

GROWING YOUR COMPANY BY CREATING YOUR OWN AFFILIATE NETWORK

IN THIS NEW AGE OF GLOBALIZATION, MANY LUXURY TRANSPORTATION COMPANIES ARE FINDING GREAT PROFIT IN AFFILIATE PROGRAMS. HERE'S A STEP-BY-STEP GUIDE TO HOW IT'S DONE!

By Wayne Blanchard



Tami Saccoccio of Commonwealth Worldwide is one of the industry's best-known affiliate managers.

Since the inception of the Internet, our industry has progressed on a global scale. Business and recreational travelers alike are enjoying the ease of one-stop shopping for their domestic and international luxury transportation needs. Companies such as BostonCoach, Dav El, and Carey International are well-known for providing clients with the convenience of caring for their ground transportation needs no matter where they are traveling. However, this convenient and profitable service is not exclusive to the large companies.

In fact, regardless of whether you are operating one vehicle or 1,000, you can create and maintain a network that can serve your clients around the corner or around the world. Tami Saccoccio, affiliate manager for Commonwealth Worldwide Chauffeured Transportation in Boston, shared her strategy for creating your own affiliate network with LCT Magazine.

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SETTING UP THE FRAMEWORK

► The first thing you need to do when creating your network is to be sure you are ready for it. You need to have the proper

infrastructure. There are three main components for this program — people, technology, and company structure.

■ **PEOPLE:** Whenever you hear the word network, you automatically think of a large group of people or companies. When you endeavor to create a network, that's exactly what you are going to be dealing with. You won't be able to handle a network on

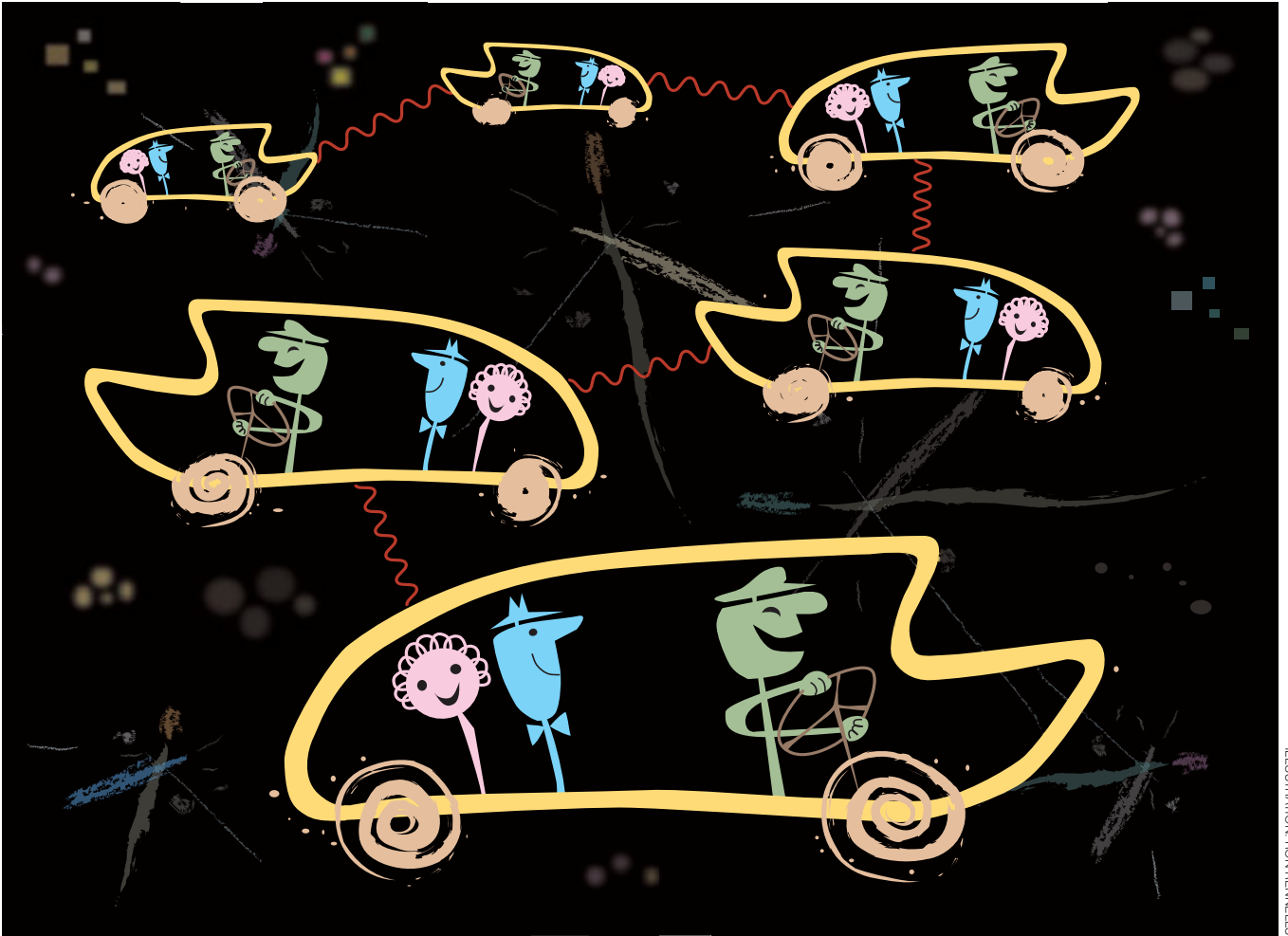


ILLUSTRATION: RON PENNELLS

your own. "Dealing with lots of people requires more than one person," says Saccoccio. "Reservations, dispatching, billing, and troubleshooting all require individual attention and should be broken into separate areas of expertise." By breaking these duties into individual departments, you enable your company versatility to handle the extra workload.

■ **TECHNOLOGY:** This is a major aspect of your network. "If you are still working off a pen-and-paper system, then you aren't ready to create a network," she says. There's really no way to run an international affiliate network these days without the proper technology tools. The days of faxing trip sheets back and forth are coming to an end. Business travelers want online booking and instant confirmations; affiliate partners want seamless sharing of reservation information, trip changes, cancellation notifications, and other benefits of a good livery software and overall technology system.

"Attempting to run an affiliate network without industry software is like trying to run a limousine company with horse-and-buggies," she says. "Your capabilities are severely diminished, and your efficiency is extremely low." Saccoccio also adds that the extra workload for

your personnel could create high levels of employee churn. It's just too stressful on your people to even attempt an affiliate network without the proper tools. It would be like a mechanic whose only tool is a hammer.

Also, with new technologies come new opportunities. Technologies such as TranspoNET 4.0 from GT3 and FleetBOOK are paving the way for companies using software from different vendors to communicate with each other electronically. When every software manufacturer's product is incorporated into these two systems, the potential will be limitless. There's an old saying: "Get with the times, or get left behind."

■ **STRUCTURE:** Whenever you are dealing with affiliate networks, whether you are a part of someone else's or have your own, you need to have a staff on hand 24 hours a day. "Even if you have your phones forwarded to your home, and have access to your reservations system, that will work," says Saccoccio. "However, it is imperative your company is accessible 24/7." She adds that business doesn't stop at 5:00 p.m. "We get calls, emails, and faxes from the U.S. and overseas at all hours of the day and night. When these communications come in, someone has to be there to handle them." ▶

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FINDING AFFILIATES

► One of the most daunting tasks for many operators who wish to create a network is finding and screening affiliate partners.

There are many willing companies in the marketplace these days, but how do you determine who to do business with and who to avoid? Is there a solid process for weeding out the undesirable companies? The answer is yes, and here it is:

The best way to start locating your affiliates, is to network. "Word of mouth is one of your greatest friends in the affiliate world," she says. You need to meet your potential affiliate partners and have a long sit-down conversation. "It's basically a job interview," says Saccoccio. "Just getting a business card is not enough." You need to find out about many aspects of their company. Here's a basic checklist for affiliates:

■ **Type of fleet:** It is very important to know the company has enough of the right vehicles to care for your clients' needs and preferences.

■ **Age of vehicles:** You don't want to put your clients in old vehicles. Most affiliate networks require the vehicles be no older than two-to-three years old.

■ **Rates:** Another determination of whether a potential affiliate partner is right for you is whether they will work with you on items such as rates. "You are in this to make a profit," she says. "You need to make money and allow your partner company to make money while still providing a competitive price for the clients." Saccoccio adds that you need to know they will do their best to meet your requirements.

■ **Policies:** If you have a certain policy of amenities provided, but the affiliate generally doesn't supply these items, they should be willing to provide them for your clients. "It's all about making the effort to satisfy your needs," she adds.

■ **Company vision:** This is an important consideration that will help you get a better insight into what type of operations they are running.

■ **Niche:** If you are dealing in all corporate clients, you don't want to employ companies that only have experience with

weddings and proms. They have to know this industry segment and be able to satisfy your clients' needs.

■ **References:** It is always advisable to talk to people they have been doing business with to gauge their professionalism, reputation, and dependability.

■ **Extra calls:** It's also wise to call people near your target market that you know and trust to learn more about these companies.

■ **Industry involvement:** Commonwealth only deals with NLA members. This shows the company's convictions and willingness to comply with the association's policies.

■ **Insurance:** Always be sure the companies comply with all minimum insurance requirements. (Commonwealth requires \$1 million minimum coverage, but strongly recommends \$5 million and will choose an affiliate based on their insurance coverage, among other criteria.)

■ **Licensing:** It is also necessary to be certain the companies are compliant with all regulatory agencies (including DOT for any interstate work). Saccoccio also suggests you get a listing of the regulatory agencies and individual state and local requirements for all major markets. For international affiliates, check with these countries' department of commerce to locate their regulating agencies. "This is very important information," she says. "The last thing you want is for your client to be forced to find alternate transportation because their ride was just towed away." She says that resources such as the annual LCT Fact Book, the NLA, and state/local associations can provide you with much of the contact information on regulatory agencies.

■ **24-hour service:** This is important! If a company is not available 24 hours a day, you could be left with no vehicle during a last-minute request. Saccoccio says when last minute changes or bookings come in, the clients aren't going to wait until morning for an answer. They are expecting you to be able to contact their target city's affiliate and give them an answer immediately. "If they have a last minute request for a vehicle at 6:00 a.m. the next morning, and it's almost midnight, you need to be able to say either yes or no right then and there."

■ **Insurance loss runs:** This will validate the safety record of the company.

FAQ

FREQUENTLY ASKED QUESTION:

When is it time to hire an affiliate manager?

MANY OPERATORS who are starting an affiliate program generally begin this endeavor on their own, adding this immense and daunting regimen to their already large work volume. It generally doesn't take very long for them to determine that this task is, in itself, a full-time job. The truth is, if you are creating an affiliate network, then it is time to hire a person to either implement the network or handle your current duties so you can get it going.

"If you want to take your company to a national and/or global level, then you need a full-time affiliate manager," says Saccoccio. "A person can't do four jobs at once. You need to concentrate on one job and hire other people to do the others." She adds that you can either train a person to handle your management duties and begin work on your network, or hire an experienced affiliate manager to create it for you.

Hiring someone with experience is

actually your best bet though. This person already has knowledge of items you would have to learn by trial-and-error. This person would already know the best practices for pricing, affiliate recruiting, procedures, and advertising your network, and should have solid connections in many of your major target markets. That experience would allow your network to be up and running in a fraction of the time it might take you. ►

AFFILIATE NETWORKS

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SITE VISITS

➤ Site inspections are another important part of the screening process. These are very helpful in determining the validity of an operator's claims. "Unfortunately, some companies will try to misrepresent themselves in order to secure your business," says Saccoccio. "This could spell disaster if you give them an important client, and they aren't who they say they are." Of course, it would be difficult to visit

every city, but you should try to cover your major markets.

“UNFORTUNATELY, SOME COMPANIES WILL TRY TO MISREPRESENT THEMSELVES IN ORDER TO SECURE YOUR BUSINESS.”

Here are some site visit criteria to consider:

■ **MYSTERY RIDES:** This will give you an idea of what type of service the company provides. Check for professionalism of chauffeurs, area knowledge, smoothness of ride (no quick stops/acceleration or erratic driving), amenities, and cleanliness/condition of vehicle.

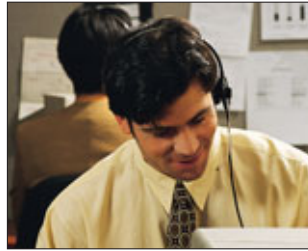
■ **CHAUFFEUR INTERVIEWS:** A few random interviews can provide insight into whether the chauffeur has been properly trained. Look for proper attitude, knowledge of company policies, and even a few scenario-based questions.

■ **SPEAK WITH EACH ADMINISTRATIVE DEPARTMENT:** This includes dispatch, reservations, and billing to determine their professionalism and level of organization.

■ **PROCEDURES AND POLICIES:** Employees should possess a good knowledge of all company policies and procedures. This will also give you a glimpse into the extent of their training practices.

■ **FLEET INSPECTIONS:** Look at the condition of the vehicles. Check tire condition, lights, windshields, and any other safety-related items. If any of these are neglected, this is a sign of lack of dedication to client safety.

■ **MAINTENANCE AND SAFETY POLICIES:** Review such items as maintenance schedules, what conditions will cause a vehicle to be pulled from service, inspection procedures (frequency and items inspected), and maintenance records.



RESERVATION PROCEDURES

Putting together a network is a lot of work. The last thing you want is for mistakes and miscommunications to damage the reputation of it. Mistakes lead to lost clients and that leads to lost revenue.

Find out which communication method is better for your affiliate partners — email or fax. What method is their office staff quickest to respond to? This helps avoid communication lag. (Generally, email is more depend-

able.)

At the moment of the reservation, send it to the affiliate. It is advisable to request a receipt to confirm they received it. Be sure all information is provided: names, dates, addresses, itineraries, and contact information should all be present.

Any changes prior to a job must be sent via email or fax as well as called in immediately.

Immediately following job completion, you need to process end-of-job paperwork. Closeouts, follow-ups, billing, and any other standard procedures should be conducted in a timely manner.

Affiliate payments should always be handled within the pre-determined terms of your affiliate agreement.

POSSESS THE PROPER PAPERWORK

As with every aspect of the business world, your relationship with affiliates should contain a paper trail. Agreements and contracts are the perfect tool for formalizing everything you have agreed to, and what is expected of each other.

• **Partnership agreement:** This is a contract, which contains policies, procedures, and responsibilities of both your company as well as the affiliate. All expectations for both parties should be covered as well as all payment agreements.

• **Affiliate survey:** This is a great tool to find companies that fit your specific business model and requirements. These surveys contain specific questions about the potential affiliate and their fit into your organiza-



tion. For a great example of an affiliate survey, please go to www.commonwealth-limo.com/affiliate-survey.html.

• **Non-disclosure agreement:** This is another must-have document for your affiliate relationship. It assures that all information you wish to keep confidential remains confidential. Client lists, proprietary information, contract data, job information, and other important resources must be legally protected from distribution and/or malicious intent. This is especially important if you have high-profile clients or terminate a relationship with an affiliate partner. ▶

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MAINTAINING YOUR NETWORK

➤ Once your network is set up and running, you need to maintain it. There are several key things to remember to keep your affiliates happy and your network running smoothly:

AFFILIATE MEETINGS

These are necessary for a company that has a growing affiliate network. You want to be sure all of your affiliate partners are in line with what you're doing.

These events can be used for several purposes:

- **Policy changes:** This can be a great forum to share new policies or procedures with affiliate partners and provide a forum to answer questions and/or concerns.

- **Affiliate updates:** Any additions or changes to the network such as new markets or countries can be shared and discussed.

- **Solicit ideas and concerns:** Every organization can benefit from feedback and brainstorming... this provides that opportunity.

- **Motivational speaking:** This is an opportunity to take morale to a higher level. These people represent the companies that represent your organization. Let them know how much they mean to you and how great they are doing. These are things everyone appreciates hearing.

INDUSTRY EVENTS

When dealing with companies around the world, you conduct most of your business through technology. Fax, email, and phone are the primary sources of communication that you will get very little face-to-face time with them. "That's why events such as the International LCT Show and LCT East are so great," says Saccoccio. "You get to meet and spend time with people face-to-face." It adds that personal touch to your business relationship. "If you don't take advantage of these events, you aren't utilizing your greatest networking tools."

BACK-UP COMPANIES

It is also good to have back-up companies in every market. Just because a company has always had the vehicles you needed when you needed them in the past, doesn't mean they will always have availability this time. A large event or convention could easily absorb your affiliates' fleets, leaving you without transportation for your clients.

BE FAIR

If you do maintain several affiliates in one market, make sure that each affiliate knows their position on your preferred list. Their expectations should be aligned with their A, B, or C position. Companies in the B or C position will work hard in the expectation that maybe some day they will become the A company. It also keeps the A company sharp and prevents complacency. Giving all the jobs to one company could cause hard feelings and leave you without a vehicle when your need is greatest. It also inspires these companies to give your clients their best service. If you are contributing to their bottom-line on a regular basis, they will do their best to make sure you are happy.

ABIDE BY ALL AGREEMENTS

Perhaps one of the easiest ways to lose an affiliate is to not follow through with all agreements — both verbal and written. "If you agree to pay an affiliate a certain fee within a certain time frame, then do it," says Saccoccio. "These people are trying to make a living just like you, and they can't afford to see partial payments or long-term delays." She adds that your network is only as strong as your reputation and there are many other networks waiting in the wings. "Treat everyone you do business with like your future depends on their business — because it does!"

Following these basic steps will give your company an opportunity to grow without having to purchase more vehicles. Whether you have to farm out a job in your home city or on the opposite side of the world, this program will help you. Tami Saccoccio will be participating in advanced educational programs on affiliate networks at the LCT Eastern Conference. For more information, please visit www.lctevents.com.

AFFILIATE TID BITS *From the Big Dogs*

Here are some questions and answers from a recent affiliate panel at LCT's Leadership Summit held in Miami in April 2007. Participants included Jonathan Danforth, president/CEO of Boston Coach, Tim Rose, Flyte Tyme president, Dawson Rutter, president/CEO of Commonwealth Worldwide, and Doug Werdebaugh, senior VP worldwide operations of Carey International.

What types of companies do you align yourself with?

(JD) Those who maintain a high level of integrity.

(TR) And provide great safety evidence.

(DR) I want to work with people who are intent on running an effective business.

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What is the best way to manage an affiliate network?

(DW) Formulate a contract so you can manage the farm out.

(TR) You should have at least three affiliates in every major city.

(DR) Communicate with your affiliates on a regular basis.

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How do you preserve your brand integrity when working with affiliates?

(JD) Understand what your service standards are and maintain those.

(TR) Survey your clients when you use affiliates.

LCT