



TRAVEL

Beyond The Obvious

How to Earn Money as a fee-for-service destination expert

Madeline Jhawar

Earning Money as a fee-for-service destination expert: 5 tips

1. Measure revenues and expenses
2. Work Efficiently
3. Payment schedule (cash flow)
4. How to earn commissions
5. Affiliate relationships



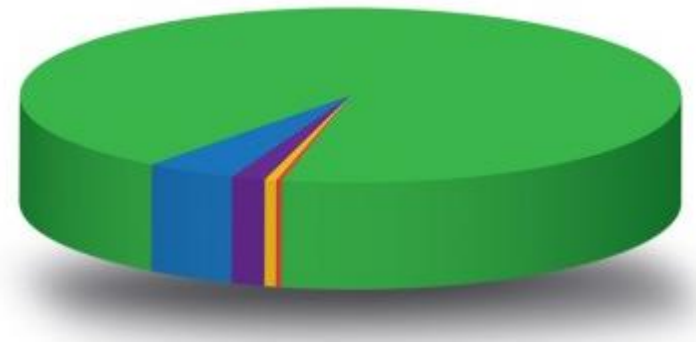
Revenues & Expenses

Remember that you are building a business, not working on a hobby. You need to make money or it won't be a business.

At its most basic level, the amount of money you earn is based on adding up revenues and adding up expenses. Subtract your expenses from your revenues.



Revenues & Expenses



Revenues

- Coaching fees
- Gold planning fees
- Platinum planning fees
- Hourly consulting fees
- Commissions from IATA
- Affiliate income

Expenses

- Contractors
- Tools
- Travel
- Bank fees
- Utilities
- Materials
- Postage
- Hardware
- Marketing

Maximizing Revenues

Since you are offering a high-touch product, the limitation is going to be your time. This means that in order to make the most money, you have just 3 levers to play with:

1. Money earned from fees (increase them?)
2. Use of your time (be efficient!)
3. Money earned from customers (sell them more stuff)



Work Efficiently



Work Efficiently



You want to spend the MOST time on money-earning activities. That means trip planning. That in turn means two things:

1. Minimize spending time on other parts of the business. Know how much money you're earning per hour, roughly. If you can pay someone less than that and outsource other pieces of the business, do it.
2. When you're working on client itineraries, aim for the minimum amount of time spent without sacrificing quality. This means systems & processes.

Using your time efficiently



Recap: 7 reasons you need a process

- Allows you to manage multiple projects at the same time
- Will allow you to look at each project and know what's been done and what's left to do
- You'll work efficiently; you'll avoid repeating tasks
- You won't forget details
- Allows you to laser focus on one piece at a time
- Makes it easy to organize client requests by category (hotels, food, tours etc)
- Makes you seem organized to the client, gives them peace of mind

Payment Schedule (cash flow)



Tips for client payment schedules

- ❑ For amounts under 1k USD, I request pre-payment
- ❑ For most trip-planning, I request a 50% deposit of planning services. The remainder is due after the final itinerary is delivered (so pre-travel)
- ❑ For trip-planning services in excess of \$5,000 I usually request a deposit of \$1-2k
- ❑ Payment can be done by check (in the US), paypal (they take a %), bank wire, or credit card (via Paypal or Freshbooks)
- ❑ You will have the client credit card information in order to book hotels. I recommend not deleting it until they pay your final invoice.



How to Earn Commissions




Types of commission payments

There are basically 3 types of commissions that hotels offer:

1. Hotel gives net rates. Travel agents (or anyone who is a Tour Operator) can mark up. You can give net rate to client but you don't take commissions.
2. Hotel gives gross rates and will not give net rate to client. Hotel needs an IATA number from you and will pay the owner of the IATA. You can get commissions if you have an IATA number.
3. Hotel gives gross rates, and will not give net rate to client, but does not need an IATA number. They will wire the money directly to your business bank account. You can give them your bank details and get commissions.

Types of hotel commission payments



- Net rates  No commissions
- Gross rates, with IATA  Use Host Agency IATA
- Gross rates, will wire  Send invoice to hotel

Finding a Host Agency

Unless you pay for your own IATA number, you need to sign up with a host agency. This agency will take about 20% of the commissions, and may also charge a small monthly fee.

1. Start your research using the list on Host Agency Reviews. <https://hostagencyreviews.com/>
2. Sign up for a Host Agency

Optional but recommended: Sign up for this automated set of emails, 7-day set up

<https://hostagencyreviews.com/7-day-set-up>

How to get commissions with a Host Agency



1. When you book a hotel, and they won't offer net rates, ask whether they offer commissions. If they do, ask whether they can wire you the commissions directly or whether they need an IATA number.
2. If they need an IATA, give them the IATA of your host agency. Agree in advance on the commissions percentage – in writing.
3. Communicate to the host agency that this payment is coming (usually a form)
4. Create an invoice to the host agency in your accounting system

How to get commissions with a Host Agency



5. Add items to your Hotel Booking Checklist for the commissions
6. After the client stays at the hotel and pays, the hotel will send the host agency the commissions.
7. The host agency will take their percentage, and send the rest to your bank account.
8. Close out the invoice. Check off the commissions items on the Hotel Booking Checklist.

Note that this is a lot of work! Decide a threshold under which it's not worth it to you to keep track of all this.

Affiliate Relationships

Affiliate relationships are like commissions in that the vendor gives you a percentage of the items your clients buy



Get
Your
Guide



auto 
europe.



Recommended Affiliate relationships

These are things your clients are going to buy anyway, that you are going to recommend anyway. Receiving affiliate fees is no extra charge to the client. No IATA needed.

- Online hotel booking site (the best one for your country – I use booking.com)
- Car rental site (I use AutoEurope)
- Online shopping (I am set up with Amazon.com)
- Travel insurance (Look at EZTrips)
- Local tours (Viator, GetYourGuide, ToursbyLocals)

How to use affiliate links

- Include links in your newsletter (you must disclose)
- On your website (for example in a blog post)
- Use your link for your client booking
- Send links to clients who are booking their own travel
- I recommend you create a Resources page on your website and include links to:
 - Books you recommend about your country. Categorize by different genres (history, fiction, children's, guide books, hiking books, language books)
 - Items you recommend people buy (power adapters, hiking poles, bags or suitcases)
 - Maps. Include a list of specific maps
 - My resources page is here
<https://www.italybeyondtheobvious.com/italy-resources>

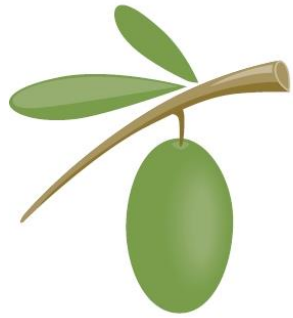


Random thoughts on earning money

- Regarding ads on your site: don't compromise your brand. Don't annoy the customer. Earning pennies with the side effect of scaring away potential customers is not worth it.
- Regarding the content on your site: don't compromise your brand with sponsored posts.
- Passive income: write an eBook
- Create the habit of tracking every expense and recording every bit of income. Note the type of service on the invoice. At the end of the year, you should know how much you earned for each service.

*Someone's going to do it.
Why not you?*

- Peter Diamandis



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