

32

Gerry Pack

Founder of Holiday Extras

Gerry Pack had been working for the same company, Saga Holidays, ever since leaving school and after 14 years he was beginning to wonder where his life was heading. He was 30 years old, had virtually no formal qualifications and knew it would not be easy to find another job where he lived in Folkestone. Then one day Pack's boss asked him to look at how the company dealt with customers who needed overnight stays in airport hotels. When Pack discovered that the existing system was completely unwieldy and was costing Saga a lot of money, he had a sudden inspiration.

He says: 'I thought that if we were doing that badly even though we had been selling holidays since 1955, then what was everyone else doing? So I rang some travel agents I knew and asked them how they booked airport hotel rooms for customers.'

It was a revelation. He says: 'I discovered that the only thing the agents had in common was they all hated doing it. They usually had to ring lots of hotels before they found a room, and often bookings went wrong because the prices



the hotels charged were always different. And they hardly ever received commission. So I thought there could be an opportunity here. I could devise a win-win-win formula.'

Pack's big idea was to set himself up as a hotel-room wholesaler, getting advance allocations of rooms from hotels at a large discount and then selling them on to travel agents at a higher price. The hotel would benefit by getting new business, the travel agent would benefit from a simple booking service that was free and paid commission, and the customer would benefit by getting cheaper hotel rooms.

He took some room allocations from hotels at Heathrow, Gatwick and Luton airports. Then he asked a friend who owned a publishing company to join him, and together they devised a clever plan to keep start-up costs to a minimum. The fledgling business, Apple Booking Company, would share the same office and the same first name as the publishing company, Apple Communications, so existing staff could answer the phone for both. In return Pack would pay his friend 50p for every booking made.

Pack says: 'The great thing was that if we didn't do any business, we didn't have any costs. I couldn't afford to employ someone to sit there and wait for the phone to ring.' In fact he managed to start the business with just £100, which he spent on getting some leaflets printed and preparing a marketing plan.

A few days after the first leaflets were sent out to travel agents, Pack called the office to see if they had had any impact. He says: 'The lady in the office said we'd had six bookings. I can still remember that moment. I was at my parents' house and I started leaping round their front room because I knew then that it was going to work.'

The phones kept on ringing and in the first year the Apple Booking Company sold 4,000 hotel rooms, helped by Pack's decision to have a freephone number. He says: 'It cost us a fortune but it was important for us to be able to tell travel agents that when they made a booking with us it would not cost them anything.' It was, however, harder than he expected to persuade travel agents to switch to using his system. Pack says: 'The phone should have been ringing off the wall because it was such a good idea. But it is extremely difficult to change people's habits and we would go back week after week just reminding them we were there.'

Indeed, at first Pack could not afford to give up his old job at Saga and so continued to work there for more than a year, keeping his fledgling business secret from colleagues, and doing the accounts and paperwork for Apple Booking Company in the evening and at weekends. His double life only ended when his boss at Saga asked him to look after its travel agency business. Pack realised he faced a conflict of interest and left to work for Apple full-time.

The company was soon doing enough business to be able to afford to move into offices of its own. It gradually added more hotels and then travel insurance, airport car parks and

airport lounges to the extras it sold. Pack admits, however, to making some expensive mistakes along the way. Seven years ago he bought a company that organised truck expeditions to Africa and spent £1 million in two years upgrading it before he had to shut it down. He says: 'My problem was that I wanted it to be done properly. I wanted new Mercedes trucks but the business model wouldn't support it. Our competitors were all operating on a shoestring and we couldn't compete with them. I learnt that one business model doesn't necessarily fit all businesses. Some businesses need to operate in different ways.'

Fortunately the core business thrived and in 2004 the company, renamed Holiday Extras, celebrated its 21st birthday. By then it was selling 400,000 rooms a year and had sales of £97 million, generating profits of £7 million.

Then in 2005 Pack sold the business to a management buyout team for £43 million, with the Pack family trust re-investing £20 million into the business in exchange for a

Fact File

Date of birth: 23 May 1953

Marital status: married with four children

Highest level of education achieved: grammar school

Qualifications: two O levels

Interests: playing tennis, golf, hunting, skiing, reading, watching films, great wines

Personal philosophy: 'Make the most of every opportunity. Remember that your destiny is the result of your actions.'

47 per cent stake. Pack has stayed on as a non-executive director of the business, which after buying its largest competitor is set to have a turnover of £200 million in 2009, but now spends much of his time sailing round the world with his wife Carol.

Pack, 55, says the secret of his success has been finding something he really enjoyed doing: 'When you have a mortgage and children you are driven by money in the sense that you must have a job. But if all you think about is the money, your business is never going to work. You have to be passionate about what you are doing – and you have to want to win.'