

# The \$90 Million Man

By J.A.C. Dunn

Michael B. Arrington was 26 when he confronted the problem of what to do with his life. He had behind him three years' service in the Marine Corps, which had taken him around the world, and a degree in political science from the University of Illinois. He didn't see himself marching in lockstep up anybody's corporate ladder. He wanted challenging work and independence.

He might have followed his father, an Illinois state senator, into politics. But instead, he checked the newspaper. Insurance? Well, he didn't want to spend his days talking about death.

Then he looked in the Yellow Pages and found there the Evelyn Echols Travel Training School, then only a few weeks old in Chicago. He talked with Evelyn Echols herself, and afterward knew what he wanted to do: own and operate a travel agency.

Arrington paid \$435 for four weeks of classes, then borrowed \$40,000 from the Northern Trust Co. in Chicago and opened his own office in 1,000 square feet overlooking Chicago's Michigan Avenue. The elevator opened right into his suite, so Arrington Travel Center looked more impressive than it was. It had no public image, no customers, one employee and consultation rooms decorated in Mediterranean, Oriental, African and Polynesian styles, reflecting the travel industry's leisure focus in those days.

"I didn't think I could make any money selling somebody a ticket to Cleveland," says Arrington.

As it happened, after a grand opening press party with punch and hoopla, ATC's first client wanted to go nowhere more exotic than Pittsburgh, and he took six months to pay his \$172 bill. Business has since improved.

Some 20 years later, ATC is the 25th-largest of the 30,000 travel agencies in the United States, and the only one of the top 25 that never has been merged or acquired and is privately owned by one person. Retaining control of his business without the help of partners or investors has not always been easy, says Arrington.

He recalls one day many years ago when ATC's monthly bills totaled several thousand dollars more than the contents of its bank account. "But we survived."

And now, Arrington has 170 employees, occupies 18,000 square feet of space on two floors of the Xerox Center in Chicago, and does \$90 million of business a year — most of it from corporate accounts. The agency issues 4,000 tickets every week to clients all over the country. Arrington himself spends about 90 days a year traveling, opening new markets and establishing overseas offices.

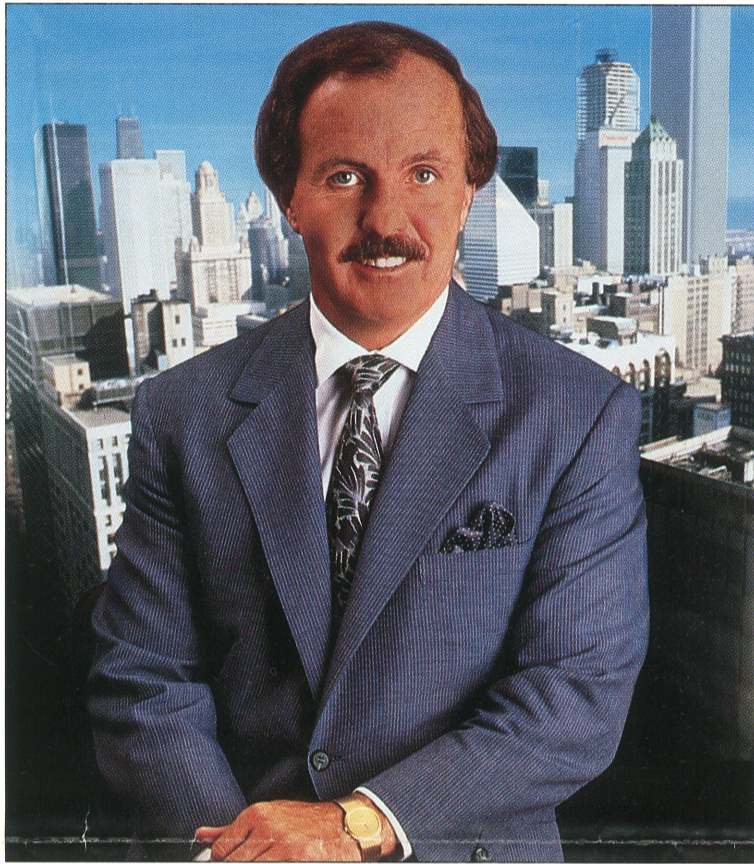
But 20 years ago, he found himself toe-to-toe with the credibility monster. He didn't want to be organizing bus tours to Midwestern state parks and flogging super-savers to Los Angeles. But the large corporate chain agencies made obtaining accounts a challenging task. Arrington pounded pavements and worked weekends, and in the early 1970s his efforts were rewarded with the contract to handle the Chicago Symphony's first European tour.

Arrington subsequently devised a lucrative Hawaiian tour scheme in concert with ABC's "Passage to Adventure" travel program, taking more than 3,000 Midwesterners to tour the 50th state.

While the Hawaiian tours clearly were pleasure travel, the bulk of Arrington's efforts centered on corporate accounts, a business arena not easily entered.

"When I went to sell an account that had offices nationwide," says Arrington, "they would say, 'Well, how are you going to accommodate us in San Francisco and New York?' Of course, American Express and Thomas Cook and Ask Mr. Foster had their bricks-and-mortar locations in all those places, and it was a very difficult sell. We'd do pre-paid tickets, we'd FedEx, we'd use express mail, but of course that wasn't very believable. It was nervous-making."

Arrington overcame the difficulties and landed corporate accounts. Illinois Bell Telephone gave all its travel business to ATC in 1981, even though Arrington still had only 12 employees packed in his 1,000 square feet of



The Chicago skyline was emphatically not the limit when Michael Arrington went after corporate accounts.

office space. The problem of providing, from only one location, reliable travel management services for the widely scattered offices of various companies would still look large today if Arrington hadn't spotted the approach of the Satellite Ticket Printer.

"I knew that the technology enabling us to print tickets electronically was on the horizon," he says. "That technology became available about three years ago, and that was my opportunity, because being able to put an STP on a corporate site was a lot more effective and efficient than American Express having an office maybe two miles away. By virtue of having a centralized reservation system established here in Chicago, we issue those tickets whenever the client wants them, Saturday, Sunday, 24 hours a day. That enables me to market my product more cost-effectively to the customer."

ATC now has nearly 50 leased STPs in place, the largest United Airlines ticket printer distribution of any travel agency in the United States. His largest corporate client, Waste Management Inc., has 30 of those machines in its offices.

ATC provides each corporate

client with a standing, dedicated account team of travel representatives. All travel arrangements made by the client's team are checked and rechecked for errors. The checkers are given incentive pay for finding errors made by reservation agents (who receive incentive pay for not making them).

It is tempting to suggest that the STP is the chief reason ATC and Arrington are as dazzlingly successful as they are. But Arrington sees the STP as remarkable, not miraculous.

"That was just one little thing I was able to take advantage of," he says. "After all, we had grown astronomically even before we put the STPs in. The STP just allowed us to accelerate our growth. I think we've evolved beyond the travel agency image to travel management, because many of our customers expect us to manage their entire T&E budget and enforce their travel policy, and that requires a hell of a lot more expertise than just having a rack of brochures and some posters on the wall. We have our own proprietary management information system, we have our own programmers on staff, and we can use that management data to gain leveraged buying

power with suppliers. And because we've invested in the technology, the systems, the people, we really look at ourselves as travel management companies, and not just 'Flo's Travel Agency' handling cruises and red-eyes.

"I think what makes a successful travel management company is vision and the ability to develop innovative techniques and products, having the vision to stay on the leading edge of technology. If I'm just going to sit back and wait to see what American Express does next, then I'm not being very innovative. I have to be calling on my customer with my innovative ideas."

But surely the successful travel agent is not made merely by filling an office with solid-state circuitry with which to implement innovations. What about those dedicated account team troops who actually talk on the telephone to clients?

"No question about it," Arrington replies instantly, "our greatest assets are our human resources. The only impediment we have to growth and expansion is finding the right people to support expansion. That is my most difficult task — not technology, not marketing, not brainpower, not putting that time in, and fortunately, with our size, dollar resources are not a problem. The real problem is being able to bring the right people in who are experienced, who have the right Arrington corporate culture, the right Arrington attitude, people who are customer-oriented and not dollar-oriented. It's hard to find those people."

"We use six search firms to ferret out unhappy folks who might consider a change to our company, and we advertise not only in our market, but also in major markets throughout the country for people to relocate here."

ATC offers its employees unusually extensive benefits, a training program, and company-paid vacation travel for both an employee and his or her companion. Traveling alone, says Arrington, is a "bummer."

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