

**This case was written by Wanda Wuttunee for the purpose of entering the 1991  
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**TITLE: WESTERN ARCTIC AIR LTD.**

Fred Carmichael a Metis Indian from Aklavik is part owner and general manager of Western Arctic Air Ltd. Western Arctic Air is a connector airline which provides scheduled service to the small northern communities around Inuvik for passengers travelling on NWT Air, a connector airline for Air Canada, and for local commuters.

In addition to scheduled services, Western Arctic Air provides an exploration charter service and carries on a very successful tourist charter business which operates as Antler Tours. Miki O'Kane is assistant general manager and handles the "business end" of things, while Fred flies and coordinates the maintenance work. Sheila O'Kane, Miki's sister, has managed Antler Tours for the past three summers.

Fred has worked in the aviation industry since 1960. Despite several financial setbacks and tragedies, Fred is happy about the success that he has achieved with Western Arctic Air. He agrees with Sheila and Mild that this success is attributable to the personal service they are able to offer to their customers. Both Sheila and Mild go further and say a large factor in their success is Fred's excellent reputation in the community.

### **History**

Fred's father was Frank Carmichael, a trapper from the south who settled in Aklavik in 1927. Frank married Caroline Kay, a sister of a former chief of the Fort McPherson Dene Band and had two sons, John and Fred. When Fred was 16 he met Don Violette, who was an evangelical missionary with a pilot's license. Fred fell in love with flying when Violette let him handle the controls of his small aircraft.<sup>1</sup>

Fred saved enough money to go to the Edmonton Bible College in Alberta and to take flying lessons in the fall of 1954. But Fred recalls, "It didn't take long for me to realize I was more interested in flying than in becoming a missionary like Don." Fred was 19 when he

became the first native-born resident of the Northwest Territories to earn his commercial pilot's licence.

An incident in 1958 helped build Fred's reputation as a pilot, although it had an unhappy ending. It was his first rescue mission. He had to fly an Inuit woman who was bleeding internally from Reindeer Station to Aklavik. Radio communications were out between the two communities, so there was no way to get flarepots lit on the runway when Fred reached Aidavik. He was finally able to land using only his landing lights - on rough ice in the West Channel -- only to learn that his passenger had died.<sup>3</sup>

In 1960, Fred and a partner started a charter company called Reindeer Air Service. The partner sold his interest in 1969 but returned in 1971 to buy Fred's smaller airplanes and start Ram Air. Fred continued with Reindeer Air Service but had a run of bad luck in 1972.

One of his pilots undershot the runway at Sachs Harbour on Banks Island and wrecked a twin-engine C-46 Curtiss Commando. Then a month later, two pilots were killed when their plane crashed in a sudden storm outside of Norman Wells. "That knocked the dickens out of me," Carmichael remembers. "I tried to carry on, but my heart just wasn't in it."<sup>4</sup>

"By 1975, I'd found a buyer and the documents for the sale were all drawn up when two friends talked me into carrying on. They were going to buy in as partners and run the business end -- I'd do the flying. Six months later we were in receivership. It turned out my partners had no money, and I was stuck with the bills. The offer I'd had would have paid off my debts and given me \$250,000. As things worked out, I finally paid off Reindeer's debts last May, 1988."<sup>5</sup>

In 1982, Fred started a new company called Antler Aviation. By 1987, Antler and Ram Air had merged to form Western Arctic Air Ltd. Western Arctic is a 50-50 partnership with the Mackenzie Delta Regional Corporation, which is made up of the Metis and Dene bands in Inuvik, Aklavik, Fort McPherson, and Arctic Red River.

When Mild O'Kane started in 1982 as office manager, Antler Aviation used two Cessna 185's and two float planes to service the needs of hunters and trappers in the area. She started Antler Tours in 1985 after visitors who had noticed their air charter sign began

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dropping in to ask what they could see on the flights. Miki recalls, 'We were lucky and can't

claim any great innovative thinking behind developing it - the tourists came to our door knocked. We sat down and thought, 'How can we put something together that could be economical and affordable for these people and that would bring us some summer business?''

Mild and Fred decided from the beginning that all they would do is fly tourists to the desired destinations. Mild explains, "What we try to do is take people to the communities and let the communities deal with servicing the tourist needs within the community. The minute the tourists steps off the plane, it's up to the community how well they present themselves." Once tour packages for Antler Tours were in place, Fred and Mild needed to start filling up their charters.

Miki recalls their aggressive marketing strategy: "It would probably be considered illegal

What we did was literally comb the campgrounds knocking on doors and talking to visitors

and handing out our homemade information sheets just inviting them down to our float base." She would try to fill a charter with at least five people from the campgrounds, the information centre and the hotels. After a while, the best advertising was word-of-mouth people travelling down the Dempster Highway met people traveling up the Dempster Highway and mentioned Antler Tours favourably.

## **Operations**

Western Arctic Air conducts business year round. They operate a fleet of ten aircraft: single engine 177 which can carry three or four passengers, a Cessna 185 on floats, a Bee 18 on floats, three seven-passenger Cessna 207s, a six-passenger Cessna 310, and three twin engined Britten-Norman Islanders with nine-passenger capacities.

Miki O'Kane says that the aviation industry is a tough business at the best of times. "It's an expensive enterprise. You have expensive equipment that you have at the hands of many

different people, pilots that you are placing your trust in. Aircraft costs are high and maintenance costs are quite high. Living north of 60, in Inuvik, you have the added expense

of freight costs. In order to keep your licence and keep your customers happy you have provide year round service. In the winter months when you're not flying very much, it costs

more to get your engines going and to keep your aircraft heated and keep your maintenance

facility heated – you literally watch your money go up in smoke. It burns away while you're

keeping warm until spring comes again

Fred, Miki, and Sheila put in many hours and work seven days a week in the summer. Sheila notes that the company takes priority over everything: "You need to be strong enough to do it yourself or have enough family that can do it with you." This the first year where pilots are regularly getting time off. When they first started, Western Arctic Air did not turn down any charter. Miki recalls, "Forty below and getting up in the middle of the night to take somebody to a party somewhere wasn't beyond us."

Western Arctic Air tried Med-evac in 1988, where they had a team on 24-hour call to answer any medical emergency in the outlying communities; the experience proved to be too hectic. The company dropped that service to streamline operations and limit flights to the daytime, although they may reexamine this Med-evac when considering whether or not to expand their business in the future.

The role of government in Western Arctic Air has been positive. The business has received training grants and has applied for funding to upgrade their runway; as well, government officials use their scheduled service. Fred had initial misgivings about dealing with the government, but he points out, "They have certainly helped us out. They are there and they are willing to help if you let them. A lot of people don't like government interference. In the past the government dictated to us that this is what you'll do and this is how you do it. People naturally had a bad reaction to that. They are sick and tired of government telling them what to do. I'm talking about native people. Since the Territorial Government has taken over they've got quite a different attitude. It's taken people a while, including myself, to realize that they're not there sticking their nose in your business. They are there trying to help you. Not only just in loaning money or grants, they'll provide you with assistance in monitoring your business."

Fred continues, "I really believe that they should be doing more. There should be some service where they are there monitoring your business with a qualified accountant or business person and do something for the business before you get into trouble. Now it seems they come in there and spend all kinds of money after the business is in trouble trying to bail it out. Do it earlier and they'd save a lot of money and businesses."

Antler Tours is not a separate company but is a service Western Arctic Air provides in the summer for its customers. Tourist business starts in late May and goes until September. In 1989, there were about three to six trips per day, which is almost double the two to three trips per day completed in 1988. The most popular trip offered by Antler Tours is up the Arctic Coast to Tukoyaktuk for \$99. There is an opportunity to dip your toes in the Arctic Ocean and receive a one hour tour of the community from Randell Pokiak, a local resident, or his family.

Another tour, priced from \$399, provides visitors the chance to experience a traditional Inuit Lifestyle at Tom Arey's summer whaling camp located at Shingle Point – where they may see Pods of belugas or bowhead whales near the mouth of the Mackenzie River. Lake trout or Arctic Grayling abound at Andrew and Margaret McInnes' Lodge at Sitidgi Lake, where fishermen are invited to spend a day or more, starting at \$149.

Another possibility is Herschel Island, located on the Alaska and Yukon borders, where wildlife enthusiasts may view over 25 species of nesting birds and 125 species of wildflowers in one location. A day tour starts at \$279 and a two or three night stay starts at \$699. Another trip combines tours of the northern communities of Aklavik and Tuktoyaktuk, starting at \$169. Customized tours and charters are also available.

Sheila O'Kane explains, "It's not economical to send a tour with under five people. We can do it but then we have to charge more per person. So in order to stay within our limit we need at least five people and then we can handle anything above that in combination. For example, today's tours started out with five people wanting to go to Tuk and within a couple of hours it built to 13. So then we split it up with six gone already and seven more to go. Maybe there will be a few more and then well send nine next."

This juggling of passengers can result in some funny situations. Sheila recalls, "We had one group of nine this summer who came in prepaid down at our office. They all had their own transportation down to the airport. Except the last guy. He was late and didn't have his own transportation so I drove him at break-neck speed so as not to hold the others up."

"I expected to walk in and find the other eight there. But I walked in to find four. This is strange because that other four had paid. I couldn't find them and decided to wait. Finally I decided that we can't send a nine passenger plane with five passengers. We'd just

lose money which is part of our confusion. We're always playing the numbers game, so we're switching sizes of aircraft at the last minute and they're delayed. But at least you run financially a tighter ship and you make a profit. we down-sized."

"This meant that another pilot had to be assigned and another aircraft had to be prepared.

Off they went finally, five of them in a six-seater plane. While I was driving back to home

base, my sister gets a phone call from four very upset tourists in Tuk. They'd walked into

the airport terminal to our counter where our young dispatcher had said, 'Your pilot is refuelling, he'll be with you in a moment.' At the same time, the competition, Aklak Air, was

calling a scheduled flight to Tuk. So the pilot announced the flight. These people walked

up and mumbled something about Antler Tours and he acknowledged it. Quite by coincidence, four of his people on his manifest didn't show. But the head count was right.

So without tickets and without checking names, he took them to Tuk."

"Part of our sales job is the plane waits for you and someone comes to meet you at the airport. Well, they get dumped, the plane takes off and nobody meets them – they're beginning to wonder if they're been had. So they phone for an explanation. Now we have

a six-seater on the way. I phoned the competition to see if they'd bring them home free, too. He declined. We ended up sending up the larger plane to bring nine tourists back."

### **Financial Information**

Table 1 sets out financial information for Western Arctic Air and Antler Tours for the five

year period from 1984 to 1988 inclusive. By 1989, Antler Tours provided about 10% to 15%

of total revenues. The results of the ratio analysis show a fluctuation over the period from

12% in 1985 to 11% in 1987 but then a strong recovery (48%) in 1987. The sales-to-asset

ratio shows an almost steady upward climb from 1984 to 1988. The total salaries amount

increased over the period from \$119,000 in 1984 to five and a half times that amount in

1988, reflecting the business' increased staffing needs as its operations grew over this period.

TABLE 1

FINANCIAL INFORMATION FOR WESTERN ARCTIC AIR LTD.

	1984	1985	1986	1987	1988
<b>ROE (%)</b>	9	12	-4	-11	48
<b>SALES/ASSETS (times)</b>	1.01	1.3	1.16	1.32	1.9
<b>TOTAL SALARIES (\$000)</b>	119	159	180	407	658

### Competition

In 1982, there were five other aviation businesses operating in Inuvik. However, the great stress of operating in a boom-bust economy took its toll, as Mild indicates, "The other companies have sold out or gone by the by. Now it's them and us. Aklak Air are our competition now. They serve a different market so they are in a different niche. We're both working at a little different angle. They definitely have bigger equipment, but we're two different types of operations. We work pretty well together. We always have really, although there's been a lot of heavy competition between us."

"When it comes to joint aviation concerns we work together. If there is something that is a common threat to us then we lobby together. Our maintenance people and their maintenance people help each other back and fourth, so it's good, stiff competition but there is also a lot of friendliness as well. That's a good thing."

Antler Tours does have direct competition. Sheila states, "There are other people who offer tours. There's a boat tour starting up. Arctic Tour Company has some boating services that they offer. Midnight Express has just started this summer."

Sheila continues, "In some respects, Arctic Tour Co. is our competition. In other respects,

they fly with us. We discount some of the fares to them. It's interesting because both tour companies were spearheaded by two women, Mild with Antler Tours, and Kim Staples in the case of Arctic Tour Company. I'm Miki's sister and I work with Antler. Karen, Kim's sister, comes up in the summer and works with Kim."

Sheila points out, "Karen and I are the ones that have the most contact on a daily basis. We've done things where one of us is short of a van and the other one lends it. She'll be taking a group to the airport but they're flying with us so she'll take them one way and I'll drive them the other. There's one thing that I think about the North - you're too small to be seriously competitive. You've got to share resources a lot more. You never know when you're actually going to need the other person. It's important to have a good working relationship."

"Another example where again it's better to work together is our relationship with Midnight Express. One of things that Midnight Express does is boat people to Tuk. It's a five-hour boat ride. You go up and spend any time up there, you are looking at a long haul. So the owner preferred to boat people the one way and fly them the other. Then if we work together, everybody gets the benefit a bit more. Usually in some of those social science classes they'll get you to play the Competition Game. Those who really try to compete always score less than those who intuitively, without talking about it, decide to just cooperate and not worry about outdoing the other. They always score more highly as a team. I think that works in real life too."

"It was about two summers ago that one of the sons from a local family went missing in a boat, on the Delta. The Mounties looked for a couple of days and then called the search off. The mother came in and asked Freddie, 'Please, please, just go look for him.' Freddie did, and found the son. He knows the land, the conditions, and he knows the people."

Miki adds, "He's the first local guy to get into this type of business and to prove himself. I think that most people know that he's not just here today and gone tomorrow. He's here to stay and he cares about them. He really has some ethical viewpoints about the business"

and servicing people here. I think that they appreciate that. A lot of people deal with him individually, so I think that he is a big part of our success.”

Western Arctic Air’s operating policies indicate that personal service is an integral part of the business. Miki O’Kane notes, “A big part of business is our customers. They seem to like the style we have. We’re not always punctual. We’re not airlines. People roll up from the Bay or the bar and we’re here usually and if they phone we’ll wait the five or ten minutes. We’re not always on time. But most of the time people understand it because we’ve waited for them at some point. Just a lot of customer support has made us successful. That’s something I hope we never forget.”

Miki continues, "The reason we're here year round at an expensive time, we earn money for seven or eight months, and probably lose money for three or four months of the year, is because Freddie feels he has to provide a year-round service. The people in the area are the ones who really count. They are the ones who are here 12 months of the year. They are the ones who supported us when we got started. They are the ones who have seen us through in tough times as well as the better ones. So we can't ever forget that. That means we've got to hang in here when it might be more lucrative to close the door and go bask on a beach somewhere for the winter months and come back in the spring when it's warm again. That's not our style at all."

Antler Tours provides an excellent supplement to the summer's revenues for Western Arctic Air. From Antler's perspective, Miki says, "Being connected to the airline doesn't hurt. Being part of the airline, we are not dependent on living solely off commissions, and I can flog the empty seats on Arctic Air. If there's a flight going with empty seats and there is somebody who wants to go on a tour but can't because of time restrictions, sometimes I can just send them on a round trip so at least they fly over the land even though they don't get to go on the tour."

Sheila continues, "It's been nice serving end-of-the-road customers so we don't have to deal with tour company upon tour company further south and add commissions to every one. It's a better deal for the consumer. It's been an uncomfortable adjustment, in a way, with

the other tour company starting off as a regular tour company. There's the need to find a balance between working with them and their need to have commission and continuing in our own way, which is providing direct end-of-the-road service so that we don't have to add commission."

"Some of the other tour companies are beginning to come to us. A couple of our tours are priced so that we can afford a small commission, but our most popular is a barebones special. And that is what the customers want."

### **Problem Areas**

#### 1. Financial Backing

The partnership with the Mackenzie Delta Regional Corporation has been beneficial in

Many ways but beyond the initial financial contribution and some contribution since then,

There would be no cash available to invest in the company, without a land claims settlement.

Miki recalls, "When we started in 1982 and interest rates were up at 22% or 23%, there were five operators at the time. There was a lot of stiff, heavy competition. We were the

Poor kid on the block, we had the least operating capital. Our partners didn't have their land claims settlement so we just didn't have the money to invest. But I must say, they have

always been very, very supportive of us, as much as they can be. If we go to them and say

we need a little bit of clout here, we need you to help us sort this out there, they've been very good. They direct business our way whenever they can."

Miki continues, "Our partners made half of the initial capital investment and there has been some since, but certainly not to the extent of our competition. So that's definitely been

a drawback with us because we've had to compete with a lot of big bucks. That has made

a difference because we just can't go out and buy two or three Twin Otters and have them

sitting out there.

#### 2. Staffing

Staffing has always been a problem. Miki says, "We bring up our pilots from the south and

most of the time they are here for a short time only. We are a stepping stone to the airline

industry." Fred explains, "It has come to the point where now it's very expensive. Even though they are a qualified pilot, we have to go through a training program in our own company to get them online. It's really costly. We've found that as soon as they get experience then they are gone."

Fred continues, "Now we contract with them and if we do put them through the training program, especially if they go into twin engine, then they have to give us a commitment that

they will stay for a year. If they leave before then we prorate the cost of their training. Hopefully, if they have to sign on the dotted line and it's going to cost them out of their pocket it will be harder to leave."

In addition, NW states, "Fred's trying to work with the local Community Futures program

trying to get some aviation programs in the North to encourage local people to get involved.

We'll always have people coming and going until that happens."

Miki points out another problem they face with staffing. This is very much a government

town and a lot of the 'good jobs' are the government jobs because the pay is high."

Miki continues, "It makes it really hard for private enterprise to hire. Some of our workers

want the experience and then when the first government job comes along, they go, and I don't blame them for doing it. The benefits are better – they get northern allowances.

They get hourly wages that are higher than anywhere else in Canada, I'm sure, for the kind

of work done. But it certainly makes it a lot more difficult for the small businessperson trying to employ and keep staff."

Fred adds, "I'm looking for people who are interested in maintenance, flying, or the office.

I want them to want to have a real genuine interest right from the heart. I tell them, especially

trainees coming in, I don't want to hire you or bring you in here just because you I want you, or your Mom and Dad want you or your friends want you to be a pilot, or to be an engineer. It's got to be you. You've got to feel it from inside."

### 3. Guides

Antler Tours has had problems connecting with outfitters and guides in surrounding communities. Through Fred's contacts they were able to identify their initial tour guides, but

it has been difficult to expand. Sheila states, "A subsistence lifestyle is still important. So

there are seasons when people aren't as available. Starting in a day or two, Randy Pokiak

and his family will be off to their cabin to do berry picking and probably some fishing. Someone has to substitute for them. They've arranged it for the one-hour tour. But the day

tour, which is our specialty, they don't like to farm out. So that's cancelled while they are on leave."

"Another one of our outfitters is now at a second camp. The season has changed. It's in a different land claim settlement area so he has to go through the whole process again. Until then he isn't in a position to take people although people want to go and he wants to have them."

### **Social Responsibility**

Fred Carmichael's goal is to encourage local people to train as flight pilots or maintenance

engineers. He says, "Local people make the best engineers and they make the best pilots

as far as I am concerned. They are working in their own environment. They understand it and they know it." Mild adds, "Fred has a real strong feeling that he'd like to see more Native, local people involved as pilots or engineers because it was somebody here that gave

him a break and got him going. If we want to be more efficient, it's easier to hire someone

from the south because they've had the exposure and the training. Although it costs more to hire Native employees, it's worth it."

"Right now in our maintenance facility we have six full-time staff and four of the six are local, Native guys. It's different with pilots because it's so hard to get through the training.

But in our office again we have local people hired. Our ramp foreman is Native. The kids we hired this summer, 50% of them are Native."

One of the maintenance people, an Inuvialuk, is a good friend of Fred's. Fred notes "Richard has been with me for over twenty years. I would say he's one of the top maintenance people we have. Those are the kind of people I'm looking for that have a commitment to themselves to the job and to the company."

Fred tries to accommodate his employees regarding vacation time, whether or not it is related to their traditional lifestyle. He says, "If you want time off, it doesn't matter who you are -- if the guys from the south want to go home for a couple weeks - they take their annual holiday. If at all possible we accommodate them regarding timing."

"There are local people here and we try whenever possible to give them time off when they want it. It's difficult because we start getting things ready for the summer about May and a lot of them like to be out on the land, hunting and trapping. It's just to be out there in the spring. It's tough when they want to go then. It's busy but we've been allowing it. Especially with Richard, we let him go every spring. We schedule him for that. We try to accommodate everyone as much as possible. That's what makes a company, it's the people around you. Happy workers."

### **Environmental Friendliness**

Fred is still close to the land and respects it. He states, "We don't allow people to abuse the environment. It's never been a problem and certainly if it was then we'd deal with it. For example, you come here in the winter and our sewage lagoon overflows into the river and into the ponds right by our hanger and the Idds go and skate there and play in the water in the spring. I've personally taken environment people down there and shown them, but nothing ever happens. If that was private industry you can bet something would be done. That's politics for you."

### **Sustainability of Small Businesses**

The oil business and the mega-projects associated with it have not played a direct or major role in Western Arctic Air's success to date. Fred feels they have survived for that reason: "You can't build a business on bust-and-boom. The business is there, and it's a great help when it does come. But you don't want to depend on it."

Fred admits that the company did pursue some oil industry work when they first started in 1982, but was unable to secure it. He recalls, "Being a northern native person, people

from the south, especially oil companies, have a lot of skepticism somehow. 'Wonder what kind of an operation this guy is running?' -- although you're inspected by the government and you meet the same standards as any other operator throughout Canada. But I find that really the oil companies are hypocritical. It's all politics. I tried my best to work with them and get their business and give them service. But I got to the point I started to say, 'To hell with them. I don't need them. I was here before they ever showed up and I'll be here a long time after.' I survived. That's the way it stands today. They come in and want to use the shippers. Fine. But I won't go begging to them because they're here today, gone tomorrow. They've ruined a lot of people and they've ruined a lot of business because of the boom-bust situation."

"At first I found that really tough to take. Just a little example. We wanted to get the oil patch business pretty badly. It was fairly lucrative at the time when we were first starting out. My airplanes had to have a certain type of equipment so I looked and there was an aircraft in Norman Well, a twin engine, that met all the requirements of oil companies in the Wells. This plane was up for lease, so I decided to lease it. The oil company came in and did their inspection. Then they sent us a letter saying their policy is not to use light twin piston engine airplanes since capability of the aircraft was insufficient. Minimum altitude between here and Tuk is about 2,300 feet. The oil company had approved that same airplane to do crew changes between Norman Wells and Whitehorse. The mountains are 10,000 feet. So the same aircraft was suitable for those crew changes but they had told us that the capability of that same airplane wasn't suitable for the Inuvik-Tuk run. They did not want to use us. So a lot of it is politics and corruption fostered by the oil industry."

## **Future Development**

Although there is good potential for growth, Fred has decided he would like to get out of the business. One option is to train someone to take over or, secondly, to sell the business.

He says, "I think that I'll step aside. I'm putting young people in here, Native people, to take my place eventually. They're quite capable. The Metis are looking at taking over my shares, and whether they do or whether I stay, I think it's time for me to sit on a board with some other people and let the younger generation take over. They have the drive and the

desire to make things go and I'm getting a little tired."

In the meantime, Fred and Mild want to maintain a viable business and expand in a thoughtful and organized way. Mild says, "Right now we're having problems harnessing and directing our growth. We have to direct our energies in the right way and decide where to channel our energy. When we started we didn't turn away any trip ever. It's not that we want to now, it's just that if we don't channel our energy we won't be doing any good service to anyone."

Fred continues) "If we don't sell immediately, I'd look at major expansion. It's almost a sure thing that the pipelines are going to go ahead and it's just a matter of time that our people -- Dene Metis people -- will get their land claims. We'll have a good solid financial backing and will continue to operate as a viable business. What happens now is we're hampered by borrowing power. If an opportunity comes up, supposing the pipeline starts tomorrow, we're limited in the amount of money we can borrow to get contracts and to get other equipment to service the new customers."

"When our partners get their land claim, they hopefully will make a commitment to have funds for this company to upgrade. They want to see this airline go because it's their airline. They want to see new equipment out there that's right up-to-date with all company colours. But they want to see us make money as well, and they will. Once that happens, then there's no stopping this company. Also, we're looking at some point of going regional right down the valley."

If Fred sells the business, then he'll likely go back to a small summer float operation which flies tourists to Herschel Island for wildlife tours. As he looks back on his experience in the business, Fred says, "There have been a lot of good times and bad times. I often think how flying's changed and how I don't find much fun in it anymore. My good memories are jumping in my 185 and flying trappers out to their cabins and being able to sit and have tea and a good meal with them. I got satisfaction from taking them home and knowing they

were happy when they thanked me. It's a totally different business now. The nature trips would put me back with people enjoying the land."

### **Opportunities in the Aviation Industry**

Being in the aviation business can bring satisfaction, but Fred has some advice for anyone thinking of starting their own business: "The day of getting yourself a little four-seater airplane and working out of the house and working out of a snowbank is gone. It's getting to be a lot more sophisticated. Government and industry won't go anywhere without twin engine airplanes and two pilots. So you've to go into it in a fairly big way, which is expensive." With the high cost of entering the aviation industry, Fred points out that more companies are aligning themselves with Native organizations that will be in receipt of land claims money.

Another issue to consider is determining what market to serve. Miki says, "In the North, it's smarter to find a smaller niche and not try to get too big. A smaller niche is important where customer service is your biggest priority and you are prepared to put enough sweat equity into it so that it works. You can do that best if you stay small and efficient."

A small local service could provide a viable source of income, but not in the area surrounding Inuvik. Fred says, "I don't think that there is much of an opportunity around here. They tried over in Old Crow with the band and that failed because it's a very small community. It probably could have succeeded if they were happy to stay very small. It served their own needs. But how do you get a pilot that is happy to stay there on a year-round basis, unless you train one from the community? You also need maintenance people."

Finally, Fred adds, "Be prepared to work damn hard. It is hard work, and you have to have good management and have good people looking after your money. You certainly have to do good market research before you start to make sure that there is a need for your business."

### **TOPICS FOR DISCUSSION**

1. Discuss Fred Carmichael's reputation in the community as a factor that has contributed to the company's success.
2. Discuss the relationship between the Dene-Metis and the Inuvialuit as a factor in the business success.
3. Discuss the reasons for the oil companies' skepticism in dealing with Western Arctic Air. How does a small company beat that kind of attitude?
4. Discuss the role of the Territorial government in the business.
5. What are Fred's philosophies of "fitting in" with the communities in the surrounding areas as his own personal commitment to his people?
6. Although Western Arctic Air is cash poor, would it be a good business decision to borrow funds and invest in expanding their operations to become more competitive? What are the alternatives?

Miki notes, "We have to be very careful and grow gradually and slowly. That's had its drawbacks, but maybe things have been okay in the long run because we have been very careful. We don't move unless we're sure we'll be able to handle it pretty well. Whether it's buying another airplane or taking on another contract, we're very careful that we don't overextend. There's been a silver lining there too."

7. Discuss Fred's social responsibility and identify contributions his business has made to the communities in surrounding areas.
8. Fred has a hard time keeping committed employees. What actions might Fred take to improve employee dedication to the business?

In order to foster loyalty and attract people to the company who will stay, Miki and Fred look for an awareness of what it is like to work for a small company and for personal commitment. Mild explains, "It takes somebody that is a bit aware of the hard work that's associated with a small business. I think it's important to stay small enough that the people feel that they are contributing something. It's important for our employees to have some

sort of input into the jobs so that they feel like they are an important part of this little business.

We have staff meeting that kind of go in fits and starts, although we haven't had one now

for several months. Mostly, I think, if there's any extra time, everybody just wants to sleep."

In order to combat the turnover in pilots, Western Arctic Air has followed the lead of other companies in the industry, and now enters into an employment contract with each pilot.

9. Discuss Fred's environmental responsibility, especially as part of his Native heritage

10. Should Fred expand or sell the business?

11. How would an entrepreneur considering entering the aviation industry today? How would he or she determine which market to serve in the North?