The Airport (and Manager) of the Future

It’s a mind-boggling number when you think about it: Half a trillion dollars on airport projects over just a few decades, stretching from Ataturk Airport in Istanbul to La Guardia in New York. All of which may be good news for holiday travelers, who will someday get to experience self-baggage check and self-boarding, hike along artificial waterfalls, and wander multilevel gardens. The only issue: how to pay for it.

Traditionally, airport projects have been financed either by private investors or, as in North America, mostly by municipal debt. But experts say it’s going to take a whole lot of new, steady revenue to cover all that investment—and, apparently, a special kind of CEO to figure out how to generate it.

Airport revenues, of course, have come a long way over the years. No longer content with offering just shoeshine stations or newsstands, many airports around the world have become retail extravaganzas with health clubs, high-end boutiques, restaurants and entertainment centers (some of which screen IMAX movies), all housed in spectacular architecture where flying can seem an afterthought. Vancouver’s airport boasts an aquarium with more than 5,000 sea creatures; Hong Kong’s has an adjacent nine-hole golf course. When completed, Singapore’s new airport will feature multilevel gardens, walking trails and a waterfall that soars over 100 feet.

Yet for the amount of effort to get us to not notice our flight is hours late, the share of revenues that airports get from non-aviation...
sources hasn’t budged over the past decade. According to the Airports Council International, so-called non-aeronautical revenue at U.S. airports fell slightly as a percentage of airports’ total revenue between 2000 and 2012, to about 45 percent. Blame everything from e-commerce to Uber and Lyft, which are cutting into parking receipts.

“Parking used to account for a quarter of all airport revenue,” says Zack Deming, a principal in Korn Ferry’s Logistics, Distribution and Transportation Sector practice. “That’s been declining every year. Airports have to offset the reduction.”

In response, airport operators are already thinking in new ways. The “aerotropolis”—essentially turning the airport property into its own city—is a concept gaining traction at many major airports. Next to Atlanta’s Hartsfield-Jackson airport, for example, carmaker Porsche has built a test track that certain high-end airline passengers can try out. Denver International and Miami International both have oil and gas wells on the property, while land belonging to Jacksonville International is leased for timber production.

But who is going to run these complex new airports? Deming says these new challenges mean the executives hired to run airports need an entirely different skill set than they did a couple of decades ago. It’s no longer just about making sure runways are cleared of snow and that air and ground operations run smoothly. Airport CEOs will need to be everything from theme-park executive to logistics guru to a big city mayor of sorts.

“In the old days the people running airports came from aviation backgrounds,” Deming says. “Now they’re coming from cruise lines and even entertainment companies.” In other words, people who have been in the “experience” business and who understand consumers in general. Sean Donohue, CEO of Dallas/Fort Worth International Airport, arrived in 2013 and manages a massive 1,800-employee operation with an $800 million annual operating budget. Though he has spent his career in the airlines industry, he believes future airport CEOs must be generalists with great breadth rather than tacticians with depth in specific areas such as engineering, operations, HR or finance—the usual spawning ground for airport execs. “It’s not just about building new terminals or runways anymore,” he said. “It’s not just about having good relationships with the FAA, or working with security, or overseeing operations. It’s the ability to manage all these elements and more.”

The good news at least is the job pays well: The salary for top positions at a publicly owned airport can run well into six figures at both public and private airports, and the mandates and budgets seem about in line to most compensation experts. Says Deming: “Airports are no longer just a place to catch a flight.”

BY PETER ZHEUTLIN

Pre-Boarding

Expecting some delays on your next trip? Here’s a world map of airports with some amazing features.

Singapore Changi Airport (26 million passengers per year). A swimming pool and a butterfly garden that is home to more than 1,000 butterflies. Coming in 2018, an indoor forest and a 100-foot waterfall.

Seoul Incheon Int. Airport (62 million passengers per year). A golf course, an indoor ice-skating rink, a casino and a museum.

Dubai Int. Airport (78 million passengers per year). A Zen garden, a full-service spa and health club with a swimming pool, and Snooze Cubes with TV and Wi-Fi.

Vancouver Int. Airport (20 million passengers). An aquarium housing 850 indigenous sea animals, and a wildlife management team that offers on-site programs such as raptor training.

Munich Airport (40 million passengers). Airbräu, a full microbrewery that crafts Bavarian beer.

Seoul Incheon Int. Airport (62 million passengers per year). A golf course, an indoor ice-skating rink, a casino and a museum.

Amsterdam Airport Schiphol (58 million passengers). The famed Rijksmuseum has a dedicated branch in the airport featuring paintings from Dutch Masters Rembrandt and Vermeer.

Chubu Centrair Int. Airport, Nagoya (15 million passengers). The Fu No Yu bathhouse is the only bathhouse in Japan where passengers can observe planes departing and landing.

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