

## PROFILE

BILL AYER:

Flying for Business and Pleasure *By Ed Kromer*

Bill Ayer's (MBA 1978) first time in an airplane was a family trip to Disneyland when he was six, and he begged to take the connection rather than the non-stop in order to maximize his time in the air.

So began a lifelong love affair with flight for the CEO of Alaska Airlines. Ayer had his pilot's license by 17, worked through school as a flight instructor and even flew cargo at night.

"A lot of my friends wanted to be airline pilots, but I didn't see myself going down that career path," he says. "I thought that if you mixed in the appropriate amount of business understanding, you ought to be able to make a little profit in this industry."

In a near perfect convergence of interest, expertise and timing, the pilot earned his MBA from the UW the same year the airline industry was deregulated. Ayer jumped right in. After working a couple years in marketing for Piper Aircraft, he launched Air Olympia—a single 10-seater that flew from the state capital to Yakima

and Spokane. The company didn't take off, but it got Ayer in the door at Horizon Air, a regional upstart that was flying similar territory with 40-seat planes.

Working closely with charismatic CEO Milt Kuolt, Ayer began integrating route systems and people from the smaller carriers that Horizon was snapping up. "It was a really exciting time in the airline industry," he recalls. "Horizon was typical of the companies that were founded

because of deregulation. It was a very entrepreneurial environment. And nobody knew where it was going, but there was tremendous opportunity with the major carriers pulling out of smaller markets."

Ayer learned by doing at Horizon: scheduling, pricing, route planning, marketing, strategy. By the time Alaska Air Group purchased the carrier in 1986, he had become indispensable to its operations. Alaska brought over John Kelly, a calm, strategic marketing man and a great mentor, to lead Horizon into maturity. And Ayer quickly emerged as his chief lieutenant.

Kelly and Ayer grew Horizon for nearly a decade into a regional powerhouse. When Kelly went back to Alaska in 1995, he brought Ayer along. Under Kelly's leadership, they introduced innovative safety technologies, offered online reservations and e-ticketing kiosks before anyone, and began moving this legacy carrier, founded in 1932, toward a leaner, more agile model. The efforts paid off in years of profitability and growth.

And then came 9/11. The terrorist attacks of 2001 crippled the airline industry. It hasn't recovered, suffering rampant bankruptcies and \$30 billion in losses—and counting.

Into the teeth of this management nightmare, Ayer took the top job at Alaska after Kelly's retirement in early 2002. If ever there were a time for leadership and vision, this was surely it.

Rather than recede, Ayer charted Alaska on a course of expansion.

"We took a unique path after 9/11," he explains. "There was shrinking demand and the immediate reaction by most was to park airplanes and lay off people, hunker down and try to reduce costs. And that was understandable, given the fragile nature of their balance sheets. We, on the other hand, had always had a relatively good balance sheet. And we decided that there was probably an opportunity."

Alaska launched its "Seattle Strategy," going to more places that people in Seattle want to go. That meant non-stops to Washington, Boston, Newark, Orlando, Miami, Denver, Chicago, Dallas.

The competition was unable to respond. And the travelers did come back. In 2005, Alaska was one of two airlines that earned a significant profit.

But that doesn't mean they are out of the woods. Even as the airline industry recovers, maintaining the low prices the market demands while meeting inexorably rising operation costs is the work of an alchemist as much as a CEO.

"This business today is all about making changes," Ayer says. "The status quo doesn't come close to working.

The last time airlines were making money was the late 1990s. And it's been devastating since. You have to make changes, be able to take risks."

Change can be painful. Creating a weather-proof model has meant new ways of doing business—outsourcing some functions, streamlining others—that has resulted in some rough transitions for employees and customers alike. Ayer neither ducks criticism nor deflects blame.

"My fundamental view is that we hire good people, and they come to work every day wanting to do a really good job. Nobody comes in saying I want to try to lose three bags today," he says. "When it doesn't go so well, you say that good people are struggling in the system, and you figure out, together, how to fix it."

The fix, he says, comes from engaging Alaska's people, the bedrock of its success. Ayer walks in step with the airline's long-standing philosophy that happy employees ensure happy customers, who in turn ensure happy shareholders.

"The trick is to transform," he says. "We're not interested in looking to anyone else for help. We should be able to work together, as a group of 9,000 employees, and figure out what we can do that will produce a winning formula where everyone benefits—the customers, employees and shareholders."

Despite the strains of such an epic transformation, Ayer has never lost his joy in flight. He still pilots his own plane whenever he can, and transports remote patients and their families to urban hospitals for treatment through an organization called Angel Flight.

On the ground, he's drawing from all of his experience to build a sustainable business in the most fragile of industries. "I learned a lot from Milt Kuolt and from John Kelly, but no lesson more than that different times demand different skills," he says. "I hope I'm providing Alaska what's needed for this time." □

## PROFILE

MARGARET METTERT:

Saving the World by the Numbers *By Ed Kromer*

As he photocopies some documents from her long-ago career at the reporter's request, Margaret Mettert (BA 1927, MBA 1929) leans toward her apartment manager and whispers, "I think he's going to offer me a job," then cracks a wry grin.

Even at 99, Mettert is experiencing no decline in wit. She's had many years to exercise her free spirit, during and since her 45-year career as a government economist.

"When I was in school I really thought that economists had the right idea: save the world," she says. "I guess that was quite a long time ago."

After earning bachelor's and master's degrees from what was then called the UW College of Business and Economics, Mettert landed a job with the US Department of Labor—a pretty good place to be at the start of the Great Depression.

While marrying and having two children, Mettert worked for the Census Bureau during the '30s, and helped institute the tracking of unemployment figures for the first time.

In the early 1940s she shifted to the Women's Bureau of the Labor Department, authoring studies that shed light on workplace injuries and occupational diseases endemic to industries powered primarily by women. And she tracked "technological unemployment," the sudden obsolescence of humans created by automation in industries like telecommunications, where operators once connected calls by hand. "All those women were put out of work suddenly because of the new technology. They were sure that women would be



terribly unemployable," Mettert recalls. "But look at them now."

During World War II, she worked on wage stabilization and price controls to prevent runaway inflation. After the war, she served in Tokyo, heading the reconstruction's Population and Labor branch that modernized the Japanese census. She finished her first career with the Navy in 1950s San Francisco.

In 1960, long since separated from her husband, Mettert retired, packed her bags and headed to Europe when you really could do it on \$5 a day. After many years traveling from a homebase that overlooked the Mediterranean, she "couldn't get used to being retired." So she returned to Edmonds for a second tour of government, this time with the State of Washington.

Nearing her own century mark, Mettert has already seen so much: wars and peace, booms and busts, an industrial age given way to information. Radio. Television. Frozen food. Penicillin. Nylon. Atomic energy. Space exploration. Computers. Cell phones. The Internet.

"You could mention prices," she adds. "Inflation has been tremendous over my life."

An old economist may retire, but she never stops counting. □