

# Korn Ferry Observations on Trends in Airport Executive Compensation

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ACI-NA 2020 CEO FORUM

MICHAEL BELL – KORN FERRY – CIVIL AVIATION PRACTICE

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# Observations Based on Global Airport Client Work



# Selected North American Airport CEO Mandates

- Aeroports de Montreal
- Hartsfield-Jackson Atlanta International Airport
- Calgary Airport Authority
- City of Chicago Department of Aviation
- City of Cleveland – Department of Port Control
- Dallas/Fort Worth International Airport
- Denver International Airport
- Greater Toronto Airport Authority
- Los Angeles World Airports
- Metropolitan Airports Commission (Minneapolis-St. Paul)
- Metropolitan Washington Airports Authority
- Port of Oakland – Aviation Division
- City of Philadelphia Department of Aviation
- San Diego County Regional Airport Authority
- Port of Seattle – Aviation Division
- Rhode Island Airport Corporation
- Vancouver Airport Authority

# Good News...and Bad News...



# Key Trends in U.S. Airport Compensation

- Marketplace correction in U.S. airport CEO compensation
- Comparables are no longer just other airports but non-airport executives
- Increasing frequency of variable/performance-based compensation, retention programs, and perks



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# Major U.S. Airport CEO Salary Corrections or Upward Adjustments

- Atlanta
- Chicago
- Dallas-Ft. Worth
- Los Angeles
- Minneapolis-St. Paul (MAC)
- Toronto

# Mid-Sized US Airport CEOs Command Substantial Base Salaries

➤ Airport	Gov. Model	PAX	Base Salary	Base Salary/PAX
➤ Tampa	Authority	22M	\$508,830	2 cents
➤ Rhode Island	Corporation	4M	\$427,232	10 cents
➤ Pittsburgh	Authority	10M	\$365,000	4 cents
➤ Cincinnati	Authority	9M	\$345,000	4 cents
➤ Indianapolis	Authority	9M	\$332,000	4 cents
➤ Memphis	Authority	4M	\$324,480	7 cents
➤ Columbus	Authority	9M	\$323,960	4 cents
➤ Bradley/Connecticut	Authority	7M	\$317,250	5 cents
➤ Raleigh-Durham	Authority	14M	\$315,000	2 cents
➤ Birmingham	Authority	3M	\$300,000	10 cents
➤ Ontario, California	Authority	6M	\$295,000	5 cents
➤ Mid-Sized Airport Average		9M	\$350,341	4.0 cents
➤ Top 10 Airport Average		62M	\$321,026	0.5 cents

# Increasingly Common Elements of Airport CEO Compensation Packages

- Performing Annual Bonus Program (20-30%)
  - Long-Term Incentive Program
  - Deferred Compensation Program (457(f))
  - Comprehensive Relocation Program
  - Company Vehicle
  - Club membership
  - Business Class Travel
  - Contract/Reasonable terms of separation
- 
- A close-up photograph of a person's hand holding a small, rectangular card. The card is blue and white. The top half is blue with a grid of 16 small, colorful icons representing various benefits like a car, a house, a plane, a shopping bag, etc. The bottom half is white with the word 'perks' in blue lowercase letters and a small yellow star to the right. The person holding the card is wearing a green shirt.





# Airports are privatized globally...

- |                  |            |
|------------------|------------|
| ➤ Australia      | Privatized |
| ➤ Latin America  | Privatized |
| ➤ New Zealand    | Privatized |
| ➤ Scandinavia    | Privatized |
| ➤ United Kingdom | Privatized |



# Increasingly here in North America

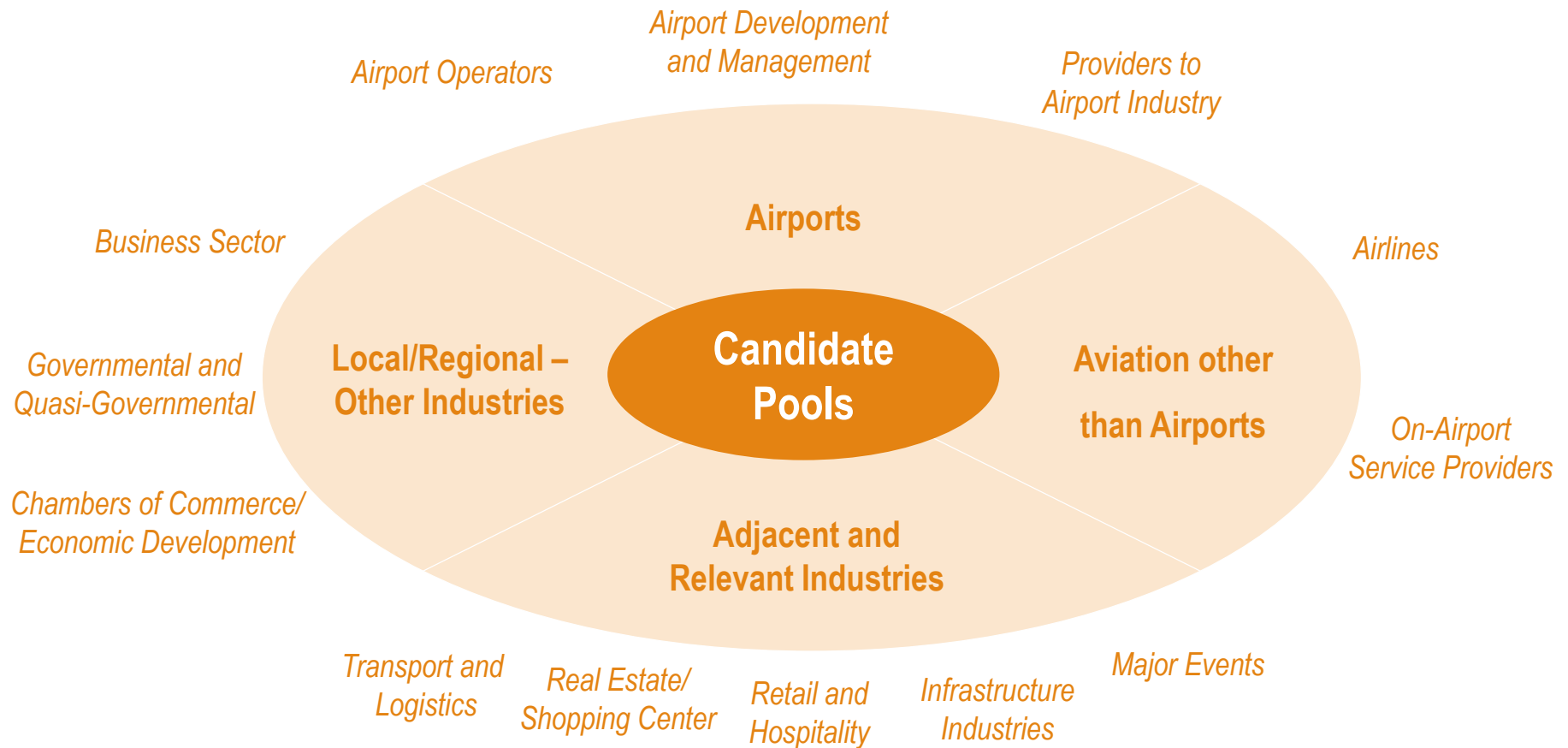
## ➤ U.S.

- San Juan Luiz Munoz Marin International Airport, Puerto Rico
- LaGuardia Gateway Partners
- St. Louis (aborted)

## ➤ Canada – Canada Transportation Act Review Report (Emerson Report)



# Airports Outside the U.S. Looking More Broadly, Beyond Airports, for Their Leadership



# Airport CEOs Outside the U.S. Increasingly Have Non-Airport Backgrounds

- U.S. Airport CEOs 26% Non-Airport
- Non-U.S. Airport CEOs 85% Non-Airport



# Diminishing Number of Global Airport CEOs with Airport Backgrounds



**John Holland-Kaye**  
London Heathrow  
Taylor Wimpey PLC



**Augustin de Romanet**  
Aeroports de Paris  
Caisse de Depots et  
Consignations



**Geoff Culbert**  
Sydney Airport  
GE Australia



**Dick Benschop**  
Amsterdam Schiphol  
Royal Dutch Shell



**Fred Lam**  
Airport Authority Hong  
Kong  
Hong Kong Trade  
Development Council



**Stefan Schulte**  
Fraport AG  
Deutze AG



**Lee Siow Hiang**  
Singapore Changi Group  
Government of  
Singapore



**Paul Griffiths**  
Dubai Airports  
BAA/Gatwick Airport

# Greater Toronto Airports Authority

## CEO Search

- Candidate slate considered by the board (27):
  - Only 5 in Canada, of which only one in the airport industry (18%)
  - 7 from the U.S., but only 2 invited in for in-person interviews (26%/7%)
  - 18 from the private sector (67%)
- Three finalists:
  - Deborah Ale Flint - CEO, Los Angeles World Airports (successful)
  - Offshore private sector airport CEO with a global experience and a financial background
  - Offshore private sector airport CEO with a non-airport background including GE and automotive sector background
- Average compensation of offshore finalists – USD 1.25 million

# So What? (Executive Perspective)

- The trends in airport executive compensation are positive
- BUT, the candidate pool is increasing and changing
- Once privatization takes hold, all bets are off!



# So What? (Organizational Perspective)

- Start to broaden search strategies in anticipation of changes on the horizon
- Stay current on what market is and, more importantly, what market is going to be
- Actively explore various financial retention mechanisms
- Don't forget that the most effective retention mechanisms are non-financial (clarity on professional growth opportunities, cultural affiliation, job satisfaction)