



The Constitution of Affiliate Work:

GUIDELINES FOR PROFIT

By Liz Hunter

We the people of the limousine industry, in order to form a more perfect union, establish a global affiliate network to insure success and promote the general welfare of operators and clients everywhere.

PERHAPS THERE SHOULD BE A CONSTITUTION of sorts for limousine operators and affiliate work. It worked for the U.S. right? Drawing up one document that contained all of the core laws with amendments made along the way. The Constitution defines the certain procedures used by the government in this country. The same could be done for this industry. But should it be?

Sure, the benefits of a wide affiliate network are numerous. There's major profit for your company with little overhead, and you have the ability to service your clients in almost any city in the world, just by building relationships. But growing those relationships is not as simple as one phone call. There is much to

consider when it comes to referral work. This is where some sort of standard of guidelines, a constitution so to speak, would come into play, but considering it might be a little hard to single out every minute detail in affiliate world, here are some major aspects that could potentially throw up some red flags.

Industry References

For most operators, the first step when looking for a new affiliate in a certain market is contacting friends or colleagues in the industry to ask if they know of anyone reliable. This can potentially save time and energy searching for a company that may end up not meeting your needs. Matt Yorke, executive vice pres-

ident of Signature Transportation Services in Nashville, says he has a core group of people he will e-mail when in need. "The biggest thing in building an affiliate network is using your peers," says Yorke, whose company has 250 affiliates. "Being in one of Tom Mazza's groups is helpful because a lot of our companies are working on the corporate end, and we sort of set similar standards. I'll send an e-mail asking who they have used in which market and when someone replies, I've almost got my affiliate right there because I trust their judgment, even though I'll need to do further research on my own." On the other hand, reaching out to fellow operators can also yield names of companies not to use.

Besides asking others directly, there are several industry guides to consult, such as the National Limousine Association (NLA) directory, or the NLA website www.nlaride.com. Those companies listed are viewed as having a vested interest in the industry and looking to improve it as a whole. "One of the first places I'll look is the NLA guide," says Guy Palumbo, director of global operations at Partners Executive Transportation in New York City. "I am going to pay closer attention to the company that is a member of the NLA than I would a company that isn't." But, just being a member of the NLA does not guarantee affiliate work will come your way.

Another useful source is the *Limousine Digest* Referral Guide—a section of the magazine totally dedicated to listing formidable national affiliates ready to accept farm-out work.

This resource assists operators every month in their search to provide clients with top-notch service in other cities, whether it's Los Angeles, Calif., or Sheboygan, Wis.

Websites and E-mail

We know the old adage "don't judge a book by its cover," and that can truly be applied to this industry. An Internet presence is no doubt important, and yes some operators have better resources or bigger budgets than others. One must remem-

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ber, however, that a website is the window to your company, not just for clients outside the industry, but also for those within the industry who may be checking you out for referral work. "If I see a company that has taken the time and energy to make the website appealing, then maybe I can infer that my clients will be taken care of in the same fashion," says Yorke. "If a company doesn't care about its image online then maybe it doesn't care about its image as a whole."

Palumbo says a poor website will make him back off from pursuing that affiliate. "If it's one page, where I have to submit contact information to get a quote, I'm a little suspicious. Or if there are photos of a fleet that seems to be mostly for retail clients and I'm looking for sedans, that will help me determine if I use

that company or not.” Yorke warns to keep in mind that anyone can copy and paste images of new vehicles yet still be running older models. “This is a business where image is important to clients, among other things, and that’s why you have to ask that company point blank what year its vehicles are,” he says. Also note the e-mail address of a company. One with a .com or .biz is more likely to be set up properly with its own server. Palumbo is wary of operators who use an AOL or Yahoo account for their business. “Sure, I have an AOL account, but it’s for personal use, not my business. It just doesn’t look professional,” he says.

Documentation

After making your initial contact with a company that you feel might suit your affiliate needs, getting all of the necessary paperwork and documents into your hands is imperative to protecting yourself. There are a key set of items you should obtain from the company to prove that it is operating legally. Those items include:

- Proof of insurance, additional insured certificate, and copy of declarations page(s)
- Proof of license from regulating body
- Safety record
- DOT license
- List of fleet

“Insurance is really the key to follow up on,” says Robert Mackasek, CEO of Valera Global in New York City. “You can’t rely on representations made by individuals as to what their insurance is, and especially don’t rely on accord forms from brokers, says Mackasek. “You should ask to get a copy of their declarations page so

you can verify if their coverage is real.” The declarations page will show things like the name of the insured, inception and expiration date of policy, year, make and model of insured vehicles, VIN number, and deductibles. Anytime a company cannot provide you with this should send up a bright red flag not to do business with it.

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Mackasek suggests looking even deeper into a company by checking with the local regulating body such as the Public Utilities Commission (PUC), depending on the market. “You need to do your due diligence and should be at least as diligent as you are with your own operation,” he says. Because every market has different requirements for operating, a limousine company’s standards might not be exactly what yours are. “We do a lot of work for country music stars, and they play festivals in small towns, and a lot of those towns aren’t up to speed with the same regulations a market like New York faces,” says Yorke. “Even here in Nashville we’re just starting to see some new requirements after operating for 8 years.” Companies can be searched through the Better Business Bureau to see if there are complaints against it, a step to be considered.

Site Visits

Up until this point, most of your contact with a potential affil-



iate has been done over the phone or via e-mail. Things can sound really good, but you can't know for sure until you get up close and personal with that company. Tami Saccoccio, national affiliate director for Commonwealth Worldwide Chauffeured Transportation—with offices in New York and Boston—says site inspections are a must. "People can sell you the world over the phone," says Saccoccio. "But I have been on some scary site inspections." Walking into a site visit and not finding employees or chauffeurs dressed as you were told, a clean facility, or the vehicles you were expecting should immediately tell you that this may not be the affiliate you should give work to. Mackasek says his company relies heavily on site visits, as Valera's President David Eckstein is constantly traveling and meeting with affiliates. "Actually going to the airport in whatever city we need to open and observing chauffeurs is one way of reaching out to affiliates," says Mackasek. "We watch to see who is doing it right, or in line with our standards, then we'll

approach that chauffeur and ask what company he is with. Then we'll reach out to the owner to set up a meeting."

Saccoccio and Mackasek say not all operators can be expected to take time away from their companies to visit each affiliate, but they should attempt to visit affiliates in their top 25 markets. "A lot of my site visits or face-to-face meetings are done at indus-

try trade shows," says Rich Azzolino of Gateway Limousines in San Francisco. "I try to get to the locations of affiliates that I can, but the shows are that great opportunity to meet with other operators directly and chat about farm-out work." Palumbo says site visits can get expensive. "We have 300 affiliates. Should I go visit every one? Should I go visit my affiliate in Islamabad? I can't get to every market," says Palumbo. "But, any employee who might be traveling for a personal trip to a new market we're looking at, or even one we currently have open, we attempt to set them up to go through an affiliate or to use a different airport to get a look at things."

Maintaining a Relationship

The list could go on to include checking references, inquiring about "green" programs, and requiring true 24/7 service. But once you have begun building an affiliate network, maintaining that relationship is an on-going process and is just as important as initially finding it. Commonwealth focuses specifically on training its affiliates, holding an annual Affiliate Partners Meeting where close to 100 of its affiliates come to town for a two-day seminar, plus a team building golf outing. "People really look forward to this event, myself included," says Saccoccio. "We get the chance to talk about the industry, where the company is going, and also work on leadership. It's a nice opportunity for people to meet and network." Working together is vital. "With our affiliates we are also looking at how we can help with what some of the downfalls might be in their respective markets," she says. "Maybe there are issues with the airport

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and there needs to be some structuring. It's not always only about what we want, it's a partnership." Affiliates are an investment, says Yorke. "I use it as a selling tool. When a client asks about getting service in a city, I am able to say, 'Oh sure, I recently had dinner with the owner of that company at a trade show.' Then the client knows he's in good hands and has nothing to worry about."

Watch How Quickly the Network Grows

"My philosophy is slow, sustained growth," says Mackasek. He began growing Valera's network only 18 months ago. "Our needs to grow are dictated by where our clients are flying, and we'll only open markets that I have clients to send to. There is a danger in opening a city without work to send. That kind of rapid deployment is a formula for something less than success." Azzolino points out that affiliate work can easily overwhelm your business. "Sometimes you can forget to focus on your own clients and growing that area," he says. "When it became more than 50 percent of our business, I could no longer live with that in my mind. If those companies pulled the plug then you're stuck with half of your fleet out of work. It's great to get the business but people need to consider not allowing their affiliate work be more than 10-15 percent of their work." While every company's percentage differs, affiliate work should not overwhelm you, or take away from the solid base of local clients you've built. Find a happy medium that fits your book of business.

Yorke says referral work is one way for a small company to become big. "You can become big in the sense that when you're

booking a reservation, it's easy to just ask to book that client's travel in the destination city. These days with the economy you need to look anywhere you can for diversification," Yorke says. "Even if you build this as a niche for five or

six of your top clients the word will spread. You'll be taking care of your clients in other cities and on the other hand, those affiliates will know that you're on the map and may in turn send you work." Saccoccio says limousine companies would be keen to dedicate one person on staff to building the affiliate network. "The startup process is a huge responsibility," she says. "There's paperwork, phone calls, followup. If you're serious you need to hire someone because nobody really does a good job when doing the work of five people."

It's definitely time for operators to realize the immense benefits and profits that can be drawn out of affiliate work. It is a daunting task, especially for the smaller operators, but you only grow as fast as you choose. Pay attention to things that make you a little suspicious and trust your gut.

To get started, turn to page 100 and peruse the participating providers in our national Referral Guide. **LD**

