

Airport Beacon Report



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DESIGNING AN EFFECTIVE AIRPORT ORGANIZATION: PART ONE - STRATEGIC APEX

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Working with numerous airports across the country, we have seen various airport organizations and management structures. However, practically every airport organization has the same four basic components: strategic apex, middle line, operating core, and support staff. This holds true even with the airports operated by one person - they just happen to do it all. Some airports design these basic components in ways to maximize potential, while others fall short. This article is going to focus on the strategic apex, and touch upon some theories that might provide you with ways to improve your airport's organizational structure.

While I was in grad school, I took a class called Organizational Theory. (Like most of my other classes, I only have one memory of it that stays with me, so I would like to share it with you.) To stress the importance of designing an effective organization, the instructor provided the class with some biblical history and explained how the Lord directed Moses to lead the Israelites out of Egypt. He briefly told the story of the exodus from Egypt, including the parting of the Red Sea and how the people wandered in the wilderness for 40 years. Here is where his story starting deviating from scripture. The instructor explained the reason they spent 40 years in the desert was because Moses was addressing little problems between the Israelites, instead of leading the entire organization out of the desert. The instructor then proceeded to display the most massive organizational chart I had ever seen. The chart demonstrated how Moses delegated his responsibility among a thousand managers and staff. The instructor's point was well



Don't try to run this red light...

made. Without Moses spending time on a direction, environment, and strategy, the organization was doomed to wander the desert.

According to my old instructor, the Israelites lacked a strategic apex. The strategic apex is charged with ensuring that the organization serves its mission in an effective way, and also that it serves the needs of those who control or otherwise have power over the organization (such as political leaders and airport board members). A book by Henry Mintzberg called *Structures in Fives*, advised that the strategic apex has three sets of duties to meet this charge.

The first duty is the direct supervision of top managers. The apex allocates resources, issues work orders, authorizes major decisions, resolves conflicts, designs and staffs the organization, monitors employee performance, and motivates and rewards employees. To meet this duty of direct supervision of top managers, I encourage the use of a deputy. The majority of airports across the country do not have a

Deputy Director since they are too small or the organization is designed differently. However, complex organizations that operate large, medium and small hubs should consider the importance of a deputy. Although I was not in the military, I understand the need for an established clear line of succession. Armies are grouped in divisions, brigades, regiments, battalions, companies, platoons, and squads, and each soldier knows his/her position within the Army and who is in charge if the commanding officer is out of service. In some airport organizations, the line of succession is hazy or unestablished. Unfortunately, airports often realize this in times of emergency. For instance, suppose the Airport Director is attending a Conference in Las Vegas (purely business, of course) when an aircraft emergency or security violation occurs at home. Establishing a clear line of succession, instead of simply sending an e-mail before the Director leaves town putting the Chief Engineer in charge, is a smarter and more efficient way of managing the organization. Nevertheless, if the organization has a Deputy, the Director must make efforts to delegate authority and ensure that they work as a team, and not as rivals. This is sometimes a delicate balance.

The second set of duties for the strategic apex is the management of the organization's relationship with the "environment". The executive team of the apex must spend a good deal of their time informing influential people about the organization's activities, developing high-level contacts for the airport, tapping the contacts for information, negotiating major agreements with outside parties, sometimes serving as "figureheads", and carrying out ceremonial duties such as greeting important customers. As a former Airport Director, it is amazing the amount of time this set of duties takes up. From airport advisory committee meetings to speaking at the Elks Lodge, selling and promoting the airport never ends. It's just another reason to hire a Deputy to share the burden.

The third set of duties relates to the development of the organization's strategy. Some airports have no strategy, because there is no one that is charged with the overall responsibility of the organization. Others are too top heavy and have too many executives,

board members, city council leaders and commissioners taking the airport in different directions. To be successful, the strategic apex must develop an understanding of its environment and seek to tailor a strategy to its strengths and needs, while trying to maintain a pace of change that is responsive to the environment. All without being disruptive to the organization. This set of duties was critical for airport organizations shortly after 9/11.

In some cases, over the course of a numerous years airport directors have created an organizational "monster" by promoting managers in order to establish alliances. Often, little kingdoms are created, and it takes a new board member, council member, or commissioner to tear it apart. But don't blame the new board member! The problem often lies with the Director who has forgotten the public servant role to operate the airport in an efficient manor. Finding the proper balance at the top is essential for the organization to establish a clear strategy, while minimizing the wasteful spending.

In general, the strategic apex takes the widest and most abstract perspective of the organization. Work at this level is usually characterized by minimal repetition and standardization, and relatively long decision-making cycles. But that's why airport executives love what they do.



Redneck Palm Pilot

ASK ABS

A monthly part of our newsletter is a section called "Ask ABS", where we answer aviation-related questions from our readership. (If we do not receive a question, we make one up.) Each month we publish one question that we receive with a joint reply from our professional consulting team. Please submit any questions via e-mail to Mark Davidson at: mdavidson@airportbusiness.net

This month, Bob Rieser, P.E., A.A.E., Airport Manager of the Aurora Airport, asks the following questions: *Can an airport enact updated Minimum Standards that are, in effect, tougher to become an FBO when only one of my two FBOs will meet the new limits? As an example, one FBO would meet ALL of the new requirements of the Minimum Standards and the other would not. Can we approve the new limits and "grandfather" the other FBO and meet the grant assurances?*

In a simple answer . . . Absolutely! Minimum Standards are designed to set minimum threshold requirements for new tenants, as well as for existing tenants when their lease expires, ownership changes, or is renewed/extended for ANY reason. Minimum Standards are seldom retroactive. In essence, Minimum Standards draws a line in the sand, stating that "From this day forward, here are the rules!" Obviously, there may be circumstances at your airport that modifies this standard in minor ways. Nevertheless, the thing to keep reminding yourself is that Minimum Standards only apply to existing tenants if you choose for them to, or if a tenant wants a new or extended lease. At that point, the new rules apply, whether they are an existing or new tenant.



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LESSON OF THE DAY

An old mule fell down a well. The Farmer heard the mule braying for help. After carefully assessing the situation, the farmer decided that neither the mule nor the well was worth the trouble of saving. Instead, he called his neighbors together, told them what happened and enlisted them to help haul the dirt to bury the old mule in the well and put him out of his misery.

Initially, the old mule was hysterical! But as the farmer and his neighbors continued shoveling the dirt hit his back, a thought struck him. It suddenly dawned that every time a shove load of dirt landed on his back, he should shake it off and step up! This he did, blow after blow. "Shake it off and step up... Shake it off and step up," he repeated to encourage himself. No matter how painful the blows or distressing the situation seemed, the old mule fought panic and just kept right on shaking it off and stepping up. You're right! It wasn't long before the old mule, battered and exhausted, stepped triumphantly over that well! What seemed like it would bury him actually blessed him - all because of the manner in which he handled his adversity!

Airport Business Solutions is recognized as the leader in providing valuation, analysis, and consulting services to airports and aviation businesses, and offers a diversity of backgrounds and experience which provides a new, creative, and "outside the box" perspective on a myriad of aviation issues and problems.

In addition, our international affiliate, Airport Business Solutions International, AEC, has helped numerous airports worldwide with a variety of airport management and operational issues and problems. Problems at international airports are no different from those experienced at airports in the U.S., and the diversity of experience and breadth of knowledge of Airport Business Solutions International has been extremely valuable in achieving comprehensive solutions to those issues.

For More Information

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