

Group CEO, Reed & Mackay

FRED STRATFORD

The TMC boss tells **Andy Hoskins** why the business is now in a position to raise its profile

One of my first questions to Fred Stratford is why he has agreed to meet with me. After all, the company has maintained a low profile for many years and is perhaps known primarily for its 'premium' positioning.

Is that a fair assessment, I ask. "Yes, I think it is," he says. "We took a decision around five years ago to stay below the radar. We have been on a journey that we are now very excited to talk about."

His ebullient nature is at odds with the company's low profile – to date – as he talks me through his career path. "I studied maths at university and then qualified as a chartered accountant – I couldn't wait to get out of it," he laughs.

A finance role at Thomson Holidays marked his entry to the travel industry, but much of his career has not been within the sector. In 2012 he was urged to join Reed & Mackay by an old acquaintance. "He was my boss at Thomson, so I've come full circle back to travel," he says.

He joined at a time when the company was deeply committed to developing its own technology, and doing it well away from the limelight. The investment is paying dividends now, Stratford explains, with a mobile app – with booking functionality across air, hotel and ground transport – released in February proving "a final piece in the jigsaw".

"Now is a good time for us to speak more openly because what we've done isn't easy to replicate. That uniqueness we have is not something you can just take to market and deliver," he explains.

"Our technology is a real differentiator for us. Owning our own tech enables us to give clients bespoke developments. Ask an off-the-shelf supplier to do that and you have no chance, no matter who you are."

Despite its investment in tech, it is the company's high-touch service that appeals to its portfolio of largely legal, finance and professional services companies.

"It's service first, second and third," he says. "It's in the DNA of the business. You'll pick it up if you walk around here."

He continues: "We're unashamedly not the cheapest TMC in the market, but our client retention is really high and there's a good reason for that. We focus on the total value. We pay our staff great wages and we incentivise them to find clients savings. That's very different to what anybody else does."

The company's commitment to clients is such that international expansion, backed by a private equity investor, was necessary. Some customers were clamouring for an international offering and the TMC knew it needed to act.

"We were running the risk of losing some of our clients. We got to the point where they

were looking for global MI, global traveller tracking and the full Reed & Mackay service in their key markets. We moved at the right time," Stratford explains.

The TMC now has 40 partners around the world, it has made acquisitions in France, Germany and the US, and it has opened its own offices in Singapore and Dubai.

"There are one or two markets we'd like to be in which we're not at the moment, so we're working on those. And we're looking at getting our overseas offices up to scale quickly," he says.

And what about Reed & Mackay's long-term goals for growth? "My view is that in three years time we'll be double the size we are today. That will take some acquisitional business. Being a £750-800million business in three years is more than achievable," says Stratford.

Acquisitions of UK TMCs are not out of the picture, but the company will be selective. "If they have the same service mindset we'll take a look," he says, but he also fears for the future of some TMCs.

"The challenge is that some TMCs are unable to invest in the tech they need, but also some TMCs are so online-based, and have clients with such simple travel needs, that profit margins are seriously slender."

Stratford concludes: "As long as clients see they're getting value for money then you've got a sustainable business. The vast majority of TMCs are resilient and robust, and as the world gets more complicated and travel gets more complicated, the future is bright for our sector."

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Fred on...

New Distribution Capability

"The airlines and GDS have commercial negotiations that they have to get sorted out but they've played it out in public and that's wrong. We know from conversations with clients that they feel forgotten.

"As a TMC we are happy to plug into half a dozen key airlines but what we don't want to be doing is plugging into 100 airlines.

"As for British Airways, I'm not sure they went about it the best way. Where corporates have their own route deals, they just went and put the fee on everything and that sent a message to clients that they weren't important to the airline."

TMC consolidation

"We've seen consolidation in the sector for a couple of years, but the Amex GBT acquisition of HRG is genuinely a surprise. I don't think many people were expecting it. It reminds me of the leisure travel industry a few years ago when four big players merged down to two. I'd be less surprised to see another deal of this scale on the TMC side now.

"If I was the boss at CWT or BCD my first thought would be 'do they offer anything I don't?' Secondly, I'd want to protect my clientbase. It's clear they will want to grow beyond the current combined size.

"I think it's an opportunity for us though. If clients are coming up for renewal or in RFP stage they might take a longer look at other options in the market."

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Fred Stratford joined London-based Reed & Mackay in 2012 as Chief Financial Officer and took on his role as Chief Executive Officer in 2015. He previously held roles at LPM Group, Direct Wines, Dixons Stores Group and several positions at Thomson Holidays (now TUI). He lives in East London, is married with two daughters, and is a fan of West Ham United FC and rugby union's Exeter Chiefs.