passengers have 1-2 trips a year; 34% 3-5; 16% 6-10; 10% 11-20; 5% 21 or more;
- 88% of passengers fly “economy”; 8% “premium economy”; 4% “first/business/upper class”
- Around one third of passengers arrive at the airport more than 2 hours before departure; around one third between 1.5 and 2 hours before departure;

- 74% of passengers went to university or college (but only 55% got a degree);
- 62% of passengers are employed; 15% self-employed; 1% military; 3% unemployed; 14% retired; 5% students.

Other Helpful Information Sources:

- Facts and Figures: <https://www.yyc.com/en-us/media/factsfigures/passengerstatistics.aspx>
- News Releases: <https://www.yyc.com/en-us/news.aspx>
- 2018 Annual Reports: <https://stories.yyc.com/>
- Blog: <https://www.yyc.com/en-us/media/blog.aspx>
- 2018 Best and Worst airlines: <https://www.worldairportawards.com/worlds-top-100-airports-2018/>
- Documents and reports: <https://www.dropbox.com/home/X%20Culture%20and%20YYC>