



Agent's Corner: Combating the Recession with Chris Thelen

AirPlus talks with Chris Thelen, CEO and owner of Chambers Travel about the impact of the current economic climate on TMCs, new challenges that face the industry and what Chambers Travel looks forward to...

Chris Thelen, CEO, Chambers Travel

A+: The current economic downturn saw a reduction in business travel. What are the main changes you have experienced as a result of the recession and do you see any positive outcomes?

CT: Companies really want to drive down the cost of travel and are increasingly examining the whole end to end process including what internal cost controls they have in place. Chambers has always tried to offer pro-active advice to clients, but until recently, proposals to change process and practice have sometimes fallen on deaf ears. That's certainly not the case now. A good TMC must be prepared to be solution orientated and literally start again with a blank sheet of paper, building a new travel programme around the client's new objectives. For us it's a great time to offer consulting services to help achieve this.

A+: Facilitating credit may still be widely practiced amongst TMCs as a means of winning over new businesses, however, many agencies risk bad debt as a result. How has Chambers Travel managed to overcome this common practice in today's competitive environment?

CT: I could never have grown Chambers at the pace we have over the last five years unless we had partnerships with lodged card providers such as AirPlus. All new accounts and most longstanding customers have been moved to this line of credit. Lodged cards have provided the consistent cash flow to expand the business safely and this is even more relevant in today's market.

I am still not sure all the agency community has got their strategy right on how to sell the card concept into their client base. Last year Chambers introduced a new incentive scheme for the sales team. They are actively incentivised on winning new clients where payment is card based. There is no reward for cash payment clients. Perhaps not surprisingly, since then all new business won has been on a lodge card basis.

Given the recessionary environment, and IATA being watchful of bonding requirements, the more cash clients you have the higher your probable bond is with IATA. Obtaining a bond in this market is a tough thing to do. By switching accounts to a payment system like AirPlus you can effectively minimise or even eliminate the need for a bond.

Taking all of this on board moving to card payments is an absolute no brainer.

A+: Has the demand for lodge and/or corporate cards increased in the current recession and if so what benefits do the TMCs seek from a card provider?

CT: There has been a terrific increase in the use of corporate and lodged cards because it reduces the TMC risk and need for cash to fund your business. Who knows what is around the corner in the current climate. What the TMC wants from the card provider is partnership in giving the customer an end to end integrated solution. That means; from booking to settlement, they need to get the right data in the right format for the customer, preferably with no for manual intervention from the TMC.

A+: In a climate where everyone is trying to cut costs and get the best value for money, what are the corporate clients looking for in their TMC? Do you see the current situation changing the role of TMCs in the near future, and if so, in what way?

CT: Corporate clients are looking to their TMC to provide options to reduce their costs, study booking behaviour and help enforce control. If anything TMC's are as much becoming as much technology solutions providers as booking agencies. It's about cost control and automating processes whilst at the same time providing good old fashion customer service, especially when they're in a fix or booking complex travel.

A+: What are the new challenges/ threats faced by the industry and what impact will they have on the way TMCs do business in the near future?

CT: One particularly topical challenge to our industry comes from the move by BSP asking for more frequent remittance of payment. In the Nordic countries BSP payments are being moved to a twice monthly basis. Agencies will only be able to do business in this environment if they have their business on card or if they have a very healthy bank balance. With cash flow very tight in many TMS I have seen many agencies close down directly as a result of this.

A+: Every bad experience teaches us valuable lessons and the travel industry is no stranger to bad experiences – overcoming SARS, 9/11, Tsunami and a series of new pandemics. Has the current financial crisis made the industry stronger in some ways? What has Chambers Travel learnt from the experience?

CT: Once the recession has blown over this industry is going to come back much stronger and with fiercer competition but there is going to be much greater differentiation in what the various TMCs bring to the table. At Chambers we have been looking hard at what our future business proposition is, based on feedback from clients. Avoiding "me too" solutions, we are planning to power our way out of the recession with an approach which we believe will set us apart from the rest of the pack.

A+: They say there is always light at the end of the tunnel. What is your prediction for the rest of the year? What does Chambers Travel look forward to?

CT: It's going to be a long hard year, the economy is not through this yet, but the tough will survive and I am looking forward to delivering the solutions to our customers so they can thrive, too.