Alaska International Airport System

01/01/14 - 12/31/14

Vision Navigation®

Clear vision, focused strategies, real results.

In this document

Purpose, Core Values, Vision 2

Products 3

Lesson From History 4

Key for Use of Vision Navigation® Chart 5

Vision Navigation® Chart 6

List of Projects 7

Project Plans

- Strategic Communications 8
- Scenario Planning 10
- Budget Process 11
- Metrics and Gathering 12
- Employee Development and Engagement 13
- AeroNexus® 15
- Technology 16
- Higher Education Engagement 17

Appendix A

- Strategic Assessment 18

Appendix B

- Internal Assessment 23

Vision Navigation®

Purpose

To keep Alaska flying and thriving

Core Values

From our history to date and from the commitments that we all share now about the future, we have defined the values that should guide all of our activities and staff in the years to come. These are our core values:

- **Integrity:** Honesty, dependability, unity and a high ethical standard
- **Enterprising:** Innovative, proactive, pioneering, business-centric airport system
- **Excellence:** Commitment to improve and a passion to provide superior service and infrastructure
- **Respect:** Professional regard for colleagues and customers

Our Vision

By 2030, Alaska International Airport System (AIAS) is a global AeroNexus® for aviation related commerce

- We will be a model government - owned enterprise, adaptive and agile
- We will proactively address global changes and world markets
- We will operate safely while striving for efficiency
- We will be a coveted place to work
- We will optimize our contribution to Alaska's economy and quality of life
- We will involve, value and balance the interests of system stakeholders

Products

The following are the goods and services that are created by our organization which, when provided to external customers, generate continued support for its work:

- Safe, compliant facilities that are available for all uses
- Facilitating access 24 hours per day, 7 days per week, 365 days per year
- Efficient operations
- Economic opportunity
- Economic development
- An enjoyable travel experience

Lessons From History

Our history to date has taught us much about what works well and what should not be repeated. The following are considered to be our major lessons from history at this point in our history. These should serve as operating principles that guide our journey into the future:

- Negotiating in a cooperative fashion is much more effective than an adversarial fashion (new Operating Agreement)
- Proactive preparation (e.g. anticipating questions, concerns and preparing a response) leads to ability to control the agenda and the negotiation outcome (Operating Agreement)
- Efficiencies have been realized through cooperative development of systems by the two airports and statewide
- The ego of the airport has to be subservient to the missions of the airports
- Establish realistic expectations in your community re. airport growth
- Each airport needs to understand its role in passenger and freight logistics and seek to optimize that vs. seeking to be some other model that is not achievable
- An ambitious vision generates change and improved performance
- High performance, being united and market credibility has enabled the System to fend off entities seeking to “own” pieces of our success
- Maintain the high road and not engage with those attacking with negativity
- Transparency, involvement of the air carriers in our planning and budgeting established a relationship of trust that was key to successful negotiation of Operating Agreement
- Humility and responsiveness of needs/concerns of air carriers as customers was key to improving the working relationship and getting to successful negotiation
- Maintain a business and market perspective
- Carriers appreciate the system approach and search for efficiencies and performance management. It is a fit with their own cultures.
- Strike the right balance of system solutions vs. unique solutions for the situation/differences at individual airports
- Brand both the individual airports as well as the System
- Effective, consistent outreach to business partners is key to being able to realize vision and goals
- If you don’t care who gets credit for success, you attract more support and achieve greater success
- Investing in component managers interacting with managers from the other airport in the system and with customers has been key to creating the high performance system

Key for Use of Vision Navigation® Chart

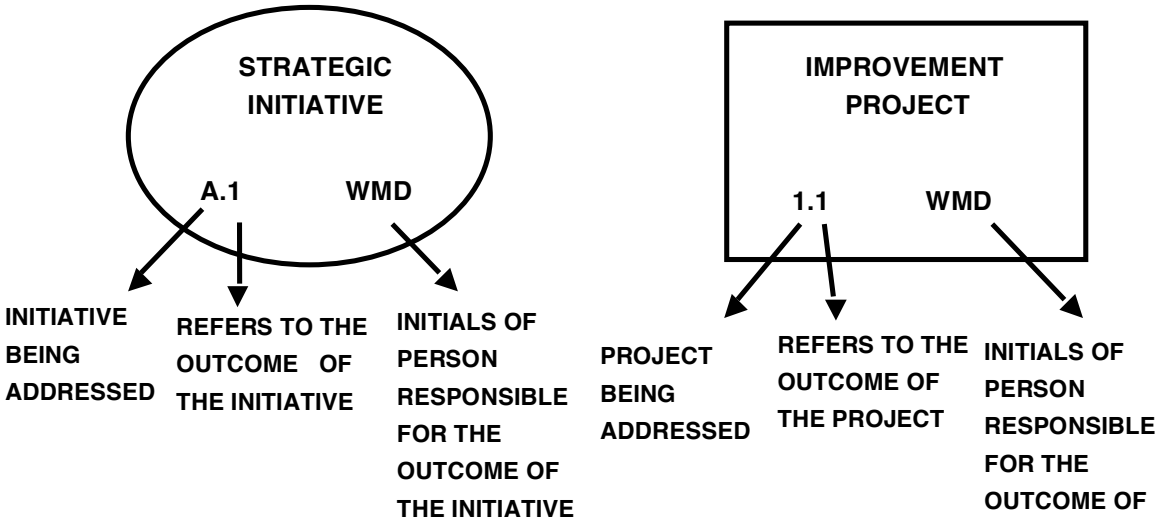
The Vision Navigation® Chart depicts the steps required to make the vision a reality and to handle priority issues associated with improving the organization's effectiveness.

The chart reads from left to right. The left represents present time and the far right the vision of what is to be achieved. Because of the rapid pace of change, detailed planning has been completed only for the current year. Each colored arrow on the chart contains one project. The vertical lines divide the projects into quarters for ease in understanding whether the organization is on schedule in accomplishing its aims.

There are two types of projects that may be included on the chart. Improvement projects are intended to work on the efficiency, efficacy, quality, profitability, and/or culture of the organization. Strategic projects are intended to grow the organization and move it toward its vision in the marketplace.

Each strategic initiative has been assigned an identifying letter, and the quarterly milestones or tasks are written in ovals. Each improvement project has been assigned an identifying number, and the quarterly milestones are written in rectangles. Following the chart are complete write-ups of each strategic initiative and improvement project to provide supporting documentation to clarify the projects being undertaken. In the Appendix is a section titled “Use of the Vision Navigation® Chart”, which explains how to use and update this tool on a monthly basis.

Below is a key to information contained within each box or circle on the chart:



Strategic Communications

- Engagement target list completed — A.1 AM
- Slide deck completed — A.2 AM
- Strategic messages defined — A.4 AM
- Schedule & individual responsible for strategic communications defined — A.5 AM
- ANC-FAI connectivity operational — A.3 TW
- Needed permissions secured to execute strategic communications — A.6 AM
- Initial annual strategic communications executed — A.7 AM
- Annual strategic communications effort evaluated — A.8 AM

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Strategic Initiative A: Strategic Communications
1-year Target:
- Proactive AIAS communications engagement annual plan developed & implemented

Scenario Planning

- Initial set of scenarios defined — B.1 JVZ
- Initial set of scenarios validated — B.2 JVZ
- Template for scenario planning agreed upon — B.3 AM
- Impacts, risk probability & potential responses defined for each scenario — B.4 JVZ

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Strategic Initiative B: Scenario Planning
1-year Target:
- Initial set of scenarios with, impacts, probability & possible responses defined

Budget Process

- Budget tools procured & implemented — 1.1 KD
- Budget processes, calendar, approvals codified in AIAS P&P — 1.2 KD
- AIAS budget P&P fully implemented — 1.3 KD

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Improvement Project 1: Budget Process
1-year Target:
- Capital & operating budgeted processes, calendar, products & approvals fully implemented

Metrics & Data Gathering

- Metrics fully populated — 2.1 JP
- Initial set of metrics evaluated — 2.2 JP
- Targets established for finalized set of metrics — 2.3 JP
- Process/schedule for management utilization of metrics for decision-making defined — 2.4 JP
- Metrics for publication on website defined — 2.5 JP
- Socialize metrics within State government — 2.6 JB
- Post metrics on website — 2.7 TW

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Improvement Project 2: Metrics & Data Gathering
1-year Target:
- Metrics with targets fully implemented

Employee Development & Engagement

- Create & conduct constrained employee survey re. potential development & engagement actions — 3.1 TW
- Doable list of employee development & engagement actions developed — 3.2 TW
- Employee groups identified for development & engagement actions defined — 3.3 TW
- Employee development & engagement plans published & supervisors trained — 3.4 TW
- Presentations conducted at ANC & FAI re. vision, strategic plan & proposed employee development actions — 3.5 TW

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Improvement Project 3: Employee Development & Engagement
1-year Target:
- Employee development/engagement plan defined & implementation begun

AeroNexus®

- GLDP report received & reported — C.1 AM
- "Way Ahead" project planning completed — C.2 AM
- AeroNexus® trademarking completed — C.3 JP

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Strategic Initiative C: AeroNexus®
1-year Target:
- AeroNexus® opportunity defined & initial strategy developed

Technology

- AIAS IT hardware & software inventoried — 4.1 KD
- IT Steering Committee chartered & established — 4.2 KD
- IT needs assessment completed — 4.3 KD
- Solutions to identified needs defined — 4.4 KD
- IT plan drafted, approved & published — 4.5 KD

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Improvement Project 4: Technology
1-year Target:
- IT plan created & published

Higher Education Engagement

- List of potential higher educational institutions for engagement drafted — D.1 JJ
- Higher education engagement opportunities internally defined — D.2 AS
- Potential higher education institutions approached re. interest in engagement — D.3 AS
- Initial engagement opportunities defined & agreed to — D.4 AS
- Initial AIAS-higher education roundtable conducted — D.5 AS

03/31/14 | 06/30/14 | 09/30/14 | 12/31/14

Strategic Initiative D: Higher Education Engagement
1-year Target:
- Potential value of additional higher education engagement determined

Alaska Department of Transportation & Public Facilities
Alaska International Airport System

Alaska International Airport System (AIAS Vision Navigation® Chart

01/01/14 - 12/31/14

Purpose:
To keep Alaska flying & thriving

Our Vision:

By 2030, Alaska International Airport System (AIAS) is a global AeroNexus® for aviation related commerce

- ☆ We will be a model government - owned enterprise, adaptive & agile
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- ☆ We will be a coveted place to work
- ☆ We will optimize our contribution to Alaska's economy & quality of life
- ☆ We will involve, value & balance the interests of system stakeholders

JB	John Binder
KD	Keith Day
JJ	John Johansen
AM	Alex Moss
JP	John Parrott
AS	Angie Spear
JVZ	Jesse VanderZanden
TW	Trudy Wassel

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Version 3.0, 01/15/14

Project Plans

Each strategic initiative has been assigned a letter and each improvement project has been assigned a number.

The following are the strategic initiatives of Alaska International Airport System (AIAS) to be undertaken in the coming year:

A. Strategic Communications

B. Scenario Planning

C. AeroNexus®

D. Higher Education Engagement

The following are the improvement projects of Alaska International Airport System (AIAS) to be undertaken in the coming year:

1. Budget Process
2. Metrics and Data Gathering
3. Employee Development and Engagement
4. Technology

Strategic Initiative A: Strategic Communications

Description: This project is to identify internal communications shortfalls, develop and implement internal communications plan to resolve those shortfalls. We lack external communications policy, plans, and processes to successfully engage the wide list of stakeholders.

Why:

- Inadequate internal communication causes strife, mixed messages to external customers and significant inefficiencies
- Inadequate vertical communication prevents engagement by all employees and input
- Leads to organizational "siloing"
- Inefficient use of time and resources
- Revisit same issues over and over
- Avoid litigation
- Help achieve defined goals and objectives
- Keep priorities straight
- Positive AIAS image
- Internal benefits of pride and morale

What it Includes:

- Define, publish and disseminate internal communication expectations for all staff
- Hold staff accountable for implementation
- Create and implement repeatable processes
- Ensure plan/processes "living" – flexible to account for account
- Create a formal AIAS policy
- Create an external communication plan
- Define goals
- Defines tools and techniques (e.g. "regular communication" habitual relationships proactively)
- Define processes
- Defines measures of effectiveness
- Create a "living" stakeholder register
- Implement, monitor and measure success

1-Year Target:

- Proactive AIAS communications engagement annual plan developed and implemented

Challenges:

1. Connectivity between ANC and FAI not yet operational

Outcomes:	**Who:**	**When:**
1. Engagement target list completed	AM	03/31/14
2. Slide deck completed	AM	03/31/14
3. ANC-FAI connectivity operational	TW	03/31/14
4. Strategic messages defined	AM	03/31/14
5. Schedule and individual responsible for strategic communications defined	AM	03/31/14
6. Needed permissions secured to execute strategic communications	AM	06/30/14
7. Initial annual strategic communications executed	AM	12/31/14
8. Annual strategic communications effort evaluated	AM	12/31/14

Overall Team Leader: Alex Moss

Strategic Initiative B: Scenario Planning

List of Scenarios:

- Cargo unit demand declines 25% over 3 months
- Cargo unit demand increases 25% over 3 months
- Additional cargo sorting operation
- One less cargo sorting operation
- Additional consolidation of air carriers
- Entry of additional domestic carrier year-round
- Large scale unfunded mandate (e.g. deicing)

1-Year Target:

- Initial set of scenarios with impact, probability and possible responses defined

Outcomes:	**Who:**	**When:**
1. Initial set of scenarios defined	JVZ	03/31/14
2. Initial set of scenarios validated	JVZ	03/31/14
3. Template for scenario planning agreed upon	AM	03/31/14
4. Impacts, risk probability and potential responses defined for each scenario	JVZ	12/31/14

Overall Team Leader: Jesse VanderZanden

Improvement Project 1: Budget Process

Description: Develop a well-defined budgeting process that meets the needs of internals and external stakeholders.

Why:

- Improves airport credibility
- Better articulate the plans to stakeholders
- Promotes fiscal responsibility from the section level up
- Provides section managers at guide for budgeting
- Provides a better performance management tool
- Justifies resource requests

What it Includes:

- Definition of roles/responsibilities
- Define timelines
- Define budgeting methodology/process
- Develop best/worst/mid-case budgets
- Identify peer airports for comparable metrics
- Develop, publish, disseminate and implement the new Alaska International Airport System (AIAS) budget process
- Accompany with strategic communications strategy – internal and external

1-Year Target:

- Capital and operating budgeted processes, calendar, products and approvals fully implemented

Outcomes:	**Who:**	**When:**
1. Budget tools procured and implemented	KD	03/31/14
2. Budget processes, calendar, approvals codified in AIAS P&P	KD	09/30/14
3. AIAS budget P&P fully implemented	KD	12/31/14

Overall Team Leader: Keith Day

Improvement Project 2: Metrics and Data Gathering

Description: Project is to develop and determine metrics to measure success.

Why:

- Measuring for success allows for identification of problems, feedback and improvement
- Promotes accountability and increases support from stakeholders, customers, staff, etc.
- Helps clarify true problems and justify resources to fix those problems
- Helps functional areas focus on internal improvement

What it Includes:

- Clearly defined performance measures, establish standards
- Track assess performance
- Review and collaborate
- Allocate resources
- Periodic reports to document

1-Year Target:

- Metrics with targets fully implemented

Outcomes:	**Who:**	**When:**
1. Metrics fully populated	JP	03/31/14
2. Initial set of metrics evaluated	JP	03/31/14
3. Targets established for finalized set of metrics	JP	03/31/14
4. Process/schedule for management utilization of metrics for decision-making defined	JP	03/31/14
5. Metrics for publication on website defined	JP	06/30/14
6. Socialize metrics within State government	JB	06/30/14
7. Post metrics on website	TW	09/30/14

Overall Team Leader: John Parrott

Team Members: Jesse VanderZanden

Improvement Project 3: Employee Development and Engagement

Description: Implementing a comprehensive professional development program for Alaska International Airport System (AIAS) employees.

Why:

- Improve effectiveness of employees
- Motivate employees to improve
- Provide for succession planning
- Helps supervisor evaluate performance
- Helps upper management identify future leaders optimize staff as an asset
- Supports better recruitment

What it Includes:

- Analyze/revise org chart to identify career paths
- Develop training programs to support career advancement in identified career paths
- Develop training budget
- Secure funding
- Develop formal career path development and training manual
- Develop meaningful individual personnel records/files
- Must look at job classifications

1-Year Target:

- Employee development/engagement plan defined and implementation begun

Challenges:

1. Executing while abiding with union rules, policies and procedures

Outcomes:	Who:	When:
1. Create and conduct constrained employee survey re. potential development and engagement actions	TW	03/31/14
2. Doable list of employee development and engagement actions developed	TW	03/31/14
3. Employee groups identified for development and engagement actions defined	TW	06/30/14
4. Employee development and engagement plans published and supervisors trained	TW	09/30/14
5. Presentations conducted at ANC and FAI re. vision, strategic plan and proposed employee development actions	TW	12/31/14

Overall Team Leader: Trudy Wassel

Team Members: Angie Spear

Strategic Initiative C: AeroNexus®

Description: Determine those businesses and business models that marry-up with our attributes and develop a plan to attract those businesses.

Why:

- Synergy with strategy to grow and retain cargo business
- Potential contribution to economic development of Alaska; generate long term, stable streams of revenue
- Diversify our economy
- Optimize use of our resources
- Sound diversification strategy

What it Includes:

- Develop a strategy to bring on, fund and maintain the expertise and resources needed to execute the plan
- Generate political buy-in for this strategy
- Research on successes and failures elsewhere
- Determine attributes that potential businesses are looking for

1-Year Target:

- AeroNexus® opportunity defined and initial strategy developed

Challenges:

1. AeroNexus® opportunity may be determined be limited

Outcomes:	**Who:**	**When:**
1. GLDP report received and reported	AM	03/31/14
2. “Way Ahead” project planning completed	AM	06/30/14
3. AeroNexus® trademarking completed	JP	12/31/14

Overall Team Leader: Alex Moss

Improvement Project 4: Technology

1-Year Target:

- IT plan created and published

Challenges:

1. External constraints on hardware and software procurement

Outcomes:	**Who:**	**When:**
1. AIAS IT hardware and software inventoried	KD	03/31/14
2. IT Steering Committee chartered and established	KD	09/30/14
3. IT needs assessment completed	KD	09/30/14
4. Solutions to identified needs defined	KD	12/31/14
5. IT plan drafted, approved and published	KD	12/31/14

Overall Team Leader: Keith Day

Team Members: Jesse VanderZanden, John Parrott

Strategic Initiative D: Higher Education Engagement

1-Year Target:

- Potential value of additional higher education engagement determined

Outcomes:	**Who:**	**When:**
1. List of potential higher educational institutions for engagement drafted	JJ	03/31/14
2. Higher education engagement opportunities internally defined	AS	03/31/14
3. Potential higher education institutions approached re. interest in engagement	AS	03/31/14
4. Initial engagement opportunities defined and agreed to	AS	06/30/14
5. Initial AIAS-higher education roundtable conducted	AS	12/31/14

Overall Team Leader: Angie Spear

Appendix A:
Strategic Assessment

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AIAS Strategic Assessment

Competitive Assets

- Cargo transfer authority
- Geographic location and [flight conducive] weather
- 9 ½ hours to 90% of the world's GDP
- Any size aircraft/ anytime
- Optimal tech stop infrastructure and turn times
- Reliable year-around operations
- Air space capacity
- Room for growth and development – passenger and cargo
- One system, two airports, complementary operating systems
- Cold weather testing environment
- Federal inspection services and customs
- Aircraft parts bank
- AeroNexus® brand
- Benchmark status nationally and internationally for airport organizational excellence and operations
- Professional credibility offers a measure of protection
- Quality/commitment of workforce
- Relationship with AK institutions of higher learning affords us free research capacity

Community and Other Key Stakeholders

- Adjacent community groups with concerns regarding airport development, relationship with community groups has improved in last year
- Municipalities as partners to foster good economic development
- Municipalities influence airport operations through zoning and taxation
- Varying political support for airports and their role in economic development
- Business community support for airports and their role in economic development
- Alaskan's strong orientation to and dependence on aviation
- Investor's/bondholder's concern regarding financial outlook of AIAS
- Federal Agencies --- FAA providing funding for capital development and planning
- Aviation alphabet groups

Customer

Traveling Public

- Volume is increasing
- Potential for growth in Asian tourism
- Appreciate improved amenities
- Wanting year-round scheduled international flights
- Wanting greater airline choice and lower fares

Airlines

- Want statewide access control media (badging)
- Concern with consistent standards for ground handlers, availability and perceived lack of capacity
- Uncertain impact of increased landing fees
- Concern re. uncertain future of underutilized North Terminal and Kulis facilities and impact on operating costs
- Better understanding of, effective relationship with international carriers; turnover of Asian carrier management
- Seeking streamlined, more responsive policy and leasing procedures
- Effective facilitator/partner to deal with governmental entities
- Continue to move to “pay for what you use” fees
- Passenger carriers adding more direct destinations (by-passing Seattle) both ANC and FAI
- Introduction of Q-400 aircraft to Alaska
- Cargo transfer volumes are stagnant
- Increased interest in cargo transfer but uncertainty as to a fit with existing business models

General Aviation

- Access to the big airports
- Title 17
- Demand for more float slips
- Off-airport competition at FAI
- Ease of access to passenger terminals

Concessionaries and Tenants

Tour Operators

- More space for passenger bag matching; inbound and outbound
- More curb space; inbound and outbound
- Need for more daytime flights

Third Party Developers

- Concern with low rates charged by airport for aircraft parking

Shippers/Freight Forwarders

- Facilitate links between suppliers/producers with shippers; cargo transfer
- Cargo holding, processing, handling facilities
- Compatible zoning and land use controls close to airport text

Ground Handlers

- Space contiguous to AOA
- Adequate equipment, common use of specialized piece of equipment

Market Competitive Threats

- Entry of longer range aircraft, moving away from tech stops, need more data to understand trend
- Increased use of belly cargo space
- Trend toward increasing aircraft size and improved fuel efficiencies are reducing revenues
- Trans-pac ocean shipping; lower market value of products - stable threat
- Restructuring of FedEx and UPS operations: sub-contracting, new hub in Japan
- Threat of lost momentum in marketing of cargo transfer
- Other airports securing cargo transfer rights
- Open Skies agreements would threaten competitive advantage
- Multi-modal connectivity of other airports
- Some competitors have more aggressive incentive programs
- Competitive advantage of critical mass of [international] cargo operations
- Exemption on State fuel tax for international flights
- Deicing required due to weather conditions - cost and time factor for operations - competitive disadvantage
- Tech Stop volumes continuing to decline @ 2% per year
- If manufacturing moves west to India could reduce volumes
- Growth of Latin America-China trade will positively impact AK volumes

Culture/Demographics

- Rural trajectory – by-pass mail threatened by potential Congressional action; Essential Air Service changes possible as well
- Proposed changes to By-Pass mail system would result in fewer carriers/flights and thus reduced revenues
- Growing middle class in China; demand for tourism and fish
- Difficulty in recruiting for low wage positions by airport-based businesses
- Difficulty in recruiting for highly trained positions
- Growth in eco-tourism

Technology

- NextGen technology will add additional air space capacity (more closely spaced routes and arrivals) leading to more enroute throughput (est. 10 -15%) that can be absorbed with only minor infrastructure improvements at AIAS airports [also a competitive advantage]
- Longer-range aircraft is possible threat (reduction) to tech stopovers but business model may still call for stopovers, and opportunities may exist to develop and market "value-added" of stopovers at AIAS to the overall business model for carriers.
- Updating revenue and statistical data software
- Sharing of technology between ANC and FAI is resulting in increased efficiency and reliability

Political/Economic

- Change in the global manufacturing/consumption paradigm; e.g. shift of manufacturing from Eastern to Western China, SE Asia, Latin America
- Long-term economic recession
- Decreasing Federal funds will result in significant reduction in available capital funding
- Changes in trade patterns in China and the implications for global cargo flows
- Trend in China to grow middle class and increase consumption rates
- Pressure for reallocation of Federal funds to other airports
- Public/Political backlash due to perception that Alaska has received disproportionate benefits in the past
- Educating the legislature, municipalities, economic development groups, the importance of airports and [the global nexus] as important economic engines for the state and the region with diversification of state revenue sources and employment opportunities for the region
- Threat of significant reduction in the General Fund may lead to inadvertent impacts in enterprise funded entities

Regulatory

- Potential regulatory restrictions/costs associated with deicing
- Shifts in trade agreements
- Potential for unfunded mandates rooted in regulatory change
- Tighter regulatory compliance could lead to loss of Federal funding

Appendix B:
Internal Assessment

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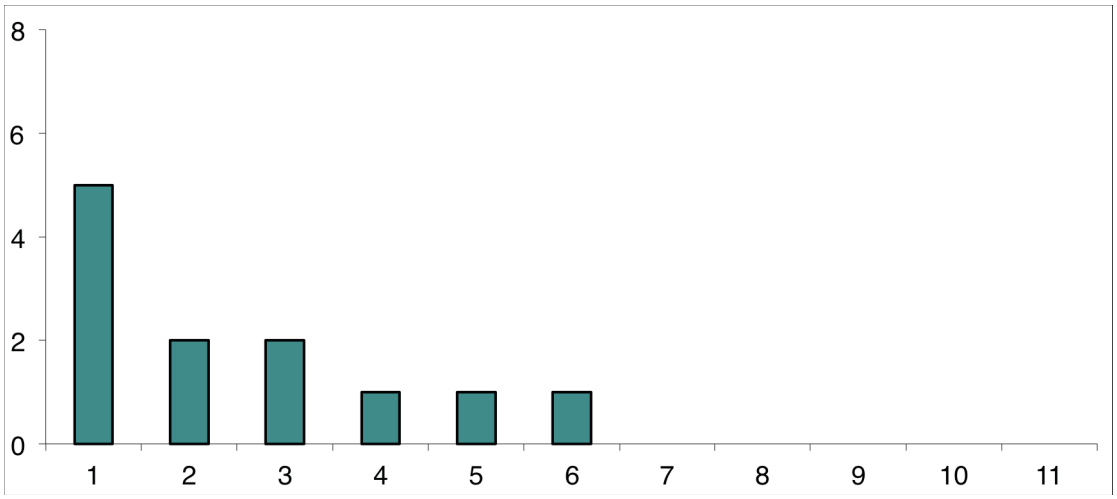
Hoshin Results

Ranking	Potential Improvement Project	"Outs"	"Ins"
*1	Governance - doesn't facilitate business with operations	5	0
*2	We do not have a financially viable/sustainable business model	2	2
*3	Lack of trust within Administration	2	0
4	Leadership validity is disruptive	1	3
5	We should recognize top performers more formally and more often	1	1
6	Standardized training for mid-level managers and supervisors	1	0
7	Recruitment and retention	0	5
8	IT inventory and operationally	0	1
9	Facilitate ANC-MOA land exchange	0	0
10	Need solution to pending deicing regulations	0	0
11	We struggle with communications continuity with other carriers	0	0

PIPs Arranged by Number of "Outs"



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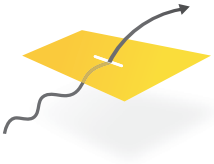
Total Ins: 12



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