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### **Nordair bounces back into the black.**

Nordair was founded in 1947 by private interests to provide air transport to Northern Quebec and Arctic communities.

Over the years, it gradually increased the number of its destinations in that huge, sparsely populated region. The company's growth paralleled that of Northern Canada; in fact, it became an instrument of that growth.

Later, Nordair expanded to Ontario and also became a trend setter in organizing charter flights to Florida.

Air Canada purchased the majority of Nordair's capital stock in January 1979. For Air Canada, Nordair represented an extremely attractive proposition because the regional carrier was known throughout the industry as a very well-run company. It would give the national airline an identification with Arctic development and strengthen its position in charter and wholesale travel markets.

How much leeway can a regional airline have when the parent company not only owns 86.4 per cent of the capital stock but is also in the same business and to top it all, is a competitor on certain routes.

### **Arm's length.**

Actually, it's an arm's length relationship," is the way Jean Douville, President and Chief Executive Officer of Nordair puts it. "Yes, we do have two Air Canada officers on our Board, but the majority of our Board members is made up of Nordair members and people from outside the airline industry, including a representative of our minority shareholder, the Societe d'Investissement Desjardins which owns 13.6 per cent of our stock." "Nordair," he adds, "has its own team of airline professionals, and the greatest part of its activities is spent addressing the specialized markets which it has pioneered and developed over the years, and convenience, we do share some services with Air Canada: maintenance, computer services, and ground maintenance charges. But, by and large, Nordair operates as an autonomous company, the same as it has for the past 36 years."

Douville, a McGill-trained chartered accountant, is himself a former Air Canada executive.

When he left in March 1982, he was Vice-President - Subsidiaries and Associated Companies. He is quick to point out, however, that he officially resigned from Air Canada before accepting the top job at Nordair.

## **Profitable year.**

Whether or not the country is really out of the recession is a matter for economists and other pundits to decide. Jean Douville, for one, is optimistic about Nordair's prospects. During a recent interview carried out in the company's new headquarters located in a refurbished three-storied building in the Town of Mount Royal, a Montreal suburb, he talked about the recent past and the future.

"1982 was not only a difficult year because of the economic slowdown, but also because some of our employees went on a prolonged strike. In fact, for the first time since 1962, and for only the second time in its history, Nordair recorded a loss. But the company is back in the black this year, and a good part of our profits will be operating profits," says Douville.

## **Back to basics.**

The company has been unable to weather the adverse business climate better than many airlines by "returning to basics, mostly by adapting our aircraft to existing market needs."

This has meant, among other things, switching from a Boeing 737 to a Fairchild FH-227 on the Montreal-Ottawa-Hamilton run, disposing of two uneconomical DC-8s, and selling a Boeing-737 for two years and then buying it back at a predetermined price. There have been some layoffs at Nordair but the company is now operating with the same number of people as last year, 1,265 employees. "We feel that we are well positioned," confides Douville. "We have the right people for the challenges ahead, and we've developed the required flexibility to meet our current obligations, and to take advantage of any new business opportunity that might arise."

## **Pioneer spirit.**

Douville is most enthusiastic when he talks about Nordair's "family of employees". "I realize that all chief executives like to boast of their employees as their most important asset," he says, "but at Nordair, it's particularly true. The same pioneering spirit that launched the company 36 years ago still prevails today".

Historically, Nordair had been denied any major destination east of Montreal. It was forced to carve its own niche in the North, and literally had to build its business from scratch. It brought air transport to communities which had never seen an airplane and, in many areas, started operations long before profitable traffic existed.

"That resourcefulness, determination and sense of entrepreneurship is still very much alive throughout the company," says Douville.

## **Special aircraft.**

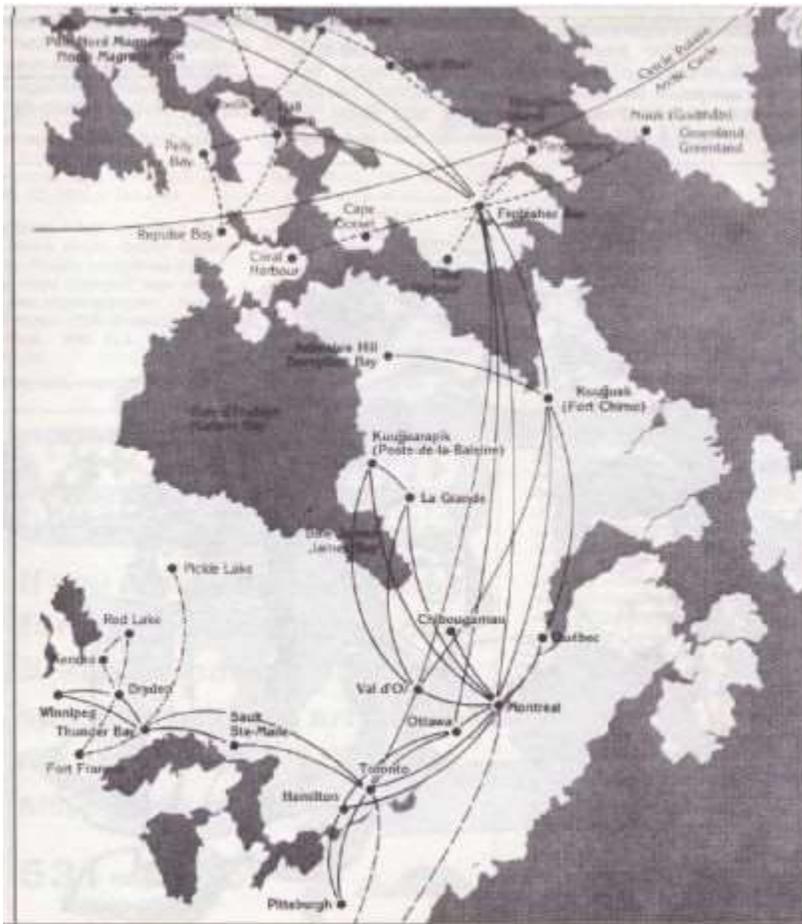
Flying to the North is like no other form of flying. It often means taking off and landing on frozen lakes or, at best, on gravel strips. Even the planes are different.

Six of Nordair's B-737s are outfitted with additional features (designed by Boeing according to Nordair specifications) such as extra-capacity fuel tanks, vortex dissipaters and a toboggan-like shield on the nose wheel which prevents stones or lumps of ice from being sucked into the engines. These, and other features, add \$1 million to the cost of each plane.

Another reason for the airline's success is the network of inter-dependent destinations it has developed over the years. "Each destination in itself doesn't justify the several scheduled flights many of our remote locations receive each week," says Douville. "However, when several communities are integrated into the same route, the flights become an economically viable proposition. Each location is essential to the profitability of the company.

Here we have the B737 and FH-227 in the old and new colours.

(Source: [travelerdrawer.blogspot.com](http://travelerdrawer.blogspot.com))



### Quebecair debate.

In that context it's easy to understand why Douville becomes very emphatic when discussing the rivalry of the past few years between Nordair and Quebecair, a regional carrier which was fallen on hard times recently.

"Quebecair has been lobbying very hard and exerting a lot of pressure in certain quarters in order to get, or at least 'share' some of Nordair's Northern routes." "What we've spent a lot of time trying to explain," pursues Douville, "is that the quality of Nordair's service and the company's strength come from the network.

Giving some of our routes to Quebecair would not solve its problems, would not

improve the service, but would be very harmful to Nordair."

Right now, the situation is at a standstill, and there have been no recent flare-ups. "But," admits Douville, "the whole exercise has been time consuming, and has put some Unnecessary stress on our employees".

### **Passenger-cargo mix.**

Douville also likes to point to the sophisticated passenger-cargo mix the company has been able to achieve on its plane loads. "Even with the best marketing and scheduling plans, the population numbers simply aren't there in Northern Canada to ensure profitable passenger-only loads," he says. That's why the company developed the capability to modify very rapidly the passenger-cargo configuration of its airplanes. In the process, it has invested heavily in the construction of a whole infrastructure, including loading equipment, warehouses, coolers and freezers, to create an extremely efficient distribution system for perishables and other goods in the area.

### **Charters.**

With the same spirit that allowed it to create its own markets in the North, the company also found a way to expand to the South. Strangely enough, Canada's Arctic airline is also one of the principal transporters of sun starved Canadians to Florida and other Southern destinations. Nordair's subsidiary-Treasure Tours- is one of the Canada's largest tour operators and, recession or not, carried more than 85.000 charter passengers on daily flights to the South in 1982. Charter flights and wholesale travel now account for one-third of Nordair's operating revenue.

Douville also boasts of Nordair's two long-standing air service contracts, including the Ice Reconnaissance operations it has performed for the Canadian Government during the past twenty years. The principal objective of Ice Reconnaissance is to facilitate navigation in Canadian waters. Water temperature, ocean currents, thickness of ice banks, and the mass of icebergs are all useful bits of information which sophisticated equipment aboard the planes pick up and transmit directly to the ships in the area. Also, under the terms of a contract with the United States Air Force, two Nordair FH-227s transport food and other supplies to some 22 DEW line stations in the Canadian Arctic and Alaska.

### **New image.**

With this array of services to promote, the company decided it was time to give itself a new corporate image that would reflect the airline's growth and vitality.

"We're completely revamping our looks, with a new company symbol and new colours for our airplanes. The first repainted plane was rolled out Dec. 16," says Douville.

"Also, we're refurbishing the interior of four of our Northern routes Boeing 737s, and the flight crews will be soon wearing new uniforms. Finally, we're building a loading bridge at Dorval Airport, so passengers will no longer have to walk outside to get aboard our planes."

**The future.**

Douville believes that current economic conditions look good for Nordair. He also sees a chance for additional growth if the company is awarded new contracts in Western Ontario, a move which would make Thunder Bay the gateway for the airline's traffic in that area. He also expects that long delayed plans to officially make Nordair a "feeder" to Air Canada will materialize in 1984, adding to the subsidiary's traffic.

"It's one of the strange quirks of our relationship with our parent company," muses Douville, "we don't mind competing on several routes - Val D'Or, Toronto, charters to Florida - and yet we've never gotten around to formalizing feeder arrangements."

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