

# Beyond Commissions

Michael MacNair embraces the evolution of agents to consultants

Industry earthquakes and terrorism may have shaken and reconfigured nearly everyone's business directives in the past five years, but if you're Michael MacNair, president of MacNair Travel Management in Alexandria, Va., you're not only above the tide, you're riding it to greener shores.

In the days before commission caps and cuts, MacNair operated in the traditional way, booking air, cars and hotels for third parties. Today, client fees are rapidly replacing supplier commission payments largely because MacNair has fine-tuned his company's customer advocacy role and he is not reticent about charging for the services.

"In the past, we were truly the middle man in the process, the one between the customer and the supplier, but now we work for the customer," MacNair says. "We are a travel and logistical consulting firm, not a travel agency. We work for the customer and they need to pay us something for our services.

"It is our job to help the customer find the best value for their purchase," MacNair adds. "It is a travesty that suppliers want to pay us nothing and are offering fares themselves that aren't accessible through other distribution channels. As an industry, we need to rise up and prove that we are a great distribution channel, that we have value and that we won't go away."

About 32 percent of the revenue derived from the \$29 million in sales success MacNair tallied in 2001 came from consulting fees. His staff of 40 helps clients write and implement travel policies, and install software systems to assist corporate travel planners in managing expenditures. Supplier agreement negotiations on behalf of clients are also in the repertoire. Corporate clients remain the company's backbone, though about 20 percent of sales now come from leisure products and associated fees.

"Corporate America is realizing that travel is their third largest expense, and our role is to make sure travel budgets are handled properly," says MacNair. "For this they look to us for advice, and this re-enforces the idea that we work for the customer."

Although changes in supplier relations and technological developments have necessitated a MacNair corporate "re-invention," MacNair says customer service has only increased in importance. "I use Nordstrom and L.L.



Bean as my service models because I want to deliver to my clients the same quality, value, consistency and service they do. Part of this model is delivery of services on all channels, including the Internet, phone and fax."

Through the renovations, restructuring and adjustments, MacNair says company growth has maintained an annual rise of between 15 to 25 percent in recent years.

## Company Beginnings

Michael and Ellen MacNair began their agency in 1989 with a loan and a lot of combined industry experience. Ellen worked for a major travel management company in New York City as a logistical planner and on the 1988 and 1992 Bush presidential campaigns. Michael had sales experience with Iberian Airlines, Hilton Hotels and a Washington, D.C., travel agency.

"Together, we had a lot of experience as tour operators, and with hotel and air sales. We opened headquarters in Alexandria, where we remain today," says MacNair. The initial emphasis was on corporate travel management services, because the comfort level was there, he says. From that came vacation travel and group business.

Along their growth track, the MacNairs rode through industry bumps just like their peers. However, they kept their eyes focused on competition and how they could

improve and differentiate. Two years ago, they got a boost to the next level when they affiliated the company with American Express.

"We wanted something that would take us higher for customer benefit, to help us with buying power, systems and procedures," MacNair says. "This new partnership gives us great supplier access and deals. Going with American Express has been the best decision for our customers."

MacNair also fine-tuned company infrastructure. The company now has three principal offices, one near Washington Dulles International Airport in Chantilly and another across the Potomac River in the nation's capital, in addition to the Alexandria home base. A human relations consultant helped improve employee benefits and culture to attract and retain people. At this time, MacNair says, there are people who are waiting to work for the company.

#### Renovating the Culture

There also have been changes in the way MacNair approaches his customers and in the type of customer he pursues. Devising

a profile of his best or most desirable customer has made a difference, he says. Although most clients are still from the corporate world, they don't look quite the way they did a few years ago.

"Our best customer is one with whom we can meld our services — including corporate and vacation travel, policies and procedures, and meeting planning, too. Ours are mostly mid-sized companies, who realize they can't let their people book travel on their own, and they look to us for technology tools and information for the process," MacNair explains. "We help people manage their travel budgets properly. There used to be a lot of confusion about travel management, and people allowed travel anarchy to happen. These people are coming to us for help with control now."

To establish and nurture that ideal customer relationship, MacNair emphasizes clear communication about the value his company brings to the table. "To be successful, we must differentiate ourselves from the competition, define our niche and make sure everybody in our organization can explain the value we bring to our customers. I get tired of having to justify

my existence all the time, but every time I explain it, I get better at it."

#### Leisure Division

"We do a lot of cross-marketing with our corporate clients," says MacNair. "We remind them about our leisure services through media such as invoices, phone on-hold messages and company intranet sites. Of course, this is always with client permission because here in the D.C. market, access is a touchy subject."

The MacNair leisure department now brings in about 20 percent of the company's revenue, and many of the vacation bookings come from corporate clients. Specialties within the leisure division include honeymoons ([www.travelagentoflove.com](http://www.travelagentoflove.com)), services for retired military personnel ([www.armedservicesvacations.com](http://www.armedservicesvacations.com)), and trips to Spain ([www.goawaySpain.com](http://www.goawaySpain.com)), a reflection of MacNair's early industry ears and a favored destination.

#### On the Horizon

In the future, MacNair Travel Management will continue to embrace new technologies, go with the change flow and look for new sectors that sync with the company expertise, predicts MacNair.

"As technology evolves and does the heavy lifting with ticketing, our frontline travel consulting services may be reduced. Our role may be more in the end-to-end travel process and its management. We are pushing ourselves to learn about new technologies, so we can implement and consult on them."

Meeting and event planning and site selection for group business are new buildup niches in the MacNair arsenal too, and "naturals" for the company culture, MacNair says. And so is VIP travel. Experience in the high-end D.C. political market gives MacNair the knowledge to create executive solutions.

Overarching the entire company service spectrum is MacNair's dedication to the service niche he has designed in recent years. And he says his consultive selling philosophy can apply to anyone in the industry.

"Everybody needs to identify their niche and be completely committed to it so they can explain the value they bring to the customer. A small retail agency can survive if they are able to define who they are. They may be the quality travel distributor in their town, on either the high or cheapest end.

"It's all about keeping your eye on the customer you want," MacNair says, "and being committed to what you bring them." ■

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