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# ascend

Taking your airline to new heights

## THE PILOT

A CONVERSATION WITH  
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*Alaska Airlines*

# Staying Power

Alaska Airlines has served its loyal passenger constituency for more than 75 years, and the airline that's distinguished itself as an industry leader is bound to be around at least 75 more innovative and productive years.

■ By Phil Johnson | *Ascend* Staff



In 1932, when Linious “Mac” McGee first started taking passengers on his McGee Airways fur-run flights between Anchorage and Bristol Bay, Alaska, little did he realize he had started what would grow to become one of the most popular and innovative U.S.-based airlines.

Today, despite a few hiccups in recent times due largely to some necessarily drastic cost cutting, Alaska Airlines represents a study in business leadership and survival throughout what have now stretched to be more than 75 years.

After McGee’s early exploits — as well as legendary bush-piloting escapades by Merle “Mudhole” Smith, Bob Ellis, Shell Simmons and other pioneers of the skies throughout the Alaska Territory in the 1930s and ‘40s — it was several operational mergers and a couple of name changes later before the Alaska Airlines name was adopted in 1944 (just ahead of a competitor that had filed for the “Alaska Airlines” trade name, as well).

Among its other historic achievements, Alaska Airlines participated in the Berlin Airlift of 1948 and 1949 that helped preserve freedom in a part of the world in which the stifling reality of the Cold War was all too stark. During the Cold War, Alaska Airlines was one of few U.S. carriers that occasionally operated scheduled flights to the Soviet Union.

But the airline’s bread and butter in its early decades was always its essential service in Alaska — as Alaska Airlines became the primary mode of transportation for people in the intra- and trans-Alaska passenger market, with so much of the vast Alaska landmass only reachable through air.

In fact, since the late 1960s when it acquired the airlines then serving southeastern Alaska where there’s no interconnecting road network leading to the towns and villages scattered among the mountainous and island terrain, Alaska Airlines has offered one of the only two practical modes of travel in and out of that region.

Juneau, which is Alaska’s state capital, has for the last 40 years depended heavily on Alaska Airlines as a physical lifeline to the civilized world — and so have Ketchikan, Sitka, Petersburg and Wrangell as well as the other towns of southeastern Alaska’s narrow geographic strip that hugs the sea to the west and south and is closely bounded by Canada to the east and north.

The original access to southeastern Alaska’s towns and villages was, of course, by water transport. And freighters as well as the Alaska cruise lines continue that tradition today. In fact, a key staple of Alaska Airlines’ business plan is to participate strongly in Alaska tourism by partnering with various cruise lines — flying passengers to Alaska from the continental United States so they can enjoy a scenic cruise south along the Alaskan and Canadian coastlines to Vancouver, British Columbia, or U.S. ports such as Portland, Oregon, or Seattle, Washington.

Or the touring adventurers can select a routing the other direction, with passengers cruising north through Alaska’s Inland Passage, sometimes all the way north to Anchorage, then

catching an Alaska Airlines flight back home to a destination in the Lower 48 states.

With the expansion of Alaska Airlines’ service to the U.S. West Coast, the airline’s headquarters was eventually shifted from Anchorage to Seattle, where the corporate offices remain today.

Seattle-Tacoma International Airport and Ted Stevens International Airport in Anchorage are the primary hubs for Alaska Airlines as it continues to expand its service not only on the West Coast (and to Hawaii), but to major destinations including Boston, Massachusetts; Washington, D.C.; Miami, Florida; New York, New York; Chicago, Illinois; Dallas/Fort Worth, Texas; and Denver, Colorado.

During its history, Alaska Airlines has faced several “down” periods but has persevered and survived. Important economic developments have occurred throughout Alaska Airlines’ lifespan to bring the airline back from the dips in its economic business cycle.

A good example of these key economic developments is the shot in the arm Alaska Airlines received when Alaska’s Prudhoe-Bay-to-Valdez oil pipeline was built in the late ‘60s and early ‘70s — providing access to an enormous energy source for the U.S. economy, thousands of jobs for Alaskans and plenty of major transportation needs during the project — transportation needs that Alaska Airlines was able to help satisfy on an extremely large scale.

Furthermore, since Alaska Airlines is the primary carrier to so many regions of the state — and the only carrier to some Alaska destinations — the airline has become a vital linchpin in carrying items such as medical and emergency supplies to those areas.

Throughout Alaska Airlines’ existence, its business model has been shaped by circumstances. Similar to many low-cost business models, the carrier’s fleet consists mainly of Boeing 737 variants.

Benefits of the single-aircraft fleet include lower maintenance costs required to service one type of aircraft as well as standardization of aircraft-auxiliary equipment throughout the airline’s system.

Also, the Alaska Airlines approach has traditionally embraced a fun-loving, easygoing style — at one time, for example, dressing its flight attendants in Russian Cossack garb in a nod to its native state’s rich Russian heritage.

Over time, as with almost all carriers, Alaska Airlines has cut back on services such as in-flight meals. But it still maintains a reserved-seating structure on its flights.

Another part of the airline’s long-term business plan has evolved from its service to Mexico, which was initiated in the late 1980s primarily in a strategic move to better utilize its aircraft year round.

Traditionally, many of Alaska Airlines’ flights from the Lower 48 to Anchorage as well as to its numerous other destinations in Alaska would be



Photos courtesy of Alaska Airlines

its numerous trout and salmon streams and its lakes and ponds, or to hunt all over the state. Alaska Airlines' cargo arm does major business carrying fishermen's frozen catches and hunters' trophies to other U.S. destinations.

The airline even designates several of its aircraft strictly for cargo — specifically to ensure it is able to adequately serve its large and ever-growing sporting-outdoorsman constituency.

Yet another of Alaska Airlines' key strategies going forward has been to avoid joining any of the major airline alliances, but rather to partner aggressively with individual carriers including American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines and KLM/Air France in codeshare agreements that now essentially expand Alaska Airlines' reach and scope around the globe.

And such strategies have kept Alaska Airlines on an upward growth path for most of its 75-plus years in business.

In the challenging realm of innovation, Alaska Airlines has during its long history been credited with several industry firsts, such as being the first airline (along with its sister airline Horizon Air, the other carrier operating under the auspices of Alaska Airlines' holding company, the Alaska Air Group) to book flights and sell tickets via the Internet, starting in the mid-'90s.

Now, the Alaska Air Group — starting with Alaska Airlines — is working to further develop its concept of the "airport of the future," which is designed to speed the passenger check-in process. Basically, the idea is to eliminate the front-desk ticket counter in favor of various strategically positioned check-in kiosks and bag-check stations.

Through its "airport-of-the-future" implementation, Alaska Airlines has demonstrated dramatically reduced check-in times at Ted Stevens International Airport in Anchorage. And Horizon Air has established a similar (though prospectively much larger) version of the concept at Seattle-Tacoma International Airport.

The entire Alaska Air Group has been inspired by Alaska Airlines' traditional pioneering spirit, which continues to breed innovative strategic thinking even after more than 75 years of building a loyal, fiercely demanding customer constituency.

And although Alaska Airlines is rightly proud of its rich heritage, it also takes pride in being very much in tune with today's air travelers. The people of Alaska Airlines do not appear to be letting up in their efforts to succeed through long-held innovative and competitive instincts — even in today's ever-changing airline industry. **F**

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**Pillbox hats, Russian Cossacks and hot pants represent six decades of Alaska Airlines' most unusual flight attendant attire. In honor of the airline's 75th year in business, a variety of past uniforms were showcased during last year's flight attendant fashion show at Seattle-Tacoma International Airport. Flight attendants wore these and other retro uniforms on select flights for a few months after the anniversary celebration.**

filled to the brim in the summer months, but passenger bookings would fall off drastically during the state's notoriously cold, dark winters.

To better utilize its aircraft fleet throughout the year, the carrier's strategists suggested serving some of Mexico's resort regions that are popular wintertime destinations for U.S. travelers.

The good news is that the strategy worked. The bad news is that the strategy may have worked too well, in the sense that many Mexican

resort destinations have evolved to a more-or-less four-season level of popularity — a situation that could then threaten to leave the Alaska Airlines fleet shorthanded during the summer months when travel to and from Alaska picks up again.

One of the unique aspects of the air-travel market between Alaska and the Lower 48 is the significant proportion of outdoor sports enthusiasts who travel to Alaska to fish