Outside Sales Support Network
Official Member Handbook

Providing Education, Training & Professionalism for Outside Sales Travel Agents, Independent Contractors and Agency Members of OSSN

Established 1990

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Introduction

There has never been a better time than now to be part of the travel industry as an Independent Contractor of Outside Sales Travel Agent. The 90’s marked tremendous change in the travel industry distribution system. As change brings uncertainty, it also brings opportunity. Technology has contributed greatly by providing effective tools to help communicate and market travel. These marvelous tools of our trade continue to evolve as primary sources of new opportunities to assist the home based travel seller to promote and communicate with the consumer and supplier. As we move into the new millennium and the industry continues to change, the home base seller of travel will be one of the primary channels of product distribution in the travel industry.

During the 90’s the industry focused on building cost effective distribution outlets for the retail travel agency community. Today the spotlight is now shining brightly on the Outside Sales Travel Agent and Independent Contractor seller of travel. The Outside Sales Support Network (OSSN) has helped pave the way for this new status of agent. OSSN has helped create stronger partnerships with other major trade associations and the supplier community. OSSN’s primary focus is Education, Training and Professionalism in the travel industry.

The introduction of this Member Manual marks OSSN’s 15 year anniversary serving the Outside Agent and Independent Contractor community. Gary M. Fee, President of the Outside Sales Support Network and author of the “Official Outside Sales Travel Agent Manual” and Kelly Monaghan, author of the “Home Based Travel Agent” have combined their knowledge and expertise to create this new member manual. OSSN would like to thank Mr. Monaghan for his efforts and support in co-authoring this manual. Although some of his opinions, written in “first person” style throughout the text, may not be the exact opinions of OSSN, our philosophies do coincide highly.

The Outside Sales Support Network Member Manual serves as a navigational tool to help our members avoid treacherous obstacles in a complicated business. This manual provides uncomplicated guidelines to implement a sound business plan as well as a continued source for deriving information and solutions to key issues as a home-based seller of travel.

The Member Manual is a primary benefit of belonging to OSSN. However, OSSN encourages our members to take advantage of the association’s 4,600 page website located at www.ossn.com. The OSSN website is the central hub for communication and information.

OSSN realizes that our members need answers and direction from OSSN and that is why it is so critical for you to have access into the “members only” section of the OSSN website. The OSSN “Search Engine” will help you find what you are looking for rapidly and effortlessly as it pertains to your member and business needs.

I would like to thank my lovely wife, Melody Fee, OSSN Vice President, for the countless hours she has spent editing the Official Member Handbook. Her assistance in copy writing and editing was crucial to the success of this new manual.
TODAY’S NEW INDEPENDENT CONTRACTOR

There has never been a better time than right now to get into the travel business as an Independent Contractor!

Times have changed and so have the opportunities for many home-based sellers of travel. Independent Contractors (IC’s) and Outside Sales Travel Agents are not the same breed as they used to be since the early 70’s. Today the Independent Contractor community has become one of the predominant means of distribution for travel products and services in the travel industry. Many agencies seek to recruit you, the Outside Sales Travel Agent to help shore up their walls of profitability. No longer are Outside Agents and Independent Contractors treated like second class citizens of the travel industry. Today this status of travel promoter plays a very important role in our three trillion-dollar industry.

Technology has helped create many opportunities for the Independent Contractor. You probably already have a personal computer in your home that allows you access to information and communication. Fax machines, voice mail, e-mail and Internet commerce are changing the way we conduct our business as sellers of travel. No longer is it necessary to work from a storefront agency when all the tools of the trade are at your fingertips.

Technology coupled with the hard work and accomplishments that the Outside Sales Support Network (OSSN) has achieved in the industry have led to the many opportunities that Independent Contractors enjoy today. OSSN has helped pave the way to increased recognition and acceptance between the supplier community and other major industry associations. Travel Promoter Laws have been changed or modified that pertain to Outside Agents and Independent Contractors as a result of OSSN’s efforts. OSSN has been at the forefront to help modify Travel Agent professional ID card standards as it pertains to the Independent Contractor.

Many Outside Agents are affiliated with a travel agency that has been appointed by the Airline Reporting Corporation (ARC), International Airline Transport Association (IATA) or have joined the Cruise Line International Association (CLIA) or have secured a TRUE ID code from OSSN. Although they work with a travel agency, Outside Agents act as independent contractors, which makes them self-employed. As an Outside Agent, you can choose to work on a part-time or full-time basis, it’s up to you. You will be paid by receiving a percentage of the commission or earnings received by the travel agency for the business you produce. In addition to the opportunity to earn substantial income, you, as a Travel Consultant, will qualify for various travel and educational benefits which are available exclusively to retail travel industry sellers.

“Outside Sales” has been the standard industry expression attached to those who sell travel “outside” the agency’s premises. It evolved from a need to differentiate between the “outside sales” staff, who are self-employed, and the “inside sales” or in-house employees. The words “Independent Contractor” pertain to the
legal definition of what the industry refers to as an “Outside Sales Travel Agent.”

Now many agencies feel the need to expand their marketing programs since the airlines have capped airline commissions. A few years ago, agency incomes received a “shot in the arm” when the airlines began to pay travel agents a 10% commission instead of 7% on most tickets sales. As a result of all these factors, many agents became lax in the marketing of their services. “After all,” they thought, “we don’t really have to go out and sell. Our clients will come to us.”

Today with the airline commission caps and with the reality of net fares, travel agencies must develop strong marketing programs. There is a growing consensus that they must aggressively sell their services to new customers as well as instill greater loyalty in their established clients. The need to compete effectively in today’s marketplace explains the need for an agency to have an effective outside sales force. Instead of sitting at the office, waiting for a client to call or drop in, the agency has cultivated a flock of Outside Sales Travel Agents that visit their clients on their own “turf”. By bringing the service to the customer, the Outside Sales Agent creates new business for the agency and themselves that otherwise might not have been prospected.

The rapid changes within the travel industry are posing new demands upon the individual travel counselor for which he or she may not be prepared. Most of the training that travel counselors receive is directed toward the knowledge of how to generate airline tickets, how to use a computer, and how to book destinations and tours. While information of this sort is obviously essential, it does not, by itself, produce a single client. Today, successful agents must learn how to sell travel better. In order to ensure their continued growth within the travel business, they must learn the methods involved in generating new clients, while improving the retention rate of present customers.

As the field of outside sales and independent contractor status assumes greater importance in many agencies, it is essential that the “inside staff” develops understanding and respect for the work performed in the field (and vice-versa). After all, the volume bonuses paid to the travel agencies from the airlines and cruise lines are a result of everyone’s efforts—both “inside” and “outside.”

THE NEW WORLD OF TRAVEL

Today it is possible to get involved in the travel industry almost instantaneously, with little or no experience or training, and start learning the business through actual hands-on experience in selling travel. By the time you finish this book, you will have all the information you need to begin a money-making (part-time or full-time!) travel career just by sharing the fun and excitement of travel with your friends and neighbors. Here are just some of the ways you can participate in the exciting and lucrative world of travel as a tour organizer or travel agent. Some are part-timer strategies; others can be done full-time and produce a respectable income. One or more of these options is bound to be right for you.

Organize an educational tour. Many tour operators who target their tours to the educational market are eager to find people like you who will round up a
group of school kids for a foreign tour. In exchange for your efforts, you will receive a free trip for yourself and perhaps a cash payment to help defray additional expenses. You can often get a free trip by signing up as few as six kids.

- **Take your club on a tour.** If you belong to a group - a bridge club, the Kiwanis, the Podunk Marching and Chowder Society - you can organize a tour. Most of the time you will be dealing through a travel agent, less frequently directly with a tour operator. In exchange for bringing in a group of people, you (and the other folks on the tour) will receive a cheaper rate. In addition, as the organizer you may be in line for a “tour conductor” slot; in other words your friends not only pay less but you go along for free.

- **Take a cruise.** Many cruise lines offer programs similar to those offered by the educational tour operators - bring in enough couples and you cruise for free.

- **Become a “finder” for a travel agency.** Many travel agents will give you a finder’s fee just for bringing in business. In this arrangement, you do none of the work of helping the customer decide which tour or cruise to take nor do you make the bookings. The travel agent does all that. You just get the customer through the door. But make no mistake, that is a valuable service and the travel agent will pay you a small cut of the commission. Typically you will get 20% of the commission (roughly 2% of the cost of the trip).

- **Join a “referral agency.”** Referral agencies will give you up to 40% of the commission, just for a referral. They also promise access to extensive industry discounts and benefits, typically for an entry cost of around $495. The typical referral agency agent doesn’t wind up making much money, but 40% is not a bad return for simply handing out business cards.

- **Become an outside sales representative for a travel agency.** This is the core relationship in the home-based and part-time travel business. I believe that after you read this book and realize how easy it is to become an outside rep and how many advantages this relationship offers, you will become one as soon as possible. In this arrangement, you not only find the customer but you handle all the details of the booking as well. Because only certified travel agencies can issue airline tickets and get the commission, you will have to hand the booking over to the agency. In exchange for your doing most of the work, the agency will split the commission with you. A typical split is 50/50, but I’ll show you how you can get even more!

These opportunities exist because of some very simple and easy-to-understand facts of economic life. Travel suppliers (tour operators, wholesalers, cruise lines) want to sell more of their “product.” Travel agencies, which act as go-betweens for the travel suppliers, want to bring in more customers. There are a number of ways to do this: by offering a better product, by providing better service, by creating better advertising, or by finding new and better ways to market their products and services. It is this last category - marketing - that has created some very attractive opportunities for folks like you and me. Every travel product, from the cheapest airline ticket to the most luxurious round-the-world cruise, must be sold. That requires salespeople, and everyone in the business has them. The airlines have their reservationists, travel agencies have their sub-agents. At some point, everyone selling travel asks themselves some variation of the following question: “If I’m selling one million worth of product with 10 salespeople, why couldn’t I sell two million with 20?” It’s not that simple of course. Many things
have to be taken into consideration when increasing your sales force: demand
doubling the number of airline reservationists will not double the number of calls
coming in), overhead, salaries and benefits, training, and on and on. Still, the mar-
keter can’t shake the idea. “If I had more people selling for me, I’d bring in more
money.” What, then, if they could bring in additional salespeople at no cost what-
ever? In fact, what if they could actually get people to pay them for the privilege
of selling for them? What if they set it up so that these new salespeople would only
get paid for the business they brought in? What if they “paid” these salespeople in
free travel or through a discount instead of cash? The idea proved so attractive that
more and more travel suppliers began experimenting with some variation on the
theme. Cruise lines offered free berths to people who could sign up a bunch of
friends to take a cruise. Tour operators who wanted to reach the multi-billion-dol-
lar educational market made teachers their “sales force,” offering free trips and
cash stipends. Travel agents began to experiment with outside sales representatives
- freelance, independent agents who sell tickets, tours, and cruises to their own cus-
tomers and let the agency do the ticketing in exchange for a split of the commission.

Over the last decade or so, a number of social, business and economic trends
have given this trend a push:

- **The rise of the entrepreneur.** More and more people are deciding that the
  “traditional” career model just doesn’t work for them. Instead of sticking with
  the same company for 30 or 40 years, they are opting out of the corporate world
to start their own businesses. For many of these people, the size of the business
or the money to be made is less important than the freedom they will have to
set their own pace and be their own boss.

- **The returning homemaker.** Today this is less of a trend than an accom-
  plished fact of our economic life. Beginning in the ’70s, rampant inflation
made the traditional one-paycheck family more and more a thing of the past.
Millions of women “returned” to the job market for that second paycheck.
Many of them found they lacked the skills demanded by a more complex and
technological workplace than the one they left to get married. Today’s young
mothers often count themselves lucky if they can afford a few months at home
with their young ones before getting back to a full-time job. Many of these
women (and some “house husbands,” too) would give their eye teeth for a
money-making part-time career that would allow them time with the kids.

- **The second-job syndrome.** After the two-paycheck family has come the two
and a half-paycheck family. More and more family units are taking on part-
time jobs. Sometimes it is a simple matter of economic necessity. In other cases,
people are “test-driving” new careers or seeing if they might want to ditch
their regular job and start their own business. Still others have heeded the
advice of financial gurus and turned an avocation into a sideline business to
gain not just the extra income but the tax advantages of running a small busi-
ness.

- **Downsizing.** As more and more companies lay off more and more employees,
more and more people are scrambling for another job - a job that’s often not
there. Many people are realizing that if they are going to find a job, they’re
going to have to create it for themselves. Indeed, some states are responding to
this new reality by instituting programs that help the newly unemployed set
themselves up in business.

- **Computerization.** The rise of the small, affordable, personal computer has made part-time and home-based businesses more attractive to many people. The efficiency offered by automation means that business opportunities that might have been seen as too time-consuming a few years ago are now seen as something that need take up only a few hours a week. Travel agencies, using the same cheap computers, linked together in a network, have the computer power to maintain and track fairly large numbers of outside reps. Whereas ten years ago having an outside sales force might have seemed like an organizational nightmare, today it’s more likely to be seen as a piece of cake.

- **Franchising.** Over the last decade or so, franchising has boomed. Many of the entrepreneurs who start their own businesses do so under the comforting umbrella of a franchise. And the travel industry has not been overlooked. If you have the money, you can buy into your own travel agency. If you don’t have the money, you can accomplish much the same end by becoming an outside sales rep. Think about it: you operate on your own (just like a franchise), have your own customers (just like a franchise), run your own business affairs (just like a franchise), but you still have an association with a larger entity that provides you with services (just like a franchise). And just as the franchisee pays a franchise fee, the outside sales rep for a travel agency splits the commission with the agency. Of course, legally speaking, being a franchisee and being an outside sales rep are two different things. Still, the two arrangements have much the same practical effect. More and more travel agencies are applying the franchise metaphor when they consider adding an outside sales operation and are, consequently, becoming more open to the idea of having independent reps bring them business.

The end result is that, today, becoming a player in the multi-billion dollar world of travel has never been easier - if you know how to go about it.

- **The Internet.** To say that the Internet has changed the way the world does business would be an understatement. Today E-commerce is commonplace and PC’s are just as popular as VCR’s ever were. Home Based Agents are communicating with their clients on the internet as well as being able to communicate with a multitude of suppliers who all now have their own website offerings for the consumer and the travel agent. Having a “virtual” agency on the internet is now more the rule than the exception. A new audience of young buyers have embraced the internet as their sole means of consumer purchasing. As busy as most all families are today with both parents working to make ends meet the internet provides these buyers with a fast easy way to buy travel.
Chapter 2

Getting Started

START YOUR BUSINESS TODAY

If you are new to the world of travel, you are about to discover exciting opportunities never before available to you. As you read this book you will, no doubt, become enthusiastic about the many ways in which you will benefit from your career. But the achieving is left to you. Even as your enthusiasm for a travel career grows, you may find your mind forming old excuses and dredging up outworn alibis to help you rationalize why you will not be successful. Don’t let this happen to you. For once, discard the old thought habits that have kept you from achieving your full potential. This is a new day, and a great time to get into the travel business. All you need to do is act upon it!

WHERE DO YOU FIT IN?

One of the most attractive aspects of the new travel marketing landscape is that it is very definitely not a one-size-fits-all proposition. You can design your travel career to suit your interests, your schedule, your working style and preferences, and your monetary goals. You can plan to work one hour a week or 80. You can plan to save money on just your own travel. Or you can plan to make money on the travel of a small circle of friends, or the travel of everyone in your neighborhood, town, county, or region. You can plan to earn money in a part-time travel business or you can set your sights on a full-time annual income of over $50,000. It’s all doable and it’s all up to you!

Become a part-time specialist.

Suppose you love taking cruises, you do it once a year, and have cruised with several different lines. You are a natural to sell the joys and benefits of cruising to others. And if you want to specialize just in cruises - no short-haul airline tickets, no European tours - you should be able to find a travel agency that will be more than happy to handle all the cruise business you can bring in. Or perhaps you are lucky enough to be Irish and you know the “auld sod” like the back of your hand. You may want to specialize in travel to Ireland. You can use your special knowledge of the destination to add value to your services. You may even want to lead some special interest tours yourself, all the while earning a commission on every person you book.

Be a generalist.

You may decide that offering to book all types of travel for a select clientele will work best for you. If you know you can get a circle of family, friends, and neighbors to turn their travel needs over to you, you can get into the business quickly. There are some disadvantages to this arrangement which I will get into later, but it has the advantage of giving you a clear handle on your business. In other words, once you learn that Aunt Matilda spends $1,500 a year on travel, you can look forward to getting a steady cut of that sum.
Be a full-time home based travel agent.

There are many full time home based agents working out of their homes today and making a six digit income selling travel. Most of them work between 50 to 70 hours a week. Like any occupation you must have that “burning desire” to win and to get ahead and love your work. There is no law that says you cannot spend every waking hour building your own, highly profitable travel business. It’s pretty easy to earn a 7% commission; if you sell the right products, you can make 10% to 15%. In some cases with preferred suppliers you can earn up to 20% commission.

Today, suppliers are eager to work with the home-based travel agent. All major consortiums, associations and agencies have welcomed the Outside Sales Agent with open arms. Times have really changed in the travel industry. Being a home-based seller of travel has become very vogue and accepted as a credible occupation. No longer are the days when Outside Sales Travel Agents were treated like second class citizens of the travel industry. Through the efforts of OSSN this category of travel agent has reached a higher level of professionalism and recognition from the industry.

The future holds even more promises and opportunities for Outside Sales Travel Agents as technology fuels increased levels of communication and information. Some home-based agents now operate a “virtual” travel agency online. Selling and promoting travel in cyber-space will be play a major role in the way travel products are sold and distributed for the future breed of home-based agents. The skills required to accomplish this new commerce are just now emerging. Home-based travel agents will require many more tech-o skills to keep their business prosperous in this new selling and marketing medium.

Be a by-the-hour travel consultant.

Most people involved in selling travel are compensated by commissions. But I know some enterprising souls who, in addition to receiving a commission as outside reps, charge their clients an hourly fee for helping them plan their vacations! If you have special expertise, in-depth knowledge of specific destinations, or provide special services like driving your clients to the airport, you may be able to charge up to $100 an hour for your services. This is a high-end strategy that requires special skill (and perhaps a bit of chutzpah), but it can be done.

WHAT CATEGORY OF OUTSIDE AGENT DO YOU WANT TO BE?

The Four Types of “Outside” Travel Consultants

1. “I Just Want to Travel For Free”

It would be folly to believe that we got into the travel business for the high income. Many travel agents are motivated to get into this industry for the perks. If it were not for the benefits probably half of our work force would disappear. The
“I just Want to Travel for Free” category is the “Tour Conductor” or “Group Leader” category. This category of Outside Sales Travel Agent is working to promote groups that will allow the Agent to travel “free”. Example of this would be travel free for every 15 paying passengers.

Cruise Lines or tour companies often give the travel agency a “gratis” berth for every 15th paying passenger. Commission compensation is not the primary motivator for this seller of travel. More than likely this individual is a center of influence in his or her community. There is little or no cost to the travel agency. This is a win/win situation for everyone! Some agencies will even pay your incidental expenses to boot. Another description for this seller could be “Group Organizer”. Who does not want to travel for free?! What a great way to go!

2. The “Referral Agent”

The “Referral Agent” or sometimes called the “Bird Dog Agent” category is the fastest growing segment of Outside Sales Travel Agents in the industry. This seller of travel may have a full time job in another industry or may be busy raising a family; he or she may be seeking a secondary income to help make ends meet in an economy that may have double digit unemployment. The Referral Agent is compensated on a commission basis and, like the “I just Want to Travel for Free Agent”, is motivated by the perks of the industry.

The Referral Agent is not interested in how to write four leg tickets or issue a PTA. Some are interested in keyboarding skills to use the Airline Reservation Systems, although today many airlines provide a “User Friendly Mode” to book air, hotel and car rentals which requires little or no training. The Referral Agent seldom comes into the agency. Commission compensation for this Agent usually ranges between 20% and 40% since the Agent is not actually involved in the full reservation process to expedite the booking.

Example Compensation Plan:
$1200 Cost of Cruise x 10 passengers = $12,000.00 x 15%
agency commission = $ 1,800.00
(Referral Agent Commission) = $720.00
$720.00 Earned Commission To Agent
$1200.00 Free Cruise Value
$1920.00 Total Earnings to Agent for just five couples

A “bird dog,” as the term implies, is a person who flushes out or brings in the game for the hunter, in this case the travel agency. Once the quarry is safely in hand, their job is over. Bird dogs can bring in small accounts (friends and neighbors, for example) or they can land major corporate accounts which will book a considerable volume with the agency each year for as long as the agency has the account.

If you are planning on letting the agency do most of the work, you will be in the bird dog category. For example, your Aunt Martha wants to go visit her granddaughter in New York, leaving on May 5th and coming back on May 20th. You relay this information to your agency, which researches the airlines serving the route, finds the lowest fare, and so forth. You then get back to Aunt Martha to see if she’s happy with the itinerary the agency suggests. Finally, you recontact the agency to firm things up and have them issue the tickets. Since the agency is doing the lion’s share of the work here, you can’t expect to receive much more than a 2%
commission, if that.

There are agencies that will give you a similar modest referral fee if all you do is bring Aunt Martha in to talk to one of their travel consultants. Bear this in mind if you are interested in bird-dogging.

You can ask around at local agencies to see how (or if) they work with outside people in cases like this. If you do, there are two basic rules of thumb: First, most agencies will be reluctant even to discuss the proposition. They will figure (all things being equal) that they have more to lose than gain by letting you go out and “play travel agent” in this fashion. You are an unknown quantity and they will be naturally concerned that you might damage their reputation in the community. Second, whatever compensation they offer will be a take-it-or-leave-it proposition. Don’t expect to have much negotiating leeway in this kind of situation. And don’t be too surprised to find that, while you may get a cut of the commission on Aunt Martha’s first trip, you are cut out of the subsequent business she brings to the agency directly.

Bird dogs may be the “lowest” category of outside reps in terms of compensation but, make no mistake, they can play a valuable role in building an agency’s business. Which is not always to say that a given agency will understand or appreciate that fact. It may be that serving as a bird dog for a local agency is just fine for you and there is nothing wrong with that.

A new breed of travel agency has taken the concept of bird-dogging to a new level. They are called “referral agencies” by those who advocate their approach and “card mills” by those who don’t.

Typically, a referral agency is designed to handle the bookings generated by a large force of outside agents; it does not accept off-the-street business or seek its own, “in-house” accounts. One way in which they recruit outside agents is with the attractive industry benefits the outside agent will supposedly receive once he or she has the referral agency’s photo ID card. It is this marketing stance that has drawn the ire of many in the travel agency industry. They charge, with some justification, that most people who join these agencies do so only for the benefits. Nonetheless, referral agencies do generate business. One was recently listed among the top 50 agencies (as measured by gross sales) in the United States.

Referral agencies take their name from the fact that their outside agents are generally not expected to research fares and make bookings. Their job is to funnel business to the agency’s 800 number where salaried inside agents take over the job of actually making the sale. In exchange for making this referral, the outside agent is paid anywhere from 25% to 40% of the commission, which is usually assumed to be 10 percent. Referral agencies generally incorporate some sort of multi-level aspect into their marketing approach, making it possible (in theory at least) to make just as much (if not more) money by recruiting new agents as by referring travel business.

You will find more on referral agencies and the whole issue of travel industry benefits later in this book.

3. The Traditional Outside Sales Agent or Independent Contractor

There are many “Traditional Outside Sales Agents” that do all their own prospecting and selling as well as completing the booking and reservation process. Average commission compensation for these agents is 50% to 70%. Many of these
Outside Sales Agents conduct their business in the agency at a desk, use the agency’s Airline System to expedite their client tickets, send out wine or gift orders, use the postage machine and help with answering phones for the agency when needed. Some Outside Sales Agents spend more hours in the agency than outside the agency promoting business.

A potential problem with this scenario is that some of these commissioned sellers of travel could be misclassified as “Independent Contractors”, when actually they are “Commissioned Employees” of the agency. Unless the Outside Sales Agent is paying the agency some sort of rental fee or support fee for services provided by the agency such as desk, reservation system, heat, light and space, the IRS could consider them to be employees. Misclassifying staff with the Internal Revenue Service by giving the commissioned seller of travel a 1099 form instead of a W-2 form at the end of the year could lead to financial disaster for the agency owner when it comes time to ante up back payroll taxes, interest and penalties. This applies to Canada Outside Agents as well.

The amount of time an outside rep puts into the selling of travel can run the gamut from virtually no time at all to a full-time occupation. There are some people who form an outside sales relationship with an agency just to book their own personal and business travel. They are, in effect, their only customer. Some agencies will welcome this kind of business, others will not. At the other extreme are individuals who are seeking to make their entire living, often a very good living, as outside reps. They do this by aggressively pursuing new business, especially upscale leisure travelers, group sales and corporate accounts, where truly impressive commissions are possible.

Another useful distinction that can be made among outside reps is the amount of work the agency must expend to service their customers. Remember that the main reason most people become outside reps to travel agencies is that the agency can do things that they cannot - generate airline tickets and collect commissions.

Most outside sales reps (as I am using the term here) do all the work up to the point of actually generating the ticket. Anything less would put them in the bird dog category. In other words, they talk to Aunt Martha about her travel plans, find the best fare, call the airlines, make the booking, get the seat assignments, and so forth. Then they have to get Aunt Martha’s ticket. To do that, they have to call the agency, talk to someone on the inside, and relay all the information they’ve collected from the airline (date, flight numbers, fare, record locator number, and so on). The person on the inside has to enter that information into the computerized reservation system, locate the booking the outside rep has made, claim it for the agency, and print out the ticket. All that takes time and effort on the agency’s part, which is one reason the outside person is getting, say, 20% or 30% of the commission instead of 60% or 70%. At least, that is what the agency would most likely say if challenged on this point.

There are some outside reps who have their own CRS in their home office. They can make airline, hotel, and car reservations directly on the system and tell the system to print out the required tickets and documents on the agency’s printer. Some outside reps even have capability of driving tickets on the agency’s printer from their home, so
the entire operation requires no intervention at all on the part of the agency.

In theory, the amount of compensation you can expect as an outside rep should fluctuate according to how much work you’re doing. If you’ve been getting 50% of the commission for phoning in bookings, for example, you should attempt to renegotiate terms when and if you automate.

4. The Home Based Travel Agency

The word “entrepreneur” is the best description for this status of seller of travel. The Home Based Agency understands what it means to be “Independent”. As a self-employed entrepreneur he or she may work with more than one agency if needed and deal directly with the suppliers and keep the full commission. The Home Based Agency is what most Outside Sales Travel Agents don’t really understand but wish some day they could be. There are Home Based Agencies who work from their homes and achieve earnings of $100,000.00 per year. Many Home Based Agencies have insulated their business by incorporating and purchasing Errors and Omissions General Liability Insurance. Some States even require this kind of insurance or bond to sell and promote travel. Home Based Agencies have their own business names and have filed that name with their State either as a corporation, sole proprietor, partnership or fictitious filing.

It is the Agent’s duty as a seller of travel to comply with local and state laws. Some cities require an occupancy permit or disallow the selling of travel from a residence because of zoning laws. Don’t be surprised if you have to petition your neighborhood and obtain signatures allowing you to work from your home. The reason for this is that some cities and neighborhoods are concerned with increased traffic in their residential area.

Any agency, home based or not collects monies from the public and is depositing these funds in a business bank account. The agency must comply with some sort of local or state law.

Home Based Agencies are serious sellers of travel. Many of these sellers depend on this occupation as a livelihood. A Home Based Agency takes on more risk such as having to market his or her travel company name and furnish personal stationery and business cards.

The Home Based Agency must process all of his or her work. The rewards are far greater but so is the risk of being self-employed. To reach the Home Based Agency status, one must gather experience by working at the other categories before entering this level of entrepreneurialism as a seller of travel.

There are a number of reasons you might be interested in dealing directly with a tour operator and avoiding booking through a host travel agency. Some of them are better reasons than others, and you will have to decide for yourself if they warrant searching out a direct relationship with a tour company. OSSN maintains a list of suppliers that work directly with Home Based Agencies in the “members only” section of the OSSN website.

- **The hassle factor.** Some Independent Contractors just do not want to book through a host travel agency. Working through a host agency may become somewhat of a hassle for some folks. Lack of support, staff attitude, not getting commission checks on a timely basis are some of these reasons. This is certainly not the norm, however choosing to not work through a host agency partner is a business decision that you will have to weigh out regarding the pros and cons.
**Commissions.** Another reason to “deal direct” is the lure of larger commissions, or at least commissions that don’t have to be shared with a host agency. Many Outside Sales Agents have gone direct because they tell OSSN they are not getting paid by their “host agency partner.” By the way, this is the number one complaint OSSN hears from the Home Based Agency Community. Some operators may be on shaky financial footing. Before you enter into a direct relationship with a tour operator, make sure you are comfortable with whatever additional risks may be involved. (Later, I’ll tell you how to protect yourself against this kind of thing when dealing with travel suppliers.)

**Control.** Of course, there are people who simply want to run their own show and would just as soon not involve a third party if it’s not absolutely necessary. In my opinion, this will work best for those of you who choose a tight focus for your travel selling activities. For example, if you were specializing in travel to one country or region, you might be able to find a tour operator or two with a similar specialty whom you could deal with directly. You would, in effect, be dealing with them just as if you were a “regular” store front type of agency.

**Your experience.** Another factor that will (or should) influence your decision is your level of experience. Tour operators will be understandably reluctant to deal direct with an inexperienced agency, especially if there is a risk of offending the agents who bring them the bulk of their business. So if you are new to the travel game and decide to go this agency route, make sure you are prepared to convince the tour operator that working with you will be to their benefit. Of course, once you have established a bona-fide home-based travel business (especially if you are concentrating your efforts in one particular area), then it makes a great deal of sense to seek out direct relationships. Moreover, tour operators will be more receptive to working with you once you can demonstrate a track record or a following. (A following is a group of people or clients who book through you regular basis.)

I mention all this for the sake of completeness. All things being equal, I recommend that beginners at tour organizing operate in the more traditional way - through a host agency. As you gain some visibility in the industry, you will find more and more opportunities opening up for you.

**Caution:** Before we continue, let me just point out that there is nothing illegal or unethical in dealing directly with a tour operator as a home based agency, as opposed to going through a host agency. The decision is more a matter of practicalities. However, some states have so-called “travel promoter laws” which regulate the sale of travel products. Be aware that your exposure to these laws may be different when you are working as an outside rep for a travel agency from when you are dealing directly with the tour operator. Many of the business and legal details of these relationships will be dealt with elsewhere in this book. For now, make a note in the margin to check with your lawyer on this before making your decision. Today there are numerous suppliers that offer the Home Based Agency additional support and higher compensation plans. For a list of suppliers that cater to and service the Home Based Agency, visit the OSSN Website at http://www.ossn.com.
Here are some good reasons for joining the thousands of people who are having fun and making money in the home-based travel agent lifestyle:

1. Are you a traveler?

   If you love travel yourself, you have already mastered a major challenge for anyone in sales - you know your product. It is now a relatively simple matter to translate the knowledge and enthusiasm you already possess into powerful sales presentations that will bring you your first bookings and steady repeat business. In addition, you’ll start saving money on your own travel instantly.

2. Are you looking for a low-investment part-time business?

   Look no further. As I’ve already said, and will explain in detail later, you can become a part-time travel agent today. And your initial investment can be minimal.

3. Do you need a flexible schedule?

   Here’s a business that allows you to set your own hours like few others. You can chat with folks at work or call them at home at night. Work full-time one week and scale back the next. Whatever schedule works best for you, you can design a travel business to accommodate it.

4. Are you a teacher?

   Many opportunities in the part-time travel field are aimed specifically at teachers. Moreover, teachers have more free time than many other professionals - free time that can be both a boon and a curse. As a part-time travel agent you can use your free time to sell travel and take advantage of it too!

5. Do you have a built-in audience?

   Teachers do. They can reach their students and their students’ parents. But other professions also offer their practitioners access to large groups of people - ministers, accountants, salespeople, the list goes on. All of these people come in contact with many people in the course of their work, people who are often prime prospects for any travel business.

6. Do you belong to a club or organization?

   Clubs and other affinity groups represent superb opportunities to make major sales. If you get ten people in your club to go on a cruise with their spouses, that’s a $30,000 to $40,000 sale.
7. Are you a small businessperson?

If so, why not make travel an add-on to your existing product line? Everyone who comes into your shop can learn about the travel opportunities you have to offer. If you send catalogs or brochures to your customers on a regular basis you have already paid for the postage to send them a flyer about a great bargain on an upcoming tour or cruise. Or why not offer discounted travel to your employees as an extra benefit? You'll forego some or all of the commission, but the goodwill you generate will be hard to beat.

8. Do you travel on business?

Many people who travel on business pay their own way and then get reimbursed by their employer or client. As a travel agent, you can earn a commission on every bit of that travel. If you own your own business and spend a considerable amount of money on travel, then the prospect of saving 5% to 7% on your travel expenditures should make your bottom line improve.

9. Are you in sales?

If you are, you've probably already thought of a dozen ways you can prosper in this sideline. Your existing sales skills will fit perfectly in a home-based travel business and you no doubt already have a large and ever-growing pool of prospects.

10. Are you retired? Perfect.

Not only do you now have the time to devote to learning about travel, but you are an integral part of the largest and fastest growing market for leisure travel. You can make a handsome income, and enjoy some wonderful fringe benefits, just by specializing in the travel interests and needs of folks just like you.

11. Are you home with the kids?

Here's a way to make a bit of extra money at the same time you're burping and diapering. Much of your business with customers can be conducted on the phone; your friends probably won't mind if you're bouncing junior on your knee while you talk to them. You can use baby's nap time to get on the phone and call the travel suppliers. It's a perfect scenario for the homemaker or house-husband.

12. Are you committed to a full-time career?

If you are not sure, the information in this book will show you how to test the waters for a minimal investment. If you find you love the travel business as much as you thought, great! You'll be ideally situated to maximize your income potential. If, on the other hand, you decide the travel business is not for you (it's not for everyone), you have the option of continuing on a part-time basis or getting out altogether without having spent a small fortune discovering you've made a wrong career turn.
Are you sure you want to work in an agency?

Many people thrive in an agency atmosphere, but many become bored and disillusioned with the routine work that taking orders and working the CRS often involves. The strategies outlined in this book will show you how easy it is to progress to the status of an Independent Contractor or establish your own Home Based Agency- without the huge upfront investment and high overhead. In the process you will put yourself in a position to earn many times what you would make as an entry-level inside employee.
Chapter 3

The System and How it Works

Over the years, the industry - suppliers and agents, sometimes working together, sometimes working at odds - have created a system (or more accurately a network of systems) that regulates the way business is done. The result is that most suppliers will not, indeed cannot, deal with just anyone who decides he's a “travel agent.” A number of organizations have been created to serve as buffers and conduits between the suppliers and the travel agents. They help assure the suppliers that the agents they deal through meet minimum standards of professionalism and fiscal responsibility. The agents, on the other hand, receive some assurance that they will get paid for their efforts and that their role as middlemen will be recognized and promoted. And both parties are assured that there is a system in place to regulate their dealings with one another. One result of the system that has developed over the years is that the major suppliers (the airlines mostly) will not deal with any agency that doesn’t have an “appointment” with or is not “accredited” by the proper industry entity. I use the word “entity” because these groups include industry associations, independent for-profit companies, and some that seem to fall in between. The ways in which these entities interact and overlap can be maddeningly confusing. The terms used to refer to them are equally confusing. I will try to unravel some of this confusion.

The Airline Reporting Corporation (ARC)

The Airline Reporting Corporation, or ARC, is a company set up and owned by the members of the Air Transport Association, an industry group comprising the major domestic airlines. All airlines, domestic and international, can benefit from ARC’s services. Very few opt out of the system. That system is a highly complex and sophisticated banking operation called the Area Settlement Plan. It’s not a bank in the sense of your neighborhood bank but a bank-like system that regulates the payments going from travel agents to airlines on the one hand (ticket payments) and from airlines to travel agents on the other (commission payments). ARC acts as a sort of independent middleman charged with the fiduciary responsibility of making sure that everyone in the travel product distribution system gets what’s owed them.

Getting Serious. For now, all we need to know is that ARC oversees the movement of the billions of dollars involved in buying and selling airline tickets. Although the focus is on airline tickets, payments for other products such as tours can also be funneled through the system. Only travel agents who participate in this system can legally sell airline tickets and collect a commission. To do that, a travel agency must request an appointment from ARC and meet its stringent eligibility requirements. Among the most important are:

- **Bonding.** To make sure the airlines are protected from default by the agency, ARC requires the posting of a bond, which can range anywhere from $25,000 to $60,000.
- **Commercial premises.** For the most part, ARC requires that all travel agents have an office in a commercially zoned building that is easily accessible to the public and has a sign out front. ARC has another category appointment called “Limited Access or Restricted Access.” OSSN has called this ARC
appointment the “Home Based ARC appointment.” Yes, you can sell airline tickets from your home, print them or issue what is called an “E” ticket (short for electronic ticket), and deliver them to your clients. The question is do you really want to have this sort of appointment from ARC since airline commissions have been capped? The answer to this question can only come from you if you decide to charge a “service fee” for this kind of transaction to your clients. More on this subject later. Note: not applicable in BV, Quebec and Ontario.

There are many other requirements, but those are the major ones for the purposes of our present discussion. When an agency has been appointed by ARC it receives a unique eight-digit identification number, sometimes called “the ARC number,” which is attached to all its transactions with ARC and separates its bookings from the bookings of all other travel agents.

The International Air Transport Association (IATA) The International Air Transport Association, or IATA, is another industry association of airlines, this time international ones. It is the international equivalent of the Air Transport Association (ATA). Among the important things that IATA does is to administer the system of codes that are used to identify the world’s airports and airlines. New airlines and new airports apply to ATA or IATA to be issued a code. (An airline doesn’t have to be a member of ATA or IATA to get one.) These codes are used in every computerized reservations system (CRS) and make the easy, electronic booking of airline tickets possible. IATA also administers the system whereby travel agencies are identified via the unique, eight-digit code mentioned above. The number ARC uses, then, is an IATA number. That is why the terms “ARC number” and “IATA number” are often used interchangeably. (I told you it gets confusing.) And just as the Air Transport Association begat ARC, IATA begat IATAN.

The International Airline Travel Agent Network (IATAN) will no longer exist as of January 1st, 2005. The IATAN name will be absorbed into the parent corporation called International Airline Transport Association (IATA). IATAN has been a name recognized by U.S. Travel Agents only. Whereas IATA has been recognized by Travel Agents worldwide. As of this writing the IATAN name is being phased out and how this will affect the travel industry is still not completely clear. However, according to IATA it will be business as usual and only the name change will be apparent to the industry.

Like ARC, IATA also endorses or “appoints” travel agencies, but in a different sense and for different reasons. Like ARC, IATA wants to maintain the financial integrity of the industry, so its appointed agencies must meet fairly strict financial standards (a $25,000 net worth and $20,000 in working capital).

Unlike ARC, IATA embodies a marketing component. Member agencies can display the IATA logo on their stationery and in their windows. It’s sort of a Good Housekeeping Seal of Approval for the travel agent industry. The idea is that IATA membership serves as a sort of guarantee to the public that the agent is professional and reliable.

Another small but important function of IATA, and one that has received a lot of industry attention recently, is that it issues ID cards to agents who work at
IATA agencies. The card is not issued automatically and there is no requirement
that all agents in IATA agencies have the ID card. The ID card has become impor-
tant, however, because more and more suppliers are announcing that they will
accept the IATA card as proof that an individual is a travel agent. In Canada the ID
card is issued by ACTA (Alliance of Canadian Travel Associations). We will talk
more about this in our Travel Industry Benefits Chapter.

IATA has no system to parallel ARC’s Area Settlement Plan. IATA-appointed
agencies simply avail themselves of ARC’s services to settle accounts with the air-
lines. New to the IATA appointment menu is what OSSN refers to as the “Home
Based IATA Appointment” or in IATA’s words the “Travel Service Intermediary
Program (U.S. only).”

The Travel Service Intermediary Program (TSI) is defined as a business entity, sole
proprietorship, partnership, or corporation that is engaged in the sale or broker-
age of travel related services or the provision of such services to the general public,
other than as an accredited agency of the airlines in the U.S. or its possessions.
Examples of those entities that could qualify are cruise agencies, tour operators,
meeting planners, student travel planners and independent contractors who have
their own business.

The TSI Program has standards for endorsement that must be met and
maintained. These include, but are not limited to the following:
- Have been in business and have maintained a business bank account for one
  year.
- Provide proof that your agency business has at least $200,000 in gross sales.
- Provide evidence of an errors, omissions and general liability insurance poli-
cy.
- Provide letters of recommendation from two travel industry suppliers.
- Provide legal evidence of the legal form of the business.
- Be in compliance with all federal, state or local registration and or licensing
  requirements.
- Have no pending or unresolved complaints at state or local consumer affairs
  offices.
- Be a member in good standing of a national travel organization or association
  such as ARTA, ASTA, CLIA, NACOA, NTA, USTOA, OSSN.
- Provide evidence of advertising the entity under the business name, i.e. a list-
ing in the telephone directory.

To speak in simple terms the TSI IATA appointment is very much the same
kind of appointment that full service agencies have except for the fact this appoint-
ment is void in allowing the sale of air transportation. When you make a call to a
supplier and give them your IATA number they will know who you are immedi-
ately and you are an approved seller of travel location entitled to receive a com-
mision. For application and information on all IATA appointments visit the
IATA web site located at www.iata.org

What about cruises?

The cruise industry does not have a system that parallels the
ARC Area Settlement Plan or the ARC or IATA system of appoint-
ments. Since most cruise berths are booked and paid for well in
advance and since fares and schedules don’t change with anything like the frenzied pace seen in the airline industry, sorting out commissions is not such a problem. And if an agency is already appointed by ARC or IATA, the cruise lines have a high level of assurance that it is reputable.

There are a growing number of “cruise-only” and “cruise-oriented” agencies which, as their names imply, specialize in selling cruises and little or nothing else. Most cruise-only agencies have a relationship with an ARC agency (the very outside sales relationship we will discuss in this chapter!) to take care of the odd airline ticket. But for the most part, they deal exclusively with cruises and directly with the cruise lines. In theory, anyone can declare him- or herself a cruise-only agent and start dealing directly with the cruise lines. If you decide to go this route, be aware of two things. First, your exposure to your state’s “travel promoter” laws (if any exist in your state or province) may be greater than if you were booking cruises through a host agency. Second, you will be well advised to turn to the cruise industry associations discussed below for assistance and advice. The cost is modest and the training you receive can make the difference between a successful cruise-only operation and an ignominious flop.

Cruise lines take agencies much more seriously if they belong to one or both of the following associations, neither of which has the power to “appoint” agents in the sense we’ve just been discussing:

- **Cruise Lines International Association (CLIA)**. CLIA is a marketing association of cruise lines. Through aggressive advertising, it sells the concept of cruising to the public at large. It also offers educational seminars for agents designed to teach the skills and techniques needed to sell the cruise experience effectively. By taking CLIA courses, you can become an “accredited” CLIA agent. CLIA provides accreditation programs called Master Cruise Counselor (MCC) and Accredited Cruise Counselor (ACC). By joining CLIA, you can display the CLIA logo on windows and stationery and call yourself “a CLIA agency.” CLIA membership is increasingly required by cruise lines if you want to deal with them directly. Membership will also make it easy to deal directly with most tour operators and an increasing number of hotels.

- **National Association of Cruise Oriented Agencies (NACOA)**. The name says it all. This organization is to cruise-oriented agencies what the American Society of Travel Agents (ASTA) is to full-service agencies - a trade association representing the interests of its member agencies. Among the services NACOA provides its members are help and guidance in becoming a cruise-oriented agency and introducing themselves to the cruise lines.

As I said, you don’t have to belong to either of these groups to deal directly with the cruise lines, but it’s a whole lot easier if you do. They can open the doors to the cruise lines for you and provide you with the training to become a truly professional cruise-oriented travel agent - all at moderate cost.

However, becoming a cruise-only agent right out of the starting gate is not something I would recommend. Get some experience as an outside rep first. You can take advantage of CLIA training programs without becoming a member. Once you have a better handle on the industry, you can decide if you want to join CLIA and hang out the “cruise-only” agency sign.
What all this means to you

There’s more to all this, but we’ve covered the main points. In summary then, there are two ways to be able to sell airline tickets and collect a commission: get an appointment from ARC or get one from IATA. Most full-service travel agencies are affiliated with both. Indeed, more and more ARC-only agencies are joining IATA because of the ID card. But that’s another story, which will be dealt with at some length later. In addition to being able to deal with the airlines, appointment is crucial for dealing with many other suppliers as well. Because the ARC/IATA number system is so well established and so convenient many hotels and most car rental companies use the ARC/IATA number as a means of identifying to whom commissions are due and disbursing them. When dealing with cruise lines, it’s simpler at the beginning to deal through an established agency with which the cruise line is familiar than to go it on your own.

Of course, there’s nothing stopping you from going out and becoming a full-fledged travel agent with appointments from ARC and IATA. That, however, is a time-consuming and expensive proposition. The bonding requirements alone are beyond the means of many would-be travel entrepreneurs. Then there’s the need to have at least one employee with two year’s of agency experience, not to mention an office, with commercial zoning, with all the attendant overhead. The cost of entry is so high that many new agencies simply can’t make it and fold within a year or two. Again, another simple alternative to receiving an IATA appointment is to secure the Travel Service Intermediary Program (TSI) as explained above. OSSN has fully endorsed this new program that caters to the home based seller of travel.

And that, at long last, is why it makes sense to become an outside rep for an agency that does have all the necessary appointments. Once you’ve affiliated yourself with an agency, you can begin selling travel almost immediately and funnel the business which you generate through that agency, using their ARC/IATA number. You avoid all the major expenses - the bonding, the overhead - and, if you play your cards right, you still can keep the lion’s share of the commission.

A NEW SOLUTION FOR NON-ARC SELLERS OF TRAVEL CALLED "TRUE"

OSSN now has a great program for sellers of travel who do not want to secure an airline appointment but who need a recognized form of ID to give to the suppliers when making a non-air booking. The new program called TRUE or Travel Retailers Universal Enumeration System was created for this purpose.

TRUE (Travel Retailer Universal Enumeration) System’s sole purpose is to help provide sellers of travel with the assignment of travel industry numeric codes that are recognized by the travel supplier community, including cruise lines, tour operators, hoteliers, and car rental companies. The recognition of this universal numeric code by travel suppliers will allow the travel agent or agency the privilege of booking travel products and services directly with thousands of travel industry suppliers. This numeric identification code eliminates the need to establish multiple pseudo ID numbers with individual suppliers and Global Distribution System (GDS) providers.

This globally recognized numeric code is issued and maintained by IATA
(International Air Transport Association,) through their cooperation with the Outside Sales Support Network (OSSN) and the Association of Retail Travel Agents (ARTA). The administration of the TRUE System is established as the only Non Profit organization managed by travel agents through a formal alliance of OSSN and ARTA.

To qualify for a TRUE ID number applicants must have the following criteria:

- Maintain an active membership status in either OSSN or ARTA professional trade association.
- Provide documented proof of state registration with the "Seller of Travel" laws if applicable in your state.
- Provide proof of the establishment of a professional business checking account.

Here are Some Q & A For Our Members To Review.

Q. Once my TRUE number is active in the IATA database will I be contacted by the suppliers who subscribe to the IATA database.

A. Yes. The fax number and e-mail address you gave TRUE is how they will contact you with their many offers and specials for you to promote and sell.

Q. How long does it take for my new TRUE code to be updated into the suppliers reservation system?

A. Between 60 to 70 days. The supplier who subscribes to the IATA database uploads the IATA codes the 1st of the month. When this takes place your TRUE code appears in their system to identify your agency as a seller of travel.

Q. Will the TRUE ID System issue an ID card?

A. Yes. A OSSN/TRUE Membership Photo ID Card is available.

Q. Does the TRUE ID System IATA code replace the IATA ID card system?

A. No. The IATA professional ID card requirements remain the same.

Q. Will the Airlines accept my TRUE ID number for booking air travel?

A. Some airlines will, such as airline vacation tour operators. Travel Sellers desiring to be remunerated commission directly from an air carrier, in most cases, will need to secure an ARC (Airline Reporting Corporation) appointment.

Q. How long will it take to receive my new TRUE numeric code?

A. Completed applications received by Thursday AM will be issued a TRUE Code on the following Tuesday via E-mail from OSSN.
Q. Will I be notified when my TRUE registration expires.
A. Yes. OSSN and TRUE will notify you 30 days prior to your expiration.

Q. Will I need to re-submit the TRUE criteria again to renew my numeric code?
A. Yes

Q. What if my OSSN or ARTA membership is due to expire within the TRUE ID validity period?
A. You will be asked to renew your membership to OSSN or ARTA at a PRO Rated amount so that your expiration dates for the TRUE ID and your OSSN or ARTA membership will coincide.

Q. I have many pseudo ID numbers with various suppliers. Will the suppliers replace my pseudo number with the new TRUE code?
A. Yes. You will have to ask them to do so.

Q. I am a member of CLIA. Will CLIA replace my CLIA code with the TRUE code on their certificate and ID card?
A. Yes. CLIA will search the IATA database for TRUE codes and will replace your CLIA number with the TRUE code. CLIA will advise you of this by letter. Upon acceptance of the change CLIA will advise all CLIA Cruise Lines only on the new number change.

Q. Can I get a TRUE ID Numeric Code issued in my name?
A. NO. TRUE issues only to business entity names not individuals.
Cruise-only agencies

One way of going direct with cruise lines is to become a “cruise-only” agency. All you have to do is decide that you are now a cruise-only agency and write a letter on your business letterhead to the various cruise lines announcing your new agency and asking them to set you up on their system. A far better way to do this is by joining CLIA or TRUE. While this is not an absolute must, it will make it a lot easier to develop the confidence and credibility needed to book directly with the cruise lines. Making this move usually means you have committed to taking on more overhead. Promoting cruises on a proactive basis can involve considerable marketing and promotional expenses. Becoming a “cruise-only” agency does not mean you have to stop booking other types of travel. Many such agencies also become outside reps for full-service host agencies so they can book tour products and airline tickets when they need to.

A WORD ABOUT COMPENSATION

To the uninitiated, discussions about how outside travel agents are compensated can be confusing. So before we get in too deep, let’s take a few minutes to explain the jargon.

Most often, an outside rep’s compensation is expressed as a percentage of commissions. For example, an agency might tell you, “You’ll get 50% of everything you book.” That means that you’ll receive 50% of the commission (usually 10%) payable from the supplier to the agency. For example, if the fare is $1,000, the commission is $100, and you get $50. Sometimes, people will “simplify” things by saying, “You’ll get 5% commission.” That’s because most of us have come to think of 10% as being the standard agency commission, and 50% of 10% is 5%. This works as a very rough rule of thumb, but it is misleading since 10% is not a universal commission rate. For example:

- Most car rental agencies pay just 5%.
- Not only are most airfares commissionable at just 8%, many airlines also “cap” commissions at a specific dollar amount.
- A few airlines continue to offer 10%, no-cap commissions, and there are some offering 11%, 12%, or even 20%. All of which may change by the time you read this.
- Many of the lower hotel rates are not commissionable at all. Agencies will book their clients at the lowest rate as a service to their clients, not as a way of making money.
- Many travel products, cruises for example, have commissions of 12%, 13%, 15%, or even higher.
- Some agencies have “preferred vendor” relationships with various suppliers that entitle them to special commissions that can be 20% or even higher.
- Some agencies double as wholesalers for a handful of travel products. In these cases, they may give the rep who books one of these products the entire com-
mission. So if the commission is 12%, you get it all. The agency makes its money from its markup on the supplier’s price.

Some agencies will pay the rep a percentage of the base commission and all overrides. An override is an extra sum (usually expressed as a percentage) paid by the supplier as an incentive when certain volume conditions have been met. So if a cruise line offers a 12% commission and a 2% override and the rep gets 50% of the commission, he or she would get 7% on this booking (half of 12% plus 2%).

So for the most accurate reckoning, figure your potential commissions on the actual percentage split rather than using a rule of thumb. If you are getting 70% of the commission (as I do), your cut on a 10% commission is 7%. It’s 7.7% on an 11% commission, 8.4% on a 12% commission, 10.5% on a 15% commission, and so forth.

Of course, sometimes when an agency says “You’ll get a 5% commission” they aren’t simplifying things at all. They are saying that you will get 5% of the total sale no matter what the commission rate is. They will keep all overrides and anything over 10% for themselves. There is some other industry jargon that might be confusing. Some agencies might tell you, for example, “We offer a 60/40 split.” That means one party gets 60% of the commission and the other party gets 40%. Don’t automatically assume that you’ll get the 60% (or vice versa). Always qualify who gets what.

OSSN invites you and your companion on our FAMS...
Chapter 4
Finding a Host Agency Partner

Let’s say you’ve decided that you want to set yourself up as an outside sales representative and begin selling travel to your friends and family. What next? Your challenge now is to find a “host agency” - an agency that you will feel comfortable working with that will also feel comfortable working with you.

There are two basic ways to do that:

1. Find a travel agency in your community or, at least nearby, that will take you on as an outside rep, or
2. Turn to the growing number of agencies that are willing to let you become one of their outside reps regardless of your location, pretty much sight unseen, and sometimes for a fee. Available sales and marketing training may be limited if the agency does not offer a structured training agenda (that the outside agent should pay for). By being a member of OSSN, you will have ongoing access to most of the tools and training information you will require. There is no real substitute for a caring mentor who will take you under his or her wing, show you the ropes, and be available to answer your questions on a timely basis. Local agencies also have the advantage of being close by. That means you can service the client who needs tickets now!

There are no hard and fast rules about finding a local agency with which to work but here are some suggestions:

- **Your own travel agent.** Why not consider approaching the owner of the travel agency you have been dealing with for the past several years? If they see you are serious about adopting a new career as a home-based travel agent, the agency owner will realize immediately that, unless he signs you on, the owner will lose your business and perhaps that of some of your friends who also use the same agency. The agency may be willing to accommodate you on that basis alone. Or maybe you know someone who is a travel agent, even though you don’t book through him.

- **Referrals.** Ask your friends about the agencies they use. Do they like them? Why? How big are they? Do they have a lot of agents? Are they professional? Do they specialize in a certain type of travel? This could lead you to a very likely candidate.

- **The chains.** Chains of franchised travel agencies recognize the value of outside reps in the marketing mix of their franchisees and are willing to put interested reps together with local agencies. Some charge a fee, others do not. Many have structured inside support programs to assist their outside agents. They will be able to tell you what their policies are and refer you to agencies in your area that might be amenable to taking you on.

- **The Yellow Pages.** Don’t overlook the trusty Yellow Pages. If nothing else, they will tell you how many agencies are out there competing for the travel dollar in your local area. Display ads will give you some clues as to which are the bigger agencies and what types of travel they specialize in.

- **Do your research.** Try to find out as much as you can about the agencies in your area before seriously approaching any of them. Call OSSN to verify agency membership of agencies in your area. Check the Better Business Bureau to see if there have been complaints lodged against any of them. Drive by to see what they look like - sleek and inviting or grungy and sad. Drop in to check them out by posing as a would-be traveler. Or send in a family member
if you are concerned you might be recognized later. Try to get an idea of how many people are on staff. Count the number of CRSs on the desks. Check the decals in the window to find out which trade organizations they are affiliated with. Buttonhole customers you see leaving the agency; ask them what they think about the service they receive there. Would they recommend the agency to their friends? Gradually, as you gather more and more information, some agencies will start looking better than others, and you can narrow your choices accordingly. Visit OSSN’s “Host Agency Member” section at: www.ossn.com/host_agency_benefits1.asp In this section you will find hundreds of Host Agency Members that are eager to work with you as an Independent Contractor.

Selling Yourself to an Agency

The more you can offer an agency, the greater your self-confidence and the better your bargaining position. The less you can offer an agency, the lower your self-confidence and the poorer your bargaining position. Here are some of the things that an agency will (or should be) looking for in an outside rep. How many of them apply to you?

- **Travel industry experience.** If you’ve got it, great! If not, don’t despair. And remember, if you were a secretary and had to make travel arrangements for your boss, you probably know more about the business than you think you do. Take careful stock of your past experience to determine just how much prior knowledge you do have. General computer and Internet skills (especially on-line fare research and booking) may offset your lack of CRS experience.

- **Sales experience.** If you don’t have a background in the travel agency business, the next best thing is sales experience. Sales, as I like to remind people, is the most transportable of skills. Any travel agency owner with half a brain should be able to recognize that having a proven track record as a salesperson gives you a tremendous leg up. So if you’ve been an outside sales representative for a distributor, a sales clerk at a department store, or a telemarketer you have something to offer.

- **A following.** This means you have a client base you can bring with you to the agency. Unless you’ve been working in a travel agency and are looking for a career change, that probably doesn’t mean a database full of people you’ve been selling travel to. But it could mean the membership of a fraternal organization of which you are an officer. Or it could mean the local PTA in which you are active. Are there any groups to which you belong or in which you have some visibility? Have you ever arranged travel for them? The agency will want to know about that.

- **Market knowledge.** Do you know Italy like the back of your hand? Have you been taking three cruises a year for the past three decades? Are you an avid skier who has schussed down every major slope in the world? If so, you have knowledge that might prove useful to the agency and help convince them that you can build a following. In fact, you may already have a following of fellow enthusiasts and not know it!

- **Enthusiasm.** Make no mistake, enthusiasm alone will not win the day, but it’s certainly a valuable quality to have - especially if it’s tempered by realism. If you are inexperienced in selling travel, the agency may be willing to overlook that if you can show them that you have what it takes to learn what you need...
to learn and make a success of it.

Chances are that, as a beginner, you will be entering a buyers’ market. That is, you will be far more interested in working with the agency than the agency will be in working with you. That, in turn, means you will have to work a little harder to convince the agency owner that working with you as an outside rep makes good business and economic sense. Also, be aware that your beginner’s status puts you in a relatively weak position as far as negotiating an attractive commission split. As I’ve said earlier, 50/50 is fairly standard in this type of arrangement with a local agency, but don’t be too surprised if you are offered less. All things being equal, I would counsel not accepting anything less than 50/50. After all, if push comes to shove, you can always sign up with an out-of-town agency that will take you as you are, get the experience, build a following, and cut a better deal with the local agency later. In the end, of course, it’s your call and working with an agency that’s half a block from your house, with an owner who will really teach you the business, may be worth the trade-off in terms of compensation.

AUTOMATION

Another issue that will arise as your business grows is whether or not you should automate. Elsewhere, I made known my opinion that beginners should steer clear of host agencies that require them to automate from the outset. It’s expensive and there’s no guarantee you’ll like it - and no getting your money back if you don’t.

If you have a computer, get a modem and hook up with an Internet service provider (ISP) that will give you access to easy SABRE and the other goodies on the Internet. That’s all you need for starters. If you don’t have a computer, I would recommend that your first step toward automation be getting one and then following the course I just recommended.

Once you are in the industry and have gotten a sense of what kind of travel you will be booking and how much, you can begin to make some informed decisions about getting “automated” in the travel industry’s sense of the word. This means buying the software (and maybe the hardware) of one of the industry’s several proprietary computerized reservations systems (CRS). The cost of the software can be modest ($275 or so) as can the cost of connecting to the system ($14 a month minimum for one system). Some systems charge by hour for usage. Sabre is one system that can be extremely expensive. You really need to weigh out the benefits compared to the return on investment. There are two proprietary systems that OSSN feels that are “Independent Contractor Friendly.”

Amadeus caters to the IC community as well as WorldSpan. Both systems offer affordable access and both vendors support the Independent Contractor concept. Training, which you will almost certainly need, is another matter. It can cost anywhere from nothing to several thousand dollars. However, most all CRS systems provide a “user friendly” mode. They are in a Windows based format so that any first time user may find themselves looking and booking within very little time.

Which system you get depends on which agency you are booking with and what system they are on. Obviously you will need to be speaking the same electronic language, as it were. Some agencies use more than one system; others have made a choice and stuck to it. While the most logical reason for having a dedicated
CRS is to book airline tickets, proponents of automation are fond of pointing out that there is a lot of other information on these systems and the amount and variety are growing daily such as booking tours, cruises and other vacation packages. In addition to sending your Aunt Matilda to Dayton, you can receive the latest industry news and explore the availability of fam trips.

Switching or combining agencies

As I mentioned earlier, you may find it advisable to switch or combine agencies. There are any number of reasons why you might want to do this:

- Getting a better deal. You may decide the grass, or at least the commission, is greener elsewhere.
- Convenience. You may have joined an agency out of state as a way to get started quickly. Once you have some experience under your belt and a growing client list, you may want to market your services to a local agency.
- Better service. If your agency is slow in paying, or not paying at all, you may want to seek out one that is more fiscally responsible.
- Specialty. You may want to align yourself with an agency that best meets your selling preference. Example, working with a cruise agency because you love to sell cruises.
- Getting the best of both worlds. It’s possible to have relationships with more than one booking agency. For example, you may use the out of state agency with its better commission cut when the trip is a few weeks off, but book through a local agency with a less generous split when you need to pick up tickets today.

One thing I sincerely hope this book will give you is the confidence and know-how to be able to face the possibility of switching agencies with confidence. It can be done and you owe it to yourself to give yourself the best deal possible. Also, always keep this in mind. You are an Independent Contractor and working with multiple agencies is very acceptable and legal. It is your business choice to do so and is very congruous to the very nature of the status of being an independent contractor.

Is this the agency for me?

Just because it may be a buyers’ market doesn’t mean you should sell yourself short. After all, if you’re not happy in the relationship, it’s unlikely to work out well for either party. So don’t feel you have to settle for the first thing that comes along. Before you make any commitments, take some time to decide if working with this particular agency makes sense for you and what you want to accomplish in your new travel business. Here are some things you might want to consider:

- **Is it big enough?** If the agency is too small or too new, it might not be able to give you the kind of support you need. You might even find that after a while you know more than the people on the inside. Also, the larger the agency’s volume, the more attractive its commission structure will be with certain “preferred” suppliers. That, in turn, should mean more money in your pocket.
- **What kind of travel does it sell?** It may be that you want to concentrate on selling cruises. It might make sense, then, for you to hook up with a cruise-only agency, or one that does a lot of cruise business. On the other hand, an
agency that does primarily corporate work may see your interest in cruising as a welcome addition to its business. The important thing is that both you and the agency feel comfortable with the fit.

- **Do they already deal with outside reps?** If so, you may find the relationship smoother than if they do not.
- **What about preferred suppliers?** Check to see what consortiums the agency belongs to. Membership in these co-ops, as they're called, means that the agency gets higher commissions when dealing with supplier-members of the consortium. That, in turn, should mean a higher payback for you. Some arrangements, particularly those involving cruise lines, mean not only better commissions but lower fares (guaranteed group rates or “GG fares”) for your customers, making you more competitive in the marketplace. Just make sure the preferred supplier list reflects the types of travel you want to sell.
- **What kind of support can you expect?** The more willing the agency is to train you, the better the deal. At a minimum, you should expect that someone will be available and willing to answer your questions about the mechanics of making bookings and negotiating the best deals with suppliers.

Selecting the right agency is an important ingredient in your road to success. There are over 38,000 travel agencies to choose from in the United States and 10,000 in Canada. Choosing the right agency for yourself is not an easy task. Keep in mind that you are the kind of person that agencies are looking for, “The Outside Salesperson”. Travel Weekly, Travel Age, Travel Agent and other magazines are constantly displaying classified ads from hungry Travel Agencies looking for Outside Sales Agents to sell their travel products. Remember, you are an asset to a Travel Agency. Here are some specific tips on selecting the right travel agency:

1. **Avoid New or Very Small Agencies.** With some notable exceptions, new agencies have less experienced personnel. Since you are learning a new trade, you're better off working with the most experienced people you can find. Small volume agencies usually qualify for fewer travel benefits.

2. **Choose an Agency with a Successful Outside Sales Program.** Seek out only those agencies that have an enthusiastic attitude about their outside sales program. Try to contact one of their existing outside salespeople to ask them questions about their level of satisfaction with their agency. By making appointments with only those agencies that have ongoing sales programs, you will save much time and effort.

3. **Interview the Owner or Manager.** During the course of your interview ask the manager/owner the following questions:
   - “Do you have, in writing, an “Outside Sales Agent Procedure Manual”, outlining the commission splits and what is expected of this relationship? What, if any, are the expense items that are covered by the agency?”
   - “Do you have, in writing, a list of preferred vendors and their override commissions?”
   - “Are you a member of a consortium or franchise?” If so, "Which ones?" An agency who is a member of these types of organizations can mean higher income possibilities for you.
   - “What Industry Organizations does your agency belong to?” (i.e. ASTA, ACTA, ARTA, NACOA, ARC, IATA, OSSN, CLIA)
   - “Will I have an inside contact, liaison person or outside sales supervisor to work with to assist my clients and me?”
“Do you have a contract for me to sign as an Independent Contractor?”

Make sure the contract has everything spelled out exactly.

“Is the development of an outside sales force part of your marketing plan?”

4. **Interview the Inside Staff.** If you feel positive about your interview with the agency owner, take time to meet the staff members. Make sure they also have a good attitude about outside sales people. (That may seem a little daunting and don’t feel too bad if you don’t think you have the nerve to grill an agency owner on all those points. But the point is well-taken. This is a business proposition. As a businessperson, you should be looking out for your best interests.)

5. **Does the Travel Agency Have a Specialty?** If the Travel Agency has a specialty they promote, and you have decided to concentrate on selling one facet of the travel industry like corporate business travel or cruises, this can be a plus for you. For instance if the travel agency you are contemplating to associate with specializes in cruise sales they will most likely have additional override commissions and discounts for you and your clients to share. This can mean more money for you, the outside salesperson, and more savings for your clients-a win/win proposition. The same holds true for an agency that may concentrate their sales efforts on serving the needs of the corporate travel community.

Choosing the right travel agency to associate with is an important decision; making that correct decision can lead to higher profits and longer business relationships.

**Your Status as an Independent Contractor**

You may have noticed that OSSN urges its members to be sure they have a contractual agreement with the agency in which they are recognized as “independent contractors.” In other words, they are self-employed persons and not employees of the agency. This is an important distinction come tax time because as a self-employed person you can deduct things that employees cannot.

Because our government representatives can neither write a decent tax code nor live within their means, the Internal Revenue Service and Revenue Canada are put under considerable pressure to extract every nickel possible under the confusing terms of the existing tax laws. They do this by “interpreting” the law in the narrowest possible way and challenging any business practice that they think is intended as a ploy to avoid taxation.

In recent years, the IRS has been particularly nasty about Independent Contractors. The IRS feels that many companies are transforming employees into independent contractors as a way of avoiding payroll and Social Security taxes. And to give the devil his due, many companies have done exactly that. But there are many other companies - travel agencies among them - that use legitimate independent contractors for legitimate business purposes. Unfortunately, given the IRS’s penchant for attacking first and asking questions later, many legitimate companies and legitimate contractors have been forced to justify their business arrangements to a suspicious IRS. This is not only upsetting and time-consuming, it is expensive. And there’s always the possibility that, because the i’s haven’t been dotted or the t’s crossed in precisely the right way, well-meaning companies and
individuals may suffer. Consequently, before you embark on this lifestyle, take a few minutes to learn how to protect yourself.

True to form, the IRS doesn’t make it easy. The IRS, at least until recently, determined if an independent contractor really is an independent contractor by answering twenty questions. In theory, the answers determined if you were, in fact, an employee in independent contractor’s clothing. Here they are, as listed by Chicago CPA Richard S. Meyer in Travel Weekly:

1. Does the agency “supervise and control” you?
2. Can the agency “hire and fire” you?
3. Are you paid a straight salary (as opposed to a straight commission) and reimbursed for expenses?
4. Does the agency provide you with training?
5. Do you work continually with the agency and do the same kind of things that agency employees do?
6. Does the agency set your work hours?
7. Does the agency supply you with tools and other equipment for you to do your job?
8. Do you work on the agency’s premises and have no significant investment in your own work space?
9. Do you have to perform your work in a certain order determined by the agency?
10. Does the operation of your business depend on the delivery of certain services?
11. Does the travel industry usually use employees to do the kind of work you do?
12. Does the agency have the right to bring in others to complete work you’ve begun?
13. Does the agency require that services be performed by a specific person?
14. Does the agency intend to treat you as an employee?
15. Do you have to submit regular written or oral reports to the agency?
16. Is there no way you can incur a loss?
17. Does the agency require that you provide your services on an exclusive basis?
18. Are you required to follow instruction from the agency on when, where, and how to work?
19. Do you offer your services to the agency on a regular or consistent basis?
20. Can you quit without incurring any liability?

If you answered YES to any of the above you may fall into the “employee” category and not the “independent contractor” category.

Here are some positive steps to take to help secure your independent contractor status with your host agency partner:

A. Have a specific length of contract agreement.
B. Must be responsible for supplying your own tools of the trade.
C. You are free to work whatever hours you wish.
D. No draw against commissions due.
E. No Exclusivity with agency. Independent Contractors must be free to book with any vendor or agency.
F. No benefit coverage like insurance or vacation pay.
G. Independent Contractors bear all risk of loss.
H. Independent Contractors are self employed people.
The IRS has been trying to get a little more rational about this. If you’re truly interested in their latest thinking on the subject, which continues to hinge on the issue of how much control the agency has over the outside rep’s behavior and business practices, you can obtain their 160-page document, Independent Contractor or Employee?, by calling the IRS Reading Room at (202) 622-5164. Or you can download the document from the Internet at http://www.irs.ustreas.gov.

Even if the IRS decides your independent contractor status is kosher, your state’s tax department might disagree. States have their own, albeit shorter, test for vetting independent contractors. Sometimes called the A-B-C test, it asks:

A. Is there sufficient lack of control over the worker?
B. Does the worker work outside the agency’s place of business?
C. Does the worker have a separate, independent trade or profession?

(Separate business cards and phone listings could meet this test.)

None of this is meant to scare you. After all, thousands of people have been operating as outside sales reps quite happily for many years and have never experienced any tax-related problems. However, the law is the law and we all have a responsibility to comply with both the letter and the spirit of the law. That is why having a carefully drafted agreement between you and the agency, spelling out the precise nature of your relationship, is so important.

Be forewarned, however, that just because you have signed a piece of paper calling you an independent contractor doesn’t guarantee that the IRS will agree. Always consult with a qualified attorney and accountant before entering into any agreement that can have legal or tax consequences. And in business that means just about any agreement you can think of! Here is Revenue Canada’s interpretation of the independent contractor:

**INFORMATIONAL STATEMENT FROM REVENUE CANADA OUTLINING THE MINISTRY’S VIEWS ON “CONTRACT OF SERVICE” INDEPENDENT CONTRACTOR OR EMPLOYEE**

1. **Implications of independent contractor status**
   - (a) To the worker (or payee)
     - Ability to deduct reasonable expenses
     - Ability to choose year-end
     - Ability to incorporate
     - Unable to claim wrongful dismissal damages, UIC benefits, WCB benefits
     - Responsible for Employer Health Tax (EHT), legal liability, health benefits
     - Not subject to the application of the Labour Relations Act
   - (b) To the payor
     - Not responsible for EHT, UIC, CPP, WCB, vacation, termination or severance pay
     - No vicarious liability

2. **Significance of employee status**
   - (a) To the employee
     - Ability to sue for wrongful dismissal
     - Entitlement to coverage under Employment Standards legislation
     - Minimum wage
     - Vacation with pay
     - Notice of termination and severance pay
     - Pregnancy and parental leave
     - Entitled to claim and receive UIC benefits
     - Entitled to claim and receive WCB benefits
     - Covered by the Labour Relations Act
(b) To the Employer
Responsible and liable for Employment Standards minimums
Obligated to provide reasonable notice or pay in lieu of notice
Responsible for Income Tax withholding, EHT, UIC, CPP
Responsible for WCB coverage where applicable
Possibility of vicarious liability

3. Common law tests for employee status

Different tests have been articulated by the courts over the years to distinguish a contract of service (an employment relationship) from a contract for services (an independent contractor relationship).

The “Control” test
An individual will be considered to be an employee if there is an employer who can control, or has the right to control the employee. The general indicators of control are:
(a) the right to control the method of doing work
(b) the power to hire and to control the method of hiring
(c) the right to suspend, dismiss or otherwise discipline the individual

Generally, rights over an independent contractor are said to be limited to terminating a contract for services where the work is not performed satisfactorily, whereas an employer has the right to suspend, dismiss or otherwise discipline employees for such reasons as incompetency, disobedience, dishonesty or inability to perform the work. (See ReBecker Milk Company) Factors considered in examining the level of control existing in the relationship include:
(a) the payment, and manner of payment of wages or other remuneration
(b) the right of the employer to demand exclusivity
(c) the right of the employer to determine the place of work
(d) freedom of action in performing the task, including the degree of supervision and the ability to delegate
(e) retention of the right to prescribe the exact work to be done
(f) the degree of accountability on the part of the person performing the work

The “Four Factor” test
Control remains a key indicator of an employment relationship, but is examined as one of a number of factors. No one factor in isolation will be determinative. All must be weighed together in distinguishing between a contract of service and contract for services. The four traditional factors (See Montreal v. Montreal Locomotive Works) are:
1. control
2. ownership of tools
3. chance of profit, and
4. risk of loss
CONTRACT BETWEEN TRAVEL AGENCY AND OUTSIDE SALESPERSON / INDEPENDENT CONTRACTOR

PREFACE

(It should be understood that the designation above of an Outside Salesperson as an "Independent Contractor" in a contract for services will not itself protect a travel agency from liability for the failure to withhold income taxes, or the obligation to pay Unemployment Compensation. The determination of such liability is based upon a number of additional factors, including the degree of control the travel agency exercises over the activities of the Outside Salesperson Independent Contractor.)

AGREEMENT made this ___________ day of _______________________ 20 ____ , between _____________________________________________ (Legal Owner), doing business as _____________________________________________________ (Name of Travel Agency) a travel agency, having its principal place of business at _____________________________________________ (Address), _______________________________________ (City), _____________________ (State), hereinafter referred to as the Travel Agency, and _____________________________ of ___________________________________________________ (Residence Address), _______________________________________ (City), _____________________ (State), hereinafter referred to as the Independent Contractor.

1. Term of Agreement

The Travel Agent hereby retains the Independent Contractor to act as an independent outside salesperson and the Independent Contractor agrees to act in such a capacity on behalf of the Travel Agency for a period of __________ (months) from ____________________________________ (date). At the end of that period, the contract shall automatically be extended for an additional ___________ months, unless either party serves the other with written notice 60 days prior to the expiration date of his intention not to renew.

2. Duties of Independent Contractor

The Independent Contractor is hereby retained by the Travel Agency as a self-employed businessperson to sell travel and travel services to the public on behalf of the Travel Agency.

3. Compensation of Independent Contractor

As compensation for the services rendered by him under this Agreement, the Independent Contractor shall be entitled to commissions on sales as follows:

A. Computation

1. IN GENERAL. The independent Contractor shall be entitled to _________ percent ( _________ %) of the Gross Commissions received by the Travel Agency for sales of travel or services by the Independent Contractor. All expenses relating to these sales shall be borne by the Independent Contractor, unless otherwise agreed in writing signed by the parties. Override commissions received by the Agency for volume sales shall not be considered a part of the Gross Commissions.
2. The Net Commission is defined as the Commission to the Agency minus any gifts (i.e., flowers, tote bags, Christmas gifts, etc.) and minus any Commissions rebated to the commercial account. During the second year that the commercial account does business with the Agency, the Independent Contractor’s commission share shall be \[ \text{fraction} \] of the percentage of the net commission to which the Independent Contractor is entitled to receive during the first year, as set forth above. During the third year the commercial account does business with the Agency, the Independent Contractor shall be entitled to \[ \text{fraction} \] of the percentage of the net commission to which the Independent Contractor is entitled to receive during the first year, as set forth above. The Independent Contractor shall not be entitled to any further commission share after years. The Independent Contractor shall not enter into any rebating agreement, or other agreement, on behalf of the Travel Agency without the written consent of the Travel Agency. ALL commercial accounts referred to the travel agency hereunder shall become the “property” of the travel agency. The outside agent shall be entitled to his commission share regardless whether the outside agent continues to be otherwise formally associated with the agency.

3. AGENCY TO RECEIVE ITS SHARE OF COMMISSION IF AGENCY’S ARC NUMBER USED. While the Independent Contractor is free to do business with any other travel agency or customer, the Travel Agency shall receive its share of the commission paid by any supplier as set forth at Subparagraph A (1) above for any sale in which the Independent Contractor uses the Travel Agency’s ARC or IATA number to process the sale.

A. Method of Payment
Independent Contractor shall be paid monthly by Travel Agency. Travel Agency shall, within 15 days of the end of each month, provide Independent Contractor with an accounting of all commissions earned and expenses directly attributable to those sales during the previous month, accompanied by payment for Independent Contractor’s share of those commissions earned.

Independent Contractor shall be paid monthly by Travel Agency.

Independent Contractor may work whatever hours he/she wishes.

4. Examination of Books
The Independent Contractor shall have the right, either personally or by an accountant retained and paid by the Independent Contractor, at times mutually convenient to the Travel Agency and the Independent Contractor, but in any event at least once during each half of the calendar year, to examine books and accounts of the Travel Agency insofar as they relate to transactions affecting the amount of the Independent Contractor’s compensation.

5. Independent Contractor to Provide Own Business Supplies and be Responsible For Own Expenses
Independent Contractor shall provide his own business cards and other promotional materials and shall otherwise be responsible for all expenses incurred in performing his duties under this Agreement.
6. Place of Work
The Independent Contractor may choose where the work is to be performed, is not required to work on the premises of the Travel Agency, and is not required to answer the phones, or perform any other duties at the Travel Agency's offices.

7. Hours
Independent Contractor may work whatever hours he/she wishes. No fixed hours are required by the Travel Agency. The Independent Contractor shall not be required to attend office meetings or office training sessions.

8. Risk of Loss/Profit Potential
Independent Contractor assumes the risk of incurring a loss if his/her share of sales commissions does not cover the Independent Contractor's expenses. Similarly, Independent Contractor enjoys the right to earn a profit yielded by commissions shared pursuant to this Agreement.

9. No Entitlement to Vacation or Other Benefits As Independent Contractor
As a self-employed individual, the Independent Contractor shall not receive or earn any vacation or sick pay from the Travel Agency and is not covered under the agency's medical or dental plan.

10. Ability to Hire Assistants
Independent Contractor retains the right to employ whatever assistants or bring in whatever partners he/she may require at Independent Contractor's expense in order to accomplish the goal of travel sales contemplated by this Agreement.

11. Independent Contractor Shall Be Responsible For Filing of Federal, State, and Local Estimated Tax Payments On Commissions Received From Travel Agency, and For Other Assessments
Independent Contractor agrees to be fully responsible for complying with all federal, state, and local laws in connection with performance of this Agreement, including, but not limited to, payment of any estimated or other federal, state, or local income taxes, payment of applicable charges for social security, FICA, worker's compensation and obtaining any required state or local licenses or registration as a self-employed seller of travel/independent contractor outside salesperson.

Travel Agency shall not be responsible for payment or withholding of any such items in connection with services rendered by the Independent Contractor under this Agreement. Independent Contractor agrees to indemnify and hold Travel Agent harmless for any assessments against Travel Agent because of any failure by Independent Contractor to properly pay federal, state, or local income taxes (including estimated tax payments) and file returns in connection therewith, or to pay social security, FICA, or worker's compensation.

12. Ownership of Customers
The parties acknowledge that all customers of the independent contractor are and shall remain the property of the independent contractor. If the independent contractor shall cease to be associated with the travel agency for any reason, all customers of the independent contractor shall be free to continue doing business with
the independent contractor independently, or through any other travel agency. Any commercial customers referred to the travel agency pursuant to Paragraph 3A(2) herein, shall be and remain the property of the travel agency, and the independent contractor shall make no attempt to solicit or divert that customer from the travel agency.

13. Termination of Agreement.

EVENTS CAUSING TERMINATION

This Agreement is NOT terminable prior to its expiration at the will of either party, but is instead terminable by the Travel Agency only on the following grounds:

• the occurrence of circumstances that make it impossible or impracticable for the business of the Travel Agency to continue;
• the death of the Independent Contractor;
• the willful or negligent breach of duty by the Independent Contractor in the course of his performance under this Agreement;
• the continued incapacity on the part of the Independent Contractor to perform his/her duties.

Independent Contractor agrees to be fully responsible for complying with all federal, state and local laws.

EFFECT OF TERMINATION ON COMPENSATION

In the event of the termination of this Agreement prior to the completion of its term specified herein, the Independent Contractor shall be entitled to the compensation earned by him/her prior to the date of termination as provided for in this Agreement computed pro rata up to and including that date; the Independent Contractor shall be entitled to no further compensation as of the date of termination.

TIME LIMIT FOR CLAIMING COMMISSIONS AFTER DATE OF TERMINATION

All claims of the Independent Contractor for commission on sales, regardless of whether the sales are made by the Independent Contractor or others, are waived by the Independent Contractor if not made within sixty (60) days of the date of termination.

14. Remedies

Any controversy or claim arising out of or relating to this Agreement shall be settled by the courts of _________________________________ (City/State).

ATTORNEY’S FEES AND COSTS

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees, costs, and necessary disbursements in addition to any other relief to which he may be entitled.
15. General Provisions

PARTIAL VALIDITY
If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nonetheless continue in full force without being impaired or invalidated in any manner.

LAW GOVERNING AGREEMENT
This Agreement shall be governed by and construed in accordance with the laws of ________________________________ (State).

NON-ASSIGNABILITY
This is a personal service agreement that shall not be assignable by the outside agent without the written consent of the travel agency.

COMPLETE AGREEMENT; MODIFICATION OR WAIVER
This agreement represents the complete understanding of the parties with respect to the described outside sales relationship. It is not to be amended after the date hereof except by an instrument in writing signed by the parties. No amendment, modification, termination or waiver shall be binding unless in writing and signed by the party against whom the amendment, modification, termination or waiver is sought to be enforced. No waiver of any provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

Executed at ____________________________ (City), _______________ (State), on the day and year first above written.

Agency Name __________________________________________________________
By:_____________________________________________________________________
(Name and Title)

Independent Contractor _________________________________________________
By: ____________________________________________________________________

(The preceding Employment Contract-Outside Salesperson/Independent Contractor has been prepared as an example only. It does not constitute legal or professional advice. Anyone intending to use this contract should modify the language or substitute other provisions where, as will always be the case, varying circumstances require. It is suggested that every Agent or individual contractor contact his or her travel attorney to determine what particular or additional contract provisions apply.)

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EMPLOYMENT CONTRACT FOR OUTSIDE SALESPEOPLE/EMPLOYEE

PREFACE

(It should be understood that the following Agreement is intended to be used in an employment relationship where the Employer recognizes and accepts his obligations to withhold income taxes and pay unemployment compensation premiums. Employers interested in maintaining an “Independent Contractor” relationship should review the Employment Contract entitled “Outside Salesperson/Independent Contractor”.)

SAMPLE CONTRACT AGREEMENT FOR OUTSIDE SALES TRAVEL AGENT OUTSIDE AGENT EMPLOYEE

PREFACE

(It should be understood that the following Agreement is intended to be used in an employment relationship where the Employer recognizes and accepts his obligations to withhold income taxes and pay unemployment compensation premiums.

AGREEMENT made this__________day of_______________in the year 2000, between ____________________________(Legal Owner), doing business as (Name of Travel Agency), _____________________________________________ a travel agency, having its principal place of business at ___________________ ________________________________________________(Address),(City),(State), hereinafter referred to as the “Employer”, and (Outside Agent Employee Name),(Residence Address), (City),(State), hereinafter referred to as the Outside Sales Travel Agent “Outside Agent Employee”.

1. Duties of outside agent employee

a. Role of outside agent employee

The Outside Agent Employee is employed and retained by the Employer to sell travel and travel services to the public on behalf of the Employer and the Employer’s Travel Agency business.

b. Best efforts

The Outside Agent Employee hereby agrees to devote his/her time, attention, and energy as an outside sales representative in the employ of the Employer and shall, to the best of his/her ability, make every effort to sell travel and travel services of the Employer to customers and prospective customers.

c. Outside agent employee not to work for other travel agency or be self-employed travel agent

Outside Agent Employee agrees that during the course of this employment Outside Agent Employee shall work for or on behalf of no other travel agency or travel-related business including self-employment, without the written consent of Employer.

d. Monthly reports

On the last working day of each month, the Outside Agent Employee shall complete and submit to the Employer, a written report, on a form provided by the Employer, stating the names and addresses of each customer and prospective cus-
customer called on by the Outside Agent Employee, the hour and day on which such calls were made, a description of all travel and travel services ordered by each customer.

e. Travel agency's rules and procedures manual
   The Outside Agent Employee at all times during the performance of this contract agrees to strictly comply with all rules established by the Employer. These include such rules and procedures as are stated in the Travel Agency's Outside Agent Employee Procedures Manual.

f. Satisfactory performance of duties
   The employment of the Outside Agent Employee shall continue only so long as the services rendered by the Outside Agent Employee are satisfactory to the Employer, regardless of any other provisions contained in this Agreement.

2. Compensation of Outside Agent Employee

a. Amount
   No hourly wage shall be paid.
   Compensation to the Outside Agent Employee for the services rendered under this Agreement shall be as follows:

   1. IN GENERAL. Outside Agent Employee shall be paid ______% percent of the gross profits received by Employer for Outside Agent Employee’s sales of travel services.
      Gross profits shall be defined as commissions received by the Agency on sales made by the Outside Agent Employee less directly attributable expenses, including but not limited to, costs of tour guides, tour expenses, telephone and delivery charges, and brochures.
      No part of any override commissions paid to the Employer for volume sales shall be considered in computing commissions due the Outside Sales Travel Agent Employee.

   2. COMMISSION PAID FOR SALES ON GROUPS. All group commissions are negotiated on the net profit of the group. Groups have many costing variables and are dealt with on an individual basis.

b. Method of payment
   Outside Agent Employee shall be paid monthly. Travel Agency shall, within 15 days of the end of each month, provide Outside Agent Employee with an accounting of all commissions earned and expenses directly attributable to those sales during the previous month, accompanied by payment for Outside Agent Employee’s share of those gross profits.
   The Outside Agent Employee at all times agrees to strictly comply with all rules established by the Employer.
   The Outside Agent Employee will not take or misuse any client list or confidential data.

c. Expenses
   Outside Agent Employee shall either pay directly, or reimburse, Employer for incidental expenses such as I.D. badges, luggage tags, document holders, and postage to mail documents incurred in connection with sales made by the Outside Agent Employee. Reimbursement shall be made concurrently with the accounting
to Outside Agent Employee set forth at Subparagraph B above, to the extent possible.

3. Property Rights of The Parties

Ownership of trade secrets, records, customer lists

Trade secrets of the Employer’s Travel Agency business, as well as the customer lists, files, books, records, and accounts, and all other information, data and records of said business, are the sole and exclusive property of the Employer. The Employer retains the exclusive ownership interest in all Passenger Name Records (“PNRs”) entered into the Employer’s Computerized Reservations System (“CRS”).

4. Obligation of Employer

The Outside Agent Employee shall have the right, either personally or by an accountant, retained and paid by the Outside Agent Employee, at times mutually convenient to the Employer and the Outside Agent Employee, but in any event at least once during each quarter, to examine the books and accounts of the Employer insofar as they relate to transactions affecting the amount of the Outside Agent Employee’s compensation due under the terms of this Agreement.

5. Obligations of Outside Agent Employee

A. Outside Agent Employee agrees to indemnify and hold Employer harmless for any representation made by Outside Agent Employee outside the scope of Outside Agent Employee’s duties under this contract, or for any negligent act by Outside Agent Employee.

B. The Outside Agent Employee will not, at any time, either him/herself or through others, solicit or divert, or attempt to solicit or divert, clients, customers, or sales from the Employer’s business to, or for, any other Travel Agency, or anyone, either while still employed or following the termination of this employment for a period of (_____) years within the following county/counties:

C. The Outside Agent Employee will not, at any time, either by himself, or through, or with the aid or assistance of, others, take, misappropriate, or misuse any client list, name, file, book, record, or account or other information or confidential data used at or in Employer’s travel agency business.

D. The Outside Agent Employee, at all times, recognizes and respects the advantageous business relationship which exists between the Employer and clients. The Outside Agent Employee expressly agrees to do nothing to interfere with that advantageous relationship.

E. (Adapt as appropriate to the individual situation.) The Outside Agent Employee will provide clerical assistance to the agency in preparation of documents, itineraries, etc., but will not be responsible for performing actual ticketing. (Agent shall be responsible for reservations and ticketing.)

6. Termination of Employment

A. This Agreement is Terminable at the Will of Either Party.

B. Effect of Termination on Compensation. In the event of the termination of the Agreement prior to the completion of the term of employment specified herein, the Outside Agent Employee shall be entitled to the compensation earned
by him prior to the date of termination, as provided for in this Agreement, computed pro rata up to and including that date; the Outside Agent Employee shall be entitled to no further compensation as of the date of termination.

C. Time Limit for Claiming Commissions After Date of Termination. Claims of the Outside Agent Employee for commission on sales, whether the sales are made by the Outside Agent Employee or others, are waived by the Outside Agent Employee if not made in writing within 60 days of the date of termination.

D. Removal of Passenger Name Records ("PNRs" or Other Reservations, Records or Files. Because all of the Passenger Name Records entered into the Employer’s Computerized Reservations System belong to the Employer, if the employment relationship is terminated by either party, Outside Agent Employee shall not alter or remove or switch to any other travel agency any PNRs without the permission in writing of the Employer. Further, upon termination of the employment relationship, no customer files shall be altered, destroyed, or removed from the agency premises except with the written consent of the Employer.

7. Arbitration
Any controversy or claim arising out of, or relating to, this Agreement, or the making, performance, or interpretation thereof, shall be settled by arbitration in (City, State) in accordance with the rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

8. Attorney’s Fees and Costs
If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney’s fees, costs, and necessary disbursements in addition to any other relief to which he may be entitled.

Any controversy or claim shall be settled by arbitration


a. Notices
Any notices to be given hereunder by either party to the other may be served either by personal delivery in writing or by mail, registered or certified, postage prepaid, return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change his address by written notice in accordance with this paragraph.

Notices delivered personally or by mail shall be deemed communicated as of the date of actual receipt.

b. Entire agreement
This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Outside Agent Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement
shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing signed by the party to be charged.

c. Partial invalidity

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any manner.

d. Modification or waiver

This Agreement is not to be amended, except after the date hereof by an instrument in writing signed by all of the parties, and no amendment, modification, termination or waiver shall be binding unless in writing and signed by the party against whom the amendment, modification, termination or waiver is sought to be enforced. No waiver of any provisions of this Agreement shall be deemed, or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

e. Law governing agreement

This Agreement shall be governed by and construed in accordance with the laws of the State of _____________________________.

Executed at ________________________ (City), ________________________(State), on the day and year above written.

EMPLOYER_________________________________________________________

By: ________________________________________________________________

Name: _______________________________________________________________

Title: _______________________________________________________________

Outside agent employee

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HOST AGENCIES AND ‘EXCLUSIVITY’

You should also be aware that some host agencies will try to tell you that you and they have an “exclusive” relationship - that is, that you must book all your travel through them. This violates both the IRS and your independent contractor contract agreement, which you undoubtedly signed. The agency wants you to be an independent contractor so they don’t have to carry you on their rolls as an employee, withhold taxes on the money they send you, and be liable for unemployment insurance and a lot of other inconveniences. But when they insist they are your “exclusive” agency, they are attempting to control you as they would an employee. In other words they are trying to have it both ways and that is not fair and it also violates the taxing authorities rules on what an Independent Contractor is. Your contract can not have the words “exclusive” or any controlling factors that would lend the contract to reflect an “employee” status.

If your agency tries to claim “exclusivity,” you have a number of options. You can refuse, perhaps even insist that the offending language in the agreement (if it is there) be changed. Or you can simply let them know that you disagree with their position and tell them that you reserve the right to make strategic alliances with whomever you choose, as befits your standing as a true independent contractor. Or you can say nothing, figuring

(a) they’ll never know of your other dealings anyway and
(b) even if they do, there’s nothing they can do about it.

Of course, you can choose to deal only with one agency, turning away offers from tour operators to deal direct or routing hotel reservations through your agency even when it’s not absolutely necessary. You might do this just because it’s easier or because you receive a great deal of support and training from the agency for which you feel they deserve your unswerving loyalty. However, you should know that you are not bound to do so. In most cases, the outside rep’s relationship with the host agency is arm’s length.

The agency has little contact with the rep unless and until a booking is made and little direct knowledge of the rep’s activities. Most outside reps I’ve talked to don’t make much of an issue of the matter of exclusivity. Rather they choose a line of least resistance. They go about their business, dealing as they wish, with whom they wish, figuring it’s nobody’s business but their own.

But let’s say push comes to shove. Let’s say your agency doesn’t like the fact that you are maintaining direct relationships and makes an issue of it. I would recommend simply pointing out that, since you’re an independent contractor, they cannot make such demands on you - unless they want to start paying your health benefits and withholding taxes like they do for their other employees. They are unlikely to want to do that, although who knows? If you have proven yourself a valuable asset, they may be willing to change the basis of the relationship. And you may be willing to entertain that possibility by entering into a “Outside Sales Employee Contract.” Of course, if the agency is really annoyed with you, they can always decide not to do your ticketing. Most agreements give them the right to terminate the arrangement for whatever reason they choose. Even if you had a basis for legal action in a case like this (and you’d have to review the individual facts with a lawyer to find out), it probably would cost you more to mount a suit than it’s worth. It’s far easier to simply move to another agency for the ticketing you need.
Chapter 5

The Advantages of Specialization or Developing your Niche Market

The more you adopt an “all things to all people” stance in the marketplace, the more likely you are to fall into the cheap-travel trap. The best way to prevent that from happening is to define yourself as a “specialist.” By doing so, you do not necessarily cut yourself off from all other areas of the travel business, but you do provide a focus - both for yourself and your clients. By specializing, you make it easier for yourself, since it takes less time to gain an in-depth knowledge about one destination or mode of travel than about dozens. At the same time, you provide your potential customer with a convenient way to remember you - “Oh, yes, she’s the one who books all those wonderful cruises!”

Businesses of all kinds specialize, and even businesses which seem very specific indeed have further specialized within their own market niches. It’s called “positioning” by the MBA marketing types and it works like this: Cadillac and Harley-Davidson both sell something that will get you from point A to point B. But the similarity ends there. Harley-Davidson specializes in motorcycles. But saying that doesn’t mean to imply that a chopped hog from Harley and a rice-burner from Kawasaki are one and the same vehicle. That’s because Harley-Davidson has “positioned” itself very precisely in the marketplace. Their products appeal to a different kind of person and for different reasons than do Kawasaki’s sleek racing models.

The fascinating thing about positioning is that, whether you are aware of it or not, you will “position” yourself in your travel business. Over time, the people who deal with you will develop a “picture” of your business in their minds, just as they have a picture in their minds about what Harley-Davidson represents to them. Since you’re going to be positioned anyway, why not spend a little time thinking about it?

You may survey your available options and choose to specialize from the beginning of your travel selling career. Or you may begin to specialize gradually as you feel your way to your niche in the travel business.

However you do it, the key to specialization is knowledge - you gain an in-depth familiarity with your area of specialization through a combination of study and experience. That means you become better equipped to advise your clients, offer them a wider range of options, alert them to great deals, or warn them of things to steer clear of. But specialization has another, equally important, benefit: You increase your earning power!

That’s because you work more efficiently. Someone who knows all the ins and outs of booking a scuba holiday will earn their $200 or $300 or $400 commission a lot faster than the person who is making this kind of booking for the first time.

Moreover, by specializing you increase the viability of charging fees for your services. When you are obviously knowledgeable it is easier for the customer to perceive value. You will find consumers will pay more money and go out of their way to do business with a “specialist” as opposed to a general sales agent. Developing your “niche” market should be one of your first priorities in the travel industry.
CHOOSING A NICHE PRODUCT

Do you have a favorite destination? One you’d like to get to know better? One you love so much that every time you describe it, your friends start thinking, “Gee, maybe I should go there?” Then you may have found a profitable area of specialization. It’s a lot easier to sell a destination you know and love than one you’ve only seen in travel brochures. Of course, as a destination specialist you will have to make frequent trips to the area to check out the hotels, attractions, and tourist bureaus, to keep up-to-date on your market. It’s a tough job, but someone has to do it.

The most obvious example of this kind of specialization is the proliferation of cruise-only agencies. These are storefront operations which are just like any other travel agency office, except that all they sell are cruise vacations. There’s no reason why you can’t have the same kind of business, operating from your home.

Cruises have a lot going for them from the agent’s point of view:

- They are a relatively high-ticket item (although they represent excellent value for the traveler). You should make several hundred dollars on every cruise booking you make.
- They represent a well-defined, well-promoted market
- They generate repeat business. While a lot of people profess to hate cruises, the people who like them are very loyal. Eighty-five percent of people who take one cruise, take another, and that kind of repeat business is the key to a very profitable business.
- The cruise lines help you sell them. Cruise lines (at least the big ones) are very savvy marketers. They will provide you with all sorts of sales support, including video tapes to show to clients.

Cruises aren’t the only way to specialize by mode of transportation. I know of a gentleman on Long Island who, as an outside rep and independent contractor, specializes in motorcoach tours, an extremely popular mode of leisure travel among seniors. Or you might be a person who just loves trains. Many train lovers will travel far and wide to recreate the kind of romantic journeys that are a thing of the past here in the States but can still be found in Europe (the Orient Express!), India, and Latin America.

BY THEME OR ACTIVITY

Another way to focus your travel marketing is by what your customers do when they get to wherever it is they are going. In this kind of specialization, the destination is almost secondary; it is the activity that takes priority. Here are some examples of specialization by activity:

- **Skiing.** Avid skiers get tired of skiing in the same old place. Once they get bored with Killington, they want to ski the Rockies and the Alps. If they’re real fanatics, they’ll head south of the Equator so they can ski in the summer. There is a burgeoning industry of ski-oriented tour operators to serve this market.
- **Golf.** Golfers are an easily identified and targeted group that can be lured with the prospect of playing PGA-rated courses in the Caribbean or the spectacular holes of Hawaii, or the legendary links of Scotland.
- **Scuba diving.** This is another activity that has spawned a mini-industry of
specialty tours. Once people get hooked on diving in the Keys, they want to dive The Bahamas and explore the great reefs off Belize. Sooner or later they'll get a hankering to swim with the great whites of Australia's Great Barrier Reef.

■ **Alternative travel.** This is a catch-all phrase that is used to describe a grab-bag of vacation options that are outside the mainstream. That could mean a white-water rafting trip in Borneo, a three-week trek through the valleys of Nepal, or a month working on an archaeological dig in Israel. Environmentally sensitive “eco-travel,” which focuses on indigenous cultures and nature treks, is also growing in popularity. This is a small but growing segment of the travel market and, despite its countercultural tinge, it is definitely not cheap travel. There are good commissions to be made here.

■ **Pilgrimages.** There are a limited number of destinations throughout the world (Lourdes, Fatima, Israel, Mecca, and others less well-known) that attract a steady stream of religious travelers. The consumers for this type of travel are also easily reached through religious organizations.

And these are only a few of the options. It seems that today there is a tour for every interest - tennis players, opera buffs, nudists, whatever, you can find a place to send them. The key to succeeding with this type of specialization is a sincere interest in and knowledge of the activity or theme involved. I should also point out that some areas of specialization might prove to be limiting. If you live in rural, heavily Mormon Utah, for example, you may find the market for pilgrimages to Catholic shrines quite tiny.

**BY MARKET SEGMENT**

Some travel agents concentrate quite profitably on certain types of customers rather than on destinations or activities. Usually, this means serving the special needs and interests of specific (and easily identified) segments of the population. Catering to mature travelers or to families traveling together are just two obvious possibilities. Here are some additional examples of this type of specialization:

■ **The disabled.** There is a growing market for travel and tours geared to the special needs of the disabled. As the options for leading a full and productive life have expanded for the disabled, so has their disposable income, and the disabled are just as keen to visit the great cities of Europe or ride on an elephant’s back as anyone else. Many people are finding a profitable niche (and a lot of goodwill, too) by serving this market.

■ **Recovering alcoholics.** These travelers also have special needs and tend to respond to the idea of traveling in groups. After all, it’s easier to avoid temptation on a cruise if it’s a “dry” cruise with other former tipplers. Many tours for this market include special support activities. Again, as with so many other special interest areas, there are a growing number of tour operators offering tours targeted to this market.

■ **Religious groups.** They are another market with special, but often overlooked, needs. They may travel to Europe this year and Australia the next, but they will respond to the travel agent who appreciates that they are looking for an experience and an ambiance which jibes with their strongly held beliefs.
Budget, or mid-range, or luxury travelers. People are also defined by the amount of money they can afford to spend on their travel. Depending on where you are located and the kind of access or exposure you have in your market, you may find it most profitable to pursue the budget traveler. Or you might find a better fit selling mid-range tours and cruises. Or you may be able to gain entree to the luxury market and sell upscale vacations to the wealthy.

SPECIALIZE IN GROUP TRAVEL

No area of specialty offers a better promise of high payback than group travel. That means that instead of sending a couple on a trip, you send a dozen people, or 20, or 50. There are all sorts of groups that travel together - church groups, high-school reunion classes, college groups, fraternal organizations, the list goes on.

Here’s where your commissions can be truly gratifying. If sending a couple to Europe nets you $400, imagine what sending 50 people there will pull in! It will likely be more than $400 times 25. Why? Because you’ll undoubtedly get a better rate of commission for bringing in a large group. Sometimes you can find groups that remain pretty constant from year to year. For example, one part-timer I know services a group of students and faculty from Indiana that comes to New York once a year for a week of theatergoing. Then there’s a women’s club here in New York that sponsors a trip to London just about every year. The faces change from year to year, but there’s always a bunch of people traveling.

Groups like that can form a good base for your group business. But to really succeed, you’ll have to beat the bushes for accounts. That can mean a slow and painstaking process of contacting potential groups, locating the right person to deal with, proposing some kind of group experience, and working closely with your inside contact to promote and market the idea to the membership.

Selling to groups is fundamentally different from the onesy-twosy kind of travel bookings that most outside agents do. For one thing, you won’t find 20 people walking up to you and saying, “Oh, you’re a travel agent? We’d like to go on a safari.” No, you have to go and seek them out. That makes selling group travel a very specific type of sale.

CHECKLIST FOR QUALIFYING GROUPS

Before investing too much of your valuable time with a group, it is wise to spend some time researching their previous history to help you ascertain how viable the group may be for a proposal.

We’ve created a short questionnaire to help you. Below is a list of important things you should ask:

- What is their track record?
- Where have they traveled in the past three years?
- What time of the year did they travel?
- Is there only a specific time they can travel or are they flexible?
- Did they take a cruise? If so, what cruise line?
- How much did they spend per person?
- How many people actually traveled in relation to the size of the membership?
What is the size of the group’s membership and how active is it?
What is the economic level of the members?
Can they afford the vacation product you are planning to offer?
Can the organizer successfully gather enough people to make it worth the time and effort you will have to commit?
Is there anyone already providing the group with services similar to yours?
Does the group have a newsletter or regular mailings to the membership that can be used to promote the trip for free?

Now that you’ve decided to offer a proposal, ask these questions:

Is there a special need that can be filled by offering a group trip?
What destinations are they interested in?
Do they have any special priorities—price, season, quality of food, entertainment, meeting space?
Port of departure—San Juan versus Fort Lauderdale, Vancouver, New York, Miami
Are there any special requirements—free escort, free cocktail party, free air, profit for the group?

Remember the group’s personality; match it to the right product.
Do they want formal or informal?
Is there adequate meeting space on board or at the hotel?
Is there equipment available—TV, microphones, blackboards, etc.?

Establish a budget to include all your costs. Be realistic about the number of people that will actually travel and plan your promotional budget accordingly.

It has been amply proven that Americans who join together for common interests also like to travel together (“birds of a feather . . .”). Therefore, all that stands between you and this business is going out after it. Here are some areas where you can find groups:

Friends, relatives and personal contacts for “information only”

Friends, relatives, neighbors and personal contacts in business can be very useful to you as a starting point. Ask them if you can see the membership directory of the clubs and organizations they belong to. What you want to learn is who is the next year’s president, and an address or phone number for that person. That’s really all you should ask of friends, relatives and acquaintances. However, it can be of enormous assistance.

Why travel consultants should sell groups

Group business is a good way to quickly increase both sales and profits because of volume.

After a group promotion there is the potential for individual travel.

It takes the same amount of work to develop a group as a retail booking, but with more commission.
WHY GROUP TRAVEL?

What are the benefits of traveling in a group?
- Reduced fares, added amenities
- An all-inclusive price
- It's escorted
- Group get-togethers make it easier to meet new people
- Compatibility with other group participants

What are the benefits to the organization sponsoring the cruise?
- Prestige in running a successful activity
- Fund-raising
- Little risk
- A chance to obtain FREE accommodations for the organizer

How can you develop group cruise business?
- In most communities there are groups already organized who are ideal prospect for your services.
- Contact the president or membership secretary of local organizations and offer them the services of your agency.
- Mention the name of past successful groups to show them you are knowledgeable and qualified.
- Write a letter presenting the benefits of group travel to the organization.
- Fund-raising opportunity.
- Traveling with friends.
- Reduced rates.
- New experiences.
- Find a natural tour leader. There are many people with the natural ability to gather a following. That person can be the focus of your group marketing program.

Some likely prospects are:
- Local celebrities.
- Radio and TV personalities.
- Sports figures.
- Professors.
- Eminent people at the top of their special professions- doctors, lawyers, stock brokers, composers, botanists, archaeologists, food and wine critics, historians, photographers.
- If additional compensation for name tour leaders is involved it should be negotiated on the basis of their ability to draw paying customers.

SOURCES OF GROUPS

Here is a list of groups of people that can be a source of group business for you.

**Businesses.** (Especially insurance and manufacturing companies as they run incentive trips.)
Corporate recreation club. The company does not have to be large to have a recreation club. Contact small local businesses with 50 or more employees.

Your present retail clients. Find out what clubs or organizations they belong to.

Credit unions

Patronage Organizations. Hospital Auxiliaries, Art Galleries, Museums, Symphony and Ballet Associations, Drama Guilds, Youth Organizations. Boy Scouts, Girl Scouts, YMCA, YWCA, Jewish Youth Groups, Church Groups.

Entertainment Personalities. Radio, TV, Theater, Music.

Fund-Raising Organizations. American Cancer Society, Heart Association, Junior League, Lion’s Club, Rotary Club

Newspaper columnists

Chambers of Commerce

Associations. Real Estate, Restaurant, Bar, Medical, Teacher, National Management, Nurses and so on.

Exchange Clubs

Golf and Tennis Professionals. Check out your local country club

Labor unions

Holding companies

Alumni Associations

Professional Organizations and Societies. Local, regional and nationwide

Clubs and Fraternal Organizations. Elks, Moose, Shriners, Lions, Rotary, Country Clubs, Athletic

Clubs, Yacht Clubs

Occupational groups. Local county, state and national associations of manufacturers, wholesalers, retailers

Special Interest Groups. Bridge clubs, garden clubs, photo clubs, theater clubs, Bingo clubs or parlors.

A FINAL THOUGHT ON SPECIALIZATION

There are some very sound financial and marketing reasons to specialize, but I would encourage you to think with your heart as well as your head. My experience has been that the people who succeed in their specialties have a certain affinity for what they are doing. Scuba divers book dive vacations, people who are seriously concerned about the needs of the disabled concentrate on that area, people who sell budget travel love to travel that way themselves.

You’re probably reading these words because you love to travel. What are your favorite destinations? What do you like to do when you go on vacation? With which segments of your community do you have a particular connection or affinity? Consider these questions as you examine your options in the travel selling
game. The answers may point you to a profitable and personally fulfilling definition of your travel business.

Of course, the chances are a lot of you won’t specialize immediately or even anytime soon. And some of you may never get around to specializing at all. You might find that booking a cruise this week and then calling dozens of suppliers next week to nail down a specialty tour is part of the fun of the travel game. It’s also generally true that the less travel you sell, the more difficult it is to specialize. That’s because specializing implies marketing and if you’re just going to book a few trips each month for close friends and family, then your business isn’t developed enough to think about marketing. What’s more, you’re probably relying on walk-up business for the few bookings that come in - just like a storefront agency!

Still, you may find it worth your while to consider some of the options available to you for defining your travel business and positioning yourself in your market. By having an idea of what has worked for others, you can get a better sense of what might work best for you.
Chapter 6

Setting Up Your Office With the Right Equipment

As I’ve noted, it’s perfectly possible to start selling travel with little more than a fistful of business cards and a telephone. But after a while, as your business expands and you begin to see that you can make some significant income in this new lifestyle, you’re probably going to want to add a few bells and whistles to your operation. The two big investments you will want to consider are a fax and a computer. If you already have one or both of these wonderful devices, great! You’re ahead of the game. If not, you’ll want to proceed carefully and keep a close eye on the cost-benefit ratio of any investment you make. There is a bewildering array of choices out there, and so many variables to weigh in making a decision that the shopping process can quickly become a frustrating nightmare. One way to proceed is to buy a “Buying Guide” type of publication. These are magazine-format publications which list, describe, and rate the numerous machines on the market. Another way is to talk to “experts.” I find this to be an arduous task since the experts tend to be passionate about the machines they have chosen (especially computers) and equally passionate against all others.

Here is a selection methodology which, while not particularly elegant, makes a lot of sense to me. Find someone who has a fax or a computer they like. Get them to tell you about it, how it works, how they use it in their business. Ask them what you’ll be able to do with it. Tell them the sort of things you’ll need it to do and ask them if it can do those things. Then get them to show you how the machine actually does those things. Most importantly, get a sense of whether or not you’ll be able to call on them, once you have the machine, to ask for their help and suggestions. Shop around for the best price once you’ve settled on a brand and model.

This system probably works better with computers than with fax machines but it can be used for both. My theory is that while you might not wind up with the cheapest machine, the time you save shopping and dealing with problems and questions after the purchase will compensate for any extra cost. I will not try to cover all your options here. That would take another whole book!

But I will make some observations which, hopefully, will prove helpful as you set up your home travel agency.

Faxes

Fax (or “facsimile”) machines translate images, such as a typed letter or an advertising flyer, into digital code which can be transmitted over telephone lines to another fax machine. The receiving machine decodes the message and creates a copy of the original image. There are a number of reasons you might find a fax machine useful in your business:

To communicate with your agency. Even if your agency is just across town, you may find the convenience of a fax worth the investment. Bookings and other messages have a way of getting garbled when they are transmitted over the phone. A fax can prevent that. A faxed message also creates a record of what was “said.” Most host agencies prefer bookings to be faxed in, so you really may not have an option.
To communicate with suppliers. When you’re working on a booking with a short time fuse, it can be a tremendous help if the tour operator or other supplier can fax you information (price lists, terms and conditions, whole brochures). Getting brochures in the mail can take days, even weeks. A growing number of suppliers have “fax-back” service - you dial a toll-free number, punch in the code for the information you want (usually obtained from an advertisement), punch in your fax number, and the material is faxed to you immediately.

To communicate with customers. Sometimes you will need to obtain some form of credit card authorization from clients. They can photocopy their credit card, write on the photocopy the travel being booked and the costs (e.g. “2 tickets to California from Joe’s Travel, $842”), sign the photocopy, and fax the resulting document to you. You can then present (or fax!) the fax you receive to your agency or a supplier as proof that they did indeed authorize you to charge the travel to their account. Obviously, not all customers will be able to do this, but you’ll be surprised at how many can; faxes and copy machines are common in most places of business these days. You also may find it convenient to fax confirmations to clients on bookings they’ve phoned in. In effect, you are saying, “Here’s what you told me you wanted. You’d better call if it’s not right.” It’s an extra safeguard that can prevent problems and ill-feeling later.

To save time. No matter with whom you are communicating, situations will arise where time is of the essence. The ability to fax something in a matter of minutes can sometimes mean the difference between snaring a $350 commission or losing it! A perfect example occurred while I was working on this section. Because of a glitch in a booking, my agency needed to get my signature on a form that I had to return to them, so they could send it to the supplier, so my client wouldn’t lose the booking. It all had to be done by the afternoon of the same day!

To save money. In spite of the initial cost of fax machines and the on-going costs of phone lines and such, you may find that in some instances a fax will actually help you save money. One form of saving can be realized through increased efficiency. It takes less time to fax something than to find and address an envelope, put a stamp on it, and take it to the post office or mail box. That’s time that can be better spent generating income for your travel business. Real savings start clicking in if you are doing a great deal of foreign business. Let’s say you’ve become a destination specialist for France. Rather than telephone suppliers and run up gargantuan phone bills, you can fax them. Faxes seem to be ubiquitous in the French hospitality industry, with even the tiniest hotels and quaintest restaurants boasting their own fax machines. It can cost very little to send a terse fax requesting a reservation; that way you don’t run up your long distance bill waiting for Jacques to come to the phone. The reservation will be confirmed by return fax. Fax machines cost anywhere from $100 to $1,500 or more. As a rough rule of thumb, figure you can get a fax machine that will please you most of the time for $500 or less. I say “most of the time” because it seems inevitable that once you’ve had a machine for a while you find yourself longing for a particular feature you could have had for a few dollars more.
How many phone lines? The ideal situation is to have a separate, or dedicated, phone line for your fax. However, if you want to save a few pennies, it’s possible to have both a fax and a phone on the same line. Some faxes will automatically determine if an incoming call is a fax or voice communication and route the call accordingly; others require manual switching. Check out these features carefully to see how they work and how convenient their operation will be for you and the people who will be calling and faxing to you. The new ADSL high speed lines from the phone company allow you to use one line that can fax and be on the Internet at the same time! The line charge is about $20 to $40 per month. This is a great service to have. Other than the cost of the machine itself, the cost of an additional phone line is the biggest financial consideration in adding a fax to your office. There’s no reason why, if you’re working from home, this cannot be a residential (as opposed to business) line. You only need a business line if you absolutely must have a Yellow Pages listing and (in my humble opinion) that’s inappropriate for most home-based travel agents. However, keep in mind some suppliers require that you do have a business phone listing if you are to work with them or a “direct” basis.

When do you fax? Sometimes, you’ll have to fax something right now, this very instant. But not all faxes are that crucial. Look for a fax machine that allows you to send a fax at a later time (“delayed transmission”). If you’re using one phone line for voice and fax, you can schedule less important faxes for transmission after business hours, leaving your phone line free for business calls. Another money-saver is a feature available on some machines that allows you to fax half-pages for short messages, saving on transmission time.

What about a fax/modem? A modem is a device that allows data to be transmitted between computers over phone lines. A fax/modem is a modem that also allows computers and fax machines to communicate. In effect, you can turn your computer (assuming you have one) into a fax. The main advantage is that letters, bookings, and so forth that I create directly on my computer can be faxed immediately. In other words, I don’t have to print them out, go to the fax machine, and transmit them. There are, however, a number of disadvantages. I cannot fax existing printed matter that’s not in my computer. For example, if I wanted to fill out a form and fax it, I couldn’t. (Well, actually I could, but I’d have to scan it into the computer first, a slow, slow process and one that requires an additional piece of equipment.) The same goes for a magazine article or a flyer from a tour operator. Another problem is that, while I can receive faxes through the computer, printing them out is a slow process that prevents me from doing other work on the computer. I now use the fax/modem for outgoing, computer-generated communications and the separate fax machine for everything else.

What about a fax/copier/printer? If you have a computer, the growing range (and declining prices) of single machines that combine the functions of a fax, scanner, photocopier, and a printer may be worth investigating. Most all fax machines today use plain paper which is very inexpensive.
E-Fax

E-Fax is a great program, especially for mobile agents like independent contractors. The E-Fax program works like your e-mail system. In other words when someone faxes you the fax shows up in your E-mail. If you don’t want the fax then just delete it as you would any other unwanted E-mail. This helps reduce cost on ink cartridges and paper. E-Fax can be found at www.efax.com.

E-Mail

E-mail has become more important than Fax technology. It is faster and cheaper to send an E-Mail then to send a fax. Everyone today has an E-mail address. If you don’t have E-mail then you will handicap your business in being able to communicate with your clients and suppliers. OSSN provides members with FREE E-mail accounts if necessary.

Websites

In the 21st century it would be wise for a seller of travel to have their own website. A website tells your customers who you are and what is it that you do. A website is intended to create a query from an interested party to contact you about your offer or service. In other words, your website is a lead generator and as a good sales person it is your duty to close the sale when the lead comes in to you via E-mail or phone as a result of your website creating the interest. Some websites can allow the customer to book your offers and create an online confirmation. OSSN makes available to our members a variety of web hosting services and website designs to meet your travel business needs.

Computers

If the choices confronting you with fax machines are bewildering, the choices in computers are downright nightmarish. I am not even going to begin to try to untangle this Gordian knot, but I will try to give you some pointers based on my own experience. Hopefully, they’ll ease your way, if and when you decide to automate (as we computer types say!).

First of all, why get a computer at all? There are two main reasons. One has to do with running a business in general, the other is very specific to the travel business.

Getting your act together. Computers not only allow you to take care of the annoying details of your business and personal life in an efficient, organized, and speedy way, they can actually impose order where none existed before. My personal finances were the usual jumble of receipts in a shoe box before I got a computer program to track them. Now I can account for nearly every penny I spend. Come tax time, I touch a few keys and I’m ready to head off to my tax advisor with my disk in hand. Here are just two of the most obvious ways you can put a computer to use in your new part-time travel business (or any business, for that matter):

- Tracking your customers. At the simplest level this can mean having a computerized address book or Rolodex. In computer lingo, this is a “database.” If you want to get more sophisticated, you can get programs that allow you to construct extensive and quite sophisticated databases.

  If you put client profile information into a computer, you can have all this data at your fingertips instantly. If you find out about a great package for
golfers, you can access your client database (there’s that computer lingo again) and get a list of every customer you have who plays golf. This culmination of client profile information is extremely important when it comes to “database marketing.” Database marketing allows you to quickly generate mailing labels, faxes or e-mails on specific products that you know your clients will be interested in knowing about. You know this because you have entered in your clients likes and dislikes. In other words you need to “categorize” your clients into categories such as: Adventure, Ski, Budget, Luxury, Short Notice, Cruise, Motor Coach, etc. Suppliers and agencies are more receptive in working with you when you have set up your clients into categories. OSSN recommends two very good programs that operate in Windows that can achieve this function. ACT and TravelSales software. **TravelSales software is included with the OSSN membership as a FREE trial offer.** See the OSSN website for more software vendors.

**On-line reservations.** The second main reason for getting a computer is that, once you’ve added a modem (a device that translates the information in one computer into a form that can be transmitted to another computer over ordinary telephone lines), you can gain access to a whole world of up-to-the-second travel information. If you’ve seen a travel agent working at a computer screen to book a ticket for you, you’ve seen a CRS (computerized reservation system) at work. The one the travel agent uses is designed for professionals and takes a fair amount of time to master. What you may not know is that modified versions of some of these CRSs are available to anyone with a computer and modem. Using them, you can gain access to much the same information that “professional” travel agents have. You can research airline fares, routings, and car rentals just like they can. It’s even possible to use these pared-down reservations systems to make bookings for your clients and have the system alert your agency to print out the ticket!

The easiest way to gain access to these systems is via the Internet. This requires signing on with an Internet Service Provider (ISP) to connect your modem to the Internet's World Wide Web; ISPs charge anywhere from $10 to $40 a month to provide this service.

All the major reservations systems are available, in one form or another, on the Internet. Most home based agents who want to search airfares and look for seat availability select a “host agency” partner that provides them with software to access this data. There are four CRS systems to choose from called Amadeus, Sabre, WorldSpan and Apollo. All systems will accomplish the booking task. Your host agency partner will provide you with the system they are on in order to “bridge” your reservation to their travel agency for ticketing and commission purposes.
Since your home-based travel agency is a business, you’ll probably want to conduct yourself in a business-like manner. To my mind, the most important element of professionalism is behavior, rather than degrees, licenses, or certificates. Still, the world at large, not to mention the representatives of your city and state governments, tend to pay attention to these little details. While it’s perfectly possible to conduct your business affairs with just a business card and a ready smile, sooner or later you will want to “get your act together” and start acting like the bona fide business that you are. You should also be aware that your failure to dot all the i’s and cross all the t’s might expose you to some unpleasant legal consequences. Here are some thoughts along those lines:

- **Fictitious name certificate.** It’s called different things in different places, but the idea is quite simple. When a sole proprietor does business under a business name (“Acme Dry Cleaners,” or “Hermione’s House of Hair,” or whatever), he or she will have to register that name with the local authorities. If you decide to do business under your own name (for example, “Joe Smith”) and arrange to receive all checks under that name, you probably don’t have to register. But if you decide to do business as “Joe’s Wonderful World of Travel” you need to register. This prevents the kind of misunderstandings that would arise if two people started doing business under the same name. It also provides a legal, public record that you, Joe Smith, do in fact have a business called “Joe’s Wonderful World of Travel.”

  To register your business name, go to the office of the County Clerk at your county court house. They’ll be able to tell you what to do. Generally, all that’s involved is checking the county records to make sure no one already has the business name you want to use, filling out a form, and paying a modest fee. In return, you get a certificate saying that you are doing business under the name you’ve chosen.

- **Business checking account**. One of the most important reasons for registering your business name at the county court house is that you will not be able to open a business checking account without the proper certificate. And you’ll need a business account if you want to cash a check made out to the name of your travel business and not to you personally. Bank regulations are strict and your bank will balk at accepting a check made out to “Jane Jones Travel,” even if your name is Jane Jones. Another reason for having a separate business account is to manage your money and segregate funds, something that may be required under your state’s laws.

- **State and Provincial laws.** While all businesses must register their business names, some states require certain kinds of businesses to do more - to register and pay a licensing fee. Because of the proliferation of travel scams, some states have attempted to address the problem through so-called “travel promoter laws.” My feeling is that some of these laws do more to inconvenience honest business people than they do to deter criminals. But the law, as you know, is the law. If your state does have a travel promoter law, you may be bound by its provisions. On the other hand, you may be exempt as the outside sales rep for a travel agency. These laws differ widely, so you should check to
see what the ground rules are in your state or province. The best way to find out about these laws and if your state does have a “travel promoter law or travel act” is to visit the OSSN website. Members may go to the “legal section” of the OSSN web site to look up these laws and print them out for safe keeping and compliance.

The fact of the matter is many outside reps, through ignorance or choice, operate without regard to local and state regulations. Most of those who do are, I would guess, well-meaning people trying to make an honest buck. Most of them experience no problems. But if you are in violation of the law, even if out of ignorance or on a mere “technicality,” the consequences can be irritating at best and financially devastating at worst. Why take the risk? See a lawyer.

Lawyers. It used to be said that the only things that are certain are death and taxes. It’s probably time to add lawyers’ fees to the list. It’s probably time to add lawyers’ fees to the list. Even if it irks you to have to do it, consult with a competent professional early in your career as a home-based travel agent. If you’re going to be signing a contract with an agency, you’ll probably want to have that vetted anyway. So while you’re in the lawyer’s office, ask her about the points raised here. The guidance you get will be worth the price in peace of mind.

For a list of “travel lawyers” visit the OSSN website legal section at www.ossn.com

LEARN ABOUT YOUR PRODUCTS

It’s not too soon to begin collecting a reference library about the products you want to sell. Some of this material you will have to go out and buy. If you are specializing in a destination, for example, you will want to have a good collection of current guidebooks to the area. But much of the material you will need (or at least find very helpful) can be obtained for free.

Destination information can be obtained from the tourist bureaus that represent nearly every U.S. state and most foreign countries. Don’t overlook foreign tourist bureaus that serve a particular province or region. There is also a veritable mountain of brochures and other support material that can be gathered from tour operators, packagers, and other suppliers.

Rather than try to get everything available (an impossible task which, if you could achieve it, would force you to move out of your house because it would be filled with brochures) let me suggest a plan of attack. First, check with your agency to see to which consortiums it belongs. A consortium is a group of suppliers, usually tour operators or cruise lines, offering higher commissions to agencies that commit to bringing them a certain volume of business. (I am making the assumption that the lion’s share of your leisure travel will consist of tours and packages.) Your agency should be able to give you a list of the suppliers in the various consortiums, along with their toll-free telephone numbers. Call these suppliers and request their general brochures; once you have these in hand, you can then request more specific information as you need it. The idea is to build up an awareness of which products are available to you at the best commissions.

Of course, the preferred suppliers don’t have all the tours. So do some investigating to find out which other tour operators cover your area of interest, and request information from them as well.
DEVELOPING YOUR PRODUCT KNOWLEDGE

Success in any selling endeavor depends on two things: product knowledge and selling skills. You have to know what you are selling and how to sell it. The category of selling skills can be further broken down into two additional categories: business skills and interpersonal skills. You have to know how your products are sold (business skills) and how to deal with the people who need those products in order to guide them to an appropriate buying decision (interpersonal skills).

Many of the things you will do to increase your product knowledge will also increase your selling business skills. In other words, as you read and carefully examine tour brochures and the fine print, you will become clearer on the mechanics of dealing with tour operators. Some of the things you will do to expand your product knowledge will also help you develop some interpersonal selling skills. For example, a seminar on selling cruises may offer many useful tips on dealing with customers, presenting the cruise, overcoming misunderstandings, and so on.

GETTING TO KNOW YOUR PREFERRED SUPPLIERS

Since you have to start somewhere, I strongly suggest you start with your host agency’s preferred suppliers. Make it a project: for the next month or so devote a certain amount of time each day to gathering material on these suppliers and familiarizing yourself with what they sell and how they operate. There are number of reasons for this:

■ **They’re easily identified.** Your agency probably has already provided you with, at least, a list of who they are and how to contact them.

■ **Detailed information may be close at hand.** If you’re working with a local agency, they probably have a large library of brochures, videos, and other information on these suppliers. Load up and start reading and watching.

■ **There are probably not too many preferred suppliers to handle, although you may be surprised at how many there are.** If your host agency belongs to one consortium (see below), there will probably be about two dozen or so; if it belongs to more, the list will double or treble. In any event, if you research all of them thoroughly you will wind up with an awful lot of information (not to mention brochures to be filed). If the list of preferred suppliers available through your host agency seems overwhelming, I would recommend researching the ones offering the highest commissions first.

■ **They will cover all the major destinations and modes of travel.** Expect the list of suppliers to be heavy on companies that offer cruises, European escorted tours, and packages to warm places like Hawaii, the Caribbean, and Mexico. The reason for this is that these are the places most American tourists want to go. Once you’ve gotten a good handle on what your preferred suppliers do and where they go, you will have a ready response to most leisure travel requests from your customers. You will also have a pretty good overview of leisure travel in general.

■ **They offer you higher commissions.** As long as you’re studying suppliers, why not study the ones with the highest payback potential? Essentially a
preferred supplier is any provider of travel products that offers special inducements to a travel agency (usually in the form of higher commissions or “overrides”) in recognition of the volume of business the travel agency brings them. But not all preferred suppliers are created equal. It will help your understanding of the business and your host agency’s (and your) place in it if you draw distinctions among various categories of preferred suppliers.

- **Consortiums.** Consortiums provide travel agencies with a ready-made list of preferred suppliers. By joining a consortium (for an annual fee) an agency gains access to better commissions from a list of suppliers the consortium has put together. The understanding is that, in return for the better commission deal and other inducements such as co-op advertising funds, the agency will “push” the consortium’s suppliers. OSSN maintains a list of Consortiums in the Internet that cater to the Independent Contractor.

- **Direct relationships.** Many travel agencies develop direct relationships with certain suppliers. That’s because they send a lot of people to certain destinations and/or via a certain supplier. For example, a travel agency in Minnesota may find itself selling a lot of travel to Scandinavia and form close relationships with tour operators serving that market and even with SAS, the Scandinavian airline. Remember the sales reps I mentioned in the previous section? Well, one of their jobs is to get to know the travel agencies in their area that are doing high volumes of business with their companies. It is through these contacts that direct relationships of the type we are discussing here are developed. In a case like this, the travel agency is being rewarded for past performance.

Another way a direct preferred supplier relationship can come about is when an entrepreneurial travel agency hooks up with, say, a specialty tour operator in Germany or a hotel association on a Caribbean island or some other supplier of travel products. The two entities enter into a mutually satisfactory agreement. The agency agrees to promote the product or products in exchange for a preferred commission rate. The supplier for its part hopes the association with the travel agency will help sell more of its product.

- **An agency’s own wholesale products.** An agency may take things a step further and become a wholesaler for certain travel products. It may even create its own tours and packages. It will then sell these not just to its retail customers but through other travel agents as well. Usually, although not always, it is products like this that offer you, the outside rep, the highest commissions of all.

**Start educating yourself with brochures**

If your agency can provide you with a supply of brochures and other information, so much the better. Otherwise, you will have to start calling the various preferred suppliers and gather your own collection of brochures. Some companies will not send materials directly to your home; they prefer to send brochures only to the agency. In that case you will have to make arrangements with your agency to hold them until you pick them up or have them forwarded to you. As soon as you begin to receive materials, start your research.

- **Read the materials carefully.** Allow yourself some daydreaming about how wonderful it would be to visit the places depicted so artfully in the color pictures. But keep your travel agent’s hat on as well. You should analyze this
material as well as read it. Ask yourself questions. Would I take this trip? Why or why not? Who do I know who would love this place? Who would hate it? What is the intended market for this product - singles, young couples, families, seniors? To what special interests (art lovers, scuba divers) does it appeal?

- **Think about the offer.** That is, what are they selling and how? Is there an all-inclusive price? What is there to do there? What amenities? What add-ons are available? What's the pricing like? Does the way the offer is structured and presented make it easy to present, explain, and sell?

- **Pay particular attention to the fine print.** Here is where the learning curve begins. Do you understand everything? Are there any unfamiliar terms or buzzwords? If so, write them down and find out their meaning. You can always ask someone at your agency. Or you can turn to reference works like The Intrepid Traveler’s Complete Desk Reference, which contains an extensive glossary of travel industry terms, abbreviations, and acronyms. If the brochure itself is unclear, don’t hesitate to call the supplier to ask for clarification. As I noted earlier, this little project will result in a largish collection of brochures. This is a good time to begin your filing system. Otherwise you will quickly be overwhelmed. The best way to file materials is by destination. That can be as specific as “Acapulco, Mexico” or as broad as “Latin America.” I do a bit of both. Using a battered old file cabinet with drawers divided by continents. Keep general information about, say, “Europe” in the front, with more specific information filed first by country then by city or region. It is also a good idea to start a “Special Interests” section where you can file brochures and other materials that focus on themes like honeymoons, golf, tennis, skiing, and so forth. It doesn’t need to be elaborate, just useful. You’ll want a way to put your hands on outdated brochures quickly and replace them with up-to-date information. You’ll never be able to find anything if you let your brochures become hopelessly mixed together in random piles.

**Your continuing search for product knowledge**

If you follow my advice and make a project out of getting to know your preferred suppliers, you’ll probably find yourself, a month or so later, with a pretty solid grounding in what is available out there in the way of travel products. But this is only the beginning. There is a great deal to learn, and expanding and refining your product knowledge will be an ongoing challenge and responsibility. Fortunately, there is also a lot of help out there if you’ll just take advantage of it. Most of it is low-cost and a lot of it is free. Here are some suggestions:

- **The trade press.** They are a treasure trove of helpful information. What’s more, many of them present product information in such a way that it’s easy to clip and save the material. Each issue of Travel Weekly, for example, has a section on travel products divided by destination. A page - or two or more - is devoted to each destination and the top of each page is clearly flagged, “Selling Las Vegas,” or “Selling Hawaii,” or whatever. Many trade publications regularly publish separate magazine-sized supplements covering specific destinations or types of travel. Don’t overlook the advertising either. It’s filled with helpful information about new products, as well as special commission deals and fun contests for you to enter. Look in the OSSN website to subscribe to the many trade magazines.
Supplier seminars. One thing you’ll find advertised in the trade press is traveling seminars sponsored by suppliers. These tour the major cities in the country and are designed to increase the knowledge of travel agents. They may be sponsored by a single supplier, such as a car rental company or a hotel chain, or they may focus on a destination and be sponsored by several tour operators, airlines, and cruise lines that serve that destination. These seminars are usually free (although some do charge a nominal fee). Typically they last a little longer than half a day and offer a free continental breakfast and a lunch. The ones I have attended mix the learning with fun. There will be door prizes and contests in which the room is divided into teams, with prizes for the winners. The suggestions I gave earlier for getting the most out of meetings of your local professional associations also apply to these events. They are a lot of fun and shouldn’t be missed. Early in your career, I would suggest going to as many as possible, even if the subject matter doesn’t seem immediately useful. For example, attend a seminar on Greece even though you have decided to specialize in the British Isles. Techniques used to sell Athens can be used to sell London as well. You also never know whom you’ll meet; you might make a valuable contact at an unpromising seminar. Later, when you have a better feel for the industry and the volume of business you are doing leaves you less free time, you can pick and choose the seminars that interest you most.

OSSN seminars. OSSN sponsors regular seminars, often on cruise ships, that are specifically targeted to the needs and interests of home-based agents. Seminars like this can be an excellent way to learn about a very profitable travel product (cruises), meet other outside reps from around the country, and have some fun. For a slightly higher fare you can even bring your spouse (who will, needless to say, be eternally grateful).

Readings. There is a small but growing library of books about the travel business. There is a much larger library of guidebooks and books about far off places and the adventure and excitement of travel. You will probably want to spend some time dipping into these books.

Video. Seeing is believing. Many suppliers will provide you with video cassettes about their products and destinations for a very moderate price. Some suppliers even offer sales training videos, designed to help you become a better salesperson for their products.

Experience. Experience, some wise person said, is the best teacher. As your home-based travel agent career progresses you will learn quite a bit on your own. My advice would be to write down a brief note to yourself every time you learn a new process or technique. For example, the first time I had to book a ticket for a client using a frequent flyer award for a companion ticket, the reservationist had to carefully walk me through the steps of the process. I didn’t write it down and regretted it a few months later when the same situation cropped up and I, of course, had forgotten the process.

Travel schools. You may decide you want the discipline and in-depth training a good travel school offers. OSSN provides this training Online in our website. Our program offers excellent correspondence training programs for Outside Agents and Independent Contractors. Visit the “Educational” section of the OSSN website for full details.

Your clients. Talk to your clients upon their return trip home. They will tell you things about their vacation that are not written in the brochures. To instill confidence, a travel counselor must know his or her product, prices and mar-
The more knowledgeable the seller, the easier the act of selling. A good travel agent continually researches services and vendors to add to his or her product knowledge. Information gathering is an essential activity of the travel consultant. Good product knowledge requires good information sources and, of equal importance, good analysis. All the travel references in the world are of little benefit to an agent who does not possess good research habits and the ability to analyze information and know how to close sales.

**In summary here are some ways to get product knowledge in our industry:**

1. Fam Trips. Talk to the paying passengers, not other travel agents.
2. Your clients. Clients will tell you things that are not in the brochures.
3. OSSN Seminar At Sea Fams and Land based conferences plus local chapter meetings.
4. C.L.I.A.
5. Ship inspections
6. Your local sales rep. Also called DSM (District Sales Manager)
7. Vendor product videos. Many are Free or $5.00 to $6.00
8. Brochures
9. CLIA Manual
10. Industry Trade Magazines
11. Industry Conference and Trade Shows
12. The Internet

**BUILD A REFERENCE LIBRARY**

Any good professional has a reference library close at hand. No matter how good you are, you can’t keep every little scrap of information in your head. In addition, to materials about specific destinations and the offerings of specific suppliers, here are some suggestions for your collection based on my personal experience.

- **It's handy to have a one-stop reference that will provide you with definitions of industry terms and acronyms and guide you through the sometimes mysterious codes used to identify airports, airlines, car rental companies, and so forth.** The Intrepid Traveler’s Complete Desk Reference, available from The Intrepid Traveler, will fill the bill, but there are other sources on the market. OSSN Members can order just about any supplier brochure OnLine in the OSSN Website “Resource Center.”

- **One of the big hotel guides is also very handy.** They’re expensive but they cover a lot of territory. I find them useful because many people are interested in a hotel package. That is, they want to fly somewhere and stay in one place for the length of their stay. With these guides you can find out which hotels offer what kind of packages (honeymoons, weekend getaways, all-inclusives, etc.). Then you can call wholesalers to see which ones can put together a hotel-airfare package for you.

- **Subscribe to a few industry publications.** If you can get some freebies through your agency, go for it. I get Travel Weekly, Travel Agent, and Jax Fax (6 months free to OSSN Members), as well as a few others. These publications will not only begin to give you a feel for the business but also contain a great
deal of information that is immediately useful (commission deals, new tour products, etc.). You can often pick up half-off subscription offers to some of these trade magazines from friends in the business who already subscribe. The Official Hotel Guide is now online and can be accessed through the OSSN website.

**Build a clipping file, designed according to your needs.** The trade publications regularly include supplements devoted to a particular destination. Hang on to them. The specific information will go out of date, but if a client asks about The Bahamas or tours to the Holy Land, these back-issue supplements will let you talk knowledgeably and tell you who to call. Like I say, these are some suggestions. As your own travel business develops, use the Resource Section in the OSSN Web site to keep you updated on all the publications that you will need for your business.
One of the best ways to get serious about your home-based travel agent business is to cast a steely eye on the bottom line and get very clear about the things you can do to increase your income. One way of course is to sell more travel. But for now we will talk about squeezing more income out of the travel you sell.

In the simplest terms, this means paying less attention to low commission products (5% commissions on car rentals, for example) and paying more attention to higher commission products (city packages with a preferred supplier that carry a 12% commission and include a rental car). This is a matter of selling smarter rather than selling more. The most obvious way to earn higher commissions is to book with your preferred suppliers whenever possible. More than that, book with the preferred suppliers that give you the best deal, since you may find that your agency’s list of preferred suppliers contains a lot of overlap and duplication - different companies offering very similar products.

Be aware, too, that the commission structures offered by preferred suppliers can be confusing. The simplest possibility is that they will pay your agency a single (but enhanced) commission rate, say 11% or 12% on everything booked by that agency and its outside reps like you. So if you booked a tour and your split with the host agency is 50/50, you would receive half of 12% or 6%. The other possibility is that the preferred supplier operates on an override basis. This is where things get confusing. (In the examples cited below, we will assume your split with your host agency is 50/50.)

An override is an additional payment, usually expressed as percentage points, which is added to a base commission. For example, the base commission may be 10% with a 2% override for your agency. That means the total commission is 12%. So far so good. What gets confusing is how overrides are applied. Here are the possibilities:

- **The override is based on volume.** In other words, the supplier pays a flat 10% commission until the agency books a certain, usually annual, dollar volume with the supplier. Let’s say for the sake of discussion that the volume level is $50,000. You book a tour, the fifth booked by your agency this year. The dollar volume is still below $50,000, so you get half of 10%. But suppose you book the 215th tour and the dollar volume is well over $50,000. You get half of 12%, right? Well, maybe not. Read on.

- **The override may be retroactive.** If it is, all bookings made prior to reaching the $50,000 level will be eligible for an additional 2% commission once the $50,000 level is reached. If this is the case, how do you know whether you’re in line for an extra 1%? Or for that matter how do you know that the 5% commission you receive really should be 6% because the $50,000 mark was crossed months ago? The honest answer is that, like Blanche duBois in Streetcar Named Desire, you are dependent on the kindness of strangers - in this case the person at your host agency who figures this sort of thing out.

- **The override may not be retroactive.** Once again you must trust your host agency to do the right thing.

- **The override accrues to the agency and not to individual agents.** So even if the dollar volume is well above $50,000 you may not receive the benefit.
Or let’s say the agency’s volume goes over $50,000 and they receive a check for $1,000 (2% of the first $50,000). It’s a lot easier to deposit that check in the agency bank account than it is to figure out how to divvy it up among the agents who booked with that supplier before the override kicked in.

This last situation can also arise when the override takes the form of a free trip or vouchers that can be exchanged for discounts. (Technically, these are not commission overrides but they are similar in that they are based on volume.) Let’s say that among them, six agents at your host agency sell “x” number of cruise berths for a certain cruise line. The cruise line in a burst of gratitude writes the agency to say that a berth for two is theirs for the taking; the agency can sell it and pocket the entire sum or the owner and his wife (or someone else) can go for a cruise. Guess what happens?

Another word of warning: Remember that some agencies only share base commissions with their outside reps and keep all overrides for themselves regardless of the circumstances. This stipulation is usually buried in the fine print when you sign up or is not mentioned at all. Get very clear on this point before you sign on with a host agency - especially if they are asking you to part with a goodly chunk of change. If you discover this after the fact, you may want to consider switching to a host agency that offers you a better deal. If you find you are receiving 5% of the cost of a tour when you were expecting 6%, it’s time to have a heart-to-heart talk with your agency about its override policies.

Booking with preferred suppliers

Hopefully, things will not become this complicated in most cases. You will simply make the booking, the supplier will pay your agency the higher commission because of the preferred supplier relationship, and you will receive your fair share of that sum. However, for this to happen, the supplier must know you represent one of their preferred agencies. So make sure the point sinks in. When you call to make a booking, say something like:

“Hi, this is Mary Jones, with The Very Big Agency. We’re a member of Cruise Shoppes America, and I’d like to make a reservation.” or “This is Bill Smith with The Very Small Agency. I’d like to make a GEM booking, please.”

The idea is to let them know that your agency belongs to a consortium that earns it a higher commission rate. I like to double check later in the conversation and make sure they’ve recorded the booking as a Cruise Shoppe booking or whatever. You can also say something like:

“I’m showing that we receive a 15% commission because you’re a preferred supplier. Is that correct?”

Sometimes the reservationist will have that information. Sometimes he or she will seem confused by the question. If so, ask to speak with a supervisor. You may feel a bit stupid doing this but if you’re operating on erroneous information, it’s better to find out now rather than when you receive a too-small commission check. Be aware that the relationships of suppliers with consortiums and the commission structures are constantly changing. If your agency handed you a list of consortiums, suppliers, and commission rates when you joined up, it may be out of date. The more time passes, the more incorrect information it will contain. So checking with the supplier at the time of booking is always a good idea.
What To Look For In A Preferred Supplier Relationship:

1. Market support. Is there a District Sales Manager in your area?
2. Will supplier provide you with marketing ideas, training seminars, fam trips?
3. Can you get an ample supply of brochures?
4. Complete disclosure on commission over-ride programs.
5. What is the supplier’s Co-Op payment policy on advertising and promotion?
6. What geographic areas does the vendor cover?

Charging Fees

Many travel agents charge fees for a variety of services and those fees represent a significant percentage of their income. Among the things for which agents charge fees are: Planning services for FITs (foreign independent tours). Fees are particularly appropriate if you are making non-commissionable hotel bookings, restaurant reservations, and the like. VIP services such as arranging tee times for golfers or obtaining tickets from frequent flyer programs and changes to existing plans. For example, some agents will charge an additional fee if a client wishes to change a tour date or if the client cancels a tour and a refund must be collected. Additional fees may be collected from a client for long distance calls, Federal Express service, visa service and fax transmissions.

In order for an agent to charge fees to a consumer, the agent must have a “Terms and Conditions” statement. The Terms and Conditions statement outlines your service fees and these service fees must be fully disclosed in writing to the client at the time of deposit or sale. Selling your clients “Trip Cancellation and Interruption Insurance will allow the client to be reimbursed from the insurance company for all cancellation fees imposed by you, the agency or the vendor.

There are legal implications in charging service fees to your client. You become an “agent for the consumer” as opposed to an “agent of the supplier.” The liability issue increases in this scenario. This is another reason that you must consider purchasing Errors, Omission and General Liability Insurance for your home based business. OSSN has made available group insurance rates for its members for this kind of important coverage. Check with OSSN for the cost of this insurance. Information and sample “Terms and Conditions Statement” plus E&O are in the OSSN website.

Establishing a Credit Card Merchant Account

If you are going to charge for your services and implement a fee then you will more than likely need to establish a Merchant Account with MasterCard, Visa or American Express. The majority of consumers want to pay by credit card. Paying by credit card gives the client an extra layer of consumer protection in case something goes wrong with their vacation plans. As a credit card user I look forward to the “rewards program” that many credit card companies offer.

Your host agency partner may already have this sort of service to handle service fees. OSSN has made available to its members an OnLine Merchant Service Program. Complete details are available on the OSSN Website in the Financial Section. We all know that establishing a Merchant account costs money and there is a merchant fee of approximately 2.5% that the bank keeps on the sale. The percentage fee the bank keeps is a small price to pay compared to what you will lose.
when the client cancels their vacation with you. Remember when clients cancel and you have to refund all their monies back you are not at a break even point in this transaction. You are now very much in the hole! To avoid working for free, consider your options by establishing a Merchant account. Charging fees for services rendered is a normal business practice in almost every other industry. With the commission caps on domestic and international tickets, charging a service fee will help insure you will stay in business.

**Bonuses, Spiffs, and Special Promotions = $$$$**

Just like any other business, suppliers of travel products sometimes run sales. Some of these sales cost you money - you get a commission on a reduced fare. Others are directed at travel agents and can actually put money in your pocket if you're in a position to take advantage of them. These sales take the form of bonuses (sometimes referred to as “spiffs”) and special promotions. They are inducements to the travel agent community to take notice of particular suppliers and book their products. They take a variety of forms such as:

- Sharply higher commission rates during a limited time period.
- A bonus payment of $10, $25, or more for every booking made within a certain period of time.
- Issuing vouchers or points for bookings. These can be redeemed later for free travel or cash payments.

Sometimes these promotions suffer from some of the same drawbacks as overrides. That is, they accrue to the agency and not the individual agent. Some suppliers, knowing that this fact can serve as a disincentive to the individual agent, design promotions that benefit both the individual agent and the agency owner.

Another possibility is to be a little pushy with your agency. Let's say there was a promotion for a resort that offered a free vacation for two for every 50 bookings. Let's further suppose that you made 18 bookings during the promotion period. When the promotion was over, you could call the agency and, if the requisite 50 bookings were made and if your 18 bookings made you the most productive agent, you might be able to make a case that you should go on the trip.

If the prize is not of any great value you don't have to bother to justify yourself at all. Call up and ask, “Did the agency get any upgrade vouchers out of last month's Hertz promotion? Could I have some?”

Of course, like so much else in the home-based travel agent game you have to keep on top of what's owed you. If vouchers (or whatever) are sent to the agency rather than directly to you, make sure you follow up and have them forwarded.

Here are some random examples of promotions and bonuses taken from the trade press:

- Runaway Tours offered agents $10 vouchers for every booking to Mexico or Hawaii. The vouchers went to the agent, not the agency. Ten bookings earned the agent a round-trip ticket to either destination. The vouchers could also be exchanged for $10 checks. The promotion ran for nine months, giving agents plenty of time to qualify for the free trip.
- The Holiday Inn Downtown in New York City offered agents a 20% commission on all bookings during a one-month period. With room rates of up to $175 a night, this was a very attractive deal.
Contests and sweepstakes

Another way suppliers try to create a little excitement, grab a little publicity, and (hopefully) sell more product is by running contests and sweepstakes aimed at the travel agent community. I cannot honestly justify this as a sensible, businesslike way of increasing your income, but contests are fun and, hey, the odds are better than in the state lottery.

Some contests and sweepstakes only require you to fill out a card or entry form and send it in. Often, this type of sweepstakes is to be found in the trade press and will require you to answer a few simple questions, the answers to which can be found in a brochure supplied along with the magazine. Other contests are open only to those who make bookings with the supplier sponsoring the game, and some actually require a fair amount of effort.

Here are some of the contests and sweepstakes that were being offered over the past few years:

- Agents booking more than $100 in Alamo car rentals during a one-month period were entered into a drawing for a $10,000 grand prize.
- The Marriott Castle Harbor Resort in Bermuda sponsored a contest inviting travel agents to submit brief stories, with photos, about their clients’ honeymoon experiences at the resort. Winning entries garnered a free trip for both the agent (and companion) and the clients.
- Sheraton Hotels offered a five-day vacation in Paris in one of its sweepstakes for agents who booked clients into the chain’s Sheraton Suites properties during a one-month period.

GETTING PAID

This is an important subject. “The number one complaint heard by OSSN from Outside Agents is, “I do not get all of my paycheck,” states Gary M. Fee, President of OSSN. The perks are great and the pay checks are even better.

Taking steps to maximize your commissions won’t do you much good unless you actually receive them. In most cases, getting your money is a two-step process: the supplier pays your agency, which deducts its share and passes the remainder on to you.

I will assume (as you should until you have reason to believe otherwise) that your host agency is honest and aboveboard and wants to do the right thing by you. That being said, the agency will also, quite naturally, want to do what’s best for it.

It is IMPERATIVE to include the exact commission payment policy in your written contract with your host agency. Don’t expect them to advance you commission money on commissions they themselves haven’t received. Once the commissions have been paid and the checks have cleared, the next step is paying you and the other outside reps. Most agencies tend to hang onto commissions as long as possible before splitting them with you. This helps their cash flow; it also protects them against things like bounced checks from suppliers and other problems. What’s more, it is more efficient and cost-effective to write checks once or twice a month instead of paying people off as commissions arrive. So the first thing to get used to is that, even in the best-case scenario, your payoff is going to be down the road. Usually after your customer’s travel has taken place. Sometimes well after your customer is back home. That increases the possibility that, through negli-
gence or poor management, you will lose track of what you are owed. It’s bad enough to lose a commission. Losing one you forgot you were owed is even worse.

Then there’s the problem of late, lost, and unpaid commissions. It happens. Hotels used to be notorious for not paying commissions, although they’re getting better. Tour operators on shaky financial grounds also are tempted to “forget” payments. If your host agency will beat the bushes for missing commission checks, you’re way ahead of the game. Most don’t. Of course, if a commission well into three or even four figures is at issue, the agency may stir itself to go after it. If it’s a $20 hotel commission or a 5% car rental commission, it’s most likely your headache; you may find yourself hounding suppliers to cough up money that will go first to your host agency.

Ideally, your host agency should provide you with a report that shows unpaid commissions, which you can review on a regular basis. At the very least, your host agency should provide some guidance on whom to call and how to proceed. The suppliers themselves can also help in this regard. Most of the big hotel chains and car rental companies have special numbers for tracking down disputed commissions.

Be systematic about tracking your commissions

All of this serves to make the point that it behooves you to have a reliable system in place for recording, tracking, and following up on your commissions. Every agency has its own system for tracking commissions and paying its outside agents; some systems are better than others. Some are faster. Some are easier to understand and monitor. I can’t give you precise guidance on how to work with your host agency’s system, but I can offer some general guidance and suggestions on how to conduct this all-important aspect of your business, regardless of what the system is.

First of all, find out what your agency’s system is and how it works. Familiarize yourself with its ins and outs, the rules and regulations. If there is anything you don’t understand, ask about it. Ask to see the reporting forms you have to send to the agency (if any) and the reporting forms they send to you with your payments (if any). Make sure you understand your responsibilities and carry them out. For example, one host agency asks its outside reps to provide them with information about the non-airline reservations they make on a regular basis, identifying the supplier, the dates of stay, the confirmation number, and any other information that will help them identify the payment when it eventually arrives. Also, find out what the procedures are for handling missing or disputed commission payments. If you can do all this before you select your host agency, so much the better. If not, make the best of the system that is in place.

Second, learn about how other agencies deal with their outside reps. The best way to gather this intelligence is by talking with other independent contractors you meet through professional organizations. Use the OSSN bulletin board in the association’s website and talk to thousands of other outside agents. If you find a host agency that has a better system or a better track record for timely and accurate payments, you might want to consider moving to that agency. Remember that you are an independent contractor. You have a right to deal with whichever host agency you feel best serves your needs. Regardless of what system your host agency uses,
you should have your own tracking system in place. This will serve to keep you up to date on what you are earning. It will also serve as a check and balance on the agency’s accounting, so design it with that use in mind. If your agency pays you once a month, your ideal system will be one that enables you to quickly compare their accounting with your own and identify which commissions have been paid and which remain outstanding.

Among the things your system should record are:

- Booking date.
- Key booking information: supplier, client, dates, etc.
- Confirmation numbers.
- Due date. The approximate date on which you should expect payment (e.g., 30 days after the client’s departure date from the hotel). This will alert you to start being on the lookout for payment.
- Payment date. The actual date you receive your check.
- Follow-up actions. If you are recording this information in table form (which is not a bad idea), create a column or two to record the calls you make to scare up overdue commissions.

Most agencies will not hound the supplier on your behalf when a commission is overdue. That’s up to you. You should be able to reach customer service through the hotel’s toll-free number. Needless to say, a hotel’s record in paying you will affect your interest in recommending that chain to customers in the future. Many hotels, in response to persistent agent complaints, have instituted policies to respond promptly to queries about overdue commissions. It is also possible that a hotel will be able to show you that they paid your host agency; in that case, your beef is with the agency. Confronting them can be unpleasant but it must be done. Rather than assume the worst, assume that they simply overlooked or “lost” the payment (which may be perfectly true). Present the hotel’s proof of payment and ask what went wrong.

Simply demonstrating to the agency that you will be persistent in tracking down payments due you will often be sufficient to encourage them to be scrupulous about paying you in the future. If, however, a pattern of late or missed payments develops over time, you have a real problem with your agency. Since it takes time and effort on your part to extract these payments (which, individually, may be for quite small dollar amounts), you should give serious thought to switching agencies.

OSSN members are provided with trial offer accounting and tracking program that helps the Outside Agent and Independent Contractor manage their business. The program is called TravelSales. Keeping track of commission that are due you is extremely important.

The TravelSales program is a checks and balance program to make sure you are due what you have sold. The TravelSales program was designed by Independent Contractors for Independent Contractors. TravelSales was also designed for those Independent Contractors who deal directly with the supplier community as well as host agency partners. For complete disclosure on this program see the OSSN Website and look under Accounting Programs.
When something goes wrong on a client’s trip and, rightly or wrongly, the client blames you. In fact, in the worst-case scenario, the client sues you for damages. The remainder of this section deals with this, admittedly ghastly, possibility.

Perhaps we should begin the discussion by saying that worst-case scenarios are extremely rare. Also, the lawyers who bring these suits (and who make a handsome living doing so) are no dummies. They will sue the tour operator, or cruise line, which presumably has the “deep pockets.” Unless, of course, they think (or know) you are insured and/or they can’t get the money from someone else.

The threat of legal action aside, it just makes good sense to take some simple and sensible precautions to lessen the odds of something going awry for you or your clients. Here are some rules of thumb. They are not applicable in all situations and some travel agents ignore some of them with no ill effect. Still you might want to reflect on how you might apply them.

Do your job and do it well. This is one rule that should never be broken. It means paying attention to details and making sure every aspect of a booking is A-OK. Less obviously, it also means keeping on top of things and being reasonably well-informed about what is going on in the travel industry (who’s going bankrupt?) and the world (who went to war this week?).

Avoid suppliers in trouble. Some travel agents will never, never, never book a client on an airline in bankruptcy. There’s always the danger that the airline will fail in its attempts to salvage itself and go belly-up at the worst possible time, stranding its clients in some far off airport. Very, very few airlines that go into Chapter 11, as it is called, emerge whole again. The same is true of tour operators. Courts have held travel agents liable for damages because they “should have known” about an operator’s precarious financial position which had been widely reported in the trade press.

Stick with suppliers you know. This is a variation on the previous rule. One reason some agents stick with their preferred suppliers is that, in addition to the higher commissions, they have a reasonable level of assurance - although not an absolute guarantee - that these firms are stable and in no immediate danger of going under.

Stick with suppliers who are insured by the United States Tour Operators Association (USTOA). We’ll discuss insurance in more detail a bit later.

Avoid trouble spots. It was no accident that American tourism to Europe and the Middle East dried up during the Gulf Wars. It is also true that many travel agents booked some stunning bargains during this period. You will have to decide where your (and your clients’) best interests lie. Many agents decide that, with so many fascinating places to see, it makes little sense to send clients to countries where fanatics are murdering tourists to make a point.
Disclaimers, Disclosures, and Waivers

We live in strange times. Two juvenile delinquents, trying to break into their school in the middle of the night, fall through a skylight and sue the school for damages. (True story.) A woman goes on a cruise, slips on a wet rock during a shore excursion, and sues her travel agent. (True story.) It’s no wonder that some travel agents are starting to get a little twitchy about protecting themselves from the litigation-prone and their ever-eager attorneys.

The legal justification (such as it is) for suits against travel agents seeking recompense for injuries suffered while traveling usually revolves around the assertion on the part of the client that the travel agent somehow “guaranteed” or “insured” their well-being by sending them on this trip. Or that the travel agent breached some putative professional duty by not fully informing them of the dangers involved (“He didn’t tell me that wet, slimy rocks are slippery”).

One way travel agencies seek to protect themselves from this sort of nonsense is getting travelers to sign “disclaimers” or “waivers” saying that the travel agent is off the hook if something goes wrong. Tour companies, cruise lines, and airlines do something similar. If you read the fine print in their brochures or the tariffs filed with the government, you will see that these carriers say something to the effect that by accepting a ticket you (the passenger) acknowledge that you are traveling at your own risk and will hold them blameless if something awful happens.

One of the interesting things I’ve noticed about disclaimers is that they don’t prevent lawsuits. All they really seem to do is give the sued party some basis on which to mount a defense - “I told ‘em so.” Often, the defense, whatever its logical justification, doesn’t work. Judges and juries tend to be sympathetic to plaintiffs in full-body casts. So why bother? Good question and I don’t have an answer other than, perhaps, to suggest that it is better to light a single candle than to curse the darkness. At the very least, a disclaimer creates a paper trail showing that you weren’t misrepresenting your role in any way to the client. Here is one example of a disclaimer that I picked up at a professional meeting. It was printed on an agency’s letterhead and was included with the tickets and other travel documents the agency gave its clients.

Sample disclosure statement

[NAME OF AGENCY] and its agents, in providing consultation, making reservations, and issuing airline tickets or any other documents relating to travel or transportation is acting solely in its capacity as agent for the carrier(s). [NAME OF AGENCY] and its agents, neither guarantees nor insures the service to be provided by any carrier and shall assume no responsibility or liability for actions beyond its own control in connection with the service to be provided. [NAME OF AGENCY] and its agents, are not responsible or liable for any act, error, omission, injury, or any consequences resulting therefrom, which may be occasioned through the neglect, default, or any other action of the company, carrier, or person engaged in carrying out the purpose for which tickets have been issued. We highly recommend the purchase of trip cancellation insurance.

The above disclaimer doesn’t ask the client to agree with the agency’s position. Of course there’s nothing to prevent you (or a lawyer acting in your behalf) from drafting a disclaimer that will ask the client to acknowledge with his or her signature that he or she understands and agrees with your position.

Another way of trying to avoid some of the same problems is with an insurance waiver. This is a document that says, “We offered the client insurance and she
declined.” The inference, of course, being that when she finds herself laid up after slipping on that rock, she has only herself to blame. Waivers, for some reason, seem to be less aggressive than flat out disclaimer statements, perhaps because most people are used to signing them when they pick up a rental car. Here is an example of what such a waiver might look like.

<table>
<thead>
<tr>
<th>[NAME OF AGENCY] INSURANCE WAIVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of departure: _______________ Date: ____________</td>
</tr>
<tr>
<td>I have been offered the following travel insurance</td>
</tr>
<tr>
<td>and I have declined the purchase of:</td>
</tr>
<tr>
<td>□ Trip cancellation &amp; emergency evacuation.</td>
</tr>
<tr>
<td>□ Baggage.</td>
</tr>
<tr>
<td>□ Travel accident/limited sickness.</td>
</tr>
<tr>
<td>□ Flight insurance.</td>
</tr>
<tr>
<td>□ All of the above.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>I, the undersigned, will not hold this travel agency and/or its agents responsible for any expenses incurred by me resulting from cancellation of my trip, accident, sickness, stolen or damaged baggage.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>AGENT’S SIGNATURE ____________________________</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>CLIENT’S SIGNATURE ____________________________</td>
</tr>
</tbody>
</table>

(Additional disclaimers in OSSN legal section of website)

Insurance for the Client

One of the reasons that people sue travel agents (aside from the fact that a caring lawyer talked them into it) is that they find themselves in some sort of financial difficulty due to an injury or loss. On the theory that it’s better to have someone else pay your bills than pay them yourself, they engage an attorney and sue. That’s one reason travel insurance makes a lot of sense for both travel agents and clients alike. From the traveler’s perspective, if they are insured against whatever disaster has occurred, then presumably their financial worries are taken care of. For the travel agent, there are a number of nice things about travel insurance:

- Even if the client decides not to take any, the travel agent has at least gone on record as having advised the client of the possibility that something might go wrong. The travel agent may even be protected in some small measure from retribution. It is the responsibility of the agent to offer this kind of insurance to the client. Having insurance of this sort and not offering it to the client can create a liable situation for the seller of travel in the event a problem arises.
- If the client takes out insurance and something goes wrong, the client will be looked after. And if the client is unhappy, his or her wrath will be directed at the insurance company, not the travel agent.
- Travel insurance is commissionable, often up to 37%! Selling travel insurance
to your clients can be a highly profitable add-on to your travel business. Note, some states and provinces require the agent secure a “permit or license” to sell and promote trip cancellation and interruption insurance. Check with the insurance vendor to find out if this is required in your area.

As the waiver above suggests, there are different kinds of travel insurance. Among the things you clients can insure themselves for are:

- Trip cancellation/interruption.
- Travel delay.
- Medical emergencies.
- Baggage delay, loss, or damage.
- Emergency medical transportation.
- Legal help related to travel.
- Death, dismemberment, and similar misfortunes.

Many policies allow the insured to pick and choose among the things covered and the amounts of coverage, while others are sharply limited in what they cover and for how much. Many tour operators and cruise operators offer optional insurance products, usually covering cancellation, trip interruption, and similar eventualities. Most of these policies are sharply limited in what they cover and under what circumstances. Insurance is also available from outside vendors specializing in travel insurance. OSSN offers these kinds of policies for members to sell to their clients. Check with your agency to see with which travel insurer they have a relationship and what your share of the commission will be and check the OSSN website under “Insurance” if you need a policy to sell.

Their policies may provide somewhat more coverage for more eventualities (like medical evacuation) than those provided by the travel suppliers themselves. Check with your agency to see with which travel insurer they have a relationship and what your share of the commission will be. Take the time to familiarize yourself thoroughly with the coverage offered. Read the fine print with a critical eye. Note the deductibles and the exclusions carefully. Travel insurance can seem expensive to the consumer and it can be a tricky sell for the agent. But it makes a lot of sense.

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The real trick with selling travel insurance is getting credit for having sold it. Most companies provide brochures containing sign-up forms that are coded in such a way that your host agency can be identified when the form arrives at the insurance company. You can simply hand these forms to your customers and hope they see the wisdom of taking out insurance and send them in. That doesn’t always mean that you, specifically, will get the credit, however. You may have to work that out with your host agency. Another problem is that the brochures usually include an 800 number for the client’s convenience. If they wait until the last minute to take out insurance - and many people do - they will call the toll-free number, use a credit card for payment, and there will be no record that you handed them the brochure - unless the company asks them for the code on their brochure, which in my experience they don’t always do. If at all possible, sell the insurance face-to-face and get a check. You can also take the client’s credit card number and forward it to
the insurer. Position this as another service you provide the client, which in fact it is.

Another possibility is to create a direct relationship with a provider of travel insurance, thus avoiding the necessity of sharing your commission with your host agency. That is relatively easy to do in some states, much harder in others. In some states or provinces, you may expose yourself to various regulatory laws by the mere fact that you make travel insurance available to your clients. I’m sure you are an honest, well-meaning, and decent individual. Unfortunately, the regulatory agencies of your state may not be willing to grant you the same benefit of the doubt. Your host agency may be able to tell you what the relevant laws and rules are; a representative of a travel insurance provider is another excellent source of guidance. The various providers of travel insurance have sales representatives whose job it is to serve the travel agent community. They often speak at the meetings of organizations like OSSN. You might also call a provider, get the name of the sales rep covering your territory, and get some one-on-one advice. Whether you are certain you’d like to add travel insurance to your product line or are merely curious, I would urge you to attend a seminar on the subject when one is presented in your area.

Insurance for the Travel Seller

**Errors, Omissions and General Liability Coverage Is A Must.** Travel insurance for the customer may solve some problems for the travel agent. Errors, Omissions and General Liability (E & O) insurance is a type of professional coverage whereby the insurer accepts the fact that, as a human being, you are fallible and might neglect to do something you should have done (like tell a customer that Whoopee Tours was in Chapter 11 bankruptcy and might go under before their tour took place) or you forgot to send that final payment into the supplier. People will sue for anything. A client may state you have misrepresented the destination. You sent someone to an area with an outbreak of the “Dreaded Plague.” They want their money back, all costs to come home and the damages for the suffering they had to undergo. Now you have to defend yourself.

Enter in the expensive attorney to provide you with a defense. Litigation expense is covered in this sort of insurance. Insurance of this kind is not that expensive compared to the alternative.

You would not drive your car without insurance and in some states E&O General Liability insurance is required as it is for your car. Do not put your family and your business in jeopardy because you thought you could not afford this sort of coverage. Having E&O General Liability insurance is simply part of the cost of doing business!

You may be able to get this type of coverage through your host agency. However, OSSN cautions members to be sure you sign on the “Agency’s Certificate of Rider.” Average cost per year for the “rider” is around $75.00. You are covered for bookings that are only made through your “Host Agency Partner.” OSSN has a One Million Dollars E&O General Liability coverage that costs around $350 per year. This is a group rate. Normal rates from other companies could range as high as $1200 to $1800 per year. You are covered no matter who you book through with this type of policy from OSSN.

Do not put your family and your business in jeopardy because you thought you could not afford this sort of coverage. Having E&O General Liability insurance is simply part of the cost of doing business!
Incorporation

Another strategy designed to protect the businessperson against unforeseen legal actions is incorporation. Instead of being Joe’s Travel, you become Joe’s Travel, Inc. Incorporating your business can cost anywhere from several hundred dollars to several thousand.

The idea behind incorporating as a means of protection from lawsuits is that the assets of a corporation are separate, legally speaking, from the personal assets of the person who owns or runs the corporation. Thus, the theory goes, if you were sued they could get the value of your corporation’s assets, but not your house and car. The problem is, more and more clever lawyers are figuring out ways to “pierce the corporate veil” and go after personal assets.

Incorporation also brings with it certain tax consequences. So-called “Chapter S” corporations offer many of the benefits of incorporating, while retaining much of the tax simplicity of a sole proprietorship. Consequently, they are attractive to many small businesspeople. Another option is forming a so-called “limited liability company.”

Corporations, no matter what form they take, also add considerably to your paperwork load. Whether or not incorporation makes sense for you is a matter between you, your conscience, and (of course) your lawyer.

You will be pleased to hear that there is actually good news to report on the tax front. But first, let’s take care of some minor points that, while not exactly bad
the tax man cometh (U.S. only)

news, must be mentioned in the interest of completeness. First, you have
to pay taxes on any income you make as a home-based travel agent. That
really shouldn’t be news to you but I just thought I should remind you.
Among other things, that means that you will have to keep complete
and accurate records so that you can (a) report your income and
expenses accurately and (b) defend yourself if and when you are audit-
ed. Some host agencies issue their outside agents 1099 Forms (U.S.
only) at the end of the year, assuming their income was high enough. These forms
are a mechanism whereby the IRS seeks to track significant payments made by
companies to people other than employees. Taxes are withheld from the wages of
employees but not from payments made to consultants and other “independent
contractors” such as yourself. If you receive a 1099 from your agency, the odds are
close to 100% that the IRS received a copy of the same form. The IRS, naturally,
will want to make sure that your tax return and the 1099 match up. Or perhaps to
be more accurate, the IRS will want to see that you are reporting at least as much
self-employment income as reflected on any 1099s you may have received.
Finally, the slim possibility exists that you may receive a W-2 Form at the end
of the year. If you do, take immediate action because something has gone very
wrong. A W-2 Form is used to report the annual income of employees. If your
agency gives you one of these, it is probably an error; they are using the wrong
form to report your commission income. The problem is, the IRS will think you
are an employee and treat you as an employee, which is a terrible thing, as we shall
see.

the tax benefits (yes, benefits)

If you’ve never been in business for yourself, becoming a home-based travel
agent will open up a whole new world of possibilities for you when it comes to set-
ting accounts with the tax man. Congress, in its infinite wisdom, has decided that
businesses should not have to pay taxes on money they spend to stay in operation.
Consequently, small businesses, even teeny-tiny sole-proprietorships such as you,
can deduct a whole laundry list of expenses from their gross income, paying taxes
only on the net income that remains.

Here are just some of things you can deduct from your income as a bona-fide
home-based travel agent:

- A home office. If you have a room in your home that is set aside for con-
ducting your travel agency business, especially if you meet clients there, then a
portion of your total home expenses can be deducted. That includes a portion
of your rent or mortgage and utilities. Note, however, that the rules require
that the room be used exclusively for business purposes. Note, OSSN has
found in many cases this deduction has triggered an audit. You may be entitled
to the deduction of course, however, taking your books down to the local IRS
or revenue contract office is something you may not want to entertain. The
choice is yours.
■ **Family employees.** Transform your layabout teenager into a valuable asset. You can hire your kids to work for you (filing, cleaning the office, etc.), pay them a reasonable wage, and deduct the expense from your taxes.

■ **Your car or van.** You can deduct the cost of using your family car in your business. Trips made for business purposes - picking up office supplies, going to your agency to get brochures or tickets, taking clients to the airport, driving to a nearby city to attend a seminar, etc. - are deductible. The simplest way to keep track is with a mileage log. At the end of the year, you can determine what percentage of miles driven were for business purposes and then deduct that percentage of insurance, repairs, maintenance, gas, and so forth.

■ **Business-related educational expenses.** The government wants your business to be a success. So they let you deduct the cost of learning how to do a better job at your business. That means that the cost of attending a fam/seminar given aboard a luxury cruise line is a tax-deductible expense. So are the books you read to learn the business - including this one!

■ **Business-related travel.** Not only can you deduct the cost of a seminar, you can deduct the cost of getting there and back. If you are on a fam trip as a travel agent, you can deduct any expenses you incur. If you have specialized in Hawaiian vacations, you can even make a case to the tax man that going there twice a year to check up on resorts is a legitimate business expense. There are limits to what you can deduct when traveling on business, but they are reasonable and relatively easy to track.

■ **Entertainment.** If you treat a client to lunch while pitching that luxury cruise, or if you throw a “cruise night” party at your home, those expenses are deductible. Again, certain limits exist and your record keeping must be impecable, but staying within the letter of the law is far from impossible.

■ **Business loans.** If you’d like to invest in some equipment for your business but can’t quite afford it, remember that you can deduct any interest you pay on a loan taken out for business purposes. If you borrow money from your kids’ college account, you get a double benefit - deductibility for the interest that raises the principal in their account. (Check with a lawyer to make sure any such loans are structured legally.)

■ **A retirement fund.** As a self-employed individual you will have a new opportunity to set aside a portion of your income each year in a tax-deferred retirement account where it will grow, untaxed, until you are ready to retire. With company pension plans dropping left and right, looking out for number one in this manner is an increasingly wise course of action.

■ **And on and on and on.** Every aspect of running your business is tax-deductible - things like phone calls, business cards, postage, books, subscriptions, computer fees, and so forth. Just make sure you keep good records and retain all your receipts. OSSN suggests you use a software program such as QuickBooks or Quicken For Windows. These programs are affordable, easy to use and will keep all your business expenses and payments in order. And speaking of retaining things, retain a good accountant, one who is knowledgeable about and sympathetic towards small businesses. He or she will be able to educate you further on this intriguing subject. Of course, you can’t simply spend and spend and spend without any heed to the amount of money coming in. Only the government can do that. Once you start declaring a loss on your Schedule C (the U.S. IRS form used to report profit or loss from a business) you start raising eyebrows at the IRS. Of course, that doesn’t mean you can’t
declare a loss. Businesses do it all the time. I am constantly amazed at the num-
ber of businesses, big businesses, that have been around for years and have
never shown a profit. Still, the IRS tends to treat folks like you and me a little
differently from major corporations. Not showing a profit after three years in
business sends up a red flag to the IRS that you are treating your business as a
“hobby.” If this is found to be true by the IRS be prepared to pay back your
deductions plus interest and penalties. Showing a profit every now and again
doesn’t hurt - either your self-esteem or the government’s view of your busi-
ness. Presumably, you will be showing a profit right from the start of your
home-based travel agent career. The important thing is to conduct yourself
like a bona fide business and not pay a penny more in taxes than is your legal
duty. Work with your CPA on these issues. OSSN members can find a com-
plete section in the OSSN website on “Home Based Tax Deductions.”
Is this an IRS deduction?
The business of travel provides a dimension that is present in very few industries. That dimension is glamour. Sunbathing in St. Thomas, Virgin Islands or enjoying a luxury cruise. The lure of travel beckons to anyone who has an adventurous soul.

Within a short time after you affiliate yourself with a travel agency, you will print business cards identifying you as a travel agent. The card will be printed with the name of your business or as associated with your host agency partner. Your business card will help recognize you as a member of the travel trade and will open many new doors to you in the form of industry discounts and courtesies within the travel and tourism industry. Here are some of the benefits you will receive:

**Special Rates in Lodging**

Many hotels and motels offer special discounts to the staffs of travel agencies. These discounts range from 10% to 75% of the walk-in or “rack” rate. In our experience, we have found that most participating hotels and motels extend a 50% discount to the travel agency staff. However, many hotels will only extend to you the travel agency discount if you call the sales office in advance (a day or two will suffice). Why? Because they want to make sure that space will be available and because they want to verify that, indeed, you are who you say you are a bona fide Travel Consultant. After deciding where you want to stay, call the hotel’s sales office or front desk, identifying yourself as a travel agent. Ask what the rack rate is and if the hotel offers a travel agent’s discount. Normally, if the walk-in rate is $70 per night, you will be quoted a rate of $35. Over the period of your three-day stay, your savings will amount to $35 x 3 days, which equals $105.

**Special Rates from Car Rental Agencies**

With your travel agent’s card or IATA identification card, you will receive large industry discounts from car rental agencies. These discounts average 10% to 35%. All you need to do, in most cases, is present your travel agent’s card to receive an immediate discount. Some car rental companies offer the agent a flat rate per day. An example would be $10.00 a day, unlimited mileage.

**Reduced Entrance Fees**

Your industry identification will often qualify you for special discounts and free passes at many tourist attractions (e.g. Universal Studios). Whether you are going to a museum or an amusement park, always go first to the administration office and present your I.D. It is always wise to call or write ahead of your arrival date to assure your discount request will be honored.
Reduced Rate Air Transportation

Many people have fantasies of flying to exotic destinations, but flying to these locales for “free” or at a drastically reduced rate is a dream come true. An Outside Sales Travel Agent or Independent Contractor may qualify to fly free or at an impressive reduction. AD 75 also called “quarter fares,” refers to the airline policy of allowing travel agents to fly at a 75% discount. Pretty impressive, right? Except that this is 75% off a fare few people ever pay - the full-coach (or “Y”) fare. Most “super-saver” fares represent a 55% discount off full coach. So the discounts, while real, are not as huge as they first seem. Still, they’re a pretty good deal - except for the blackout periods. The airlines aren’t about to let agents travel cheap during peak travel periods - like Thanksgiving, Christmas, Spring Break, and most of the summer. Then there’s the paperwork. Most airlines don’t let an agent walk up and buy a ticket. A request has to be made, in writing, in advance, and approved. For the airlines this is a good deal. First, they generate a certain amount of goodwill with travel agencies. They reward travel agents who have sent them business in the past and stroke agents who might send them more in the future. Second, they make money on the deal. That’s because no travel agent ever sits in a seat that could be occupied by a customer who would pay a higher fare. While the airlines book these fares as “positive space,” they reserve the right to bump the agent (without any “denied-boarding” compensation) if the flight is overbooked. “Positive space” simply means that the agent can book ahead and get a seat assignment, as opposed to being put on a standby list. So every time an agent flies, the airline is getting a few hundred dollars it might not otherwise have gotten.

Earning The IATAN Card

First, let’s talk about qualifying for the IATAN card. Assuming you are not going to con, cajole, or pay a travel agency owner to put you up for the card (none of which I recommend), you will have to earn your way to the card. You do that by marketing and selling travel.

To get in the running for an IATAN card you must first be affiliated with an IATAN-endored agency. If you are a cruise-only agency, or an independent contractor for one, it is also possible to obtain an IATAN card. There are even procedures whereby ARC-only agents can get one. However, for the discussion that follows, I will assume you are affiliated with a host agency that is a member of IATAN.

First, your host agency must register you with IATAN via IATAN’s Personnel Registration Form (www.iatan.org) Next, you must have an annual income (from commissions) totaling the federal hourly minimum wage, times 20 hours, times 48 weeks a year. Currently, that comes out to $5,000. That means that if you are splitting your commission 50/50 with the agency you will have to sell $100,000 worth of travel product during the course of a year (assuming a uniform 10% commission rate). If you get 60% of the commission, the figure would be about $83,333. At 70%, it would be $71,428. All of which serves to underline the importance of shopping for and negotiating the best split possible. In addition to the
earnings requirement, the employee or independent contractor must have been “registered” with IATAN by the host agency for at least six months, work at least 20 hours per week selling and promoting travel, and be at least 18 years of age.

The agency owner must “certify” that you earn and work the minimum amounts to qualify. My experience has been that an agency will back up your application for the card as long as you meet the requirements. You should also expect the agency to pass through to you any costs associated with applying for the card. Currently the card costs $15 and must be renewed annually (also for $15). IATAN says it will “verify each registration.” They do that “by correspondence, interview and/or inspection of all documents, records and reports” including 1099 forms. Of course, if you receive commission payments directly from suppliers, the host agency will not have those payments on its records and, presumably, won’t be willing to count that money towards your quest for the card. This can be a thorny issue for truly independent contractors. However, if you work for more than one IATAN endorsed agency, simple add up all your 1099 forms from these agencies and if they equate to the $5,000 minimum earning requirement you can qualify for the card.

Finally, it should be noted that while the IATAN card may be “king of the hill” for now and this is changing rapidly as CLIA (Cruise Line International Association) now has their own form of ID card which is gaining supplier recognition very fast. A new form of industry ID is now out called the “TRUE Card.” The TRUE card information and application can be found in the OSSN website. The day may come when, just as restaurants accept Visa, MasterCard, Diner’s Club, American Express, and so on, suppliers will accept a number of different IDs as proof that you are, indeed, a travel agent. That day now seems like today!

Free Seminars

Airlines, tour companies, cruise lines and other industry suppliers journey to cities, large and small, to inform, entertain, charm and "seduce" the travel agencies’ personnel. They are there to sell their wonderful wares to the retail travel sellers. In these for-the-trade-only gatherings, you will learn a great deal and enjoy yourself at the same time.

“Fam” Trips

"Fam trip" is short for “familiarization trip.” As the name implies, these are trips sponsored by suppliers to familiarize travel agents with the destinations they serve and the tour products they offer. Fam trips take a number of different forms. Most typical is the fam trip sponsored by a tour operator. A fam of this type will include air fare, transfers, hotels, a number of sightseeing excursions, and at least some meals. There are also "land-only" fams that require the travel agent to pay his or her own way to the destination. These are generally offered by tourist boards and "receptive tour operators," that is, tour operators and wholesalers who handle arrangements at the destination but don’t get involved in getting the tourists there. Finally, there are special deals offered by individual hotels, resorts, attractions, or even carriers (air or rail). These are sometimes called fams but probably belong in a different category. Very few fam trips are free. Your actual out-of-pocket costs will depend on which type of fam trip you take.
Many hard-working and productive agents became involved in the tourist industry because of their desire to travel. One of the most wonderful vehicles for travel is the “Fam” or familiarization trip. Fam trips are designed by cruise lines, airlines, tour companies, and tourist boards of individual countries in order to familiarize travel sellers with their cruises, flights, tour packages and destinations. These familiarization trips often include your transportation cost, all meals, hotels, tours and V.I.P. treatment. You pay for the Fam trip yourself, the price of which is often as low as 20% to 50% of the normal cost. You should be able to go on several each year, if you so desire. Since you will be expected to attend seminars while on a trip of this nature, your reason for going should always be your genuine, professional desire to familiarize yourself with the destination. Check the OSSN web page at www.ossn.com OSSN hosts approximately 100 fam/seminar training programs every year.

One thing that is important for any travel agent to understand is that fam trips are business trips. They are not vacations. The tour operator wants to sell its wares, and it fully expects you to sit up and take notice. Many fam trips shuttle agents about on exhaustive - and exhausting - visits to several resort and hotel properties in a single location. At every turn you may be expected to sit through yet another “orientation” session, in which all the wonderful features of the hotel, cruise ship, resort, tourist region, or whatever are extolled at great length and in great detail. Far from being a penance, this is precisely what you have come on the fam trip for. At least this is what you should have come on the fam trip for. From your perspective, the fam trip offers you an unparalleled opportunity to gain the product knowledge and the first-hand experience to be able to go home and sell the dickens out of the location you just visited. (Indeed, some tour operators have deals whereby they will rebate a portion of the cost of the fam trip based on how much business you send their way during the next year.)

Go on the fam trip prepared to learn and to ask a lot of questions. Gather as much descriptive literature as possible. Gather in-depth information about the places you visit.

✓ How many rooms in the hotel? What configurations?
✓ How are rooms priced? Are suites worth the extra charge?
✓ Which amenities are provided? Which are extra?
✓ Is the hotel in a quiet part of town or is it noisy?
  Are interior rooms a better bet?
✓ How does it stack up against an American hotel? Some people find the “foreign-ness” of a hotel part of its charm. Others want a hotel room just like the ones at Holiday Inn back home.
✓ What are the hours of popular tourist attractions? How often do the guided city tours run?
✓ What restaurants can you wholeheartedly recommend to clients?
✓ What size are the cabins? How many public lounge areas are there?
✓ How was the quality of food or entertainment on the ship?
✓ How smooth was the embarkation procedure?

Remember that in addition to gathering all the basic information about the places you go on the fam trip, you are serving as the eyes and ears of your customers - both the ones you already have and ones you might have in the future. View every attraction, every hotel, every town and resort through the eyes of these customers.
What's the clientele like? Young and hip or middle-aged and stuffy?
Middle-aged and hip or young and stuffy?
Are there lots of stairs to climb or is everything easily accessible?
Is the water good for snorkeling? Or better for sailing?
Does the hotel have a disco? Is that good or bad?
How will your clients take to the guides and tour escorts?
What about crime? What tips should you pass along?
Is there golf nearby? Tennis? Opera? Theater?
Is Paris really for lovers?

Personally, I find this kind of touring to be a lot of fun. I find I enjoy myself just as much being shown around a five-star French hotel by the owner as I do wandering through a chateau or museum. It also provides a unique opportunity to share ideas and experiences with other travel agents.

If, on the other hand, you think that a fam trip offers a great opportunity to get away from the regular grind and relax for a week, you’re in for a rude awakening. So if you prefer to investigate destinations in a less pressured, less hectic fashion, avoid fam trips, unless it is a cruise fam. They are great!

Cruise companies also have Fam trips. In order to promote certain cruises, the major lines have promotional trips which are offered to travel agencies. If you are interested in going, your agency will put in a request with the company’s representative. Your total cost for these cruises (which normally takes place at the “off” or “shoulder” season) is usually an unbelievable $35 to $100 a day per person, with spouses welcome at the same rate! And yes, all cruises include room and all meals. The more cruise sales you and your agency create, the more you can expect to be invited on these floating dream trips.

Promotional and Charter Discounts

In order to acquaint travel agents with their properties, hotels and resorts throughout the world advertise special rates and free stays. Since these promotions do not involve extensive seminars, they are not considered Fam trips.

Travel agents may also receive gratis air travel on charter aircraft. Charter aircraft to transport vacation passengers to Las Vegas, Europe and Hawaii are often used by tour operators. This type of air transportation which incorporates a land package is a great way to travel at reduced rates and may not require that the agent’s name be on an eligibility list to qualify.

BENEFITS FOR THE BEGINNER

There are a lot of you who won’t get an IATA card, or who won’t develop the kind of direct relationship that comes with selling thousands of dollars in travel products, at least not to begin with. That doesn’t mean you are out of the running for free travel or other nifty benefits of the travel agent business. You just have to be realistic about what you can and cannot expect. It may help to redefine your terms a bit, as we shall see. Here, then, is a summary of some things I’ve already mentioned and some new thoughts on how to maximize the benefits of your new-
found, home-based travel agent career:

- **Tour conductor passes.** All in all, the fastest way to free travel for the beginner is the tour conductor pass, or teacher-counselor slot if you’re doing educational tours. Example: one free pass for every ten or fifteen paying passengers.

- **Seminar benefits.** There are all sorts of nifty things you can pick up (besides knowledge and skills) by attending the many seminars that are sponsored by suppliers for agents. These can range to dollars-off or upgrade coupons, to free trips given as door prizes. Add that to the bedrock educational benefits, and there is no reason you shouldn’t try to attend as many of these enlightening and entertaining events as possible.

- **“Fam/seminars.”** Some seminars, such as those sponsored aboard cruise ships and by OSSN, are, in effect, discounted travel packages. The discounts are not always lowest, but they offer good value compared to “the going rate.” Then, too, don’t overlook the value of the seminars themselves and the value of the tax deduction to which you will be entitled (see below).

- **Earn “free” travel with commissions.** One way to view the commissions you earn as a part-time or fledgling full-time travel agent is as earned credits towards a “free” vacation at the end of the year. I think this is a very healthy mindset for the beginning home-based travel agent. In other words, you may not earn the amount that would qualify you for the IATA card, but the $3,000 you do earn (money you wouldn’t have had otherwise) will pay for a very nice holiday.

- **Tax-deductible travel.** There are any number of ways in which your home-based travel agenting will affect your tax situation. Much of the travel that used to be “just a vacation” will take on a whole new importance as an integral part of your new business. As such, you are entitled to tax deductions to the maximum extent allowed by law. Check with your accountant, or other competent professional, to make sure you are getting every deduction to which you are legally entitled.

- **Asking for a discount.** Finally, if discounts are important to you, and you feel you are entitled to them, then show your ID (whatever it is) and ask for them. The worst they can say is “no.” (If they do, ask why. You’ll gather some valuable information for future reference.) The second worst thing they can say is “You can get the discount if you do such-and-such” - which may not be too hard to do. Sometimes, of course, you will get the discount with no problem at all.
Prospecting

If you are new to sales, the word “prospecting” probably conjures up images of a grizzled old desert rat and his heavily laden pack burro heading into the Sangre de Christo Mountains in search of the mother lode. Salespeople, of course, know that prospecting refers to the constant and never-ending process of finding new people who might become customers. When you start your home-based travel agent business, prospecting will be your top priority. “Nothing happens ’til somebody sells something,” the old saying goes, and to sell something you need someone to sell it to. Where do these prospects come from? The beauty of the travel business is that virtually everybody travels at least every once in a while. That means that your potential supply of prospects is limited only by your get-up-and-go and, to a certain extent, by geography. But as you will quickly discover, just because everyone travels doesn’t mean that all of them will become your customers. All prospects are not created equal. That is one reason why many sales professionals like to distinguish between “suspects” and “prospects.”

Using this approach, you would look at your “territory” (the geographical area in which you want to practice your travel agent trade) and first eliminate all those who don’t travel for one reason or other. Everyone else is a suspect.

Start With Your Friends

If you’re new to the travel business and new to selling, the best place to begin looking for customers is among your friends and family. In fact, even if you aren’t new to travel or selling, it’s still a pretty good place to look! Why? For a lot of reasons. You know who your friends are. You know where they are and how to get in touch with them. You already know something about them, their likes and dislikes. You have a built-in reason to contact them and start a conversation. They like you and are probably going to be willing to give you the benefit of the doubt. Some of your friends actually love you and will be willing to put up with your bumbling first efforts and give you their business anyway. And, finally, there are probably enough of them to keep you busy for a while and give you the practice you need to hone your selling skills. The first thing you will want to do as an organized salesperson is to make a list of prospects. You need to start keeping track of people in a somewhat more organized, professional manner than you may be used to. Start with your address book. Transfer every name in it to your prospect list. Rather than use a piece of scrap paper or a yellow pad, put your prospects on 3x5-inch index cards or in a computer database. This way you will be able to sort them into categories and move them around later.

For now, keep it simple. Name, address, and phone number will do. Your task is simply to get some idea of how many people might become your customers.
Once you’ve transcribed your address book, you have identified your hard-core prospects—family, friends, and associates. These are people important enough, for one reason or other, for you to record their phone numbers. If you’re thinking, “Gee, I don’t have that many friends,” wait. You’re not finished.

Now go through the list again. For each person, ask yourself, “Whom do I know through this person?” For example, when you look at Aunt Matilda’s card you may realize that you also know her three grown children, your cousins. Add them to the list. Or when you look at the Smiths’ card, you may remember the Jones’s whom you meet every time the Smiths have a barbecue. Add them to the list. Your doctor and dentist have receptionists and nurses. Add them to the list.

**You know more people than you think**

By now you should have assured yourself that you do have a lot of friends. It’s just that not all of them made it into your address book. The fact is that we all know many more people than we think we do.

Let’s take this prospect-finding game a step further. Consider for a moment your acquaintances and associates. These are people you either come into contact with on a regular basis or with whom you have some point of connection. A good way to identify these people is to mentally walk through your daily activities. Where do you shop? You probably have a nodding acquaintance with many store owners and their employees. Whom do you meet at church or synagogue? Whom do you see everyday when you drop your kids at the day-care center? Who works in your office with you? Who are you in contact with in other parts of your company? Keep asking yourself questions like this until you think you’ve identified everyone you could possibly know. Then ask some more. If you and your spouse are thinking of working together in your home-based travel business, make it a game; see which one can come up with the longest list of prospects.

You’ve probably got a pretty long list by now. And everyone on it is someone who, if they don’t know your name, at least recognizes you on sight. In other words, these are all people who are not going to put up automatic defenses when you speak with them. But don’t stop now. There are a lot of other people whom you may not know by name, and who may not recognize your face but whom you can contact easily and talk to openly after just a short introduction. These people might include:

- High school or college classmates.
- Fellow club members.
- Fellow parishioners or congregates.
- Neighbors - folks on your block or in your apartment building.
- Parents of your children’s classmates.
- PTA members.

These are people to whom you can say, for example, “Hi, we’re in the same congregation,” and expect a friendly smile in return. The goal, at the beginning, is to make life as easy as possible by concentrating on people you will have no trouble approaching and talking with about your services as a travel consultant.
Other sources of prospects

To begin with, I would recommend sticking to folks you know and can approach easily - especially if you are new to the selling game. It’s just easier that way. Eventually, however, you will probably have to or want to widen your search for prospects to include people you’ve never met before and who will not be immediately predisposed to chat with you about your travel business. Here are some ideas about how to find these people. Along the way, you may get some ideas you’ll want to put to use sooner rather than later.

- Everyone you meet. From now on, every one you meet for the first time is a potential customer!
- Advertising. Not the glossy, four-color, full-page ads you see in magazines but the simple ways of getting your name out there - by circulating your business card, for example.
- Engagement announcements in the local newspaper are a great source of prime prospects for you. These are people who will be taking honeymoons, remember. That means cruises, resorts, foreign destinations - big commissions!
- Small town papers sometimes feature chit-chat about who’s doing what, including where folks have been on vacation. These columns not only give you the names of potential prospects but valuable information about the kind of travel that appeals to them.
- Lists of associations, clubs, organizations. These are excellent prospects for group travel opportunities.
- Referrals. Everyone who becomes a customer knows people they think might benefit from your services. But there’s a catch: They won’t tell you who they are unless you ask them!

How many prospects do I need? Good question. The answer is, “It depends.” Among other things, it depends on how many customers you want, which travel products you choose to sell, how much money you want to make, how much time you want to spend making it, and how good you are at converting prospects into customers.

Assuming you’re just getting started, you won’t have the answers to all those questions; in fact, you won’t have them for quite some time. But now is the perfect time to lay the groundwork for answering them.

Begin by asking a question you probably can answer now: “How much money do I want to make?” The answer might be $5,000 a year, $15,000 a year, $50,000 a year, or a free trip with an educational tour. Don’t be afraid to dream a bit here. No one’s going to hold you to it later, except maybe yourself.

The next step is to figure out what each sale is worth to you. In the case of the educational tour operator who gives you a free trip for every six persons you sign up, the answer is simple - each sale is worth one-sixth of a free trip. In other situations, it’s more complicated, especially if you sell a variety of travel products. For example, today you may book your friend Susie on a flight to Kansas City and back and earn a commission of $15. Tomorrow you may book a retired doctor and his wife on a luxury cruise and earn a commission of $1,000. Over the course of time - three months, six months, a year - you can add up all your commissions, divide the sum by the number of bookings you made, and arrive at an average. This is what each sale is worth to you. Obviously, the number will fluctuate. Some months are better for sales than others. But after your first year in this lifestyle, you should
have a pretty useful figure to work with. You should expect to make at least this much per sale in your second year, hopefully more because your skills will be improving.

Starting today, I strongly urge you to keep meticulous records of your sales activities - how many people you talk to each day, what you talk about, and the results. If you do that, it’s a relatively simple matter to work backwards from each sale and determine what you had to do to make it. Again, ACT for Windows by Symantec corporation is a great software program to accomplish this task.

To keep things simple, let’s assume that you have decided to specialize in selling cruises. Over time, you may learn that to make one booking you have to give a formal presentation to three couples. To find those three couples you have to invite 16 people to a “Let’s Take A Cruise” party at your house. To get those 16, you may have to invite 32 people you have determined are good prospects. And to locate those 32 prospects you might have to chat with 100 different contacts. In other words, you’ll need 100 prospects to make one sale!

If you want to make $30,000 a year and each cruise booking brings you $500, then you have the answer to the question “How many prospects do I need?” - 6,000!

If that scares you, good! In my experience, more salespeople fail because of poor prospecting habits than from any other reason. We can see why by looking at the two major metaphors that salespeople use to illustrate the importance of constant prospecting - the “funnel” and the “pipeline.”

You can look at the sales process as a funnel, but a funnel with holes in it. You put in lots of prospects at the top but only some come out the bottom as customers. The others slip through the holes: They decide not to take a vacation this year; they get a better price somewhere else; whatever. This image brings home the importance of having many more prospects than you need customers.

The pipeline metaphor illustrates the importance of planning. If you put oil in one end of a pipeline, you’ll get oil out the other end. But it takes time to get from one end to the other. To the salesperson, this means that if you want sales next month, you have to start filling the pipeline this month. If you are happy to rely just on “walk-in” business, fine. But if you want a steady income, and you know that selling a tour or a cruise takes two months from first contact to the actual booking, then you have to get busy in April to guarantee you’ll have bookings in June.

There is another lesson to be learned from the made-up example we just used. If you don’t like your numbers you can change them! For example . . .

- If you can’t imagine digging up 6,000 prospects in the course of a year, maybe you’ve set your earnings goal too high. Adjust it downwards until things look a bit more doable.
- If, on the other hand, you must have that $30,000, you now have a pretty good idea of what kind of activity level you will have to maintain to reach that goal. That knowledge in itself can be a powerful motivator.
- In the example given, you had to present to three couples to make one sale. What if you could increase your presentations skills so you’d be making two sales for every three couples? Or what if you could throw better parties and wind up presenting to four or five couples instead of three? The more you improve your basic selling skills the fewer prospects you will need to make each sale.
You can also examine your sales strategy and see if making changes might improve things. It might be that “Let’s Take A Cruise” parties are not the best way for you to sell in your market.

Finally, you might want to change your “product mix” and sell travel products other than cruises, or sell different types of cruises that might provide a higher commission or have greater appeal to your clientele.

What’s a Customer Worth?

Before you start thinking that the cards are stacked against you, consider the value of repeat business. Yes, it may be difficult to get the 60 couples you need to make $30,000 selling cruises. But the good news is that people who take cruises love the experience and do it again. According to one source, 85% of people who take one cruise take another. That means that of the 60 couples you book this year, some will cruise again next year.

Another percentage will cruise the following year, and still another group will cruise in year four. Only experience will tell you exactly how many. But let’s say 20% of them will cruise again in year two. That’s 12 couples or $6,000 in commissions. You’re already well on your way to your $30,000 a year goal before the year has even started! That means that to earn the same amount of money, you will need to add fewer prospects to your pipeline.

The travel business is a repeat business and, dollar for dollar, it repeats more frequently than most. There are people who will buy a $15,000 car once every five years who will spend $4,000 a year on leisure travel. Many people take a cruise twice a year. Some couples seek out a different foreign destination each year. Others prefer all-inclusive resort vacations in the States. Many business people make at least one business trip each month, requiring a plane ticket, a hotel, and a rental car.

The patterns will differ with each individual, but once someone becomes a customer you will have a fairly good idea of how much business to expect from them each year. As time progresses, you will start to get an idea of how long the average person remains a customer. (Remember, people die, relocate, stop traveling for one reason or another, or shift their allegiance to another provider.) Now you know the lifetime value of a customer.

The Cyclical Nature of Prospecting

Prospecting does not just mean identifying potential customers, it means contacting them. Moreover, you need to contact them again and again, until calling on you for all their travel needs becomes a reflex. Marketing guru, Dr. Jeffrey Lant, preaches what he calls the Rule of Seven. By that he means that a prospect must be contacted seven separate times before they make a buying decision.

While you may not have to contact everyone on your prospect list seven times before making a sale, you will be well advised to be persistent. Otherwise, you’ll lose easy bookings that might otherwise have been yours. Here’s a typical example: You run into your old acquaintances Bill and Marilyn in June. You tell them all about your new lifestyle as a travel agent. They’re impressed. Naturally, you tell them that whenever they need to make any travel plans they should call you. They assure you they will. The next time you hear from Bill and Marilyn is when you get
their Christmas card. “We’re off on a cruise to the Bahamas in early January!” they announce.

Cruise? What cruise? Why didn’t you hear about it? What happened? Well, it’s probably a safe bet that the reason Bill and Marilyn failed to call you wasn’t because they don’t like you. If that were the case, they wouldn’t send you a Christmas card would they? There is a very slight possibility that they didn’t book through you because they think you’re an incompetent ninny who would have just screwed up their booking. It’s more probable that they didn’t book with you because they already have a travel agent with whom they are perfectly satisfied and to whom they are very loyal. But my guess is that the real reason they didn’t book with you is that they forgot you were now a travel agent! Had you contacted them in the early Fall, reminding them that the cruise season was fast approaching, you might have snagged the booking you lost.

One of the challenges of your new lifestyle as a home-based travel agent, then, is going to be finding ways to keep reminding folks that you exist and that you are ready, willing, and able to assist them with their travel needs. This is true not just of people who have never booked with you but with people who have as well. In fact, your present customers are your best source of new business.

Managing your Prospecting Activity

A professional prospecting program, because of its cyclical nature, requires careful management. You’ll need to set up a prospect-management system to ensure that you make calls, mail out letters, and follow up every lead in a timely manner. The best way to do that is with your computer and use the TravelSales program that OSSN members offers on a Free Trial basis.

Once you’ve entered basic data about a client, you can go back into the program and pull up the information in a variety of useful ways. Most programs will automatically alert you when a follow-up call is due. Or you can search the database for things like people who are interested in cruising or people who have wedding anniversaries coming up. This called “categorizing” your list.

If you are not computerized, you can create a simple prospecting system using index cards and a box with 12 dividers, one for each month of the year. Most well-stocked business stationery stores will carry index file-boxes and dividers with the months printed on them. The cards carry the names, addresses, and phone numbers of your prospects. As you contact them, you record the date and results on the card and then place it two, three, or four months back in the pack, where it will serve as a reminder that the time has come to contact this person again. In a computer program, this task is automated and is called “database management”.

GETTING STARTED

At this stage of the game, you shouldn’t worry too much about how many prospects you’ll need. This is no time to get caught in the “paralysis of analysis.” The important thing is to get out there and start. If you followed the suggestions earlier in this chapter, you probably have a list of 50 people, maybe 100 or more. You certainly don’t need more than that to get started and spreading the word about your new venture.
Client Communication

Good communication skills are a necessity for being a good salesperson. Communication, by definition, is the giving and receiving of information. The important types of information you will be receiving from your clients are their wants, needs, likes, dislikes, budget, etc. The accuracy of the information you will be giving to your client will depend largely on how accurately you interpret what he says. By clearly identifying those aspects that are most important to your client, you can enthusiastically stress those points. If you have properly identified and clarified the client's needs, presented your product knowledgeably and enthusiastically, the close of the sale should be easy.

Effective Questioning or Fact Finding

Information gathering is fundamental to fulfilling a client travel request. Familiarity with and skill in using travel resources are essential, but all the computer reservation systems and reference guides in the world are of little use without effective questioning techniques.

Most travel outlets are busy places that exert extreme demands on the agent's time. It is important to be able to use client time in the most efficient and productive manner. Information must be gathered quickly and accurately—and analyzed correctly—to avoid having to recreate a recommendation.

Until the client's needs are specified, do not open a file drawer, offer a brochure, display a flight schedule, or call a vendor. Product knowledge and research come into play only after all the important information has been gathered.

The majority of client travel needs can be elicited from five basic “W questions: Who, What, When, Where, and Why.

1. Who? Who is traveling? How many passengers? What are their names and ages?
2. What? What would you like to do and see?
3. When? When will you depart? How long will you stay?
4. Where? Where would you like to go? What side trips or stopovers might you desire? Where did you go on vacation last year?
5. Why? Why are you traveling—to attend a meeting, call on a client, relax in the sun, explore ancient ruins, play golf, tennis or celebrate an anniversary or a family reunion?

Effective questioning techniques enable the travel counselor to identify accurately the client's travel goals, desired benefits, intended travel period and budget range. Leisure clients tend to have more flexibility in deciding exactly when and where they will travel. Some have made commitments to travel, but have not yet decided where they will go.

Never answer more than two questions without asking a question, that's called "client control".

Qualifying

Qualifying the client involves four basic processes:

✓ Establishing rapport
✓ Determining client needs
✓ Determining the price level
✓ Identifying potential obstacles
So many people think they’re in the business to give out information. In fact we’re in business to match customer desires and needs to available products in the interest of making a profit.

Qualifying is just a fancy name for “getting to know you,” so don’t panic. You’re not actually selling anything yet.

In a social situation, one of the first things you do is exchange names. Do the same here, but write names down. Ask for the right spelling and pronunciation. Nothing impresses clients faster than simply using their names and using them correctly.

Make and use an interview form or checklist for the whole sales session. This is an effective guide to qualifying. It keeps you on the sales script and ensures that you get all essential information. Even if you have perfect concentration and recall, an interview form shows the client you’re paying attention and that his or her answers are important.

To sell the right cruise (or other vacation) you need to know the client’s travel turn-ons. You need to know right away why the person is vacationing. Is he or she looking for excitement to counter boredom? Rest, to recover from stress? Exploration to feed a hunger for new sights? Client motivation is the key to the sale; it should trigger the right file of products and additional questions to narrow the choices to a single vacation product.

Successful selling requires knowledge of both the client and the product. The client’s preferences may be influenced by such factors as his own standard of living at home, his budget, activities, special interests and most important—his schedule.

The term, “qualifying your buyer”, describes the questioning process used to establish the necessary information you will need in order to determine your client’s wants and needs.

The successful selling requires knowledge of both the client and the product. Most decisions to buy are based on an emotional response to a product. The use of the 5 W’s, (who, what, when, where, why). Clients who have answers to most or all of these questions are most likely “ready buyers”. They have already decided to travel; they are consulting you about the specifics of the trip they should take. These clients are ready to proceed with you through the process of identifying their needs and wants.

Client Names

Many people, upon meeting someone else for the first time, make a glaring mistake with the person’s name. Learn to be sensitive to the nuances of treating people in the way they want to be treated. Use the names your clients prefer, not the ones you want them to have.

Ask your clients what name they want you to use. Then enter the information in a card file or computer database program like ACT for Windows. Always ask for the name, address and phone number early in the selling process. It is easier to get this information at the beginning of the sale as opposed to the end of your presentation.
YOUR PRESENTATION OR THE SALES “PITCH”

The actual presentation of your recommendations to your clients should be organized, personalized and communicated in an alluring and articulate manner. You must keep the client’s needs and wants in mind at all times and must structure your presentation in such a way that you answer each need with the benefit derived from the features.

It has already been demonstrated that two way communication is far more effective than one way communication. When presenting something to your clients, it is imperative that they be actively involved. They will probably have questions about the materials you are showing them. Be sure to allow them the opportunity to ask their questions. It is much easier and more expedient to answer each question as it arises. This will also allow you to change the course of your presentation as you become aware of some additional feelings your clients have expressed as they asked their questions.

In addition to answering the client’s wants, the presentation must include some romance words to trigger the emotions of your client. As mentioned before, don’t sell logic, sell emotion. Remember, if you can answer and fulfill all their demands, you will have a sale.

Constantly evaluate the effectiveness of your sales presentation. Each client should be a little easier to sell than the one before if you learn from every experience. What comment proved especially effective? Use it again. What didn’t work? How can you change your approach the next time so it will work?

TO SELL TRAVEL USE “ROMANCE WORDS”

Romance words are those which trigger emotions and conjure up images in people’s minds. A “Sale” (although approached logically) is seldom successful simply because of its logic. Most decisions to buy are based on an emotional response to a product. Your goal with these clients is to get them so emotionally committed to a destination that they can’t wait to go. Once this occurs, they will, in most cases, be ready to answer your original questions in detail. A list of romance phrases might include:

- Balmy nights in a tropical paradise
- Warm, sandy beaches
- Cool, towering pines
- Crystal clear waters
- Moonlight decks
- Alive with the sense of history and tradition

BONDING WITH YOUR CLIENT

The first few minutes of verbal interaction should be spent getting to know the prospective traveler and letting them get to know you. The message you are trying to convey is that you care about your client.

In order to establish a basis for the detailed questioning to follow, you must find out as much as possible about the client’s lifestyle, attitudes, hobbies, family,
occupation, etc. The client will correctly perceive these “get acquainted” questions as a genuine interest in them and in the trip they are considering taking.

Clients who feel you have genuine concern and warmth will trust you and will be receptive to your suggestions because they believe your main goal is to please them, to meet their specific needs, not to sell them.

LIMITING CHOICES

In getting to know the client via the questioning process, you should have uncovered your client’s needs and wants and answers to the questions:

- Who will be traveling?
- What do they want to see and do?
- Where do they want to go?
- Why do they want to go?
- When do they want to travel? (Again, get that date! You can not book your client without a specific date. This is the most important part of your fact finding and questioning.)

Ultimately, these questions will bring you to the question: Which of my preferred vacation suppliers should I recommend? Other than the destination, some major factors to be considered in the process of limiting the choices offered to the customer are:

- Weather
  - To escape regional weather (too hot/cold)
- Length of stay
  - Limited/Unlimited
- Budget
  - Limited/Luxury
- Travel Experience
  - Independent/Escorted
- Interests
  - Tennis/Dining/Relaxation
- Sightseeing
  - Touring/None at All
- Physical Constraints
  - Advanced in age/small children

Until the client’s needs and wants are discovered, do not open a file drawer, offer a brochure or call a cruise line for information. Your product knowledge comes into focus after this point.

Limiting choices will enable you to appropriately answer your client’s needs and wants and support the benefits and features of your presentation-the step that will allow you to close the sale.

MAKING RECOMMENDATIONS

It is important here to note that even though the client is ready to proceed, the agent may find that he/she is having difficulty deciding exactly what to offer the client.

Do not hesitate to re-question and probe further using the “W” questions again. If you are still having difficulty recommending, you might want to try a somewhat academic exercise that actually diagrams the relationship of what the client needs to the specific features to be found in the recommendation you might make. If you can match the features of what you are proposing to the needs he/she expressed, the client will be able to derive the benefits when satisfying that need.

Although an agent may seldom, in reality, take the time to diagram needs/features/benefits on paper, being able to properly conceptualize the impor-
tant interrelationship of each component may be helpful. It may be especially ben-

eficial for those agents who are relatively new or who simply find it difficult to make recommendations. Try to always recommend your agency’s preferred vendors. They pay higher commissions and you will become more expert in selling their products.

**Buying Signals**

Buying signals are signs or statements given by the client indicating a readiness to buy. You must pay close attention to these signals since timing, in sales, is a very important part of completing a sale.

Being able to properly conceptualize the important interrelationship (among needs/features/benefits) is helpful.

Some common buying signals are:

- Requesting a price.
- Asking specific pertinent questions—deposits, cancellation policies.
- Specific needs—e.g., early dinner seating on cruise.
- Frequent agreement with the salesperson.
- Showing increasing friendliness.
- Asking for reassurance—“Do you like this port of call?”
- Mentally assuming possession—“Can we get an inside or outside cabin?”
- More information requested—“Do we need a passport?”
  “Do you take credit cards?”
  “Can I use my frequent flyer miles instead of the cruise lines air offering?”

If your client displays a readiness to buy—don’t wait, try to close the sale now.

**Closing the Sale**

One of the greatest problems agents often have during the sales process is their inability to ask for the order. This reluctance to close the sale comes from some misconception the agent has. You must remember:

You are not selling something the client does not want.

If you have correctly identified and answered their needs, the closing is just the normal conclusion to the sales process.

 Clients expect you to ask for the sale.

This is not an adversarial relationship; it is a situation where you both win. The two closing techniques most often used are the direct close and the assumptive close. The direct close is when you ask, “May I make your reservations now?” The assumptive close is when the agent assumes the client has bought the travel arrangements and says, “I’ll book those reservations now.” Both techniques are successful. Use the one with which you are most comfortable. Make sure your client will feel comfortable with the method you choose. Remember, the closing of a sale is the normal conclusion to good sales efforts. Your behavior should be relaxed, natural and warm so that the client sees no change in your attitude because you are talking about closing the sale. If you act like it is the next normal step, your client will see it as such.

A Travel Agent can also close a sale by using the phone and calling the cruise line or tour operator to find out availability. When the client hears you talking to the cruise line and the Agent comments, “Oh, you’re sold out in that category, well do you have any other cabins available at that price?” The Agent is now creating an
immediate need and conveying to the client that decision time is now because the cruise ship is selling out very fast.

Remember: Scarcity of space creates urgency!

No one wants to sail on an empty ship or visit a land destination with hardly any vacationers. Clients will wonder, what is wrong with this product or destination.

In summary, a travel sale concludes with one of two types of closes:

**Direct:** A direct close is a request for the business preferably a close-ended request; for example:

- “Which of these flights should I book?”
- “What car type do you prefer?”
- “Do you want an inside or outside cabin?”

**Assumptive:** An assumptive close is a request or statement, based on the assumption that the sale has already taken place, for example:

- “When would you like to pick up your documents?”
- “How do you wish to pay—cash, check or credit card?”
- “I’m holding cabin space for you on the 27th of July, category #8 on the Paradise.

Remember: The client wants to be closed! That’s why they came to you. No one gives you their name, telephone number, address, how many, when they want to go, why they are going, where they want to go and NOT GO!

The only person keeping a “shopper” from buying is a travel agent.

**What if the client objects to making a buying decision?**

Isolate the objection. “Is that the only reason you’re hesitant about booking today?” “Is there any other concern preventing you from deciding today?”

Confirm criteria. “If you felt totally comfortable at this point, could we go ahead?”

Question the objection. “Just to clarify my thinking, what really bothers you about this point?”

Answer the objection. Solve the problem or explain away the concern. Go back over the initial steps and redo them.

Confirm your answer. “Does that eliminate your concern?”

The final consideration in handling objections is to make sure it’s an objection and not a condition. A condition is a set of circumstances you can’t change (i.e., not able to raise the money); whereas, an objection to money is, “I think it is too expensive.” If you are dealing with a condition, the client must resolve it. Politely tell the client to consider how he wants to solve the problem and you’d be happy to handle the transaction after it is resolved. Remember, productivity is important. Do not waste time trying to overcome a problem that you cannot solve.

**How to handle the client who cannot commit**

Occasionally, you will find yourself in a situation where you have established a “trust bond,” gathered all of your information, properly analyzed the client’s needs and wants, selected several options, presented the options to the client, removed any objections and still find the client unwilling to commit. You must eliminate the possibility that there is a hidden condition preventing the client from taking the proposed trip. This is done by simply asking, “What is standing in the
way of your making a commitment?” If the answer is vague and indicates a stall, you are probably dealing with a person who has trouble making decisions. Here are several factors that hinder the decision making process for some clients:

- They would like the decision to make itself.
- They do not have enough facts.
- They have failed to use the facts they already have.
- They are relying too heavily on logic.

Your job is to assist your client in this process by removing these obstacles:

- Since the decision will not make itself, you make it for them.
- Since they do not have enough facts, you must supply more information.
- Since they have not used the facts they have, you must show them how to use the information you have given them.
- Since they are relying on logic, you must stimulate their positive emotions.

Although it is generally considered routine procedure to require a deposit when making a booking, you might make an exception when dealing with a person who has trouble committing to a decision. The strategy that usually converts this reluctant shopper into a buyer is to ask permission to make the reservation (with no obligations) so that the space would be there should the client decide to go. Send the client home to think about the benefits of taking the proposed trip (make sure he/she has brochures), and give him/her two days to make up his/her mind. At that time, the deposit will be required or the reservation will be canceled. Your client goes home with the thought in mind that he/she can go, since he has the reservation. The “out” you gave the client will allow him/her to make a temporary commitment while making a final decision. Another helpful closing tool is to let the client take home the destination product video to view again. Chances are they will show the video to the neighbors too and you might end up with a group!

In most cases, leaving with the knowledge that they have a reservation will excite them to the point of making a commitment.

Be sure to follow-up with a call as promised to check on any questions he/she may have and to obtain a final decision. Use credit cards to secure a deposit over the phone. Remember, it beats “The check is in the mail” game.

**Overcoming Objections**

Attempt to identify potential obstacles early on, so that you will be prepared to counter them later. Overcome obstacles by focusing the client on benefits-positive aspects of the product or exploring alternatives. If the objection is cost, offer a lower-priced option and compare the features. Customers are almost always willing to pay more to receive more. But if you fail to present all of the options available to your client, the client may suspect your competence.

Frequently, clients express objections or put obstacles in the way through questioning. And often, the most effective response to a question (or obstacle) is another question. The more information you gather, the more accurately you will be able to satisfy the underlying and presented needs. For example, assume you are recommending a cruise, and your client raises the question:

"Are there many children on a cruise?" Rather than simply answer “yes” or “no”, respond:

"Is it important to you that there be children onboard?"
It might be that your clients are trying to get away from their own children, or, conversely, prefer a family environment. The response will prepare you to alter your presentation. For instance, you might respond with a statement if the statement builds in an option for the client:

“No, there are few children on this cruise line. Other lines are more suited to family travel.”

In this fashion, you not only answer your client’s inquiry, but also obtain additional information with which to fine-tune your recommendation.

If the responses are predominantly negative, consider reevaluating the basic need categories. Your clients may have changed their minds about some aspect of the trip, or you may have incorrectly gauged their underlying needs.

No matter how well you have fulfilled your client’s needs and triggered positive responses, some obstacles are unavoidable. Having a positive attitude about obstacles makes it easier to deal with them. Bear in mind that your client wants to buy and looks to you to overcome the obstacles.

Client objections can be a positive sign. It means your client is interested. In other words the client is telling you, “Tell me more; I’m interested.”

Another client objection might be, “I’m not sure I want to go on a cruise, I hear you can get seasick” – a legitimate objection from a first time cruiser.

Here is how to turn the objection into a benefit and get in step with your clients concerns and needs:

Agent: I can understand your concern Mr. Jones. No one wants to be seasick on their vacation. (Get in step with needs.) The ship you are going on is the largest, most modern cruise liner afloat with a fully automated stabilizer system that keeps the ship from rolling or pitching. We call the stabilizers, “water wings”. The stabilizers are on each side of the ship, in front, underwater and move up and down automatically to adjust to any movement of the ship. This new system will provide you with a comfortable, relaxing cruise. (Benefit statement.) If you still feel a little uncomfortable about “motion discomfort”, I would like to recommend the new “Sea Band”. It is a terry cloth wrist band that works on accupressure. This is a great invention because it is drug free. You may buy it at most pharmacies, over-the-counter. Mr. and Mrs. Smith wore them on their last cruise and they were very happy. Would you like to call them and ask them any questions about their “cruise experience”. They would be happy to discuss their cruise with you. (Third Party Endorsement) I hope I have addressed your concern. Are there any more questions?

Welcome objections. They help you to grow and improve your sales techniques. Welcoming objections shows your clients that your main concern is that they be happy and totally comfortable with every part of their purchase. Lending an empathetic ear and questioning them about what’s bothering them often leads the client to dispel his doubts himself.

Objections generally come from one of five specific reasons:
✓ You haven’t collected enough information.
✓ You have been working with the wrong information.
✓ The “trust bond” has not been fully developed.
✓ There are technical problems over which you have no control (i.e., no flights or no room availability).
✓ Cost factors vs. value perceived.
If the customer is hesitant, you can restate the benefits, expand the benefits and offer proof.

Handle objections by rephrasing the objection in question form. Ask more questions to determine true needs.

You support the customer’s needs by agreement and introduce the appropriate benefit of your services. Supporting the benefits accepted, you can request a commitment.

Acceptance Closes the Sale

You should see objections as a sign that the sale is drawing to a happy close. In fact, some salespeople use objections as a springboard for a trial close.

The Trial Close or Testing the Buying Temperature of Your Client

Trial closing is a means of testing your client’s buying temperature. Here are some sample trial closing questions that can lead into a close.

“Would you prefer an inside or outside cabin?”
“Do you prefer a window or aisle seat?”
“Do you prefer bunk beds or a double size bed in your cabin?”
“Would you be driving or flying to Florida?”

All the above questions do not ask the client to buy now, but they do create small points of agreements that make the closing process easier. Most of the time you may proceed directly to the close after asking trial closing questions. If the client states she wants an outside cabin with a double bed, STOP. Pick up the phone and book her now.

Remember the name of the game is to get a booking. Most clients that are booked by a Travel Agent do go on their trip or vacation.

Handling objections is so simple, it’s almost fun—once you have the secret formula. Here’s the DARC secret: Discover, Agree, Reveal and Check.

Discover the objections by listening carefully and asking follow-up questions.
Agree that the objection—no matter what—is important.
Reveal reasons why the client doesn’t have to worry.
Check to be sure the objection has been met.

Follow-Up

Technically, a sales transaction concludes with the close, but follow-up is an integral element of every sale. Follow-up refers to the sales efforts that take place after the close:

Request payment. Perform the exchange. Accept payment and give or deliver the airline tickets or other travel documents.
Provide instructions, as necessary. Reinforce your clients’ commitment by confirming that they made the right decision. Some degree of buyer’s remorse (feelings of regret after the sale) is possible in any transaction. To minimize this regret, congratulate your client on his decision and focus his attention on the trip. “You’re going to have a terrific time!”
Thank your clients for the business. Let them know you are glad they chose to do business with you.

If your clients don’t call after the trip, call them yourself. Ask them if the trip was a success and if they encountered any problems. Let your clients know you care about them. Remind them to contact you again the next time they travel.

Ask your client if you may use them for a referral (third party endorsement). If they really enjoyed their vacation, ask them to put it in writing and then show your next client their letter. Third party endorsement is a powerful selling tool! Use It!

Sample notes to send your client

Dear
Now that you’ve had a chance to get back into the real world, routine of work, meal preparation, dishes, etc... and time to reflect and talk to your friends about your cruise experience, do you know others who might be interested in taking a cruise some day? With your permission, I would like to send your referrals some general cruise brochures.

Thanks again for the opportunity to have taken care of your cruise arrangements. Also, thank you for any referral names. It is through the help of valued clients such as you that our business is able to grow.

Sincerely,

TELEPHONE TECHNIQUES

Travel agents do not always have the luxury of dealing with clients, and the public in general, on a face-to-face basis. Telephone communication is very much a part of the travel agent’s job. You must project through only one dimension, your voice, and yet how you project is often how you are judged.

Since 80% of most sales are culminated over the telephone, proven selling techniques and guidelines are of critical importance to the successful travel agent. But while such pointers are invaluable, it is important first of all to be yourself. Do not try to become a high pressure agent. Study the following suggestions, even memorize them, but don’t let them make you into something that you are not. Adapt proven techniques to your personality. It is much more effective to be sincere, to be yourself, than to attempt to follow any prescribed sales dialogue. In your career as an outside sales consultant, the telephone is your partner in professionalism. Nearly every transaction requires some, if not total, telephone contact with your client. Because you do not have the advantage of using facial expressions, gestures and eye contact, your voice must take over and become your total asset. Believe it or not, it is a fact that you can put a smile in your voice, gestures in your voice through intonation and a twinkle in your voice with enthusiasm. Your greeting sets the tone and is critically important. Many phone transactions with clients are relatively short due to the time constraints of the client’s busy sched-
ule. You must pack personality, warmth and knowledge into a short time, thus making your greeting the best time to communicate these feelings.

The “shopper” calling for information, as is often the case with leisure clients, may need to be handled differently. Your goal will be to get the decision makers to come into the office while still answering the specific questions he or she is calling to inquire about. Answer two of his questions, then ask a few of your own. For example, if he wants a list of cruise prices to the Caribbean in June, give him two prices and then ask if he’s aware of the special cruise packages offered there. Hopefully he’ll ask about them and you could suggest a personal meeting because there’s so much to show him. Tell the client there are many different packages or cruises to choose from. You do not want to misquote him, therefore it would be wise to establish an appointment to further discuss their vacation needs.

“Would this Thursday at 2:15 p.m. be acceptable?”

A smile on your face works in selling your client on the phone
There are many, many organizations that involve themselves with the travel industry in one way or another, as this list proves. Some represent travel agents, some represent suppliers, others represent business travelers who deal with travel agents and suppliers. Some represent people who work in the travel industry, some are government agencies. There will probably be a number of associations and organizations listed here that you will want to contact for one reason or another - part of any trade organization’s mission, after all, is to dispense information about its area of expertise to the general public. There may well be some organizations listed here that you will want to join. I have tried to restrict this listing to those associations and organizations that will be most interesting and helpful to the home-based travel agent. A much more comprehensive listing of travel-related organizations and associations will be found in The Intrepid Traveler’s Complete Desk Reference, available from The Intrepid Traveler for $16.95 (plus $3.50 shipping and handling), P.O. Box 438, New York, NY 10034-0438.

**Academy of Travel and Tourism**
235 Park Avenue South, 7th floor. New York, NY 10003
(212) 420-8400
A non-profit organization that develops travel career prep programs for high school students.

**Air Transport Association of America (ATA)**
1301 Pennsylvania Avenue NW, Suite 1100. Washington, DC 20004-1707
(202) 626-4000 (202) 626-4181, fax
A lobbying and trade organization that represents the interests of the airline industry.

**Airline Reporting Corporation (ARC)**
1530 Wilson Boulevard, Suite 800. Arlington, VA 22209
(703) 816-8000
A separate corporation created by the Air Transport Association (ATA) to manage the complex business of monitoring the sale of airline tickets. ARC “appoints” agencies so that they can gain access to ARC’s bank-like system of collecting payments for airline tickets and disbursing commissions to agents.

**American Association of Retired Persons (AARP)**
601 E Street NW. Washington, DC 20049
(800) 424-3410
member@aarp.org
Membership organization that promotes the interests of those age 50 and over. Offers members a wide range of benefits, including discounts on travel, medical insurance, and so on.

**American Automobile Association (AAA)**
1000 AAA Drive. Heathrow, FL 32746-5063
(407) 444-7000
Promotes the interests of America’s car owners. Publishes an excellent series of regional guide books.
American Hotel and Motel Association (AHMA)
1201 New York Avenue NW. Washington, DC 20005-3917
(202) 289-3100
A federation of associations in the hotel and motel industry. Represents the industry's interests to Congress and the public. Publishes a directory of every hotel, motel, and resort chain with more than three units.

American Society of Travel Agents (ASTA)
1101 King Street. Alexandria, VA 22314
(703) 739-2782
The largest travel trade organization for the travel agent community, with 26,500 members, seeks “to enhance the professionalism and profitability of member agents through effective representation . . . education and training, and by identifying and meeting the needs of the traveling public.” It publishes a magazine and a wide variety of helpful travel-related information for the general public.

Association of British Travel Agents (ABTA)
55-57 Newman Street. London W1P 4AH. ENGLAND
071-637-2444

Association of Canadian Travel Agents (ACTA)
1729 Bank Street, Suite 201. Ottawa, Ontario K1V 7Z5. CANADA
(613) 521-0474 URL: www.acta.net

Association of Retail Travel Agents (ARTA)
501 Darby Creek Road, Suite 47. Lexington, KY 40509
(800) 969-6069 (606) 263-1194 (606) 264-0368, fax
A feisty trade and lobbying organization representing travel agents. “The Association that fights for the rights and dignity of travel agents and consumers.”

Association of Travel Marketing Executives (ATME)
305 Madison Avenue, Suite 2025. New York, NY 10165
(800) 526-0041

Caribbean Hotel Association (CHA)
1000 Ponce de Leon, 5th floor. San Juan, PR 00907
(787) 725-9139 (787) 725-9166, or (787) 725-9108, fax
This association promotes Caribbean tourism in general and the interests of its members in particular.

Caribbean Tourism Organization (CTO)
80 Broad Street, 32nd floor. New York, NY 10004
(212) 635-9530 (212) 635-9511, fax
A regional tourism bureau which promotes the joys of the Caribbean in the United States.

Commercial Travelers Association (CTA)
P.O. Box 9. Glasgow, KY 42142-0009
(800) 392-2856 (800) 875-2373, fax mail@ctrav.org
Representing the “average business traveler,” CTA describes itself as “a non-profit contract negotiation and advocacy group.” It is seeking, among other things, to end the airlines’ requirement of a Saturday stay-over to qualify for the lowest fares. There are no dues to join.
Condominium Travel Associates, Inc.
2001 West Main Street, Suite 140. Stamford, CT 06902
(203) 975-7714  (203) 964-0073, fax
A membership travel agency consortium offering a comprehensive product and marketing program that helps position travel agents to become “the condo vacation specialist in their market areas.”

Cruise Lines International Association (CLIA)
500 Fifth Avenue, Suite 1407. New York, NY 10110
(212) 921-0066
A marketing organization created by the cruise industry to promote cruise vacations in general and provide training and educational support to the travel agent community.

Department of Transportation (DOT)
400 7th Street SW. Washington, DC 20590
(202) 366-5770  (202) 488-7876, fax
This government agency oversees transportation. The Federal Aviation Administration (FAA) is part of DOT.

Elderhostel
75 Federal Street. Boston, MA 02110
(617) 426-7788
This organization promotes educational and cultural enrichment travel for senior citizens. Most trips feature visits to and lodging at institutions of higher learning.

European Travel Commission (ETC)
c/o Donald N. Martin & Company
1 Rockefeller Plaza, Suite 214. New York, NY 10020
(800) 863-8767  (212) 218-1200  (212) 218-1205, fax
This company promotes travel to Europe on behalf of its European counterpart. The New York office serves as a clearinghouse and can point you toward the resources you need.

Institute of Certified Travel Agents (ICTA)
148 Linden Street. P.O. Box 812059. Wellesley, MA 02482-0012
(781) 237-0280  (781) 237-3860, fax
An educational organization dedicated to excellence in the travel agent profession. Administers the rigorous Certified Travel Counselor (CTC) certification program, as well as other programs for the professional development of travel agents at all career stages.

International Air Transport Association (IATA)
800 Place Victoria. Montreal, Quebec H4Z 1M1. CANADA
(514) 874-0202  (514) 874-9632, fax
IATA Centre, P.O. Box 416, CH-1215 Geneva 15 Airport, Switzerland
IATA administers the system of airline and airport coding.
International Association of Convention and Visitor Bureaus (IACVB)
2000 L Street, NW, Suite 702. Washington, DC 20036-4990
(202) 296-7888 (202) 296-7889, fax
Promotes “an awareness of the convention and visitor industry's contribution to communities around the world.” Works to improve professionalism within the industry.

International Federation of Women’s Travel Organizations (IFWTO)
13901 North 73rd Street, Suite 210B. Scottsdale, AZ 85260-3125
(602) 596-6640 (602) 596-6638, fax

International Forum of Travel and Tourism Advocates (IFTAA)
693 Sutter Street, 6th Floor. San Francisco, CA 94102
(415) 673-3333 (415) 673-3548, fax
This group of attorneys has allied itself with others in the travel industry to promote their mutual interests.

Marketing Alliance for Retail Travel (MART)
1175 Herndon Parkway, Suite 100. Herndon, VA 20170
(888) 577-7627 (703) 318-8186, fax
A marketing consortium for travel agents selling primarily vacation travel. Accepts ARC-appointed agencies and independent agents as members.

Midwest Agents Selling Travel (MAST)
15 Spinning Wheel Road, Suite 26. Hinsdale, IL 60521
(630) 323-0770 (630) 323-2662, fax
A large, regional association of retail travel agencies.

Mobility International
P. O. Box 10767. Eugene, OR 97440
(541) 343-1284 (541) 343-6812, fax
A not-for-profit organization promoting international educational exchange and travel for persons of all disabilities and all ages.

National Air Carrier Association (NACA)
1730 “M” Street NW, Suite 806. Washington, DC 20036
(202) 833-8200
A trade organization representing smaller, low-cost, and charter carriers.

National Air Transportation Association (NATA)
4226 King Street. Alexandria, VA 22302
(703) 845-9000 (703) 845-8176, fax

National Association of Business Travel Agents (NABTA)
3255 Wilshire Boulevard, Suite 1601. Los Angeles, CA 90010-1418
(213) 382-3335

National Association of Cruise Oriented Agencies (NACOA)
7600 Red Road, Suite 128. South Miami, FL 33143
(305) 663-5626 (305) 663-5625, fax
This organization provides professional support and development to cruise-oriented agencies.
National Business Travel Association (NBTA)
1650 King Street, Suite 401. Alexandria, VA 22314
(703) 684-0836  (703) 684-0263, fax
A lobbying and educational organization servicing corporate business travel managers.

National Tour Association (NTA)
546 East Main Street, Lexington, KY 40508
(800) 682-8886  (606) 226-4444, fax
Trade organization of operators of escorted bus tours in the United States and Canada. Publishes a consumer's guide and offers a Consumer Protection Plan which protects travelers in case of default of a member.

Outside Sales Support Network Association (OSSN)
1340 U.S. Highway One, Suite 102. Jupiter, FL 33469
(561) 743-1900  (800) 771-7327  (561) 575-4371, fax  ossn@ossn.com
International Trade Association representing the needs of the Outside Sales Travel Agent, Independent Contractor, and Host Agency Partner.

Pacific Asia Travel Association (PATA)
1 Montgomery Street. Telesis Tower, Suite 1750. San Francisco, CA 94104
(415) 986-4646  (415) 986-3458, fax
A trade organization that promotes travel and tourism to the nations of the Pacific Rim.

Recreational Vehicle Industry Association (RVIA)
1896 Preston White Drive. Reston, VA 20191
(703) 620-6003  (703) 620-5071, fax
Represents RV manufacturers and suppliers. Offers consumer-oriented information about the RV industry.

RV Rental Association
3930 University Drive. Fairfax, VA 22030
(703) 591-7130
A division of the RV Dealers Association, this organization represents companies that rent and lease recreational vehicles for a variety of uses including tourism.

Society for the Advancement of Travelers with Handicaps (SATH)
347 Fifth Avenue, Suite 610. New York, NY 10016
(212) 447-7284  (212) 725-8253, fax  sathtravel@aol.com
Promotes the needs and interests of disabled travelers. Provides information on facilities available to the disabled in foreign countries.

Society of Incentive Travel Executives (SITE)
21 West 38th Street, New York, NY 10018
(212) 575-0910  (212) 575-1838, fax
An association of destination management and other companies that promote travel as a motivational tool to corporations.
Society of Travel Agents in Government (STAG)
6935 Wisconsin Avenue, Suite 200
Bethesda, MD 20815-6109
(301) 654-8595 (301) 654-6663, fax
“The national educational and marketing forum for all components of the twenty billion dollar government travel market.”

Tourism Industry Association of Canada (TIAC)
1016-130 Albert Street. Ottawa, Ontario K1P 5G4. CANADA
(613) 238-3883 (613) 238-3878, fax
Promotes the interests of the tourism industry in Canada.

Tourism Works for America Council
1100 New York Avenue NW, Suite 450 West. Washington, DC 20005
(202) 408-8422 (202) 408-1255, fax
An industry coalition which promotes and publicizes the economic contribution of travel and tourism.

Travel and Tourism Research Association (TTRA)
546 East Main Street. Lexington, KY 40508
(606) 226-4344 (606) 226-4355, fax
An association dedicated to educating those within and outside the travel industry about tourism. Membership comprises representatives from all aspects of the travel industry, from travel agents to convention and visitors bureaus.

Travel Industry Association
1100 New York Avenue NW, Washington, DC 20005-3934
(202) 408-8422 (202) 408-1255, fax
Promotes travel to and within the United States. Membership consists of hotels, attractions, state travel councils, and other members of the travel industry. Publishes a useful series of special reports and directories.

United States Tour Operators Association (USTOA)
342 Madison Avenue, Suite 1522. New York, NY 10173
(212) 599-6599 (212) 599-6744, fax  ustoa@aol.com
A trade association of mostly large tour operators. Represents the interests of the industry and insures travelers against member default.

Vacation Rental Managers Association
P.O. Box 1202. Santa Cruz, CA 95061-1202
(831) 426-8762 (831) 458-3637, fax
info@vrma.com