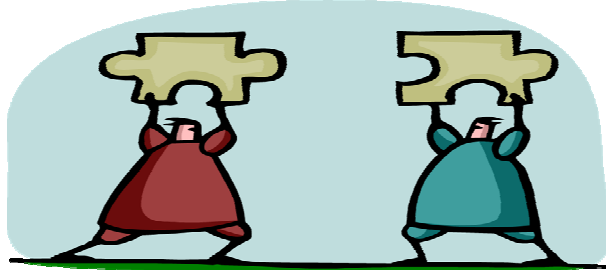


# International Tours of Houston

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## Dear Travel Entrepreneur:

The concept of the Host Travel Agency — Independent Contractor (IC) working relationship is very similar to the business model of a 'real estate agent working with a real estate broker. The broker, as well as the travel host, is looking to their agent to sell a product or service and share in the sales commission earned. Although in our business travel model, you are selling to your clients under your own d/b/a - travel business trade name.



In this travel business relationship, the travel host provides the IC an easier entry into the travel business by *sharing* the benefits of the host's travel industry conference appointments, which require bonding, years of industry work experience, testing and continuing education.

The host agency provides initial and access to continuing training programs; office & technical support, backup, industry travel vendor contacts etc., to enable the IC to spend productive time in developing sales and earning the *majority of commission (70%)* for their efforts. The host also provides the invoicing, ticketing, booking knowledge, support and earns the *minority (30%)* of the commission derived from the IC'S sales efforts.

When conducting your research into starting a travel business from home or office, please consider the advantages of working with a HOST agency that specializes in working with *new* entrepreneurs. As you can easily surmise, new travel entrepreneurs ask a lot of questions requiring a considerable amount of the host agency's personnel's time to explain in detail the travel planning and reservation process.

Do not be surprised from your research findings that many Host agency's are NOT interested in working with new entrepreneurs and only want to sign-up those experienced agents with an established clientele. However, ITH'S personnel's education & training background provide the ITH staff with the understanding and patience to work with new agents.

International Travel Institute (ITI) (the training division of IT Travel Group) began operations in 1974 offering travel training including job placement to our graduates. In June of 1989, personal computer and software technology became both affordable and available to enable ITI to began it's Home Based Travel Program for the graduates who wanted to open their own agency under the umbrella of International Tours of Houston (ITH).

Nineteen years later, The Home Based Travel Program has continued while adjusting to the technological changes of the industry. We encourage you to continue your research in comparing host - agent programs, and to contact ITH to answer your questions on how to begin your travel career.

Ron Sanders CTC CTIE  
President

# Travel Organizations and Associations

International Tours of Houston (ITH) is bonded and holds conference appointments with the following travel industry organizations:

**ARC – Airline Reporting Corporation** – Conference that appoints travel agent



business entities on behalf of the Domestic Air Lines and controls the issuance of ticket stock and payment for tickets issued by travel agencies. Minimum appointment criteria: \$20,000 Surety Bond or LOC (Letter of Credit), an agent qualifier with 18 to 24 months agency work experience and Certified ARC Specialist (CAS) certificate.

**IATAN – International Airline Travel Agency Network** - Conference that appoints travel agent entities for the International Air Carriers and administers the travel agent eligibility list for reduced rate travel benefits. Currently, agent eligibility for access to the IATAN ID Card requires the agent to earn \$5000 in annual commissions through their Host Agency.



**CLIA – Cruise Lines International Association** – Conference that represents the majority of the world’s cruise lines and administers the appointment process for travel entities to earn commission from their cruise sales. CLIA offers many online training courses for new agents, including the ACC & MCC certification program.

ITH and staff hold individual and/or Host Agency - membership in the following travel industry trade organizations:

**American Society of Travel Agents**



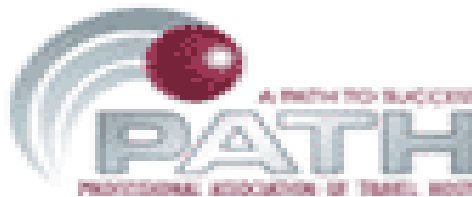
**National Association of Commissioned Travel Agents**



**Outside Sales Support Network**



**Professional Association of Travel Hosts**



**The Travel Institute**



# Travel Automation

**Question:** Do new agents need to purchase specialized software to work in the travel industry? **Answer:** Depends...

**Software**

For example - If your initial business plan is to only sell leisure - i.e. cruises & package tours, then usually the tour operator or cruise lines will offer their programs with airline schedules and ticketing as an optional part of their service.

The cruise lines offer Air/Sea programs in which the cruise line books and tickets the airline space for your clients. This is not always the best nor least expensive method for your clients, but this service is available without you purchasing special booking software.

Funjet Vacations, for example, offers both charter air as well as published air schedules and ticketing as part of their tour packages. Plus all of their packages may be booked via their free internet program - Vacation Access - VAX. VAX is accessed via the Internet and is a no-cost booking engine for the IC. You will need to learn how to book with VAX, but there is no monthly cost for access. Only a user ID and password obtained from the Host Agency.

However, if your client contacts are more corporate oriented and have sales personnel traveling weekly to conduct their companies business, then you would need to use a specialized reservation system that permits you, the agent, to make reservations for air, car rental, hotel and rail directly from your PC. Skilled agents can usually make three (3) times the number of reservations, at better rates, using a GDS (Global Distribution system), than compared with online reservations i.e. Expedia, Orbitz & Travelocity.

Only you can know the direction you want to initially take your new travel business. Most new owners do not start with the airline software and therefore eliminate the cost of additional training and the monthly cost of access to the software. This decision is more often determined by the type of business you specialize in, and ultimately, your perceived professionalism by your clients.

**Types of Automation:** **Amadeus** is a global airline computer reservation system providing IC'S access to schedules and airline reservations capability for 480+ airlines and representing more than 95% of the world's scheduled airline seats.



Amadeus reservation capabilities are extended to Hotels (70,320+ hotel properties worldwide); Car rentals (43+ car rental companies w/ 31,000 locations worldwide); Cruise; Rail (Amtrak and BritRail); and Tours as well as Health and Documentation requirements for international travelers.

**Amadeus Selling Platform.** This Amadeus Internet based software offers multi-tasking -- browsing the Internet while working in the reservation system, and is the ITH selected software used by IC'S requiring a greater usage in airline scheduling & faring. The monthly cost to the IC is \$25.



## Automation Continued...

IC'S also may access [Amadeus Consolidator Shopper](#), a browser-based solution that enables the user to view and compare consolidator and published airline ticket prices, purchase the lowest fares, and make reservations via the Internet. No cost for this access.

[Amadeus Cruise](#) is the newest software added to make the IC'S selling and cruise booking process easier. Amadeus Cruise is an Internet browser-based graphical user software in which the IC may point and click through the cruise sales process for seventeen (17) major cruise lines. Presently, NO Cost for this software.

[Client Management System](#) - ITH does encourage IC'S to adopt their own CRM based on their agency marketing needs and budget. Travel Vendors - [OpenTravel CRM](#) offers a free web based version with upgrades. [Client Ease](#) and [Client Base](#) are two additional CRM web based programs, but requiring monthly fee participation.

## Accounting & Commissions

[TRAMS](#): ITH uses the industry recognized [TRAMS](#) back office accounting software. As each IC enters the Host Agency - IC program, the IC is assigned an account number and agent code.



This three-digit account number and two letter agent code are then associated to all future sales made by IC and invoiced via ITH. [TRAMS](#) software will track each sale reported via the IC account and invoice numbers; permit the production of a detailed sales and commission report that is provided to the IC along with their commission check.

[Commission Options](#): ITH commission options for IC'S are listed below:

[Referral Agent](#) - No monthly fees are charged and no sales quota required as the IC just refers the client to an ITH representative for pricing and selling of travel. IC receives a **30%** commission of the commissionable amount paid by the travel vendor for that sale.

[Booking Agent](#) - No monthly fees and no sales quota, however, IC completes the sale and remits payment to ITH and/or travel vendor. IC earns **70%** of the commission paid by the travel vendor for that individual or group sale.

[IC Amadeus Booking Agent](#) - If IC requires access to Amadeus Selling Platform reservation software, the IC is billed \$25 a month for this access. Payment is due by the 10th day of each month. IC earns **70%** of commission paid by vendor on individual or group bookings.

**Policy for Non-commissionable Sales** - Travel vendor sales deemed "non-commissionable" (i.e. Airline published fare tickets and/or net airline consolidator tickets etc) will be subject to the following per ticket cost:

ITH will retain or require a **minimum \$10.00 per ticket transaction processing fee** for airline tickets, or **thirty percent (30%)** of the IC charged transaction or service fee, whichever is greater.

## Commissions & Benefits

**IC Transaction Fee:** IC may & should charge an additional amount over ITH'S minimum for their own transaction fee compensation. For example, IC ticket fees begin at \$20 per ticket and reach \$125 or more for international tickets. A standard fee is \$30 to \$40 per ticket. The total collected fee (less ITH'S minimum & ARC'S merchant fee) is paid to IC in the monthly or twice monthly commission checks.

IC commission checks are issued by the 15<sup>th</sup> of each month with a detailed sales and commission report. The commission report lists all sales invoiced by ITH for IC for that time period; customer name, invoice number, itinerary, dates of travel; types of travel, gross sales totals less commission deductions.

IC'S producing sales of \$40,000 per month or more are paid commission twice a month. Sales incentive programs are offered on a periodic basis with selective Preferred Vendors offering compensation of air tickets, reduced or free ground arrangements and bonus commissions.

**Travel Document Disposition:** ITH internal staff assembles and prepares for delivery, ticketed components based on instructions from IC – mail; express; courier or in-office pickup. This service would also include cruise or tour documents received at ITH for the IC'S clients.

IC'S are provided access to ITH'S Policy and Procedural manual developed expressly for the ICs and ITH staff to facilitate communications, check & refund requests, etc. ITH'S industry experienced staff recognize and react to the daily miscellaneous changes that occur with a varied IC clientele and their respective customer quirks.

- **Faxing Overnight Delivery:** Amadeus and ITH offer (at cost) itinerary/invoice-faxing capabilities for each IC via Amadeus or Internet booking system. Overnight delivery service is offered with a contracted discount rate structure. ITH does not charge additional handling or management fees for these delivery services.

- **Seminars:** Travel industry suppliers will periodically conduct product knowledge or destination training seminars. These seminars are offered on a local, regional, and national basis and the suppliers may charge a nominal fee for attendance. IC participation in these seminars is voluntary and any fee for attending is borne by the IC. When known, ITH will advise IC by email dates and times for seminars.

- **Your Company ID:** ITH has set up the Amadeus itinerary/invoice printers to print out **your trade name** on *generic itinerary/invoice* 2 part stock; not ITH'S! Therefore *your d/b/a* trade name is always in front of your clients, **not** ITH'S name.

Further, if you provide ITH with a supply of window type mailing envelopes with your company name and address, tickets or documents issued on your behalf will be mailed in your company's envelope to your clients!



## Host Agency Support Features

- **Communications**: The management of ITH strives to provide to IC'S the most current industry information. ITH staff reviews incoming vendor bulletins, faxes, mail and emails, summarizes the material and forwards this summarized material to IC'S.

- **E&O Insurance** IC'S must purchase Travel Agents Professional Liability Insurance i.e. Errors and Omissions insurance either through ITH'S program @ \$100 annually; or provide their own E&O coverage with proof of insurance verifiable to ITH.

- **Educational Trips**: Educational familiarizations are travel opportunities for IC'S to visit the world's greatest cities and resort destinations. IC'S meeting the qualifications set by the travel vendors, will be able to experience the gourmet delicacies of foreign cultures, and be among the first to sample the next generation of new destinations, airplanes, cruise ships, hotels and trains that you will eventually sell to your clients.

IC'S eligibility to participate in the educational trips will vary from just having your name on the IATAN Personnel List, or letter from ITH attesting that you are active in pursuing travel sales, to making yourself eligible by obtaining your own CLIA Photo ID or IATAN ID cards as accredited agents.

- **IATAN Card**: The International Airline Travel Agent Network (IATAN) is the industry's governing conference in administering the travel agent ID card for travel industry reduced rate benefits. IC'S must earn a minimum of \$5,000 in commissionable or salaried income per year to be eligible for an IATAN Travel Agent ID Card. IRS form 1099 is issued to each IC at the end of the calendar year.

- **IT Travel Group Merchant Account**: With ITH'S approval, IC'S may process non-ARC credit card transactions via the merchant account. This feature is especially helpful when working with clients who must pay with a credit card for a non-arc sale, i.e. motor coach trip. A merchant processing fee is charged by ITH.



One question that is always asked by the IC'S starting their new travel business is, "where do I obtain my customers or clients"? Almost without exception, it is the IC'S circle of relatives and friends that are the first to be contacted. However, the IC must give some thought as to the sales type of agency he/she wants to strive for.

Corporate or Leisure or both! Corporate business may include business travel; hotel and car rental bookings; commuter rail, meetings, conventions and association type of business, plus their travel can be both domestic and international.

Leisure may include individual and group travel; cruises; package tours including family travel, and dozens of specialty type travel i.e. Adventure Travel; Destination Weddings & Honeymoons; Non-profit groups including churches; etc., and would also include both domestic and international travel.

Most new agents will accept any and all types of travel business to help build their client base. Grandma's trip to Los Angeles is just as important to the IC in their learning process, as the request for pricing a package for two to Las Vegas. As the IC'S travel knowledge continues to mature, the IC may move into a specialty type of travel due to the comfort level attained, increased commissions, referrals from existing customers, or their own enjoyment for planning and working with certain types of travel.

The advantage of working with business or corporate accounts is that most businesses need to have their sales personnel traveling to conduct their own business. For the IC, this is good & immediate business as the corporate traveler is having to travel weekly or monthly and the IC will be earning ticket transaction fees and commissions from their car rental or hotel stays. Corporate business provides almost immediate cash flow for the new agency business.

Leisure travel volume, including group business, usually takes more time to establish, at a sometimes higher marketing cost. Leisure clients travel one to two times a year and may require more research time of the IC to finalize the booking. The IC may have to expend X number of advertising dollars to become a presence in your immediate community. Fortunately, many travel vendors offer co-op advertising dollars that somewhat offset your total cost. These same travel vendors also offer a wide range of free direct mail pieces; online clip-art wizards to setup your group flyer; and many other marketing programs in which the IC may personalize their material for mail out or sending emails to their client list.

Further, once the IC is officially in the business, the IC will have access to the many promotional materials available from the travel vendors, especially the cruise lines offering cruise night promotional gift items for the attendees. Holding cruise nights has proven very successful for many IC'S to generate new cruise business and referral clients.

Sales leads are also available from many of the foreign government tourist offices . These tourist offices offer specialist travel agent training programs, at no charge to the IC. Once the IC completes their respective courses, the IC is added to that vendors web data base, and as potential customer inquiries are received, those customers names and contact information are passed back to the IC specialist in the customer's home zip code area. That sales lead can become the IC's new customer.

## Preferred Travel Vendors

**Results! Travel** – ITH is affiliated with the Results Travel Network, a member of the Carlson Travel Network Associates, Inc., a multi-billion dollar travel company. Results Travel Network offers a comprehensive preferred supplier program, and an aggressive national marketing strategy including access to exclusive cruise and tour products.

As a member of ITH'S IC program you have Internet access to the Results Travel Network intra-net site listing the preferred vendors, cruise and tour offerings, commission structure and marketing assistance. Listed below are some of the Preferred Travel Vendors:

### CRUISE SUPPLIERS:

Azmara Cruises  
Carnival Cruises  
Celebrity Cruises  
Crystal Cruises  
Cunard Line  
Disney Cruise Line  
Globus/Avalon Waterways  
Holland America Line  
MSC Cruises  
Norwegian Cruise Lines  
Oceania Cruises  
Princess Cruises  
Regent Seven Seas Cruises  
Royal Caribbean International  
Seabourn Cruise Line  
Silversea Cruises  
Trafalgar Tours - River Cruises  
Viking River Cruises

### TOUR SUPPLIERS:

Abercrombie & Kent  
Adventures by Disney  
Cantrav Leisure Services  
CIE Tours International  
City Escape Holidays  
Contiki Vacations  
Continental Airlines Vacations  
Funjet Vacations  
General Tours  
Globus Family of Brands  
GOGO Worldwide Vacations  
Insight Vacations  
Isram World  
Pleasant Holidays  
Qantas Vacations  
SuperClubs  
Tauck Tours  
Trafalgar Tours  
Travel Bound  
United Vacations  
Walt Disney Travel Company

### AIR CONSOLIDATORS:

C & H International  
Centrav  
GTT Global  
Transam Travel

### RAIL SUPPLIERS:

Amtrak  
Rail Europe  
Rocky Mountain Raitours

### CAR:

Alamo  
Auto Europe/Destination Europe  
Avis  
Budget  
Carey  
National

### HOTEL PROGRAM:

CCRA International  
Leisure Hotel Program - Carlson Leisure Quote  
Luxury Resort & Hotel Program

### TRAVEL INSURANCE::

Access America  
Travel Guard International