

small business

Concierge for corporate travelers

• **High-touch service and incentives to find the lowest fares give Avant-Garde Travel a new niche.**

By TODD NELSON
Special To The Star Tribune

As business trips go, the hourlong flight from Minneapolis to Michigan was simple enough — until a late-winter snowstorm began delaying takeoffs.

The travelers could have arrived at the airport unaware that their flight was in limbo and unsure of what to do — if Sue Hagen had not called first to warn them of the delay and explain their options.

Such troubleshooting is just one element of a new kind of corporate travel service, which Hagen launched in June 2004 from her Eden Prairie home.

In addition to providing what she describes as concierge-style service — seeing a trip through from the initial booking to the return home — Hagen, president of Avant-Garde Personalized Travel, also aims to save her clients, small to mid-size businesses, 10 percent on their yearly travel budget.

Her business has taken off, Hagen said, because of a business model that puts service and savings ahead of booking tickets in greater and greater volume, the usual goal of travel agents who collect fees or commissions on every fare they book.

Avant-Garde instead makes most of its money when Hagen saves money for her clients. To that end, she continues to look for lower fares even after initially booking a flight, searching until the day of travel, and

then splits the savings she finds with her clients.

“The travel industry has been changing rapidly recently,” Hagen said, citing the emergence of online travel services such as Orbitz and Travelocity as well as tighter post-9/11 security measures and airline bankruptcies. “But these changes are happening to a very-slow-to-change industry.”

That gives Hagen, a former Northwest Airlines customer service agent, room to expand her business model.

Smoothing the bumps

Business travel has gotten more frustrating, time-consuming and complicated.

The idea of smoothing out those wrinkles — and making a business of it — appealed to Hagen, 41, whose corporate background included such duties as organizing trade shows, making sure equipment and people got where they were supposed to go, and helping to plan executive trips.



“I’ve always been very organized and very detailed-oriented,” Hagen said. “I can see travel from both the inside and the outside.”

She said she usually spent 15 to 45 minutes searching airfares to find three options to offer a client, triple the amount of time a traditional travel agent spends on an initial booking.

AVANT-GARDE PERSONALIZED TRAVEL

Business: Personalized corporate travel service, with multiple fare options and continuous searching for lower fares, to split savings with clients.

Founded: June 2004

Headquarters: Eden Prairie

2005 revenue: Booked \$250,000 in air travel, hotel rooms and rental cars.

Executives: Sue Hagen, President

Strategy: Expand client base and seek more international bookings, in hopes of realizing greater savings on airfares to divide with clients.

Her resources include the electronic reservation system most travel agents use as well as travel wholesalers and consolidators with whom she negotiates discounted fares. She then keeps checking fares, hoping to find an even lower price so she can split the difference with the client. Any charges for changing a reservation are the client's responsibility, though Hagen said she often can work out lower charges.

"We are incentivized to save our clients money," Hagen said. Unlike most travel agents, Avant-Garde charges a fee of about \$15 for each ticket it books.

To cover overhead, Hagen also charges a monthly service fee of \$75 or \$125 for each employee who travels. The fee covers everyone in an employee's family, allowing employees to book leisure trips through Avant-Garde.

Hagen said the savings in travel fares she finds more than offset the booking and service fees. Last year, Avant-Garde booked \$250,000 in airfares, rental cars and hotel rooms, working primarily with four corporate clients. That compares with bookings of \$55,000 to \$60,000 that came in mostly during the last quarter of 2004.

A plan for more bookings

Hagen, who used her own money to outfit a small home office for her business, said she hopes to increase bookings by adding perhaps six clients this year. She figures bookings could grow by about five times before she would need to consider adding staff.

With Northwest largely dominating domestic travel from the Twin Cities, Hagen said she would like to focus on booking more higher-margin international travel.

Once a flight is booked, Hagen monitors seat assignments and looks for possible upgrades. She keeps track of weather, so she can help clients such as her Michigan-bound travelers, who learned of their flight delay when she called them at home, before they had left for the airport.

Frequent business traveler Jeff O'Dell said that during the past year his company has seen the savings of 10 percent on travel that Avant-Garde promised.

"Even if the savings weren't there, just having all that service is worth it for me. Layer on top the savings of roughly 10 percent or maybe more, and it's like having cake," said O'Dell, former CEO of August Technology of Bloomington, which has merged with Rudolph Technologies, where he is strategic business planner.

O'Dell said he has racked up millions of flier miles in the past 20 years and has not found a traditional agent that provided the same attention to detail. Hagen, he said, knows he doesn't like bulkhead seats so she finds him a place elsewhere. More than once he has been waiting for a flight when Hagen has called or sent him a text message to alert him to a delay, even before an announcement came at the gate.

"I like new business models that serve the end customer," O'Dell said.

The question now is whether Avant-Garde can maintain its high level of service as business expands. "I think it's a business model that can grow if you hand-pick people who have that attention to detail and know how to use the technology."

The expert says: Hagen's business model — splitting the fare difference with clients — is one that Caleb Tiller, a spokesman for the National Business Travel Association in Alexandria, Va., said he had not heard of before. The association represents 2,500 corporate travel managers and providers.

"She's capitalizing on the fact that airfares are dynamic," Tiller said. "She's leveraging that reality of the marketplace. I assumed there would be companies out there interested in working with this model."



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We make money by saving you money. It's that simple.