

BUSINESS

Airlines 'a long way from recovery'

MONTREAL ♦ North American airlines suffered a 10.9 per cent drop in passenger traffic in May, as the emergence of the H1N1 virus in Mexico discouraged travel to sun destinations, the International Air Transport Association said Thursday.

Passenger demand was also undermined by recession-driven drops in both transatlantic and transpacific markets, IATA said.

May was the first full month of travel affected by the H1N1 influenza. Mexican carriers saw their traffic fall almost 40 per cent and Latin American carriers generally saw their traffic decline by 9.2 per cent, compared to a year ago.

Canadian carrier Air Transat resumed flights from Montreal to Cancun June 21, with flights from

Vancouver and Toronto returning tomorrow and Monday respectively.

Air Canada Vacations resumed flights to Cancun starting June 6, but flights to Cozumel and Puerto Vallarta will only begin again in the fall. The airline continued to service Mexico City. WestJet resumed flights to Mexico June 20.

The agency warned that a 20 per cent fall in international passenger revenue in the first quarter is expected to accelerate to as much as 30 per cent in May.

"This crisis is the worst we have ever seen," said IATA director general and CEO Giovanni Bisignani.

Despite the large hit absorbed by North American carriers, the aviation association says global passenger traffic stabilized in May even

though demand dropped 9.3 per cent from last year and was weaker than the 3.1 per cent drop in April.

A floor in passenger demand may have been reached since the past two months have been slightly stronger than the 11.1 per cent decline reached in March, even after adjusting for Easter.

However, a 5 per cent capacity decrease in May didn't keep up with falling passenger demand. While the impact of the recession appears to be stabilizing, debt and low asset prices are expected to weaken and delay any significant recovery, the association said.

"We may have hit bottom, but we are a long way from recovery," said Bisignani.

The Canadian Press

Three airlines fined total of \$10m for cargo surcharge conspiracy

OTTAWA ♦ Air France, KLM and Martinair have been fined a total of \$10 million after pleading guilty to their part in an air cargo cartel, the Canadian Competition Bureau said yesterday.

The agency said the air carriers admitted to fixing surcharges on air cargo exported on certain routes from Canada between April 2002 and February 2006.

The companies admitted to communicating with competitors about the amount and timing of fuel surcharges, the bureau said.

"The co-operation of these parties through the bureau's leniency pro-

gram will assist in our ongoing conspiracy investigation," said Melanie Aitken, interim commissioner of competition.

"Had these companies not co-operated, the bureau would have recommended harsher penalties against these companies, including significantly higher fines."

Air France will pay \$4 million, while KLM will pay \$5 million.

Martinair was fined \$1 million. The bureau said its investigation into other air cargo carriers continues.

The Canadian Press



Terence Webster says relationships are everything in the interior design business, because design reflects personality. Above is one of their completed projects, at StressCrete.



Harris Rebar, fabricator and placer of concrete reinforcing steel, is in the process of getting a new look thanks to Terence Webster Design Inc.

DESIGN: The size of the job doesn't matter, 'as long as it's fun'

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Over the years the company has kept its workforce small, but its eye on a diverse, continental market and sound operating principles — critical factors in its ability to withstand economic turbulence.

And, as much as Webster learned from others, he has his own lessons to offer.

"If you have a good heart, people with a good heart will seek you out."

Sounds like advice more appropriate coming from a reverend than a businessman, but Webster says it's the one true thing that's kept him afloat all these years.

Webster recognizes the temptation to take on clients in any circumstance, but the trick is in recognizing its long-term impact on the business.

"It's that kind of positive attraction... stay away from negative things. It is a conscious thing."

"I have only ever had \$8,000 in bad debt since 1980," he said.

"Work with people you enjoy being with — including clients."

"If you don't have a good relationship with a client, it's not going to get better. You can spend all this time trying to make it better. Meanwhile, you are ignoring those three or four other clients who you



HANDOUT PHOTOS

GWD Management Inc. got the Webster touch in 2006. The project included a redesigned interior and new furnishings.

already get along with."

In the business of interior office design, relationships really are everything because design reflects personality.

"What we do is look at what the customer has to say about their business," he said.

"Then we go and research their business ourselves. We then go back and say, 'What's your vision of your company?'"

For StressCrete streetlight manufacturers in Burlington, that relationship resulted in custom desks with lamplight details, all infused with a combination of modern and traditional looks.

For ArcelorMittal's renovated offices, it was hot red accent walls blended with a segmented glass window reflecting a more modern, sophisticated esthetic.

"No two jobs are ever alike," he

said. The design team has taken on everything from high-profile jobs such as two floors of the Sears Tower in Chicago to small-profile jobs like the one at Vine & Partners accountancy in downtown Hamilton.

"It doesn't matter how big or small the job, as long as it's fun," said Webster.

The staffing complement has remained pretty much the same over the years — about 8 to 10.

It's manageable, responsive to client needs, and it gives Webster the chance to do what he loves — work with people on their design-build requirements.

Despite the recession, Webster is confident in the company's future.

"Recessions have been our strong point."

He learned to turn a downturn into a positive when the recession of the '90s hit.

"In '89 we were so busy it was crazy — we were working on Hamilton General Hospital and doing all of Domtar's North American buildings."

"We were just about to start working on a huge (Domtar) building in Montreal and they let all those people go who were going to work in that building."

"Instead of profit, we faced two or three years of losses. I had a great crew, I didn't want to lose anyone."

So he didn't. Instead he regrouped, hired some talented staff who were laid off by others, cultivated customer relationships and resolved never to rely on one customer for business again.

"By '93, '94, things had turned around. What I had lost in the previous three years, we not only made up in a few months but we made a substantial profit because we were ready."

He's applied those lessons in 2009 — hiring three skilled staff with years of experience he never would have been able to recruit in a good economy.

"Things are slow, although not as slow as we expected — thanks in part to some work at TDL — Tim Hortons' parent company — and ongoing projects at Mohawk College and McMaster University."

"And when the current economic storm lifts, Terence Webster Design, once again, will be ready to sail."

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Aerospace production to slow, but outlook relatively sunny

MONTREAL ♦ Canada's aerospace industry is expected to post \$620 million in profits in 2009 despite declining business jet demand, the Conference Board of Canada said yesterday.

The board's spring industrial outlook said that although the aerospace sector is being affected by the recession, it is faring better than many other industries.

But customers are rethinking or cancelling orders because of a drop in air travel and difficulties in raising credit to pay for new jets, economist Valerie Poulin said in a report.

"The next 12 months will shape the industry's longer-term well-being."

Despite cancellations, the nearly two-year backlog of orders is only slightly below an industry record.

Production is expected to slow in the next two years, but will outperform the rest of the manufacturing sector.

Several industry leaders have laid off workers in the face of dwindling market demand.

Bombardier Aerospace announced the layoff of 4,360 employees in February and April as it planned to ratchet down business jet production because of an esti-

mated 25 per cent drop in deliveries.

Flight simulator and training company CAE Inc. cut 10 per cent of its workforce, or 700 positions, and imposed cost-cutting measures on remaining workers because of an anticipated order dropoff.

Pratt & Whitney shed 1,000 workers around the world, including 500 in Longueuil, Que., and 45 in Halifax.

The Conference Board said production growth will slow to 1.7 per cent this year and decline slightly in 2010, after increasing more than 10 per cent in 2008.

Profits fell to \$592 million in 2008 and should remain relatively stable over the next two years. They should then grow steadily beginning in 2011, the economic think-tank said.

However, profit margins, which fell to a low of 2.7 per cent in 2008, are only expected to average 3 per cent annually for five years.

The outlook is sponsored by the Aerospace Industries Association of Canada, the trade group representing Canada's aerospace manufacturing and services sector.

The Canadian Press

Globe and Mail employees face Tuesday strike deadline

Newspaper's contract talks at an impasse: union

TORONTO ♦ The union representing workers of the Globe and Mail said contract talks with the newspaper's management broke down at midnight Thursday.

Communications, Energy and Paperworkers Union representative Brad Honywill told the Canadian Press yesterday that there are no planned meetings before the contract expires next Tuesday at midnight.

The move comes less than a week after the editorial, advertising and circulation workers voted 97 per cent in favour of strike action at one of Canada's oldest and most influential newspapers.

Representatives for the paper, which is owned by CTVglobemedia Inc., weren't immediately available for comment.

"This is obviously a very grave disintegration in the process," Honywill said.

"We remain steadfast in our belief that the members at the Globe deserve a pension that will

give them a reasonable standard of living in their retirement years."

Management had proposed a six-year deal, which would convert its defined-benefits pension plan into a defined-contribution plan, which offers a lower payment.

It has also proposed a total compounded salary increase of 7.2 per cent over six years, one unpaid week off each year, a workday increase to 7.5 hours from seven with no extra pay for the half hour, overtime paid at straight time for the first half hour and changes to pensions.

On Thursday, the union sent a letter to its members saying that the newspaper's management would e-mail them yesterday with a "final offer" to replace their contract, and that all concessions and changes would be implemented by July 1.

According to the union, the offer e-mailed yesterday includes annual wage increases of

zero per cent in 2009 and 2010, 1.5 per cent in 2011, 2 per cent in 2012 and 2.5 per cent in 2013.

It also outlines a number of pension changes, with new hires being started in a defined-contribution plan and existing members of the company's defined-benefit plan able to stay in that with increased contributions.

About 44 account managers would take an \$8,000 pay cut and 13 telemarketing representatives would take a \$6,000 pay cut, both with revised commission plans.

The Canadian Press