

## Aspen Skiing Co.'s Jim Crown shares views on the ski industry

Managing partner for family that owns the Skico owners outlines expectations

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ASPEN — The Aspen Skiing Co. is a rare bird in the ski industry these days. Big conglomerates that appear more interested in selling real estate and offering lift tickets as an amenity dominate the business. The Skico remains family-owned.

The Crown family of Chicago owned 50 percent of the Skico from 1985 until 1993, when they assumed complete ownership. Lester Crown and his seven children, as well as several members of their extended family own the company. Jim Crown, one of Lester's sons, is the managing partner.

Crown, 55, was in the Roaring Fork Valley last week for the grand opening of a solar farm in Carbondale in which the Skico invested \$1.1 million. He also was here for the Aspen Ideas Festival and a little R&R with his family. He agreed to an e-mail interview with Inside Business, a weekly publication of The Aspen Times, regarding the state of the Skico, conditions in the ski industry and his connection to Democratic presidential candidate Barack Obama.

Among some revelations in the interview, Crown said Snowmass Ski Area will soon be in a position to build and cement a reputation "as one of the great skiing experiences on the planet."

He also expressed some concerns. Airlines are bound to cut service because of the tough time the industry faces with soaring fuel costs. Crown said it is "vital" to lengthen the runway at the Aspen-Pitkin County airport. That would allow airlines to fly their most fuel-efficient jets and do more to assure that Aspen will retain adequate service.

Crown also noted the importance of providing housing for employees and suggested the company will add to its inventory. He red-flagged the lack of visas for temporary workers as one of his biggest concerns.

Outside the realm of the ski world, Crown outlined why he supports Barack Obama's bid for president.

Inside Business: Skier visits at the Aspen Skiing Co.'s four ski areas were up slightly last season to 1.47 million. Were you satisfied with that performance?

Jim Crown: We had hoped for more of an increase in our skier visits. Last season had the most amazing snowfall in recent memory. Air service was substantially improved (available seats were up 11 percent), and the economy was in decent shape — although weakening throughout the ski season. While our results were satisfactory, I was surprised we couldn't get our skier visit numbers back closer to our historical peak.

Inside Business: Given the condition of the national economy, it seems like a tough time to be in the resort business. How strong is the foundation of the ski industry?

Crown: The ski industry has remained strong for several reasons. First, demographics: Both in the U.S. and abroad, we have a large and expanding population of people interested in skiing and snowboarding. This has been evident in the general growth trend for skier visits overall. Second, ski areas continue to be consolidated into stronger financial hands. Holding aside the "cultural impact" of such ownership changes, this means that ski areas are receiving more capital investment, improved services and marketing, and expanded travel/lodging opportunities. All of those factors have helped the industry.

Inside Business: The Aspen Skiing Co. is investing \$25 million in on-mountain improvements this summer. Is it necessary in the industry to keep updating chairlifts, restaurants, etc. or do you see an end to the era of capital improvements?

Crown: I have studied this issue over time. The ski industry is more capital intensive than virtually any other business you can name. It is probably second only to the airlines. If you want to be in the skiing business, and keep your quality and reputation intact, you must constantly reinvest in all of the physical assets that are needed to ensure a great ski mountain. You need great people, too, but the capital demands are substantial.

Inside Business: How do you feel about the progress of Base Village? Specifically, when do you think it is time for Snowmass to shine as far as business performance?

Jim Crown: We are still a few years short of seeing Snowmass shine with its full potential. It will take a while longer for Related/Westpac to be substantially complete with Base Village (and their adjacent properties). It will take a few years after completion before many skiers and boarders understand all of the benefits and joys of a fully renovated Snowmass. Once that happens, I am certain that it will be recognized as one of the great skiing experiences on the planet.

Inside Business: The airline industry is struggling because of the price of fuel. How do you think that's going to affect Aspen/Snowmass as a destination resort?

Jim Crown: I am worried. Airlines are an extremely important form of mass transit, and the lifeblood of any destination resort. As they struggle to remain healthy, they must frequently re-assess their fleet and their route structure. Often this means cutting service, which would be bad for us. It will be vital to the health of this valley to lengthen the runway at the airport. In addition to increased safety, a longer runway will give us the best chance to make the area accessible to the greatest number of these new, fuel-efficient regional jets. If we can't accommodate those new aircraft, residents and visitors might find themselves with very limited and expensive air travel choices, and be spending a lot more time in their cars. That would hurt the valley both financially and environmentally.

Inside Business: What developments in the ski industry really captured your attention recently?

Jim Crown: The trends of ownership consolidation and real estate-centric growth have continued, as has the steady flow of substantial capital investment in lifts and equipment. One new opportunity that excites us is radio frequency based tickets. We will soon introduce more broadly a lift ticket system that allows hands-free, automatic access. Ideally, we can migrate this to a "stored value" card, so your lifts, ski school, food purchases, etc. can all be handled electronically.

We face two operational issues with growing severity: 1) Employee housing: We have continued to expand our employee housing base, but the need is substantial and growing. We will be investing in that sector for years to come. 2) H2B Visas for temporary workers: We depend heavily on a wonderful and talented temporary workforce; many of those folks travel here from outside the United States. Right now our country's immigration policies are tangled, polarized and — quite frankly — stalled in an ugly and poorly understood debate. A by-product of that fight is severe restrictions on temporary workers. This has hurt our business.

Inside Business: Vail Resorts moved further into a pricing strategy which de-emphasized the lift ticket. What is your impression of that move?

Jim Crown: Vail has always been able to capture a much larger share of their customers' wallet than has the Aspen Skiing Co. If someone shows up in their domain, it is likely that those customers will contribute to the revenues of Vail Associates no matter what they do each day. We have tried to expand our business base over the years, but we are still primarily about skiing and snowboarding. That makes the lift ticket pretty important in our world.

Inside Business: Why have you supported the Aspen Skiing Co.'s direction in environmental activism?

Jim Crown: Enlightened self interest. We have a responsibility as the primary custodians of one of the most beautiful places on Earth. We want people to have access — and to love this area — but in a sustainable manner. As owners of the Aspen Skiing Co., we hope to leave this as a thriving business for our children; a long-term view absolutely requires attention to the impact of human visitors on the quality of our environment.

Inside Business: If you could make one change to the ski areas, with finances and politics not being a factor, what would it be?

Jim Crown: I would love to wave a magic wand and have the base areas at each of our four mountains be complete, right-sized, guest friendly, viable developments. We are closest to that in Aspen, although the 1A side remains an interesting problem to solve. Snowmass is on track to get there, but needs a few years for completion and maturity. I think both Highlands and Buttermilk should be more vibrant, and offer more, but those visions are harder to distill into actionable ideas.

Inside Business: Everyone has a favorite tale of skiing the deep powder last season. What was your most memorable day?

Jim Crown: Hiking Highlands Bowl during spring break with my kids and skiing the G-Zones with some awesome powder. You are still smiling when you fall asleep that night.

Inside Business: Bonus question: How does Barack Obama inspire you and what role do you anticipate playing in his campaign?

Jim Crown: Barack has been a friend for many years. I think it is wonderful that this election, and Barack's candidacy in particular, has engaged so many people who were indifferent over the past decade or two. The amount of energy and attention that has been devoted to this election is a great thing for our democratic process. I am especially happy that Barack has been able to attract so many young people and disaffected voters. I serve as co-chair for the Illinois Finance Committee, as one of many volunteers in the campaign.

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