BTN

BUSINESS TRAVEL NEWS

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2021 BUSINESS TRAVEL BUYER'S
HANDBOOK

BTN'S ANNUAL ANSWER BOOK FOR BUSINESS TRAVEL MANAGERS EVERYWHERE

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WELCOME LETTER

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Dear Business Travel Leader,

Finally, after a year of uncertainty, there's light at the end of the travel tunnel.

While the basic priorities for businesses and their travelers—like safety, service, and savings—haven't changed, each aspect has taken on an outsized importance amid ever-shifting rules and regulations. Returning to business travel today requires next-level service and support, and the tools to support business travelers will require continual evolution.

Fortunately, a culture of innovation is in the DNA of TripActions. As the leading corporate travel and spend management platform, TripActions combines innovative technologies with hands-on, world-class travel agents to help its 5,000-plus customers meet all of their T&E goals in the most efficient and effective way possible.

In fact, it's our singular focus on customer needs that has driven our mission from Day One—and this past year has been no exception.

Through real-time alerts and personalized service, TripActions is now laser-focused on keeping travelers safe and businesses equipped to maintain their duty of care. TripActions Liquid™, the all-new integrated expense platform, has helped remote workers purchase new necessities, transformed finance department operations, and turned traditional expense reports into a relic of the past. And new, forward-thinking digital health passports, carbon emissions trackers, and a suite of savings features built into the platform will be necessities as we all navigate this new reality.

Together with our community of customers, partners, and suppliers, we at TripActions, along with our new group member Reed & Mackay, are excited to return to a world full of road warriors. And as we do, the 2021 Business Travel Buyer's Handbook will be—as it always is—an invaluable resource for helping your business move forward into this new era.

Daniel Finkel

Danny Finkel
Chief Travel Officer
TripActions

The Path Back to Business Travel

The Covid-19 pandemic halted the vast majority of business travel globally for more than a year. Here's how three crack-shot travel managers are getting their companies back on the road.

Yvonne Moya
Randstad Director of Travel Transformation, The Netherlands

Emma Jones
ITM Board Member & Outgoing Willis Towers Watson Procurement Director, United Kingdom

Michelle DeCosta
Takeda Global Head of Travel, Meetings, Events, Fleet & Aviation, United States

This conversation on these pages was excerpted from three separate interviews with leading global travel managers. Want to hear more? Check out BTN's new podcast "The Biz@BTN" where you'll find this series of interviews from top to bottom. There's a lot more to learn. **Join us at www.businesstravelnews.com.**

Randstad director of travel transformation Yvonne Moya, ITM board member and outgoing Willis Towers Watson global travel director Emma Jones and Takeda global head of travel Michelle De Costa spoke with BTN editorial director Elizabeth West about how they are handling the return to travel for their respective companies, their accomplishments during the Covid-19-induced travel hiatus and how the pandemic has given travel managers more scope than ever to pursue strategic opportunities within their organizations. The discussion offers context for travel buyers looking to build programs for the first time in a post-pandemic environment and for those looking to use this moment to optimize programs they already have in place.

HAVE YOU TRAVELED FOR BUSINESS SINCE THE PANDEMIC HIT?

Michelle De Costa: I have not, but I'm looking forward to it. I did take the airline "clean tours" they had been offering. As a matter of just being in the airport and seeing the work they are doing, it's been fantastic. I visited one of our hotel partners … to understand what they are doing for meetings and events and the return to travel. So I haven't physically been out on the road yet, but I'm really excited and I feel safe being able to do so.

Yvonne Moya: The last time I traveled was to the Business Travel Show in 2020. That was my last business trip.

CULTURALLY, HOW HAS YOUR COMPANY REGARDED BUSINESS TRAVEL? WHAT HAVE VOLUMES BEEN LIKE IN THE PAST YEAR?

De Costa: Takeda travel is down about 80 percent overall, using 2019 as a baseline. 2019 was a busy travel year for us. That's a baseline, but an elevated baseline, so our return to travel will be an interesting number for us and one we are trying to figure out.

Emma Jones: If you think back to 2020, for us China was impacted first, and from Q2 for the rest of world. We've had an essential-only travel policy in place since then. Some markets are opening up now, and we've seen China domestically come back, with Australia, New Zealand and some U.S. domestic as well. Last year we were down over 75 percent compared to 2019. We were down further in the first quarter of 2021 because the first quarter last year was quite buoyant through March. I think we'll be looking to see travel progress further in the second half of the year.

YVONNE, YOUR PROGRAM IS NEW, AND YOU WERE NEW AT RANDSTAD

RIGHT BEFORE THE PANDEMIC.

Moya: I'd been helping Randstad before as their management consultant. … They asked if I wanted to join the company permanently, and the task was to build something up from scratch. I love that. There were local programs but nothing consolidated from a global perspective. The program [annual volume was] in the three-digit-million area. Right now, there's not a lot of travel. We're down about 80 percent. The U.S. is our biggest travel market right now, but we're seeing a little bit of activity in Asia and domestically in the U.K. and Germany.

AS YOU POSITION YOUR COMPANIES TO SCALE UP TRAVEL, HOW HAVE YOU EQUIPPED YOUR TRAVELERS? ARE POLICIES ALLOWING ESSENTIAL TRAVEL ONLY, OR CAN EMPLOYEES DECIDE TO TRAVEL?

De Costa: In travel, you get into this role where people are looking to you for guidance. The idea of the decision tree is one we borrowed from a counterpart in the pharmaceutical industry, and we worked on making it much easier for travelers to get through it. At first, there were two [aspects to the decision]: Is Takeda OK with you traveling? You may think it's essential, but does Takeda? Who makes that call? It's not the travel team, and it's probably not the traveler. The other most important piece: Even if everyone thinks you should travel, can you get in and can you get home? Like a lot of companies, our security team spent a lot of time trying to get people home when everything shut down. We want to make sure that before you go, you can get home. And even when we had everything lined up, it became really difficult, like a traveler spending six hours in Japan trying to clear customs. [Because we had some

people traveling], we were able to give [prospective travelers] stories of people who were really sure, and they had a lot of trouble getting back. The travel team wants to put all the tools in someone's hands to make an informed decision. We can't be the ones to say you can go or you shouldn't go.

Moya: [We want to] really think about when people need to travel. We want people to go to client meetings; [you need to travel in person] if you are signing a multimillion-dollar deal. If you need to see your team, you just go. We are all grown-ups, and we can make this decision. But we now need to think about [whether we can] do this as well from home. This is where our return-to-travel policy goes—it's around the "should I stay or should I go" element. We want to empower our people to take these decisions. Our board [of directors] says that we've shown we can do it differently. We have saved the environment, we have saved money, and we have supported employee well-being. So they are doing it for the right reasons. I would not have loved to hear that we cut travel by 90 percent. The board was clear in what they wanted, and it was fair, and that's how we built our return to travel policy.

DID YOU PUT A FRAMEWORK AROUND THAT OR JUST DESCRIBE IT IN GUIDANCE?

Moya: We have put a one-pager together—something like a decision tree. It's a little workflow where you say, OK, these are the buckets of travel that we see. You need to see your team … or is it client-related, or something you have to do to sign a contract or a legal obligation? We have worked on those buckets, and we have put the "should I stay or should I go" element out there. If the answer is yes, then here's the

policy and the tools. And if not, we have a fantastic suite of videoconferencing tools.

EMMA, THE FRAMEWORK AT WILLIS TOWERS WATSON SEEMS SIMILAR TO RANDSTAD. YOU AND YVONNE EACH HAVE A TOUCHPOINT WITH FESTIVE ROAD, WHICH CREATED THE PURPOSEFUL TRAVEL FRAMEWORK.

Jones: [Willis Towers Watson] has a really strong stakeholder network within our business and socialization to stakeholders has been a large part of what we do. That has really helped to set the foundations of discussions on the future of travel. This is not talking about the logistics and operations of the return to travel, albeit that is critically important. We've used a working group to start looking into the value of face-to-face interactions and determining groups of interactions that the business feels absolutely warrants face-to-face and in-person meetings versus those that could be done virtually using technology.

WHERE HAS THAT DISCUSSION NETTED OUT?

Jones: On the back of what Festive Road did, they have three areas: customer, people and organizational. But we've taken it to four: external engagement, collaboration, learning and development, and culture and community. Those wouldn't necessarily be the words I would have utilized, but those were the words that resonated with the business. We were very conscious that this had to resonate with the business so they understand the parameters in which they are looking at the future of travel. … There also will be things that sit under those four areas. It will be very clear the framework under which they should operate, and it should be clear when they should

be traveling—with the value of face-to-face interaction—and when they shouldn't. We give individuals thought lists and checklists around what they should consider. We are quite far down that path now. The next steps will really be to pull that together in a cohesive communication that will go out to the business.

MICHELLE, YOU WERE LOOKING AT POTENTIALLY IMPLEMENTING A TOOL TO AUTOMATE SIMILAR DECISION-MAKING. WHAT IS THAT?

De Costa: We've talked to [tClara founder and consultant] Scott Gillespie, who is doing some really great stuff. We saw a prototype of his [trip-justification] tool. What I really love about it is that you answer a series of questions, and there are algorithms behind the scenes that evaluate and say, "Hey, this sounds like a pretty important trip, and you should take it." That gives you something tangible to go to your manager with. Can you game the system? Probably. If you didn't want to take a trip, you could probably slide the levers here or there. But it's pretty solid. We heard from travelers who enjoy not being on the road all the time, but we also heard from travelers [for whom not traveling] has dramatically changed their ability to do their jobs. So a tool that supports whether you should or shouldn't travel, or one that gives you food for thought like sustainability or wellness, could be helpful. We've talked about virtual and whether that belongs in a policy. Probably not, but in a guideline? Maybe.

LET'S TALK ABOUT TRAVELERS. ARE THEY READY TO GO? DO YOU SEE PENT-UP DEMAND, OR A MORE GRADUAL RAMP-UP?

Jones: We don't know what demand will look like and how quickly it will come back. We don't think it will be

a big bang. We instigated a welcome-home survey during the pandemic to survey the travelers still going out there. It wasn't a big number, but we wanted to have a survey and highlight three things: First, any points of friction related to suppliers so we could feed that back to suppliers around the traveler experience before we saw travel at any real volume. Second, traveler sentiment to gauge comfort on a scale of one to five, and so far everyone has been a four or five. And third, how productive the trip was. That goes back to thinking long-term about the purpose of the trip and has informed those processes.

De Costa: For the most part, people are pretty excited to get back on the road. It's been challenging to do the work we do—meeting with patients and doctors. Face-to-face is such a big part of what we do. The expectation is that we would ramp up gradually. We've been doing some forecasting with our business units trying to understand [volume expectations].

GIVEN ALL THE HITS THE INDUSTRY HAS TAKEN OVER THE PAST YEAR, ARE YOUR TRAVEL PARTNERS AND SUPPLIERS READY? HOW ARE YOU HELPING TO ENSURE THEY ARE?

De Costa: As we ramp up, we want to make sure our partners ramp up. With BCD Travel, our travel management company, we need to make sure they have agents back on staff and ready to go. [We need] preferred hotels to have staff back in place; same with car rental and airlines. It's a big production. We've gotten good forecasting from our business units. We are looking to gradually ramp up in the June-July timeframe, based on where people can travel. We'll see more domestic than international. And in China it's been business as usual for a while.

Jones: We are very conscious and sensitive to the fact that a lot of our suppliers have gone through a difficult 12 months. A lot have had to furlough staff and make changes to operations. It's very important to us that our suppliers are our partners, and when there are changes in our business, we share those directly through quarterly business reviews or monthly updates. They are all reaching out to find out—as I'm sure they are with my peers—when we expect travel to resume. That's such a difficult question, and I know why they are asking it because they want to manage demand and give the best customer experience they can. I know that's going to be difficult. So I've socialized in our business that there may be some bumps in the road while [our partners] try to balance demand and supply. It's really down to communication and making sure we are sharing as much information with our suppliers as we can, and vice versa, to drive the best experience for travelers.

YVONNE, YOU HAVE BEEN NEGOTIATING AND TRYING TO ESTABLISH PARTNERSHIPS AND A NEW PROGRAM DURING THIS TIME. WHAT WERE THOSE CONVERSATIONS LIKE AND WHERE DID YOU END UP?

Moya: It was a very frank and open conversation. Everybody has the same issue and situation, and nobody has the crystal ball. So we had to be really open with our partners. We don't know where it's going, when or if we bounce back, and to which level. We want to work with you, we want to work in partnership. What can we do? We gave 2019 data. With great respect to all the partners, no one said, "We are quoting you on this. We want this today." It was really [about having] the transparency to say, "We want to do something and create a new program. Are you with us?" That was a very good starting point. ◀

TripActions

Over the past year, the leading travel and spend management platform has doubled down on its customer-first focus. The result: new features, new innovations, and new ways to improve the experience of business travel and T&E—all essential tools as the world of business travel returns. Here's how TripActions can help companies thrive in this new reality.

Return to Travel Suite

Helping travel managers maintain duty of care has always been a top priority for TripActions, but over the past year, traveler safety has taken on an even greater level of importance. TripActions has responded with real-time notifications around COVID-19 outbreaks, as well as entry and quarantine restrictions. Additionally, a destination blocker keeps travelers from reaching unsafe areas, while a digital health passport assists them in proving their vaccination status.

World-Class Service

In May, TripActions welcomed a new group member to the TripActions team, Reed & Mackay—the highly respected, tech-focused TMC serving business professionals with the most exacting requirements. This expansion has increased TripActions' global reach and added a layer of high-touch service to an already robust offering of professional travel agents, who are available 24/7/365 with one click or call.

TripActions Liquid™

TripActions' unique spend management platform has streamlined the T&E process and transformed the operation

Gain efficiencies. With real-time contextual insight into spend data, finance teams can reduce leakage, improve forecasting accuracy, and craft more effective policies.

of finance departments, eliminating traditional expense reports as well as out-of-compliance spend for travelers and remote workers. Real-time visibility allows for more accurate forecasting, while automated reconciliation lets finance professionals focus on strategizing for the future.

Savings Suite

With the widest inventory and discounts across categories, the TripActions tool starts saving companies money right at the time of booking. It doesn't stop there. A dynamic pricing tool automatically sets fair market values and flags out-of-policy rates, while the "price to beat" feature incentivizes travelers to save the company money.

Sustainability

With the growing global focus on corporate responsibility, TripActions now offers real-time reporting to help companies achieve their carbon emissions reduction goals. Managers can slice and dice real-time data with unprecedented granularity to uncover inefficiencies, make data-driven decisions, and reduce their company's carbon footprint.

Eliminate manual expense reports. With the swipe of a TripActions Liquid card, a transaction is automatically submitted and reconciled. Employees are freed from time-consuming paperwork, and finance teams save hours on month-end reconciliations.

TripActions®

Learn more about how to put TripActions' innovative, end-to-end travel and spend management platform to work for your business at tripactions.com.

Structuring a Managed Travel Program

Travel management becomes more strategic after Covid-19, but putting structure around the basics will position programs to succeed.

AS COMPANIES CONSIDER THEIR LONG-AWAITED RETURN TO BUSIENSS TRAVEL, , the notion of a managed corporate travel program has changed during the past 15 months or so of the Covid-19 pandemic. Indeed, travel restarts amid a new environment of health and safety measures, increased taxation complexities, volatile restrictions on movement, some level of reluctance to travel for some employees and, maybe, heightened attention to keeping travel costs low after companies found remote conferencing a reasonably effective alternative. Many companies will be looking more strategically at how travel enables business and what factors should determine when travel is warranted.

But much hasn't changed during the pandemic. Developing a managed program still offers the kind of benefits that remain important in challenging times, like the ability to track every traveler for duty of care, the control over traveler data and other sensitive information, and the ability to gather information with which to negotiate with suppliers to keep spending controlled.

It's for those reasons among others that the value of developing a managed travel program remains high for those without one, as is the value in fine-tuning and streamlining a mature program for travel management veterans. Ensuring that internal travel processes are structured and organized will help travel managers limit rogue bookings and noncompliant travel, helping to allow them to keep track of travelers while keeping costs controlled. Forming solid partnerships with well-vetted travel management providers, suppliers and third-party companies will help ensure the program remains comprehensive, current and centered on corporate objectives.

Organizations of every size now should consider how their approaches to business travel will change from pre-pandemic times. Determining how business travel can serve corporate objectives, and the objectives it should serve, is a many-tentacled discussion that should involve corporate senior management, financial executives, human resources, sales and marketing and risk management, among other personnel. But however businesses choose to restructure their travel programs with Covid-19 in the rear-view mirror, it can only help to review and consider the basics of building a travel management program. – *Chris Davis*

I. GET STARTED

Identify your company's stakeholders and their needs in order to gain support for your program, and develop a communication strategy for critical information. A corporate-level decision with support from regional and local offices can initiate a managed travel program. Solicit input from road warriors and infrequent travelers, global and domestic travelers, travelers from different countries and travelers across generations. Plan to deploy consistently across operating companies and affiliates. Fundamentals include a well-communicated formal policy, travel management company support, dedicated internal staff, negotiated supplier agreements, a business intelligence system that provides pre- and post-trip data, an online booking tool, a marketing and traveler education strategy and a preferred or required payment and expense process, the only true measure of travelers' spending.

A. Establish a vision and set goals. The program should work within the company culture and align with its goals. Base travel program and policy decisions on those goals. Start with:

1. What are our greatest business priorities, and how can traveling for business support these?
2. How can you reduce costs while enabling business results?
3. How should resources support the company's growth markets and expansion plans?
4. How will the company's hiring trend affect travel costs?
5. How will the program support or lead enterprisewide priorities like sustainability, employee health and well-being and risk management?
6. How can travel resources be leveraged to increase shareholder value?

B. Build a stakeholder network.
1. Identify a senior-level champion to endorse the program.
2. Engage the stakeholders, listen to their business priorities and spot the overlaps. Collaborate to create a greater all-round experience for your travelers and company.
3. Consider a council of stakeholders, comprised not only of senior-level officials but also employees from the operating-units across the company.

C. Understand potential program models.
1. Mandated program: The least flexible for travelers, this model is defined by tight policies with front-end controls and back-end reporting to ensure compliance and senior management support; a well-integrated travel agency and/or online booking tool that travelers must use; leverage with suppliers, integration of payment and expense processes and tools; data-driven decisions; a demand management strategy; and crisis management protocols.
2. Exception-based program: Companies using this approach have policies and controls; limited and defined managerial discretion; pre- and post-trip expense management; required use of a travel agency and/or online booking tool; leverage with suppliers; integration of payment and expense processes and tools; data-driven decisions; a demand management strategy; and crisis management protocols.
3. Guidelines: This option includes policies that define guidelines; managerial discretion post-expense; some use of an agency; supplier programs based on spend; limited technology with perhaps

a low use level of preferred online booking tools; a defined form of payment; and limited use of travel data.

4. Receipt-based T&E management: This approach is characterized by managerial discretion post-trip at the expense point, reimbursement tied to receipts, no preferred travel agency or formal supplier programs, limited technology without corporate online bookings and little or no use of travel data.

5. An approach popularized as "open booking" includes some characteristics of the models above, excluding the mandated program approach, and is akin to an old-fashioned per diem when coupled with precise spending limits. Business travelers are permitted to book outside the designated channel or channels, perhaps on the condition that they use a designated corporate payment mechanism, keep total trip spending below prescribed levels and/or inform the travel department of their plans. Potential benefits include empowered travelers who are allowed to choose travel suppliers and directly control more aspects of their journey. Critics point to reduced corporate control that could jeopardize data quality, purchasing leverage and duty of care requirements related to tracking travelers' whereabouts.

D. Peer review: Benchmark with companies that have similar travel patterns and costs, especially firms in the same industry. Try to discover which practices would best serve strategic values and goals. Such studies ideally are conducted independently from travel suppliers that may have their own agendas. Other resources include studies published by business travel publications, third-party consultancies and business travel associations.

E. Internal resources: Consider whether other management resources can support implementation and program development. Successful travel procurement systems, for example, require the combination of subject matter experts and trained procurement professionals.

F. IT Infrastructure: Determine whether IT infrastructure can accommodate travel reservation and business intelligence tools. At a minimum, ensure IT approves and accommodates technology deployed within the travel program. IT should review the TMC, online booking tool and other providers to ensure their systems meet the company's requirements concerning data privacy and security. Consider the role IT will play in the ongoing coordination of support for travel-related mobile apps.

G. Ensure travel is an integrated part of the emergency response team and included in regular practice scenarios.

II. TRAVEL MANAGEMENT COMPANY

The role of the TMC is changing, and new players and ways of booking offer travel programs a wider choice of the service partners that have contact with travelers versus distribution partners that access the supplier services you need like air, hotel and car rental. Required providers will likely be a mix of TMCs, online booking tools, traveler apps, etc. The foundation for all programs will be the way you expect your travelers to book and get help when they need it. Some companies allow open booking and then use a data platform to aggregate information. Most companies still engage a TMC and online booking tool as the primary service and distribution platforms, but others are challenging this norm. The following outlines traditional structures, including single and multi-agency strategies. Before making a decision, establish organizational requirements and expectations. Data collection is a critical element to consider, especially in programs using disparate sources. Also determine the degree to which you will rely on the TMC; the spectrum varies from basic call center operations to a completely outsourced model in which TMCs act as strategic program advisors.

A. Single-source provider, in which one TMC handles all client requirements in all locations.
1. Potential advantages.
a. Allows quick responses to market and to company changes.
b. More effective management of business controls.
c. Single account management and administration can cut overhead.
d. Concentrating bookings through one agency allows an organization to move market share more easily to meet contract goals with airlines, hotels and other suppliers or to maximize cost savings, in some cases by using the agency's preferred suppliers.
e. Policy administration can be more consistent when travelers use the same systems and procedures for both booking and expense reporting.
f. Installing and upgrading technology may be more efficient. Standardization of processes and services can be more effective when all agency operations are consolidated with one TMC.
g. Many agencies route calls from one work group or reservation center to another as backup or in emergencies or can actively network centers across multiple time zones to ensure more efficient and productive use of counselor staff.
h. Dissemination of changes and updates may be more efficient.
i. Online booking tool implementation and deployment can be more efficient through a central point of

Mobile Travel Management

Travel apps have transformed the market with itinerary managers, notifications from suppliers and, lately, ridesharing and car services. Defining a strategy and specifying tools and services for business travelers have become table stakes for travel programs.

I. Employees use their own software for business travel. Suppliers, travel management companies and Corporate Travel Departments use personal tools to track reservations and itineraries, facilitate check-in, communicate delays or changes and rebook.

II. Look for offerings from TMCs, online booking tools and expense management systems. Products may be free or bundled into the cost of an existing approved solution, but IT may need to assist.

III. Some travel departments have developed internal apps like mobile hotel directories and local destination guides.

IV. Consider using apps as part of your travel program communications strategy. Some are using apps for social connection: travelers sharing rides from airports, restaurant recommendations, etc.

V. Explore time-saving functions like mobile pre-trip authorization or expense report approval. Use mid-office quality-control tools to determine which transactions do not need manual pre-approval.

VI. Don't offer too many apps. Focus on the most important functions.

contact, which can facilitate training and support.

j. Standardization of traveler profiles, travel management data and reporting may be more efficient through one agency.

2. Potential disadvantages.

a. An agency's geographical coverage does not guarantee consistency. It can be a challenge to ensure uniform procedures and quality in a multi-branch organization. Some countries preclude multinational TMCs from owning offices. Don't assume a global TMC owns all its locations. Ask for information on its "partner network" capability, processes and controls.

b. A single agency, especially one handling a multinational account, may not employ a single data management system. Some agencies do not use common systems, nationally or internationally.

c. An organization does not have to choose a mega agency—American Express, BCD Travel, Carlson Wagonlit Travel, Egencia and Hogg Robinson Group—for broad geographical coverage. Several other TMCs operate on a multinational basis with similar capabilities and local agency networks, using headquarters resources like account management and data provision to deliver a best-of-local-market approach.

d. Your company's local offices may challenge you if asked to give up the agency relationships they already have in place.

e. Determine travelers' after-hours support requirements. If the TMC outsources or offshores these services, identify the locations, verify telephone operating capabilities and understand possible language and local barriers. Investigate billing procedures for after-hours call volume. Make sure the after-hours team has access to daily operations records and traveler profiles.

f. Understand payment systems and how travel is expensed. Centralized billing may not be possible in some countries. Privacy laws and financial regulations may preclude your company from using the same payment system in other countries.

g. Some deem it unlikely that a single provider would have the best service

for each and every country.

B. Multisource solution, in which an organization uses two or more TMCs: Advances in travel management technology make this approach more feasible.

1. Potential advantages.

a. Business units get some autonomy.

b. The local provider may have a better base of knowledge of local suppliers, nuances and culture.

c. It can be easier to structure and manage agency relationships to meet needs of different business units, especially in a multinational travel program.

d. It creates competition among agencies, and that can be used to leverage additional services.

e. It reduces vulnerability by providing a backup for service or financial issues.

f. Selecting a primary agency or third-party data management company for consolidation of global spending and reservation data from multiple vendors is easily achievable.

g. Use of minority- or woman-owned agencies can support the company's diversity goals.

2. Potential disadvantages.

a. Use of multiple agencies requires coordination. Designating a lead agency may aid coordination and standardization.

b. You'll need to merge travel management data from multiple sources, which requires time and money. However, this is commonplace. Third-party data aggregators can assist.

c. Different TMCs have different commercial models, some driven by customer funded fees, others by supplier revenue programs or a mix of both. Understand these arrangements.

d. Fragmenting spend among multiple agencies diminishes contract leverage, which can reduce the buyer's ability to gain pricing concessions or enhance service guarantees.

III. OPERATING CONFIGURATIONS

Companies must choose whether to handle reservations on their premises or at agency locations and determine whether to use their own employees, TMC staff or other third-parties. Because fee-based pricing is the prevalent model, but this could be changing as TMCs evaluate commercial models amid Covid-19. Regardless of the approach, companies can implement online booking tools for their travelers and/or per-

mit them to book how and with which suppliers they prefer. When determining which agency type, configuration and provider to use, ask for multiple configurations and pricing options in your agency RFP. For example, what are the company's travel volume and internal resources? If a company is considering a configuration that requires hiring agents and travel department support staff, are qualified people available in that market? What are prevailing wages and benefits? Can an online booking tool or other technology replace some of the headcount? Is the company culture one of self-sufficiency or one that focuses on core businesses, in which ancillary services are outsourced? Do security considerations discourage nonemployees from being on the premises or require corporate control of travel decisions and information? How technologically savvy are employees? Do they have access to a corporate intranet travel site? What is the agency's business continuity plan, and how can the service be scaled to support a major travel disruption? Does the organization want to own its tools and/or traveler profiles or use those of an agency or other third party? Are there any security or firewall issues?

A. Full-service, off-premises agency: Though brick-and-mortar business travel centers operated by agencies do exist, their numbers have declined. Technology has made home-based agent servicing possible. Travelers or arrangers contact a travel agency or a company travel center to make reservations. The agency provides clients with travel management data, as well as analysis of and recommendations for program enhancements. The organization negotiates its own discount programs and works directly with suppliers, relies on the agency to be its liaison to suppliers and negotiate discounts and/or any combination of the two.

1. Potential advantages.

a. Many common costs are variable and based solely upon use.

b. Overhead expenses and necessary headcount are minimized. Technology cost is spread among multiple customers.

c. Central reservation centers can be located outside large urban areas, perhaps even outside the country, where overhead is lower. Some agents associated with a call center may work at home, made possible by voice-over-IP technology.

d. With sufficient volume, the company might have a dedicated team of reservation agents; additional staff can

be deployed during peak periods. In slow periods, dedicated staff can be deployed to other accounts, reducing labor costs.

2. Potential disadvantages.

    a. A small account might not warrant a dedicated team or command special attention.

    b. Agency staff may not be fully versed on the company's policy and preferred suppliers.

    c. Determine if online and offline booking support can be provided from a single location.

B. Dedicated agency branch: Provides a full-service, off-premises site, often near the corporate location. This can be the most costly TMC offsite configuration because it involves the exclusive use of facilities and personnel. Assures the account exclusive local branch attention. The agency branch is assigned a unique ARC number, which facilitates accounting and collection of travel management data. It takes extra care to ensure adequate training and familiarity with industry changes.

C. Full-service, onsite agency branch, also known as an in-plant: The agency operates a branch on the company's premises, and agency employees provide service. A similar configuration known as rent-a-plate also operates on premises and uses enterprise employees as travel agents.

1. Potential advantages.

    a. Exclusive attention and a perception among travelers of higher-touch and more responsive service, including easy access to travel agents.

    b. Integration of the travel operation into the company's communications network may be easier.

    c. The company has closer control over agency service standards and policy application.

    d. In the U.S., ARC assigns a separate ARC number to the agency location, facilitating accounting and the collection of travel management information. The ARC number belongs to the agency.

      i. This provides solid tracking of revenue channels to help calculate a P&L for the operation.

      ii. Hotel commissions and global distribution segment revenue can be collected, resulting in a financial advantage.

    e. Onsite agents can be trained to

support the online booking tool, trip auditing, meetings management, expense management data consolidation and other tasks.

2. Potential disadvantages.

    a. Costs for facilities and communications are part of a company's overhead. Most costs for the onsite program are fixed and are paid even if unused.

    b. If the agency employs only one onsite agent, the company must provide for backup or telephone rollover during busy times, illnesses and vacations.

      i. Traditionally, telephony and service tracking has been difficult, but now virtual agents are the norm and this should not be an issue unless client onsite telephony is mandated.

      ii. Staffing analysis, assessments and remedies should be outlined in the agency contract, along with performance measurements.

    c. Travel agency employees working at a corporate site can feel isolated. Agents must be continually trained, and onsite staff could be rotated to avoid complacency due to familiarity.

    d. Employees may visit the onsite agent rather than use the phone or self-booking tool, which may increase transaction time and impact productivity but could support your service philosophy.

    e. An onsite could impact self-booking policies negatively.

    f. Small onsites may be last to get advanced technology tools, requiring additional effort to ensure support from the parent TMC.

    g. System outages can be more challenging for TMC onsites, which are supported by TMC and company phone and data lines.

    h. Consider enabling the onsite to serve as a fulfillment center for other countries, especially if those country operations have decent online booking rates.

D. Hybrid: A dedicated offsite reservation team complemented by an onsite client service representative, VIP agent, ticket processor or account manager. The offsite team handles basic services, while onsite agents work with senior-level executives to troubleshoot. Service levels are higher but costs are lower than at full-blown onsites.

E. ARC-accredited Corporate Travel Department, only for U.S.: ARC's CTD program allows an organization to register as a seller of travel by providing direct access

to ARC's central reporting and settlement processing systems. The CTD purchases travel services for its own employees but cannot serve the general public. A CTD can outsource, usually to a TMC, most, some or none of its travel functions. The only function it cannot outsource is the actual legal and fiduciary agreement between the CTD and ARC. The location of the CTD can be on the company's premises or an agency location, even in another U.S. state. The company can determine its operational configuration, with or without the support of a TMC. The company manages suppliers or acquires automation.

1. Potential advantages.

    a. The organization retains all earned commissions, allowing for more transactional income transparency.

    b. The company controls its data and has immediate access to information for reporting and integration into other corporate systems, such as the general ledger or enterprise system.

    c. The company can unbundle services to multiple suppliers, assuring best-in-class products and lower transaction costs. However, some savings could be offset because unbundling requires further management.

    d. The company can establish a direct relationship with a GDS through which rebates are earned to offset program costs.

2. Potential disadvantages.

    a. A smaller organization might not earn as many incentives or commissions as a large agency can. Also, hotel properties can be lax in paying commissions, requiring the CTD to apply a process similar to those used by TMC accounting departments to maximize collections.

    b. As an ARC-appointed entity, a CTD's airline information is isolated and identifiable. This information is available to the airlines via ARC.

    c. Unless the company is in the travel business, a CTD is not a core business service and will require a unique set of in-house or outsourced skills.

    d. There are costs, including annual ARC fees, initial bond requirements and training or hiring of a certified ARC specialist to qualify for the program. However, CTD revenue can fund expansion and other related projects.

F. Centralized service location ARC ap-

pointment: All travel booked by the travel reservation center is associated with the centralized service location ARC number, providing the company and its suppliers with information about travel activity.

1. Potential advantages.
   a. The company can segment activity in a service center.
   b. Hotel commissions are paid directly to the centralized service location.
   c. Transactions can be isolated in the operation and supported like an onsite operation with dedicated staff.
2. Potential disadvantages.
   a. The centralized service location relies on the TMC for reporting if the company does not buy a tool or adopt an internal data aggregation and reporting process.
   b. The centralized service location should ask the TMC for a copy of the ARC report submitted against its designation as the primary source document for reconciliation of activity.

IV. BOOKING PROCESS

A. Historically, travelers booked trips by calling a travel agent. Online booking tools and consumer experiences outside the workplace have replaced this more expensive option, except for some VIP services, complex multi-sector or complicated international bookings and some service-oriented industries.

B. Online booking tool license versus purchase: Many organizations have implemented online booking tools, either by licensing them from the provider or using them through a TMC reseller. In both scenarios, designated TMCs fulfill and support transactions. The tools access inventory from GDSs and, in some cases, directly from suppliers. TMCs typically charge lower transaction fees for such bookings, due to the reduced human touch.

C. Some companies continue to use email to place requests with their agencies. This allows bulk processing and reduces traveler time devoted to trip planning. It also provides a trail of requests and communications between the traveler and agent, which many think improves service but also is less efficient in terms of workflow and productivity. This process also frustrates many travelers because it does not provide instantaneous results.

D. Chat technology and natural language processing using artificial intelligence and "bots" has become more common to streamline the booking and ticketing process and "remember" traveler preferences.

V. PROGRAM IMPLEMENTATION

A. Roles and responsibilities: Identify who will be responsible for tasks involved in the implementation process and which key decision-makers will support the project. Develop procedures and systems to support long-term expansion plans. Flexibility and scalability are key.

1. Many companies concentrate initial travel management efforts at headquarters or within a core group of operating units already linked by established lines of authority, communication and shared policies. In larger companies, a travel or procurement manager often directs the program from headquarters, sometimes with the help of a travel committee or council of representatives from the participating operating units.
2. A crossfunctional travel council can broaden support, as its decisions are seen as supporting company goals, not goals of certain departments.
3. Another option is a three-tiered committee, with one group of senior managers, a second of employees who would implement the program and a third of procurement or travel-related personnel.

B. Early in the process, define implementation objectives and the parameters by which you'll quantify success, and ensure all parties are aligned on objectives and time lines.

C. Draw up a detailed time line for each step and specify who is responsible for each component.

D. Seek a neutral project manager resource to drive the process and hold all parties accountable.

E. Distribute a statement of senior management support, optimally encouraging, if not mandating, various program components. Executive support also clearly defines roles and responsibilities with such departments as HR, legal, procurement, security and travel.

F. Ensure you have full IT support and access to the organization's intranet and communications tools.

1. Connections to HR and other database feeds will make data transfers to the TMC simpler. These capabilities also can be used to promote the program.
2. Dedicate intranet space to promote preferred supplier agreements, security alerts, news, policy changes and other program information.

VI. SOURCING THE RIGHT SUPPLIERS

Once the program foundations are in place, source suppliers like airlines, hotels, ground transportation/mobility, and implement elements like payment, business intelligence, duty of care and traveler engagement. Subsequent chapters provide greater detail, but here is an overview:

A. Negotiating with travel suppliers.

1. Study your company's geography, cultural orientation and most-frequented destinations to understand the business need/locations to contract.
2. Secure support from senior management on the proposed policy and how it will take into account such matters as acceptable classes of service, airfare types and hotel tiers. Consider formalizing the consequences when travelers do not book with preferred suppliers.
3. From past records, identify suppliers that travelers have used frequently in each destination, including hotels, ground transportation and airlines. Identify alternative suppliers that could support similar services.
4. Compare supplier costs by reviewing corporate charge card and expense reports, consultant reports, industry benchmarking groups, peers and TMCs.
5. Provide potential suppliers with a formal solicitation or informal request with projections of travel volume, total expenditures, service expectations and pricing guidelines. The more spend you can leverage, the better preferred pricing potentially will be, especially if you can mandate a policy.
6. If possible, negotiate with one supplier for multiple destinations. Leverage volume for hotel chain agreements and multi-city car rental agreements, and consider regional or global air alliance contracts, as well as smaller local airline agreements to ensure comprehensive route coverage. If a dominant carrier is unwilling to negotiate for a specific city pair, find an alternative, preferably one that can serve the company's needs in other city pairs, as well.
7. Require defined service level agreements to facilitate performance measurement on a scheduled basis; quarterly is preferable. Ensure all marketshare or revenue targets are achievable and constantly monitored for changes. Establishing viable expectations enables companies to manage travel expenses creatively without sacrificing long-term supplier relationships.
8. Negotiate value-added services, including elite-level frequent-flyer status that may exempt your travelers from checked baggage fees and other ancillary charges.

Consider the benefits of negotiating with hotels for complimentary Wi-Fi, breakfast, parking and other services and amenities, but be sure these amenities are ones your travelers use. Consider negotiating items like GPS for car rentals to facilitate traveler safety in unfamiliar locations or if travelers are arriving late at night.

9. Investigate any reciprocity requirements with current clients.

B. Global corporate card or centralized global card administration. Corporate card program yield detailed spending information.

1. Be cognizant of privacy laws, banking regulations, customs and infrastructure that restrict data collection and dissemination. Consolidating multiple business units on a single contract enables companies to reduce charge card fees and foreign exchange fees and boosts rebates.

2. Merchant fees can fluctuate by market.

3. The card issuer will base economic decisions on the number of cards issued, card spending in foreign currencies and speed of payment.

4. Ensure that corporate card vendors can meet such requirements as interfacing with corporate booking and expense tools. Note that agreements in certain countries may not permit them to provide specific services.

5. Focus on data delivery capabilities and ensure the program meets in-country needs for reporting and management.

6. Understand payment systems and how travel is expensed. Centralized billing may not be possible in some countries. Privacy laws and financial regulations may preclude your company from using the same payment system in other countries. If the company uses a single corporate charge card for travel purchases, gather data from the card supplier, which can augment or even replace many elements of agency and supplier data. Though card data represents actual spend and therefore may be more useful than agency booking data, especially because some travel bookings are made outside the preferred TMC, the best data may be available through the use of electronic expense reporting tools.

C. Building business intelligence: You can't manage what you can't measure. If you don't have visibility of spend and traveler behavior, you cannot effectively manage your travel spend. This extends into supplier management, duty of care and traveler satisfaction. Starting points:

1. Work out what you want to measure and why. Don't start with what already exists. Business travel is saturated with data points, none of which are useful unless you actually need them and can take action. Data can be overwhelming, so start with questions. "How much do we spend, and is that the right amount?" would lead you to discussion about the general ledger/budget versus total supplier spend. "Are we spending our travel budget well?" Here, you'd be interested in booking behaviors that can be provided by a TMC/online booking tool or a third-party independent business intelligence platform. "Are we managing the risk associated with travel?" might lead to a discussion with the risk team about what is deemed as high risk. For some, this might be more than 25 percent of the employees of one department on the same flight. For others, it may be crossing into countries with high rates of infectious disease. The TMC becomes a critical partner. Other business intelligence queries include how to measure performance against metrics like revenue and number of employees, how to know if results are optimal and how does your program compare to peers?

2. Find data sources like corporate cards, expense reports, ledger accounts, suppliers, TMCs and especially a centralized T&E system. What do you have available, and do you have the internal resources to analyze this spend or can your TMC/data platform support you?

3. Use the data wisely. For example, measure savings and cost avoidance, find savings and customer service opportunities, benchmark spending and compliance and compare supplier performance against contracts and service level agreements.

D. Travel risk management: Never lose sight of employee health and well-being. Cost avoidance should not trump safety and security. TRM services can be provided through TMCs or directly by third parties.

1. Good: Understand duty of care laws and ensure travelers can easily contact the internal travel department, the designated travel agency or emergency support staff/providers. Support pre-travel education about at-risk travel locations, hazardous situations and general safety tips through a standard security or travel intranet site. Consider a medical assistance program to aid employees who require medical attention while traveling.

Social Media

Many companies engage their travelers and travel arrangers on corporate-facing social media. Corporate online booking tools may provide supplier-rating options similar to leisure-travel websites like TripAdvisor. Be in front of these trends, but tread carefully.

I. Social networking apps within corporate intranets, mobile software and booking tools can speed feedback on suppliers and spread the word about policies and initiatives. Location-based technology provides destination-related data like colleague recommendations, preferred restaurants, activities and weather updates.

II. Employ caution when using social media in a corporate environment. You don't want to create distractions from mission-critical work, nor should travelers concentrate on trying to beat the travel program's supplier prices. Travelers could hurt corporate security and/or create data privacy issues. They also could have unfair and unilateral impact on the perceived reputations of preferred suppliers and corporate support for them. Yet, there's a proliferation of sites for travelers to search for travel options and opinions as suppliers establish their own communications and commerce on social media. Facebook fan pages, for example, are expanding to include engines and apps to support direct bookings. Many corporate travelers search these sites, and suppliers are making it tempting for business travelers to stray from your preferred booking channel. A corporate version of these social media options could combat that.

III. Consider facilitating, on an opt-in basis, interaction among travelers via social media, allowing them to locate each other to meet, share rides or collaborate.

IV. Use social media to engage travelers, sending out deals or supplier-provided perks regularly. Contests or engagement thresholds that recognize travelers can raise awareness of the travel program and support compliance.

V. Many successful organizations have combined three elements to maximize viewership and participation: tips/tricks for the travelers, education about the travel program and fun.

2. Better: Include traveler safety training for all new employees, and require routine follow-up training for all employees. Institute a real-time risk messaging within the booking tool and a traveler-tracking program to account for and contact employees when necessary.

3. Best: Document incident management and crisis management processes. Create drills to test the above processes and continually improve them. Incident versus crisis is an important distinction and will be different per company. For instance, an incident might mean disruption whereas crisis is loss of life.

E. Engaging travelers: Listening to 5,000 travelers can feel overwhelming for only one travel manager. More engaged travelers escalate fewer issues, buying you time to drive improvements. In addition to specific travel questions, consider asking how travelers' experiences can improve and how travelers can become more productive. How can the program support them in their objectives. What tools, including mobile tools, will make travel seamless? Engagement forums and tactics to consider:

1. An online survey via free online versions like BTN's Traveler Happiness Index or a proprietary survey on company-approved software.

2. An intranet site with access to all links, policies and information.

3. Internal versions of social media like Yammer or Chatter.

4. Coffee chats: Select a traveler a week and buy them coffee. Then listen, learn and take action.

5. Travel clinics: Create a regular time when travelers know they can always reach a travel manager.

VII. GLOBALIZATION

When embarking on a globalization effort, define the vision of success as soon as possible. It may not be to lower costs in all regions but rather to lower costs in some and increase service in others. It may be to collect more streamlined data across all regions for negotiations, create more consistency of service/equity or support more comprehensive travel risk management. Understand the primary goals and that not all regions will benefit equally.

A. Benefits.

1. Globalization allows for consistent procedures, application of travel policy and provides clear accountability for service delivery.

2. It can provide a single system for consolidating data from diverse international operations.

3. Aggregated purchasing volume maximizes negotiating leverage globally and locally.

4. Standardization provides cost efficiencies/lower total cost of ownership.

5. Offering travel risk management services to employees worldwide helps companies meet duty of care obligations.

B. Early steps.

1. Obtain senior management support and buy-in from other stakeholders. Clearly state the goal, an initial needs assessment and proper business case. Key messages will center on savings opportunities, process improvements and employee satisfaction and safety. Market the concept by emphasizing how each business unit will benefit.

2. Internal coordination.

a. If possible, appoint a full-time project manager.

b. Develop an internal RFI to identify who manages travel internally, and collect details on existing local and regional travel programs, including policies, TMC configurations, supplier contracts and termination clauses for any existing suppliers.

c. Assess your colleagues' opinions of the current travel program. Use surveys to obtain a profile of your company's local spending and travel requirements.

d. Request feedback from all stakeholders.

e. Meet influential business heads, travel arrangers and travelers in the local countries who can be advocates for change.

f. Establish a global and/or regional travel council. Ensure that each region and major country is represented.

g. If volume warrants, designate a corporate travel manager in each location or business unit. Use local travel coordinators to communicate with countries that have no designated personnel assigned.

3. Recognize the need to preclude a region, country, business unit or department. There may be particular needs that cannot be met by a global program, universal policy or preferred global suppliers. They might be resource constrained, but you might simply need local input and support.

C. Implementation and follow-through.

1. Identify a TMC strategy, either single or multi-source. A centralized reservation system with a single TMC model creates a "follow the sun" model, which can be easier to manage but often suffers from less specific local knowledge than a distributed model.

2. Leverage worldwide travel volume to negotiate global or multi-country airline and ground transportation agreements, and develop a global preferred hotel program. Country- or region-specific contracts may be necessary.

3. Develop communication and change management plans with the travel council and key suppliers to prepare senior management and employees for revisions to service, policy and process. Require dedicated resources from the TMC, including communications.

4. Leverage technology from larger units to benefit smaller ones, including self-booking tools, employee tracking, pre-approval systems and post-trip data automation.

5. Implement first in the largest spend countries and the locations with the most travelers or perhaps by region where most of the volume is concentrated and benefits are easiest to quantify. Report the benefits from the locations that have the highest spend and thus the greatest potential to prove early success.

6. Leverage best practices in service configurations, preferred supplier selection and technology products as you expand the program.

7. Meet regularly with the travel council to review results, resolve issues, exchange ideas and discuss traveler feedback.

8. Review TMC performance at least quarterly.

9. Identify spending patterns that indicate negotiating opportunities and policy exceptions that need revision. Track noncompliance.

10. Solicit feedback from travelers and provide program updates via a dedicated intranet, newsletter or social network.

D. Ongoing management: Once you've implemented the program, ensure continual improvement and contact local leadership, stakeholders and travelers regularly. Put key performance indicators in place to measure effectiveness and to act as an early warning system for local issues not apparent to the home office. Also track a maturity status across each market versus global strategy to visualize work left to do per market. ◀

Establishing a T&E Policy

Deciding whether to take a business trip will become a critical feature of post-pandemic travel policy.

THE SEEMINGLY IMMINENT RETURN OF BUSINESS TRAVEL AFTER A LONG shutdown during the Covid-19 pandemic for many organizations is a complicated situation. While many doubtlessly are eager to return to business as usual, including travel and meetings, it doesn't seem likely that it will be that easy for most. There will be reluctant travelers to consider, as well as the ambiguous and highly variable role of travel alternatives like remote conference. Crafting and maintaining a comprehensive business travel policy in such an environment that still serves to advance corporate goals and objectives poses a serious challenge, particularly against the backdrop of a tight labor market that underscores the importance of keeping employees content.

But it's a challenge that, when handled thoughtfully and comprehensively, is necessary to provide the backbone of an effective travel management program. A multi-disciplinary approach, involving stakeholders from throughout the organization, that balances the concerns of expanding business with controlling travel costs while considering corporate culture, employee well-being and data privacy will help inform the sort of travel policy the organization wants to develop. Will it be strict or lenient? Will employees have a wide berth to choose suppliers, or none? Will senior managers have the same restrictions as everybody else? Will the policy be the same in each country? Will travel be allowed at the same level it was before the pandemic, or will some meetings be forced onto remote platforms?

These and any number of questions can be answered only after deliberation about corporate goals and objectives and the ways in which a business travel program serves them. The pandemic hasn't changed that. But the suppliers available for travelers to choose, the conditions under which employees are permitted to travel, their ability to decline travel if need be—these are all questions that a post-pandemic travel policy might handle differently than in 2019. Consider these basics of a travel and entertainment policy as the foundation for a program that encompasses today's realities. – *Chris Davis*

I. QUESTIONS TO PONDER

A. What are the company's goals and key performance indicators toward those goals?

B. Who will own, write and update the policy?
1. Form a committee of stakeholders from various departments—travel, accounting, administration, finance, HR, marketing, meetings, risk management, sales, strategic sourcing/procurement, training, accounts payable, expense management, IT, and any department that employs frequent travelers—plus international representatives to recommend policy elements to a writer and to seek traveler input.
2. Obtain a few travel policies from colleagues within and beyond your own industry and from your travel management company; seek a range of examples from brief to detailed.

3. Get buy-in on a proof of concept from at least one executive before drafting a document. Feedback from that person or group will set the tone and direction as the committee drafts policy.
4. One person with travel industry knowledge should write the policy, including input from managers, travelers and travel arrangers to improve the likelihood of senior management buy-in and support.
5. Include representatives for all involved countries to encourage support and compliance.
6. The policy won't work without the signature or a letter of support from the CFO or CEO.
7. A staff leader like a controller or senior finance or HR executive should own the policy and take responsibility for updating it as needed.

C. Who should be subject to policy?
1. The policy should apply to anyone traveling on the company's expense, including consultants, job candidates, customers and subcontractors.
2. The policy should stipulate that individual travelers and group travelers each are subject to identical policies, unless a separate policy covers groups, conferences and meetings.
3. Greater cost control comes with a single policy that covers all locations, but this style interferes with individual locations' autonomy.
4. A company that wants to balance consistency and autonomy can institute an umbrella policy that individual divisions or locations can restrict but not relax.

D. Should policy apply equally to all levels of employees?
1. Some companies apply special consideration for high-ranking executives, for those whose time is most valuable financially and for those who require more security. Some companies draft separate policies for executives but do not communicate these to all employees.
2. Recognizing road warriors by loosening policies for those who cross mileage or overnight-stay thresholds produces better business results in terms of recruiting, retention, willingness to travel and overall trip effectiveness. However, such a tiered

travel policy requires more administration and may incentivize travelers to take unnecessary trips.

3. To mitigate disaster risk, companies can forbid more than two or three executives from traveling together, such as a CEO and CFO traveling on one aircraft.

E. Should the company deploy separate policies for individual countries or regions?

1. A policy that applies to all employees worldwide is the most consistent, but local laws and cultural constraints make mandated compliance to a global policy impractical and inadvisable. The global policy should be the standard, and the company can adapt it to local needs.

2. An umbrella policy with addenda for individual countries will work if travel expense or management data is available.

3. Companies can group countries with common travel requirements and cultures into regional policies.

4. Keep local standards, legislation, practices and budgets in mind.

5. If travel is paid for with a federal contract or grant, consider relevant travel restrictions like the Fly America Act, as well as reporting requirements that apply to the contract or grant.

6. Consider Export Controls regulating the shipment or transfer of software, technology and equipment from the U.S. to other countries.

F. Should you make separate policies for international travel?

1. The company may decide to draft separate policies depending on the destination country and length of the trip, though it's not necessary.

2. Policy should cover passport and visa acquisition, health certificates and security and emergency services or advise employees where to locate this information.

3. Travel managers also should work with their travel management companies and security providers to make sure they're providing this information for each trip.

G. How forceful should the policy be?

1. This major company-culture consideration is completely subjective and will depend on company goals.

2. Some policies mandate actions, identifying consequences for noncompliance as strict as termination of employment or denial of reimbursement. The policy should address exceptions for unplanned occurrences and local regulations. Companies subject to Sarbanes-Oxley, the Sunshine Act or other such regulations should enforce mandates in strict accordance with written procedures and should audit for compliance.

3. Companies can present guidelines and require written explanations when travelers don't follow them.

4. Or they can present policies as standard procedures that carry the company's stamp of approval with the CFO or CEO's signature.

5. Unmanaged travel programs should direct travelers to use their best judgment and then ask them to share travel information to aid duty of care.

II. ARRANGING TRAVEL

A. Should travelers have supplier choices?

1. Giving travelers broad discretion could increase costs and decrease policy compliance but also could improve traveler satisfaction and productivity.

2. Most companies either encourage travelers to use a travel management company and online booking tools to book travel compatible with policy and preferred suppliers, or the companies prioritize lowest logical cost over use of preferred suppliers.

3. Check with your legal and HR departments about the risk of limiting travelers' options to one supplier. Full liability for an injured traveler, for example, could fall on a company that eliminated air carrier options.

4. If traveling on federal contract funds, a federal contracting plan is required. It requires that a certain percentage of spend needs to be with a certified small business organization, and an easy way to meet the requirement is to use a TMC that's a small business.

B. How should employees make travel arrangements? Five options:

1. Designate a single TMC or a limited number of TMCs. The benefits of

consolidating to one include service level, consistency, consolidated reporting, centralized duty of care and cost savings via negotiated supplier discounts.

2. Deploy one preferred online booking tool across as many countries as possible. Configure the tool to highlight preferred suppliers or to eliminate other options. Consider prohibiting use of other websites so travelers can't bypass your company's booking policy.

3. For domestic bookings that involve more than three destinations and for international bookings, use designated travel agents who make arrangements using corporate-approved channels.

4. Some companies allow travelers to book directly on supplier websites or another distribution channels if those prices fall below a predetermined cap and if the company has a way to capture the trip data. However, if travel programs can't capture trip data through new technologies or by travelers forwarding itineraries or booking confirmations, travel managers can't track travelers or spend.

5. Some policies require employees planning a meeting to notify or work with the meetings department, travel department or TMC if the meeting involves 10 or more colleagues, involves hotel room nights, requires a contract or exceeds budget thresholds. This allows the company to take advantage of negotiated group discounts, ensures compliance with the travel policy and allows a legal review of the contracts.

C. How far in advance should travelers plan?

1. Traditional wisdom says the farther in advance a trip is booked, the greater the chance of lower airfare and availability of preferred seats. These days, it isn't always the case, plus booking far in advance increases the chance that a traveler will need to change the reservation if business requirements change. Changing an air reservation likely will cost money.

2. Some companies still require supervisor approval or passive notification for trips booked less than two weeks

in advance of travel.

3. Some TMCs encourage advanced booking by notifying travelers and their managers how much the traveler could have saved by booking in advance. Make sure the data is accurate.

4. Some companies ask employees, at the time of booking, to consider travel alternatives like teleconferencing, particularly for non-client-facing travel.

D. Is pre-approval by the traveler's supervisor necessary? Should a supervisor approve reason for the trip or trip cost?

1. Approval enables a supervisor to rule a trip unnecessary or too expensive.

2. Pre-approval for an online reservation may qualify as a second touch on the booking, adding cost.

3. It also may hold up ticketing, which again could add to the cost.

4. Consider requiring pre-approval for exceptions only or for specific scenarios like transcontinental flights and high-cost travel.

5. Some companies simply require travelers get verbal approval from their managers prior to booking.

6. Some companies prefer not to burden senior executives with administrative details like approvals.

E. Address how travelers should handle trip changes.

1. Many TMCs have 24-hour service or tie in to third-party services for additional surcharges and should be used only during nonbusiness hours, for travel emergencies or to avoid larger cancellation penalties.

2. Online booking tools are available round-the-clock, but changing ticketed itineraries is not always possible due to complex fare rules.

F. Should policy encourage or require travelers to adjust schedules to minimize costs, like arranging day trips?

1. Provide alternative routing and pricing options and record exception codes if travelers decline reasonable alternatives.

2. Balance savings with traveler productivity, convenience and morale.

III. LODGING

A. How should employees book rooms?

1. Using a designated agency or online booking tool centralizes bookings,

enhancing the company's ability to enforce policy and capture booking data to use for negotiations and to manage safety. It also ensures that travelers get the company's or travel management company's negotiated rate and that room nights are credited toward volume agreements that companies or their TMCs have reached with suppliers. Plus, any commissions returned to the company can offset program management costs.

2. The policy should state what travelers should do if they find rates lower than the TMC's or designated booking tool's. Most companies discourage direct bookings through supplier websites.

B. How much should employees pay?

1. Define the company's acceptable pricing level, such as moderately priced, by brand or by hotel tier.

2. Designate maximum hotel rates, though note that this could encourage employees to spend as close to the limit as possible. Consider setting different ceilings for different cities. Remember that using too

many hotels will influence the company's performance in contracts.

3. Consider giving travelers a maximum amount to spend daily across hotel, meals and incidentals, depending on the cost of doing business in each city. Base these per diems on the firm's historical expenses, BTN's Corporate Travel Index or published indices prepared by consulting firms and the federal government. Business entertainment expenses typically are calculated separately.

4. Designate different property classes per length of stay, such as limited-service hotels for one-night stays and extended-stay hotels for more than seven nights.

5. Mandate the use of company apartments or hotel room blocks when they're available.

C. What other limits should be in the policy?

1. Encourage or mandate the use of hotels with which the company has negotiated rates or the company's TMC has preferred rates. Many companies and TMCs have extensive

Remote Conferencing

Advancements, cost savings and technology, including telepresence systems and desktop videoconferencing tools, have boosted virtual meetings, which reduce wear and tear on travelers and save travel costs. Prior to the Covid-19 pandemic, remote conferencing tools were used primarily for internal meetings. Now, travel managers are looking at how to deploy such technologies more strategically for all types of business meetings and even larger business events, to reduce travel but also to provide workers with viable options that won't expose them to infection vectors.

I. IT departments usually manage remote-conferencing tech, but travel managers can promote its use and examine airline citypair and hotel data to choose locations for installations. Integrate remote-conference booking and travel-booking systems, and design them to prompt travelers to skip trips.

II. Ideally, the option to use remote-conferencing alternatives would be integrated into the online booking tool or trip approval process. Companies are setting a higher justification threshold for business trips since Covid-19. Pandemic travel policies should be automated to divert non-essential trips to a choice of virtual meeting options. If they can't be automated, such policies should be clarified so managers and employees can make the

III. Tech suppliers offer services and products. Most employees also have videoconferencing-capable personal devices, though IT may have to aid integration and collaboration.

hotel directories but mandate the use of particular hotels in given cities. Requirements for travelers to use preferred hotels should stipulate that travelers book at the rate the company negotiated with the supplier.

2. Outline the circumstances under which travelers do not have to use preferred hotels, such as meetings and when traveling with clients.

D. When can travelers stay in more expensive rooms?

1. Companies may allow high-ranking executives to stay in luxury hotels or on executive floors.

2. Better accommodations or a suite might be appropriate if a traveler has to entertain clients or meet with staff.

3. If the only hotels that conform to policy are far from the business destination, it may be warranted to use closer, more expensive hotels.

E. Other options.

1. Make it clear in the policy that employees are responsible for canceling hotels within the hotels' cancellation windows. Policy could instruct a traveler who cancels a reservation to record a cancellation number or the name of the hotel employee taking the cancellation to help resolve billing disputes. Whenever possible, travelers should cancel through the TMC to produce a better paper trail.

2. Policy should address whether the company will reimburse travelers for personal items like in-room movies, minibar purchases and laundry expenses. These policies can vary based on the length of the trip.

3. Address whether the company will reimburse room service charges, as well as tips. Include guidance on how much to tip.

4. Address whether the company will reimburse those traveling with spouses or family for a single-room rate, an entire multiple-occupancy room rate or a percentage of the multiple-occupancy rate.

5. Note whether travelers will be reimbursed for host gifts when they stay with colleagues, associates, friends or relatives.

6. Avoid properties with external entrances for each room, and consider conducting security audits.

7. Consider whether to allow travelers to use Airbnb or similar accommodations.

IV. AIR TRAVEL

A. What parameters should the policy place on airfare and class?

1. When airlines prices on certain city pairs are competitive or only slightly higher, request that travelers use the company's preferred airlines.

2. Most companies indicate coach as the preferred class for nonexecutives traveling domestically; however, talent-competitive industries are more likely to authorize premium economy or a one-cabin upgrade.

3. Some companies require travelers to choose the "lowest logical," "lowest available" or "lowest applicable" fare. Define precisely what you mean. The definition may differ for domestic and international travel. Because fare availability changes, many companies stipulate class as the guiding principle. Require, encourage, permit or prohibit:

a. The lowest fare within a window of time around the planned departure, typically two hours for domestic travel but sometimes longer for international travel.

b. Nonrefundable fares: Balance the chance that the trip will be canceled or rescheduled against savings from these cheaper fares. Remind travelers to keep track of unused, nonrefundable tickets. The company often can use them for other trips after paying a change fee. The TMC also should have an automated system for tracking unused tickets for business and group travel.

c. Nonstop flights: Balance the increased travel time and the risk of delays associated with indirect flights against the higher cost of nonstop flights. Consider that a layover in Chicago in January carries a heftier risk than a nonstop flight that would fly over a snowstorm. Most policies do not require travelers to take flights that require them to change planes unless the savings are significant. Define the minimum level of savings for which travelers should book flights with stops,

typically $100 per segment, and a maximum length of the layover, typically no more than two hours.

d. Alternate airports: Consider the inconvenience for the trip and the cost ground transportation adds to the total cost of the trip.

4. Some policies allow senior managers to fly in premium economy, business or first class if a discount coach seat is not available. Some airlines offer premium economy, business or executive class seating as cheaper alternatives to first class. Some companies that allow business class for overnight flights pare that allowance down to premium economy for shorter flights.

5. Employees may be willing to pay for an upgrade personally or companies may make it policy to pay for employees to upgrade in certain conditions, including:

a. Flights of at least six or seven hours; using mileage as a measure instead prevents travelers from manipulating schedules—booking flights with longer connection times, for example—in order to become eligible for upgrades.

b. International flights: Consider whether to include U.S.-originating flights to Canada, the Caribbean, Central America and Mexico.

c. Employees traveling with clients.

d. Employees with physical disabilities, though the company's legal department should advise, as recording an employee's disability may violate the Americans with Disabilities Act.

e. Employees who are expected to work a full day upon arrival.

f. Employees taking multiple international trips within a defined period of time.

6. In a global policy, distinguish between such policy terms as international, domestic, transcontinental, stateside and foreign air travel, and note that the terms "coach" and "business" are not universal.

B. If the company or its TMC has negotiated discounts with preferred airlines, are those airlines the best options?

1. Balance the company's obligation to reach a certain booking volume

or citypair market share in order to maintain preferred fares overall against the individual travelers' opportunities to secure lower fares.

2. The policy should encourage or mandate that groups, usually 10 or more traveling to the same destination on the same day, use group rates if the company negotiated such fares.

3. The policy may lay out different preferred suppliers with different airlines or alliances to cover multiple city pairs.

C. What reimbursement items should the company lay out in the policy?

1. The circumstances and the approvals required for travelers to charter aircraft when there is no other convenient option for a group. Involve the company's insurance and security departments in that decision.

2. If and how the company will reimburse certain employees for airline club memberships and premium-services memberships.

3. How the company will handle suppliers' loyalty program benefits. Most companies allow travelers to keep the rewards, while others encourage travelers to use them for business.

4. If and how the company will reimburse travelers for checked bags and overweight bags.

5. Which ancillary services, such as preferred seating, advance boarding and inflight Wi-Fi, are reimbursable.

6. Whether the company will reimburse travelers for insurance beyond that provided by airlines, the company's insurance and corporate cards. Most do not pay for additional insurance unless a traveler is transporting company goods.

D. Other factors to define in the policy.

1. An approval process managed by a risk management designee. Consider whether to forbid travel to countries for which the U.S. Department of State or the World Health Organization has issued a travel warning or advisory. The company should provide such advisories to travelers who've booked international trips.

2. Who can fly in company-owned and company-leased planes.

3. Whether the traveler or the company gets the denied-boarding compensation when an airline pays it out

and whether travelers can volunteer for compensation when flights are overbooked.

4. Whether to mandate or encourage alternatives like rail, personal cars or rental cars for trips within a certain distance. The policy also may cap car costs by expense or distance.

5. Employees who are licensed pilots should not be allowed to fly passengers or themselves on business trips, whether in their own or other aircraft.

V. CAR RENTAL & GROUND TRANSPORTATION

A. When should the policy require or forbid rental cars?

1. Use a rental car when cheaper alternatives are inefficient for the traveler or when it's less expensive than a personal automobile, depending on the mileage reimbursement.

2. Do not allow car rentals when:
   a. A traveler needs transportation only from the airport to the hotel and when a shuttle, taxi or car service is less expensive.
   b. A company-owned or -leased car is available.
   c. Employees are traveling to unfamiliar areas, especially at night.
   d. Employees are traveling to foreign countries, especially if road conditions, safety and licensing needs are concerns.

B. Which suppliers should a traveler use?

1. Many policies encourage a single or limited number of suppliers with which the company or TMC has negotiated rates.

2. Secondary suppliers can fill holes in designated supplier service.

3. Policy may direct employees to use different suppliers in different cities.

C. What car size or class should travelers reserve?

1. Compact cars provide the greatest savings but less comfort and capacity.

2. Intermediate cars give travelers reasonable comfort at a reasonable cost. Most policies stipulate midsize or intermediate cars.

3. Many companies restrict full-size or luxury cars to high-level executives, groups of two or more, those hosting clients or those of a certain height or size.

4. Hybrid cars can bolster corporate

social responsibility initiatives, but their rental rates may be much higher and availability is unpredictable.

D. Should the company advise or require travelers to use the company's online booking tool or designated travel agency?

1. Not if the booking must be last minute.

2. Otherwise yes to ensure that the traveler gets the negotiated rate and that the company's contracted volume agreement gets credit for the transaction.

E. Should travelers accept damage-waiver coverage?

1. If the company is self-insured, receives free collision damage waivers under its contracts with car rental suppliers or is protected by insurance under a corporate card program, no additional coverage is needed. Policy can specify that employees will not be reimbursed for purchasing such coverage.

2. If no other coverage applies, the company may choose for the traveler to purchase such coverage while booking to avoid paperwork and paying for damages.

3. Differences in insurance laws and other government regulations make this coverage a good idea for foreign travel. Direct travelers to accept all coverage in foreign countries.

F. Should travelers buy other insurance products like personal accident insurance, supplemental liability insurance and personal effects coverage?

1. Most companies already have insurance that provides such coverage.

2. If not, they usually reimburse employees for such purchases.

3. Policy also can state that employees may purchase additional coverage at their own expense.

G. What should travelers do in the event of an accident?

1. Notify local authorities, the rental car supplier, the travel department, HR and the company's security department.

2. If the car is damaged, notify the company's insurance department of the details of the accident and instruct the supplier to submit a bill for repairs to the same department, which will handle settlement. Photograph the damage.

H. Other factors.

    1. Encourage travelers to refill gas themselves, as car rental companies charge a premium to refill it. Some vendors offer an upfront fee for fueling, which eliminates refueling charges.

    2. Ask corporate travelers to avoid one-way drop-off charges by returning rental cars to the locations where they picked them up.

    3. Instruct travelers to inspect cars for damages and keep records to protect against unwarranted damage claims.

    4. Explain which ancillary service fees, including GPS and expedited toll programs, the company will reimburse. Most smartphones have GPS.

I. When should travelers be allowed to use chauffeured transportation?

    1. When the per-person cost is similar to other ground transportation options.

    2. When travelers are arriving at an unfamiliar destination or a foreign country or at night.

    3. Because most limos charge by car or by the hour, not by the number of passengers, a sedan service may prove more convenient and less expensive than a car rental or taxi for commuting from the airport to the office.

J. Lay out procedures, policies and restrictions for parking expenses and tolls, traffic tickets and parking tickets, including receipt requirements.

K. Work with key stakeholders regarding ride-hailing service providers like Uber and Lyft.

VI. INCIDENTALS, MEALS & ENTERTAINMENT

A. How much can employees spend?

    1. To control costs and eliminate the need to review receipts, the policy could set a maximum per diem, and it could vary by city or region. Policy also could set a max per meal, which could vary among breakfast, lunch and dinner. Consider adjusting the limits if flights, hotels or events include free meals.

    2. Allowances can vary by level of employee.

    3. Analyze companywide average meal spending before establishing standard rates. Setting high maximums could tempt travelers to overspend.

B. Specify whether any food is not reimbursable, such as entertainment, snacks, room service, alcohol or food purchased during travel that does not involve overnight stays.

C. Specify that the highest-ranking employee present should pay.

D. Business entertainment.

    1. The expense must be for a legitimate business purpose. Require a receipt listing individual charges, which is crucial for tax-deduction eligibility.

    2. The policy may put a max or provide a guideline on average per-person cost.

    3. Define what categories of employees may entertain business guests without approval.

    4. In accordance with U.S. Internal Revenue Service regulations and Sarbanes-Oxley processes—whether business took place before, during or after entertainment—events employees should be prepared to furnish:

        a. Names, titles and company affiliations of each person present.

        b. Business purpose served.

        c. Business topics discussed.

        d. Name and location of the establishment.

        e. Exact amount of the expense.

    5. Include in the policy clear direction from legal, finance and HR to guarantee that an employee paying for a business guest's meal is not construed as a bribe and does not exceed the corruption threshold.

    6. Entertainment expenses, such as golf or tennis fees, may be reimbursable, or the policy could list certain activities as unsuitable for the company to sponsor.

    7. The policy may list circumstances under which employees will be reimbursed for hosting business meals or entertainment in their homes.

E. Specify what incidental expenses are reimbursable, and detail the requirements. Consider dry cleaning, laundry, foreign currency conversion, international phone access, Internet, passports, visas, medical inoculations, minibars, health clubs/fitness centers, spas, in-room movies, ATM fees, cash advances, shipping, babysitting, kennels, the U.S. Transportation Security Administration's Precheck program, the U.S. Customs and Border Protection's Global Entry program and lost,

stolen or damaged personal property.

F. Decide whether to:

    1. Require that expense reports separate breakfast, lunch and dinner.

    2. Specify events that are not reimbursable, such as birthday celebrations versus dinners at which employees receive awards.

    3. Reimburse for employees' spouse.

G. Include input from HR, legal and tax departments. Provide instruction for how to submit value-added tax reclamations.

VII. PAYMENT METHODS

A. How should employees pay?

    1. Corporate cards allow the company to build a travel expense database and thus a comprehensive picture of travel patterns and spend volume to use in negotiations with suppliers. They also help detect purchases that are exceptions to policy, and they may provide the company financial incentives through rebates based on volume spending. Prohibit use of these cards for personal purchases.

    2. Personal charge cards eliminate the time and some costs of corporate card programs. Some experts advocate against this option.

    3. The company can pre-load reloadable debit cards with select amounts, set them to allow only certain expenses and deactivate them if stolen or lost.

    4. A centrally billed account can be used for air and rail purchases.

    5. A company can set up direct billing with preferred lodging and ground transportation suppliers.

B. How should card expenses be billed?

    1. When employee cardholders are billed directly, they share liability with the company. The employee holds the initial responsibility of auditing and paying charges, which reduces the administrative burden on the company and induces travelers to file timely reports.

    2. When the company is billed, called centralized billing, the company has complete liability. The company also has control over delinquency, assuming it pays bills when they arrive.

    3. For central pay/individual bill cards, the company has liability and pays all bills, but bills also go to employees for review.

4. Centralized billing of airline expenses and individual billing for other expenditures removes the largest expenditure from individual employees.

5. When deciding, beware that some countries do not allow individual payment and liability. Also consider cards billed in local currency, foreign language billing statements, ATM fees, card fees and collision damage-waiver insurance.

C. Designate in the policy who should get corporate cards: every employee, every employee who travels, even if minimally, or only those who incur travel expenses regularly.

D. Include in the policy how travelers obtain cards and what to do if they're lost or stolen.

VIII. EXPENSE REPORTING & REIMBURSEMENT

A. Lay out the requirements for what receipts the company requires to be attached to expense reports, whether all air, car rental and hotel receipts; any receipt above a threshold, often $25; or the IRS's requirement of receipts for expenses of $75 or more.

B. What documentation is required for reimbursement?

1. The policy can specify types of receipts for different services, such as an itinerary copy or electronic receipt and boarding pass for air, a hotel folio plus proof of payment for lodging and receipt or corporate card record for car rental.

2. The IRS accepts electronic data from card suppliers in lieu of paper receipts if appropriate detail is included. Some card companies and hotel chains cannot provide full detail on hotel receipts.

3. Many companies do not require receipts if travelers charge the expenses on corporate cards, a significant efficiency for employees. Advise within the policy, though, that employees should be prepared to disclose how and when expenditures were incurred; whether the hotel was approved, whether the hotel gave the lowest rate available and whether the booking aligned with travel policy; the type of card used for payment and its last four digits; whether the

booking was done over the phone or electronically; and whether the TMC handled the reservation.

C. The policy should specify what conversion rates to use on expense reports for expenses incurred in foreign currencies, whether the rate on the currency exchange receipt on the credit card statement or reputable source's archive of conversion rates, pegged to the day of the transaction.

D. The policy should designate expense report deadlines, whether within seven days of the end of the trip; at regular intervals—such as weekly, biweekly or monthly—for frequent travelers; immediately upon purchase of a ticket; or immediately upon receipt of the statement. Policy may specify that employees will not be reimbursed if they do not file expense reports on time. Indicate in the policy how to handle late-payment fees and interest charges.

E. How should travelers file expense reports?

1. All employees should be prepared to disclose when, how and why expenditures were incurred and be required to list dates, locations, names and titles of those visited and the purpose of the trip.

2. Mandate use of an automated expense reporting system if it's available.

3. Require separate expense reports for each trip.

F. Indicate whether the company will reimburse travelers who do not book through the mandated TMC or online booking system.

IX. MISCELLANEOUS

A. Distribute the travel policy in a user-friendly summary document or in multiple documents covering different modes and classes of travel. Publish it on the corporate intranet and travel webpage or website, in newsletters, in the employee handbook and via e-mail and corporate social media tools. Review it during employee orientation and travel policy seminars.

B. Require employees to confirm they've read the policy.

C. In the policy, state what steps will be taken if a traveler does not comply, such as informing supervisors, CCing managers on reminders, adding authorizations for pre-trip planning

and post-trip audits, reprimands, documentation in employees' personnel files, delay or denial of reimbursement and, in extreme cases or for repeat offenders, termination. If the company bills air travel centrally, you can require travelers who make out-of-policy air bookings to fund their trips and then seek reimbursement.

D. Work with HR to provide employee data to the TMC for new travelers and to maintain existing traveler profiles. Encourage infrequent travelers to update their profiles whenever a change occurs, and ask travelers to review their profiles annually.

E. The policy also can include:

1. Statement from the CEO of scope, goals and purpose of the travel program, as well as the advantages of supporting preferred travel vendors.

2. A precise rundown of company managers and officials responsible for enforcing policy.

3. Whether to permit travel apps on company smartphones, whether to restrict travel apps and whether to permit travelers to book business travel with their personal devices.

4. Whether to allow travelers to review or share corporate travel supplier experiences on social media and public websites.

5. How, when and how much to charge clients for travel.

6. Instructions for medical and other emergencies, especially when traveling overseas.

7. Procedures and requirements for borrowing company computers and other technology and when the company will buy or lease equipment for travelers.

8. Responsibilities of travelers, travel arrangers and managers.

9. Mobile roaming charges: Determine whether you'll issue company phones, ask employees to supply their own or neither. Set guidelines on what charges are reimbursable, especially when traveling internationally. Look for alternative methods of communication like WhatsApp and Skype or discounted company plans with wireless providers.

10. Indicate whether to allow travelers to combine business and personal travel. ◀

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Selecting a Travel Management Company

Amid consolidation wave, buyers navigate uncharted waters.

THE SPRING OF 2021 FEATURED A SPATE OF MERGER AND ACQUISITION activity in the business travel industry. Major deals during that period included American Express Global Business Travel announcing plans to acquire Egencia in a megadeal uniting two of the top five largest global TMCs, along with Frosch International Travel purchasing Valerie Wilson Travel and TripActions taking over Reed & Mackay. Those deals continued strong TMC consolidation momentum from 2020, and some observers suggest further M&A during the next year-plus is possible as travel resumes. It's a dynamic that will have a major effect on TMC sourcing for travel buyers.

While the industry consolidation partially stems from the financial headwinds many TMCs faced amid the shutdown of travel activity during Covid-19, the trend toward M&A predates the pandemic. TMCs in recent years have faced a seismic shift in client demand for services beyond the scope of traditional functions, such as booking. Some TMCs may not be willing or able to making the required investments in platforms and technology to serve those new needs, opting instead to sell to deeper-pocketed buyers. And with big-name legacy TMCs and venture-funded market entrants scrambling for ever-more market share, there's no shortage of willing buyers.

For corporate travel departments looking to source TMC services, the consolidation trend could prove a double-edged sword. Fewer providers likely will reduce negotiating leverage for buyers. Similarly, a potential surge in sourcing demand as companies whose prior contracts have expired resume travel post-Covid could further contribute to the rise of a seller's market in the near term.

On the other hand, those TMCs that remain standing throughout the consolidation likely will be able to offer clients a fuller range of services, including features and capabilities obtained via the acquisition of smaller TMCs and tech specialists. Meanwhile, TMCs that have grown larger will wield enhanced negotiating power with end-suppliers, leading to potentially significant saving for clients.

The question of commercial models will be on the minds of both buyers and sellers as partnerships are renewed or established for the first time. TMCs long have taken on the risk of the transaction-fee model, which did not serve them well when business evaporated overnight during the pandemic. Industry conversation has been abundant around the idea of modifying that transaction-fee model, whether with a more stabilized management fee structure or a subscription-style model. Some TMCs will be ready for these conversations, but some buyers report that model change may have to happen over the medium term as travel returns.

Amid the continued competitive consolidation and revamped service models in the TMC sector, it's perhaps more vital than ever for buyers to approach travel management sourcing with a careful strategy and a clear idea of their own particular needs as their programs get up and running again. – *Adam Perrotta*

I. LAY THE GROUNDWORK

A. Understand your company's vision and overall objectives: cost versus service; national versus regional versus multinational structure; autonomy versus consolidation; automated versus manual support; traveler-empowered program versus mandated program or something in between; and opportunities for earliest implementation.

B. Survey travelers and budget heads about their perceptions and experiences; engage your internal travel council, if one exists. Consider establishing performance benchmarks in key locations using different TMCs.

C. Consider an audit of your existing service provider and a technology assessment, and develop one-, two- and five-year travel operations plans. Coordinate with your legal and risk departments on the best approach to traveler safety issues.

D. Assess the program that evaluates the agency agreements in place today, the service delivery model, technology, program compliance and reporting. From this, develop business requirements against which service providers will deliver.

E. Does or will your company contract directly with an online booking tool provider, or is that tool part of the TMC's offerings? Consider parallel bids for both scenarios.

F. U.S. companies that get an Airlines Reporting Corp. Corporate Travel Department designation can collect data, commissions and overrides and select whether to handle travel management functions in-house or to outsource them.

G. Document any requirements for mobile apps and other tools and technologies that you want to be part of your service offering.

H. Obtain senior management authority. Set up an advisory committee of travel arrangers, frequent travelers and managers from finance, procurement, information technology, HR, physical security and legal. Consider a forming a subcommittee to evaluate proposals. Determine decision governance. Consider running workshops with four or five TMCs,

including incumbents, and invite the advisory committee.

I. Assess whether you wish to do this in-house or to outsource part of the selection process. Consider hiring a consulting firm, but check for conflicts of interest.

J. Communicate with the incumbent TMC a year in advance of any plans to rebid. Be aware of cancellation clauses in your current contract, such as those that prevent early solicitation; never agree to such terms. Make sure you have contractual language that addresses a three- to four-month transitional service obligation, should the incumbent not win the bid.

K. Understand your internal approval process and the levels of approval required to award the bid, especially if the incumbent does not win.

II. GATHER DATA

Collect data, by country and location, from internal departments, incumbent TMCs, charge card providers, suppliers and your data consolidator. Observe the 80/20 rule. Seek maximum data for the highest-volume countries and locations and estimate data for the smallest locations if not readily available.

A. Collect granular transactional data, which helps TMCs develop operational plans and pricing proposals. Break down international and domestic gross and net air transactions and sales. If available, break international travel down into regional and intercontinental travel. Include rail, auto and ferry figures where available.

B. When comparing data sources, consider the gaps to understand program leakage. If there is a gap between charge card data and TMC data, it could indicate bookings made outside the TMC that could captured and included in the future.

C. Provide total transactions for the past three years. Group these into unassisted and assisted; telephone and online; and domestic, regional and crossborder. Provide the numbers of hotel- and car-only bookings if possible. Make a reasonable estimate of the first year's volume after implementation, especially if fluctuations are likely to affect service needs. This will impact staffing

and total costs.

D. Break down spending and transactions by division, location and cost center.
  1. Define gross transactions by the number of passenger name records and/or air or rail tickets issued, plus refunds, voids and exchanges.
  2. Ticket transactions may be defined as the number of air and/or rail tickets issued.
  3. Net transactions may be defined as the number of air and/or rail tickets issued minus refunds, voids and exchanges.

E. Break down air, hotel, car rental, rail and ground transportation spending by country. List principal suppliers by volumes and cities, and, without disclosing the discounts, identify suppliers with discount contracts in effect. Provide additional information for miscellaneous activity, such as after-hours service calls, use of VIP services, use of international rate desks, bookings from guests or travelers who don't have profiles in the system, navigational support and non-global distribution system bookings. Include transaction-related support services, such as point-of-sale billing, relocation, car hire and limos, credit card reconciliation, integration with a crisis management tool, meetings management and supplier sourcing.

F. Define the benefits and shortcomings of the current service and staffing configuration, including the number of your offices where the TMC locates staff onsite, staff by job category and unique or special services provided. For onsite agents, make note of telephone systems and other equipment that you don't need or want the TMC to provide and how telecom will be configured. Decide whether you will charge the TMC for office space, a charge that the TMC likely will add to the cost they charge back to your organization.

G. Number of travelers who carry corporate cards.

H. Identify travel patterns, including the number of VIP travelers, independent contractors, guests, recruits and frequent travelers, as well as seasonal fluctuations.

I. Number of calls to the TMC per transaction, average call length, percentage answered in 20 seconds, average hold time and abandonment rates. Include agent productivity statistics, such as the average number of transactions per year, assuming a normal number of calls per transaction. Identify at-home agents and any differences in productivity compared to call centers.

J. Project your company's growth, though it's not guaranteed. Review likely volume increases or decreases for the largest corporate locations, which could impact staffing.

K. Percentage of bookings made by phone, online and email. Determine the percentage of online transactions that require human intervention. A high touchless-transaction percentage can reduce costs. Consider asking the TMC for a single online fulfillment fee inclusive of touchless and touched reservations.

L. Share of total hotel room nights and car rental days booked through the current TMC and the percentage of hotels that pay TMC commissions.

M. Payment process, including billing and payment configuration.

N. Gather baseline data on fees paid for collateral services, e.g., nonrefundable ticket tracking, pre-trip notifications, risk management services, traveler tracking services, consulting services, custom reporting and meetings and events support.

III. NARROW THE FIELD

A. Prequalify bidders based on company procurement guidance, internal need analysis and the bidders' client rosters. Small or midsize accounts considering a mega TMC should investigate services it typically offers customers of that size and ensure they meet your needs. Anyone involved in the process should sign nondisclosure agreements. Consider pre-RFP sessions for understanding potential bidders and educating your decision-making team.

B. Ask buyers who have similar budgets and/or are from the same industry about their experiences with the bidders.

C. Consider how the bidders balance

and measure service and cost avoidance. Review their HR policies, training and turnover rates, especially for frontline counselors.

D. Evaluate the TMCs' automated tools and their ability to integrate with other systems.

E. Determine which TMCs best support technology, including:
1. Online booking tools.
2. Automated expense reporting.
3. Pre- and post-trip reporting and/or business intelligence tools.
4. Traveler tracking and other risk management tools.
5. Payment system integration.
6. Tracking/refunding unused tickets.
7. Profile management systems.
8. Custom portals with profiles, policy, security and destination information.
9. Mobile apps for itinerary management and travel booking
10. Systems for measuring CO_2 emissions and offsets.
11. Tools for accessing non-GDS content.
12. Air and hotel rate reshopping tools.

F. Consider the TMC's role in account management, negotiation services, policy consultation, process innovation, e-commerce integration and meetings and incentive management, plus related fees. Will you require or encourage bidders to offer meetings services and separate pricing?
1. Ask the TMC about its suppliers, including GDSs, and seek alignment of incentives for supplier support.
2. Determine who will obtain hard- or soft-dollar benefits and fund agent incentive programs.
3. Determine TMC involvement in online booking systems and fulfillment of online transactions. Ensure that a TMC can deliver on expectations. Seek detailed reference checks, including noncited references and lost accounts.
4. Investigate how the TMC handles refunds, an area of potentially significant negative cash flow.
5. Ask TMCs to send templates of master service agreements and local/regional addenda so your legal department can review and identify roadblocks.
6. Understand the TMC's ownership structure, board membership and decision-making authority.
7. Given the frequency of industry acquisitions, understand how your business would fit into a TMC's portfolio in the event it is purchased by another TMC. There is leverage for TMC clients to enhance commercial and service-level terms.

IV. PREPARE & SEND RFPS

If you do not conduct workshops, a prequalification process or an RFI that narrows your bidders list, require TMCs to meet minimum criteria to receive the RFP. Otherwise, you may be obligated to evaluate responses that are not appropriate for your business. Customize any generic RFP template. Allow TMCs at least one month to respond, and slate at least four to six weeks to evaluate responses. Also allow enough time to negotiate with a shortlisted or winning bidder. Schedules often underestimate the time required. Include the following in the RFP:

A. Bidding rules and information about weighted criteria, information security and data privacy requirements, standard terms and conditions, whether you'll require an in-person presentation and a timetable for the process. Consider two phases, the first to eliminate weaker bidders and the second for best and final offers. Live presentations, if carefully orchestrated, can reduce time for final negotiations and often show major differences in the finalists' commitment to and interest in your business. Ask for senior TMC officials to attend, as well as operational staff and the proposed account manager and be ready to have your senior officials there.

B. Your organization's mission, growth plans, travel policies, objectives, requirements, data, current service configuration, service expectations, current preferred suppliers, reservations and payment methods, and projected changes in volume. Tell the bidders about your company, its line of business, its culture and other key factors. Include descriptions from websites and public documents and show how your organization is successful by geography and product or service. Include all global and local travel policies or at least summaries. These will affect service offerings, as the winning TMC will have to observe them.

C. A request for information on the TMC's ownership, offices and call centers, operating hours and after-hours service and support, years in operation, headcounts, agents' average years of experience and length of time with the TMCs, preferred GDSs, online booking adoption rates, consortia memberships and negotiated pricing programs. Assess:
1. Audited financial statements.
2. Number and size of other commercial accounts.
3. References from customers with accounts of similar size in similar industries and that recently implemented the TMC, as well as those who recently left the TMC for reasons other than consolidation.
4. Number of staff to be dedicated, designated or shared on your account; each agency defines these differently and it is important to seek clarity on whether your agents will serve only your travelers or also will serve others. Also look at the experience of those agents; transactions, calls or dollars each agent is expected to handle per day; and agent incentives for booking preferred vendors.
5. Call-overflow procedures and whether backup will be provided in case of emergencies and absences.
6. Account manager roles and time allotted to your account versus others.
7. Agent training procedures.
8. Complaint resolution procedures.
9. Access to and reporting on non-GDS content.
10. Quality-control processes.
11. Whether traveler profile systems are stored in GDSs, accessible to travelers online, synchronized with the online booking product, accessible for meetings management and customized to accept data required by the U.S. Transportation Security Administration.

12. After-hours emergency services; call routing; reservation changes; international services like passport, visa, legal and medical referral; security alerts; communication resources; meet-and-greet services; ticket tracking; mobile tools and low-fare search.

D. Multinational services.

1. Expect service delivery to be different in every country. The best service available in each market might not be available from the same TMC.

2. Bring local travel managers into the process as early as possible. Decide early if the local managers will be on the selection committee or advised of the decision; buy-in can help later with implementation.

3. Not all agencies carrying the same brand are owned or controlled by the same entity. No global TMC owns all its offices. Check each company's ability to deliver seamless service across its network. Questions may include:

a. How are partners in the various countries contractually committed? Ask to see the service-level agreement to which all local TMCs have committed. Find out what happens if one leaves the network or is sold.

b. Do the various TMCs have the same technology across the globe?

c. How will the data be delivered?

d. Will the account management be central or local? Insist on a central global account manager, as well as local support, so everything comes together in one place.

e. How will the TMC solve local complaints?

f. Will a local office serve you, or will it be a central call center?

g. If considering a regional call center, understand how and where ticket fulfillment will be managed; understand any currency, tax and language implications for centralized fulfillment.

h. Ask for references from global accounts.

E. Meetings services: Is there dedicated meeting planning or sourcing staff? What types of meetings management technology are available? Are incentive travel management services and destination information available? If you use a non-TMC meetings company, will the TMC book the air travel components of meetings, and how is this managed? Include service standards for transient and meetings travel or ask for minimums from the bidders to compare and negotiate in the final contract for selection.

F. Reporting.

1. What types of reports do the TMCs deliver? Are graphical summary and pre-trip audit reports available online? Who will run pre-trip audit reports?

2. Is there an online reporting tool that lets you review your own data? Does the online reporting tool allow you to query the database or only produce standard reports? Are mobile reports available?

3. How often will reports be provided, and how soon after the end of a reporting period? What is the primary data source for pre- and post-trip reports? Is the data available in real time? How is data quality ensured, and how does the TMC match and cross-reference information when it's consolidated from multiple sources?

4. Can reports present detail by department and down to the traveler level?

5. Are global reports available? How—and how effectively—is data gathered from foreign locations? What is the time line for receiving global reports, and how often are they updated? Are delivery and accuracy guaranteed?

6. How can travel and payment data be consolidated?

G. Financial and billing information.

1. Provide a spreadsheet for TMCs to complete so proposals are all in the same format. Separate TMC revenue into base airline commissions, overrides, hotel and car rental commissions, GDS incentives and other. If applicable to the financial model requested, break down TMC expenses, including overhead and profit, labor costs, salaries and benefits and other direct costs like technology, telephone and delivery fees. Use a common currency to make bid comparisons simple. Consider fully loaded and management fees or transaction fees with breakouts. Fully loaded fees place risk on the TMC where costs escalate, and they are less complex to manage but less transparent than cost-plus, in which all costs are identified and a separate fee for profit and overhead is stated.

2. Determine a preferred TMC financial configuration.

a. Transaction fee: Agree upon a definition depending on such criteria as online or offline;

Global Distribution Systems

Most corporate travel bookings are made on global distribution systems. The best GDS differs per country, in part because of the supplier content available on each. Don't defer your choice to your travel management company, as GDSs incentivize TMCs to reach contracted volume thresholds.

I. GDSs provide real-time data about flight schedules, airfares and seat availability and process airline reservations. They also provide availability and booking support for hotels, rental cars, trains, limousines and ancillary travel services.

II. They store travelers' booked itineraries as passenger name records and pass booking information to agency accounting systems.

III. They store passenger and corporate profile information so they can transfer it into reservation records automatically.

IV. TMCs lead most GDS implementations, but they may consider alternatives as some suppliers seek ways to work around GDSs.

V. Online booking tools connect with GDSs to obtain inventory and allow for pricing and reservations.

domestic, regional and international; bundled or unbundled; assisted, unassisted and touchless. Typically, transaction fees are defined as charges for airline tickets issued or purchased, though some arrangements also include separate charges for hotel- and car-only reservations and for refunds and cancellations. If separate charges for hotel- and car-only reservations are included, ask for a bundled transaction fee quote for comparison.

i. For calculations of a transaction fee, determine whether revenue should be retained by the TMC or returned to the company. All revenue should be segregated per client and location and accounted for as a set-off or fee reduction. This may be impossible for centrally paid overrides, but these can be estimated for credits. Different models may work better in some countries than in others. It is vital that each office knows what it is paying for and receiving. Distrust can arise if revenue is not broken out.

ii. Require details of optional value-added services and costs. If the TMC is providing the online booking system, find out when a booking becomes a transaction chargeable with a fee.

b. Management fee.

i. The TMC returns all commission revenue to the client, which pays the TMC for the cost of direct labor and other direct operating expenses, TMC profit and overhead.

ii. Provide an area in your spreadsheet for bidders to list categories of expenses, including salaries and benefits and other direct costs like technology, telephone and delivery fees.

iii. Fees to cover overhead and profit should be expressed as a flat amount per transaction, rather than a percentage of air volume, to ensure there is no incentive for the TMC to book higher-fare tickets.

iv. Determine if and how the TMC measures, divides and distributes override money received from airlines and other suppliers.

v. Require a breakout of any services for which additional fees will be charged. TMCs' definitions of direct and overhead expenses differ, but TMCs should provide comparable numbers for profit and overhead.

vi. Determine if fees are to be paid at ticket issuance or are due quarterly, monthly, weekly or at the point of sale. Will these be paid locally per office, per country, or, less commonly, by global payment from headquarters?

vii. Determine how hotel commissions are recovered and managed.

viii. Create a service-level agreement with, at the client's option, a financial incentive to the TMC for meeting specified key performance indicators and a possible penalty for underperformance. TMCs may propose a KPI that also generates a payment for overperformance. Measure performance each quarter, and adjust fees accordingly. Ask the TMC to list methods of measuring each KPI. Ask each bidder for its model with an upward and downward scale. The increments should be fair so real improvements are rewarded and only bad performance penalized.

c. Depending on the size of the account, thee TMC could provide cost savings to the client in the form of savings on air, hotel and car rental spending. These agreements can be complex but can differentiate TMCs. Such an agreement may include a financial incentive and/or penalty.

V. EVALUATE THE PROPOSALS

Develop an evaluation structure ensuring reviews are as objective as possible. Quantify the areas of evaluation by some sort of point system and weight areas that are most important to the organization.

A. Separate the technical proposals from the financial proposals. Evaluate the technical proposal and score prior to giving the evaluation committee sight of the financial proposals. Evaluating both simultaneously may color the judgment of the technical committee.

B. Have your legal department review requested changes to your terms and conditions. Do not agree to automatic rollovers; rather, document that you'll evaluate the relationship and whether to continue at least every three years.

C. Put financial implications in the context of the services provided. Base the decision on more than the proposal alone, including cost of change and risk, the quality and experience of the key people assigned and the cultural fit.

D. Get bidders to answer any questions from your organization.

E. Invite the bidders to present and take questions on their proposals while sticking to an agenda. Ensure the TMC brings people who can answer operational and technical questions. Consider separate remote conferences for demonstrations of technology.

F. Visit TMCs that reflect the configuration you desire. Meet the operations managers who would be assigned to your account and see how the TMCs would handle changes or emergencies.

G. Call TMC references, including recently implemented or lost accounts. Call clients not included on the reference list. Be prepared to share results with the TMC. Consider giving the references a survey.

H. Compare financial offers and staffing proposals on spreadsheets. Have financial managers review proposed fee structures or any changes to them.

I. Reduce the field to two or three finalists.

VI. NEGOTIATE

A. Depending on the finalists' best and final offers, determine whether you need to negotiate with all finalists or only the leading bidder. Determine the appropriate fees and other terms you will accept.

B. Require a solid rationale for any changes the TMCs request.

C. Contracts should contain definitions of

key business phrases, plus sections for financial, service-level agreement and data privacy and security details.

D. Review your company's balance-of-trade guidelines.

E. Include a contingency emergency support plan in writing as part of the implementation package. Engage your company's internal risk management and security departments to review the TMC's security plans and technology.

VII. SIGN A CONTRACT

A. Do not use only a standard TMC contract, though you can adapt a template to fit your needs. Alternatively, use a form that your procurement department or general counsel requires.

  1. Formulate a document that reflects your legal, service and financial considerations. Consider providing this early in the RFP process, asking bidders to review the legal language and return redlined copies. Alternatively, provide a bulleted list of requirements for the TMC to incorporate into its contract. Either approach will speed up contracting with the finalist and ensure the winning TMC won't claim surprise about standard terms during final negotiations.

  2. Do not award the business until after you have both agreed to all the contract terms and conditions.

B. Contracts should contain specific requirements, including service-level agreements, and should define expectations and financial incentives and penalties.

  1. Consider positive financial incentives for high performance.

  2. Include criteria for an overall rating on meetings program objectives.

  3. Build in savings and service metrics but leave the TMC latitude to develop its vision for servicing the account. Criteria might include:

    a. Phone response and callback time.

    b. Ticket, invoice and management information accuracy.

    c. Surveyed traveler satisfaction.

    d. Use of negotiated rates and preferred suppliers.

    e. Online booking adoption ratios and/or unassisted online booking ratios.

  4. If the TMC will fulfill online book-

ings, the service-level agreement should detail service expectations for ticketing, changes, refunds and support.

C. If the winner's proposal contained useful, measurable promises of performance, incorporate all or part of the proposal into the contract or as an addendum.

D. Consider obtaining the TMC's consent to retain a third-party auditing service to verify savings and contract compliance.

E. Determine for how long pricing will be fixed and whether to allow for a pricing adjustment during the contract term. However, when inflation is low, it is not common to provide for price adjustments.

F. Require quarterly and annual reviews and options for an additional year or two.

G. Consider requiring the TMC to rebate some or all commissions or overrides attributable to your volume, but recognize that such revenue may be quite small.

H. Contracts commonly last three to five years, but they often allow either party to terminate for breach with 30 days' written notice and with opportunity to cure the breach. Contracts sometimes also allow you to terminate without cause with 90 days' written notice at any time.

I. Make sure your firm owns all profiles and reservation records so you can transfer them to another TMC at the contract's end.

J. Specify the TMC's responsibilities and limitations in working with your suppliers.

K. Understand claw backs and contingencies linked to any sign-on bonus or upfront incentives.

L. The TMC may seek to include clauses that require you to:

  1. Pay for all airline tickets using a credit card or ghost card system and appoint the TMC as authorized signer on all credit charge forms.

  2. Indemnify the TMC against all airline debit memos arising from allegedly unauthorized credit card transactions and illegal reservations made or required by the traveler, such as hidden-city trips, and against claims asserted by the

outgoing travel agency.

  3. Provide copies of your travel policies and all existing air, hotel and car rental discount contracts, as well as all profiles and unticketed reservations, if possible.

  4. Refrain from using any other TMC.

  5. Not hire away any of the TMC's employees during the agreement and for at least six months afterward.

  6. Pay for tickets and deficits accrued before termination.

  7. Acknowledge a disclaimer that the TMC is not responsible for supplier errors or losses beyond their control.

M. Bidders have made a considerable effort to put together a proposal and to respond to your RFP. They deserve honest, general feedback. Treat them with respect; though they may not win, they may in the future.

VIII. IMPLEMENT THE ACCOUNT

A. If the incumbent does not win the bid, start work quickly on the transition. Discuss the process with all divisional travel managers and TMC account managers.

B. Develop a schedule that clearly defines implementation steps and responsibilities. Consider introducing the program throughout the company, especially if it is global.

C. Solicit the TMC's help with materials for travelers and arrangers. Consider a phased approach at one site, country or region and allow feedback before proceeding.

D. Host a meeting between the outgoing and the incoming TMCs to make certain all parties agree to the transition time line and other professional courtesies.

E. Include field offices in the implementation. If the TMC will have onsite offices at remote locations, ask if it will allow local staff to choose the TMC-employed manager and agents.

F. Communicate savings and service goals to the TMC and conduct weekly or monthly calls and quarterly account reviews. Evaluate infrastructure costs up front and document startup costs.

G. With the marketing or communications department, develop an employee communications plan. ◀

Setting Up a Corporate Lodging Program

Lodging Trends Complicated as Industry Emerges from Pandemic.

THE COVID-19 PANDEMIC UPENDED THE "RULES" FOR HOW CORPORATE lodging programs are put together. Though business travel is beginning to return, some buyers are rolling over 2020 rates again since many travel managers still don't have enough current data for negotiation leverage or know yet where their travel will be concentrated in the coming year.

Further, some buyers moved to or intensified their dynamic pricing last year, along with chainwide discounts, and those have not abated. In addition, the annual request-for-proposal process is being replaced by a continuous sourcing cycle for a growing number of companies. Rate auditing or reshopping tools are more important than ever to keep a handle on the best prices available in this quickly changing market. (For more on those, see section X, page X.)

WHOSE MARKET IS IT?

The expectation in mid-2020 by some prognosticators was that buyers would have the upper hand after hotels had called the shots for about a decade. But it's more complicated than that. The recovery is playing out on a local level and is dependent upon the destination and hotel tier. Secondary and tertiary as well as suburban markets are seeing occupancy recovery, while urban gateway cities for international travelers lag. The latter also are where some hotels, particularly full-service properties, remain closed or are operating at less than full capacity.

The business vertical matters, too. Essential workers helped extended-stay properties lead in the recovery by tier. But higher-end corporate guests, like those from consulting and financial firms who tend to stay in luxury or upper-upscale hotels, are only just now beginning to return to the office and then the road.

But with leisure demand skyrocketing as vaccination distribution expands coupled with relaxed Centers for Disease Control and Prevention guidance, hotel companies might not be as reliant on the more elastic, volatile business travel segment as in the past, particularly in the U.S. For one, unlike other crises, rate integrity has been stronger than anticipated, with some companies seeing average daily rates already surpass those from 2019 for certain markets. Will those companies go after business travel the same way? Corporate buyers may have a hard time getting discounted rates unless they have meaningful volume.

Perhaps smaller hotel companies will make moves to capture more corporate clients. The pandemic has already impacted two years of programming, and its ripple effect looks like it will be influencing a third. – *Donna M. Airoldi*

I. SETTING GOALS & STRATEGIES & PREPARING FOR NEGOTIATIONS

A. Determine the goals you want to achieve in your hotel program, and evaluate the resources and time needed to accomplish them. Determine whether your hotel program will be mandated or strongly encouraged. Consider viability and the return on investment of internally managing the entire process with your own team. Do you have the resources available, and do those resources have the required skill set? Otherwise, an option is to outsource all or a portion of the work to your agency—travel management companies often have a department that specializes in hotel sourcing—to a third-party sourcing company or a consulting firm. Determine your lodging strategy for the year based on your organization's requirements, your travelers' requirements and industry trends. Survey your top travelers to find out what matters most to them, including rate, location, safety/security and amenities. Share these goals with your hotel partners, as they may have additional suggestions and will have options to help you meet your goals. Be consistent with your messaging on goals to all suppliers throughout the process. Keep in mind current hotel market conditions and whether rates are likely to increase or decrease over the next two years. If they look like they will increase, consider pursuing multiyear deals. If they look like they will decrease, look for shorter-term deals.

B. Identify spend: Hotel spend can be as much as 40 percent of a company's T&E. It is not homogenous, and a fully managed program will harness direct participation from various internal groups and stakeholders. Involving all stakeholders at the outset of the project will maximize the accuracy of your spend data. Subcategories of hotel spend include business transient, project or extended stay, training, meetings and relocation, which might include serviced apartments. While each subcategory may require unique management processes, it is important not to manage hotel spending in silos. Fragmenting hotel spend will result in suboptimal data capture and loss

of leverage, causing lost savings. For optimal discounts, know total spend by city, property and chain, and understand your ability to shift share. Many booking tools offer the ability to tier hotels, identify best-value hotels and add notes to highlight hotels.

C. Gather data: Hotel sales managers expect business travel buyers to justify projected room night volumes before sitting down at the negotiating table. Buyers should approach negotiations armed with validated historical information to show the organization's specific travel patterns like day of arrival/day of departure, projected room nights and average rates. Prepare to review cost-of-stay information, use of Internet, breakfast and parking, as well as which costs are covered by your travel policy, including on-demand videos, fitness centers or laundry services. Where possible, include meetings-related room night spending, meeting space, food and beverage, and equipment costs.

1. Determine the needed fields of data, and if working with a company to consolidate your data, establish the correct fields to collect. If possible, collect data at the individual record level, not the aggregated level, to ensure detail. Use the following sources to collect hotel spend and room night data:

a. Travel agency reports: These contain your agent-booked data and also data from online bookings that feed into the back office. If you have a direct relationship with an online booking tool provider, for both hotel and air, confirm whether the data is being transferred into the agency data. Note that travel agency reports are booked data, not consumed data, and can vary slightly to significantly from hotel reporting because cancellations, reduced stays or extended stays might not be reported back to the agency. Direct bookings, which can average as much as half of an organization's hotel bookings, also will be missing.

b. Open booking data sources: A number of companies—including TripScanner, Traxo and Concur—can help aggregate data from hotel bookings made outside your TMC, but they require that the employee "opt in." The best source to identify, by property, hotel spend that was not booked through the authorized TMC is your corporate card provider. You also can get data from your expense reporting system, though it is less granular.

c. Credit card reports: To validate the value of the card spend, understand whether your corporate card is mandated, strongly encouraged or optional for hotel reimbursement. If possible, ask for meetings spend to be separated from transient spend. The utility of credit card data can vary by supplier. E-folio, which provides detailed spending data about hotel stays, is becoming increasingly available through corporate card providers and hotels but is not yet consistently available across all hotels within a chain or available from every hotel. Detailed hotel credit card data is not available in many countries outside the U.S.; additional analysis will be required to develop actionable data for negotiations. Research confidentiality laws if you use e-folio systems.

d. Expense management system reports: These may be a challenge to use as they rely on individual travelers to input data. In many cases, critical fields may be missing, such as hotel name and address, which limits the value of the report. Understand exactly what spend is contained in these reports, and be prepared to explain the nuances. However, this report may well provide some indication as to leakage in your spend when compared to the credit card and the agency data.

e. Hotel suppliers: If you are working directly with a chain through a national account manager, ask him or her to provide you with the hotel production report for the chain. Otherwise, you can contact the hotel directly and ask what data it has tracked. Compare this data to your own internal reports and question it if it varies considerably, as the data can be inaccurate.

f. Meeting suppliers/meeting registration lists: A comparison of the different sets of data will allow you to see a more complete picture of your total hotel spend and identify gaps and weaknesses in the different data sets. Analyzing multiple sources of data will allow you to leverage higher volumes in your negotiations and to understand your marketshare potential.

g. Airline data: This data point may capture a more accurate picture of regional or market room night potential by determining primary travel destinations. However, it cannot highlight travelers' specific hotel destinations, be they city or suburb.

2. Request from facility management a list of all corporate locations with complete mailing addresses. In some companies, it will be important to determine a list of client offices that are visited regularly. Determine by location whether travel primarily is inbound to or outbound from the location to ascertain whether a nearby hotel would be required. Having a complete address will allow you to map distances from facilities/offices to potential hotels to include in your program. If possible, see if geocodes can be included in the facility information to speed up the process for mapping purposes.

3. Specific information about your company's travel program will be beneficial for potential hotel partners, too. Other useful data could include:

a. The number of hotels in a given city, broken down by downtown and airport locations, that you intend to include. Secure one or two hotels in every primary market that has 500 or more room nights. High-demand cities might require more hotels to support high-occupancy periods.

b. Destinations visited at least once a month, including the number of booked room nights from consolidated volume reports.

c. The number of travelers that visit each city monthly or annually, determined by airline data.

d. An overall indication of the corporate travel policy, including use of booking tools, any recent changes and traveler adherence, as well as any proven ability to shift share upon obtaining or losing a discount. If possible, include your travel policy's precise wording regarding hotel use.

e. The number or percentage of hotels in each price tier—budget, economy, midscale with food and beverage, midscale without food and beverage, extended-stay, upscale, upper-upscale and luxury—used in each city, and changes to that trend over time.

f. Average length of stay in various cities and types of properties.

g. Seasonality of business and typical day of week use; hotels are often interested in increasing their mix of nonbusiness travel days and this information could prove useful.

h. Information on past use of and preference for hotel services and amenities, as well as any forthcoming policy changes that would affect their use. Share information with suppliers on such amenity preferences as Internet or breakfast, in addition to overall program goals in terms of amenities and special services.

i. Changes such as acquisitions, mergers, divestitures, new offices or office moves or staff changes that could affect hotel usage.

j. Historical and anticipated spend on travel related to project work.

k. Your own company's growth cycles, including projected hirings and layoffs.

l. Meetings and incentive trip data: Request historical meetings and project data so you can negotiate in high-volume markets that are not a major part of your transient travel program. Details could include:

  i. Number of scheduled and potential meetings, incentive programs and trade shows held. Provide separate data for annual meetings—including board of directors, customer, incentive, sales and shareholder meetings—versus spur-of-the-moment, offsite staff meetings less likely to be regularly scheduled.

  ii. Mandates built into the travel policy that require meeting attendees to book rooms reserved as part of a negotiated room block to minimize attrition.

  iii. Meeting types and lengths.

  iv. Number of employees or customers attending the meetings.

  v. Cities used.

  vi. Types of hotels used.

  vii. Arrival/departure patterns.

  viii. Type of food and beverage service provided, including private dinners and banquets.

  ix. Use of A/V, meeting-venue videoconferencing, Internet and audience-response systems.

m. Taxes/surcharges: For budgeting purposes, factor in hotel occupancy taxes and additional city and state taxes or fees and any surcharges. Many municipalities have enacted significant "bed taxes" to pay for infrastructure improvements, dramatically increasing hotel costs. Surcharges, usually assessed at a flat rate instead of a percentage, add further costs. Travel buyers can move group bookings to destinations where the tax bite is lower. Negotiating noncommissionable room rates also can save on total taxes paid.

n. Compare your preferred hotel program discount to best available rates in order to identify properties worth including in the hotel program.

D. Evaluating the business need for different hotel types: Depending on the number of travelers, types of travelers, the locations they visit and the frequency and purpose of those trips, buyers may prefer to deal with a mix of large, convention-style hotels and smaller, boutique properties. Negotiating chainwide deals with large, multi-brand companies might make the most sense, or buyers might opt to work primarily with independently owned and managed properties. Buyers should include extended-stay hotels or serviced apartments or negotiate long-term stay discounts with standard hotels for project work and relocations; engineers, consultants, trainees and trainers often need to stay for more than five nights. Usually, a managed travel program's hotel program incorporates preferred hotels, chainwide agreements, agency hotel rates, project rates and meetings.

1. Hotel chains.

  a. Negotiating a chainwide deal might allow you to leverage your travel volume to the greatest effect, especially if many of those nights are booked in second- or third-tier cities, where the volume of business travel is lower than in key cities. Multiyear chain deals can save time and money for future negotiations and include value-added amenities unable to be negotiated locally or regionally. This might be difficult in smaller programs, as hotel chains may require a minimum annual spend. Also, because hotels often operate on a franchise model, local hotels may opt not to participate and often will not take global purchasing power into consideration when determining rates. Commonly, hotels will ask for corporate clients to commit to no more than two or three chainwide deals per region. Chainwide deals often are dynamically priced, with an established percentage off best available rates. In many cases, these can be as good or better than a flat discount and can include amenities. Some chains will offer a combination of fixed-rate pricing in high-volume cities and dynamic pricing for other locations. Some chains may negotiate terms and conditions chainwide even when they won't do so on rates.

  b. It may be efficient and cost-effective to negotiate with one national account sales manager,

thereby establishing a single point of contact with the hotel company, rather than negotiating with multiple sales managers at various hotels. However, corporate clients may have to qualify with hotel chains to receive global or regional representation. Also note that a national account sales manager will negotiate on your behalf with local, independently owned properties.

c. By working with multibrand hotel companies, you can include hotels at different price points in a single negotiation. Travel buyers once gravitated to upscale, upper-upscale and luxury hotels, but midscale brands' offerings and service levels now are acceptable for many business travelers.

   i. The value created through free breakfast, free high-speed Internet, airport/local transportation, laundry services and free parking might make certain properties more attractive. Focus on the cost-of-stay impact, not just the rate, and ensure travelers are aware of the value of complimentary amenities and that they use them whenever possible. Boosting program compliance requires an understanding of what travelers find attractive. The lowest price is not always the best value when considering the amenities that drive up total cost of stay.

   ii. Many corporations are opening offices in the suburbs, and there, midscale properties are more likely to be convenient and new, but buyers need to research the best locations within a safe area of the suburb. Midscale offerings often do not include meals beyond a buffet breakfast, which typically is free to guests, and grab-and-go meals. In-house full-service restaurants in midscale properties, especially new builds, are rare, due to the high operating costs.

d. Not all multibrand hotel companies have the same range of brands. Some have brands concentrated only in the midscale and economy categories, while others offer a broader range, from luxury to low cost.

e. Your company's demand for hotels in tertiary markets might total fewer room nights than in key cities, but you can still negotiate there. Hotels there may welcome even relatively small volumes of business. Buyers may be able to benefit in lower-demand markets with dynamic pricing as best available rates float down.

2. Individual hotels.

a. Discounts obtained through volume-based negotiations can be greater when dealing with individual hotels directly than when negotiating chainwide rate concessions.

b. A hotel program for a city can consist of just one preferred hotel or as many as half a dozen. Normally, the best rates are achieved by limiting the number of properties per city, which will drive more volume to those hotels, assuming you have good compliance to the hotel program. In high-occupancy cities, however, multiple hotels covering multiple brands ensure travelers can get rooms at preferred properties. Also, different tiers support different needs, e.g., extended-stay versus meeting versus transient.

c. If your program has high compliance and thus many of your program's booking go through the TMC or online booking tool, ask the property to commit to making a minimum number of rooms available at the negotiated rate rather than blocking them out from that booking channel; best practice is 60 percent to 70 percent. Also consider negotiating rates across the hotel's categories: standard, upgraded and suites.

d. Dynamic pricing at individual hotels is becoming more common in preferred hotel programs. As opposed to fixed negotiated rates, dynamic rates float; they're a discount to the current best available rate at a given hotel. Deals

with individual hotels can include the ability to block a guaranteed number of rooms and/or obtain rooms during peak or blackout periods. Determine how you want to approach last room availability. Hotels often charge a premium for the right to book the last room at a property, so a cost/benefit analysis should be performed.

E. Creating a solicitation bid list.

1. Chainwide deals: Make sure the hotel chains you select have properties in most, if not all, of the key destinations your business travelers visit, including international locations.

a. Ensure regional chains' distribution and brand categories are not too limited to suit your needs.

b. Assess each chain's representation in your highest-volume destinations, then move on to other destinations in declining order of demand.

c. If considering adding dynamic pricing, determine how your current negotiated rate translates to percentage off the best available rate and see if the hotel will match that or come close with a dynamic discount.

d. Consider location and quality of the chains. Negotiate with several to get the best deal and choose at least two to keep rates competitive.

2. Look for properties near travelers' destinations. A list of your company's locations will help, but recognize that not all travel is to one of your company's locations. Other considerations include safety/risk of the area, access to restaurants and shopping or public transportation. Taken together, the closest property may not be the best choice. Also be aware that close can mean something different in each city.

a. If your travelers tend to rent cars, the difference between a hotel five minutes from their business appointments and one that is 10 minutes away is not significant. In fact, you may get better value by choosing a hotel that is only slightly farther away, such as in a suburban location. Consult your risk department for feedback,

though; having travelers drive longer distances in unfamiliar cities may pose an increased risk.

b. Consider hotels that offer airport and local transportation that reduce the need for rental cars. Also consider hotel parking charges in the value proposition. A car sitting in a hotel parking garage during a multiday meeting may be less cost effective.

3. It might be wise to choose a range of properties in each downtown, a suburban location and near the airport. Today, multibrand hotel companies think of such gateway cities as New York, Los Angeles, Boston and Chicago as a series of submarkets, and they have multiple properties in each of them.

4. A solicitation list should include properties already familiar with the organization's travel patterns. Start by examining data on those properties in each market that your travelers already are booking. If you are working with national account managers for specific chains, you can ask them to submit business cases for specific hotels based on the data you have provided, such as city volumes, type of hotel used and business patterns. This review of hotels willing to bid prior to launching the request for proposals is an efficient way to create a clean and thorough solicitation list.

5. Manage your travelers' memberships in hotel loyalty programs against your company's needs. Educate your travelers on the travel policy and why preferred properties are part of the strategy. However, understanding your travelers' preference for these reward programs can help you achieve higher compliance: A guarantee to match loyalty status could be a reason to switch brands, should the economics otherwise be in your company's interest.

6. Individual/independent hotels.
a. Approach hotels that are:
  i. In safe areas and close to key destinations, especially corporate and division offices.
  ii. Willing to offer pricing and services in line with your budget.

iii. Frequently used by travelers and meeting planners.

b. In a given city, any of these factors may be more important than others, depending on whether your corporate culture is oriented toward savings, traveler convenience, productivity or safety. Consider site visits to independent hotels to ensure quality and safety. Don't rely solely on online reviews.

c. Before agreeing to a preferred relationship with a hotel, be sure travelers realistically will use the hotel for a reasonable number of annual room nights. A strong, enforced and aggressively communicated travel policy will help drive greater compliance. Avoid committing to a specific room night volume if possible.

F. Establish key contacts: After identifying individual hotels and chains you want to consider, contact the right people to get the negotiations started. In the typical hotel, unless there is a corporate transient specialist, identify the sales manager or director who has the authority to negotiate rates. Pre-RFP, email the contacts to confirm the contact name and email address for the hotel. Obtaining the right contact name before launching the RFP will keep things on time. These individuals could include:

1. The chain's national sales office and general sales office staff.
2. Property-level sales directors or hotel managers.
3. General managers or hotel owners.
4. Regional director of sales.
5. Hotel property management companies as an alternative to or in addition to chain contacts, given that the goals of chains and actual property owners may differ.

G. Some larger brand hotels are shifting to dynamic pricing. Conduct a pre-RFP call and request that the hotel chains determine if the hotels will offer a rate. Obtaining this list prior to the RFP will save time and resources during the negotiations. If hotels on the list are important to your hotel program, you can raise the issue early with the national representatives or hotels directly.

II. NEGOTIATION TOOLS

A. RFPs.

1. Consider using as a guideline the standard RFP format developed by the hotel committee of the Global Business Travel Association or another widely accepted RFP format. GBTA's modular RFP supports dynamic pricing requests, addresses the needs of the physically challenged and factors in such environmental issues as hotel carbon-offset programs and recycling and water conservation initiatives. Many hotel companies have programmed their internal systems to answer the questions in this format easily. Though GBTA has made the RFP more global, hoteliers in various regions might not view the GBTA RFP as a global format.

2. Several suppliers also provide electronic RFP tools, often similar to the format created by GBTA.
a. Third-party hotel representation firms have evolved to provide this technology on behalf of buyers and hotel clients.
b. Historically, hotel companies outside the U.S. faced more challenges in responding to RFPs electronically. The gap has narrowed considerably in the past few years as Asian and Latin American hotels in particular have focused more attention on responding to RFPs accurately and in a timely fashion. Many of the obstacles are due to language difficulties and differences in formats for dates, telephone numbers and other details. E-RFPs can offer hoteliers options to select the date format for ease of use. Consider engaging internal or external resources familiar with the local language and culture to optimize the RFP structure.
c. Such technology can be costly and typically charges per hotel, so narrow down to hotels where you have a significant volume and can gain savings.
3. For travel programs with many international hotels, confirm with sales contacts that they have the necessary expertise in-house to

Corporate Housing

I. Industry overview.

  A. Corporate housing—outside North America called serviced apartments or extended stay—describes several types of accommodations:

  1. Furnished apartments, usually for stays of at least 30 days, are not dedicated to corporate housing; corporate guests often live among full-time residents. Most do not include reception areas. Suppliers own some units and sublease others. Services like cleaning, Wi-Fi and utilities often are included.

  2. Extended-stay hotels: Similar to hotels with lobbies, reception areas and public spaces. Rooms include living essentials like kitchens and dining areas, in addition to the usual hotel layout. They range from economy to luxury. These largely appear in North America but in recent years have expanded in other geographies, including Asia/Pacific, Europe and the Middle East.

  3. Condo-hotels: Accommodations available for lease in condominium properties, predominantly in South America.

  B. Bookings/distribution: Most corporate housing or serviced apartment inventory is bookable online but not available through global distribution systems and online travel agencies, particularly from suppliers with smaller inventories for which the costs of such a channel would be prohibitive. More recently however, some online travel agencies dedicated to business travel have emerged offering global, curated corporate housing supply, including furnished apartments, extended-stay hotels and houses.

  C. Consistency: Outside extended-stay hotel brands, serviced-apartment quality tiers remain less defined than those in the hotel community, so do extra research to assure proper levels of services and amenities. Few accreditation bodies exist for serviced apartments, and many suppliers simply rate themselves. However, some companies partner with third-party quality-assurance providers to inspect properties.

II. Gather data.

Sort your program's lodging data by length of stay, examining revenue spent for various ranges—five days or fewer, six to 14 days, 15 to 29 days, more than 30 days—to find opportunities for a corporate housing program to produce savings.

  A. What to look at:

  1. Agency: Your travel management company can help identify long-term stays within your program.

  2. Corporate card: Identify vendors that travelers outside the managed program are using.

  3. Expense.

  4. Upcoming projects that might require long-term stays.

  5. Pricing information for cities where you plan to develop a program.

  B. Make sure data is comparable, e.g., whether spend data includes taxes or additional amenities.

III. Sourcing.

  A. Identifying vendors: Few serviced-apartment vendors have global footprints that compare to the largest hotel companies, so you'll need multiple vendors for each geography. Resources for vendors include other travel management professionals and specialized agencies like The Apartment Service.

  B. Vendors will expect you to know:

  1. Location.

  2. The average length of stay: Local regulations bind some serviced apartments to minimum-stay requirements.

  3. Projected number of room nights.

  4. Unit-size profile: studios, one-bedrooms, two-bedrooms, etc.

  C. Considerations when evaluating vendors:

  1. Some enable real-time online booking or online reservation requests. Others have sourcing professionals but require phone calls. Mobile options are becoming more common.

  2. Does the vendor manage the unit directly, or does it lease units from the property owners on your behalf? If the latter, how does it manage the unit and handle reporting? Is the inventory trusted and verified?

  3. What amenities are included or cost extra, such as housekeeping, including frequency; Wi-Fi, including how the vendor handles technical issues; and electricity, gas and cable.

  4. Security: How secure are the neighborhoods and parking lots, and how far are public transportation and dining options?

  5. Insurance options.

  6. Lease terms: Deposit, advance notice, booking fee, cancellation/amendment terms and inspection process in the event the vendor doesn't manage the properties.

  7. External program management tools, including consulting and data, to help you manage your corporate housing program.

  8. Some aggregators provide hotel-like contracts with flexible terms that include daily and weekly rates and cancellation policies, ideal for short-term leases.

  D. Contract terms.

  1. Length of term: Multiyear contracts are becoming less common. You also can negotiate a yearlong contract with an increase cap for the next year. For two-week to six-month stays, an extended-stay hotel or third-party aggregator might be a better option.

  2. Rates: Pricing can vary, but try to negotiate rate caps in each city. Flat rates across cities and regions are rare. City-center and primary-market apartments tend to be more expensive than those on the outskirts or in tertiary cities.

  3. Length of stay: Hotels often measure this by overnights, but serviced apartments often charge by the day, meaning one hotel room night equals two serviced-apartment days.

  E. RFP: Serviced-apartment suppliers are receiving more RFPs written like hotel RFPs, but they are very different. Corporate housing varies by geography, so regional, not global, RFPs are more practical. Define your needs in terms of services, amenities, quality and location.

IV. Manage the program.

  A. Determine who at your company bears responsibility for the program. Develop a process or form for managing long-term housing needs. Check with your suppliers to see what resources they offer in managing your program.

  B. Establish key performance indicators and scorecards to evaluate the program, including reservation response time, guest satisfaction, defect rate, service recovery, invoice accuracy, cost savings/spend and client account management and satisfaction.

complete RFPs or are prepared to bring in outside support.

B. Consulting support.

1. Consulting departments within TMCs can develop corporate hotel programs for a fee or may provide them at no charge as part of an overall "soft dollar fund."

2. A variety of consulting firms also can develop corporate hotel programs and/or specialize in managing the hotel RFP process for corporate clients. Some offer post-RFP auditing to ensure that negotiated hotel rates are fully and correctly loaded, authorized and available to be booked and competitive against online travel sites. This is especially important where the corporation has negotiated last room availability.

a. In some cases, an RFP provider without rate-auditing capabilities will provide scrubbed data to a third party that specializes in rate auditing. Such scrubbed data ensures the property ID numbers and chain codes provided by the property are complete and accurate.

b. Each hotel has a unique property code for each GDS, and the correct rate will not be loaded if the appropriate GDS code and two-letter chain code is either missing or incorrect.

c. Consider whether it is more cost-effective for your organization to outsource this process than to do it in-house. This may entail conducting an RFP of sorts for an outside RFP provider. The value to the buyer is an accelerated process, time savings, reviews and valuable benchmarking data on rates.

d. Charges vary widely for the service, depending on the number of cities in the hotel program, whether the program is strictly domestic and the number of hotels in each city being solicited and accepted. Check whether there is an additional charge for unsolicited bid requests after the initial RFP is launched. Additional services might include hotel program performance reporting and program optimization. Buyers should seek recommendations

and referrals from colleagues who manage like-size programs when selecting the most appropriate third-party RFP provider.

e. If you use multiple GDSs or travel agencies, consolidate and synchronize rate loading. Talk with your primary TMC about this option.

C. Consider using a "letter of agreement" with individual hotels and hotel companies. This letter should include rate information and address any specific requirements you requested. Letters of agreement are concise, much less time-consuming and less costly than the RFP process and generally are better received by hotel properties and companies in the negotiation and contract process.

III. WHAT TO NEGOTIATE

A. Room rates.

1. Many companies supplement negotiated rates in top-volume destinations with other rate programs where the organization consumes a relatively small number of room nights.

a. Most hotel companies offer agency-negotiated pricing that is the same as the best available rate of the day. These rates can fluctuate as often as daily.

b. If you have negotiated chainwide discounts, they also can support you in the cities where you have fewer than 100 room nights to negotiate with a specific hotel.

2. Among your top 25 destinations, identify cities with lower occupancies, average daily rates and revenue per available room than the national norms. The need of local properties there to lock in corporate bookings likely will be greater and, therefore, so will your negotiating leverage.

3. New hotels generally offer good value. They are eager to lock in corporate business. Consequently, they may offer below-market introductory rates. In high-demand markets, however, their rates might be higher. Stay apprised of new hotels in your key cities, then request proposed rates from the property-based sales team. Remember that the location and amenities still have to be ac-

ceptable to your travelers or they will resist the change; it can take a while for a new hotel to work out the kinks in its operations. Also, be wary of rate increases in the second year. Switching hotels could irk travelers, so try to negotiate a cap on any rate increase for that second year.

4. Noncommissionable, or net, rates are the standard among hotels for corporate negotiated rates. These usually are 5 percent to 10 percent lower than commissionable rates and incur lower taxes. When accepting noncommissionable rates, consider:

a. You might need to renegotiate your TMC agreement. Clarify this with your TMC to get a clear understanding of whether its pricing structure will change if you implement noncommissionable rates.

b. Noncommissionable rates also can impact a company's revenue if the company currently receives all commissions from the TMC and pays a transaction fee.

c. Hotels may offer a discount deeper than the 10 percent commission they save because they avoid commission payment processing and tracking costs.

d. If a commissionable consortia rate exists, the noncommissionable rate should be at least that rate minus commissions within 1 percent.

e. Discuss the possibility of a direct link between the hotel reservations systems and corporate intranet. Hotels are directly connecting to companies to cut costs, deliver volume and offer marketing opportunities. However, be cautious with these booking methods, as they could dilute your overall hotel data reporting and traveler tracking capability.

5. Confirm that the independent hotels or chains with which you are working make their negotiated rates available through GDSs. When your travelers and travel agents can access negotiated rates through global distribution systems, it improves the likelihood your travelers will

be able to book such rates through the online booking tool, increasing traveler compliance. It also enables more accurate data tracking.

B. Amenities that will be included as part of the corporate rate. Midscale properties often include many as a part of the standard rate, but determine what amenities are critical for your travelers. These might include:

1. High-speed Wi-Fi: Many midscale and economy hotels have moved to a tiered structure in which travelers can access a high-speed connection at a charge. Upper-upscale hotels traditionally charge for Internet but increasingly are including it among the benefits in their rewards programs.
2. Breakfast.
3. Early check-in and late check-out or 24-hour check-in.
4. Discounts on restaurants, bars, minibars and room service.
5. Health clubs/fitness centers.
6. Business centers.
7. Garage and/or valet parking.
8. Loyalty program benefits, such as elite status or double points accrual at individual hotels.
9. Many major hotel companies have moving toward strict 48- or even 72-hour cancellation policies.
10. No penalty for early check-out.
11. Agreement that the best available rate will be used if it floats lower than the negotiated rate.

C. Hotel distribution strategy: Many business travelers think rates available through online travel agencies are a bargain compared to a company's negotiated rates, but many online travel agency rates include significant user rules and restrictions and may not include amenities that travel buyers have negotiated.

1. The most onerous restriction limits travelers' ability to cancel or postpone reservations. Hotel reservations on these sites sometimes are prepaid, so buyers and travelers can get billed for a hotel room that went unused. Also, unless there is a procedure in place to aggregate data, the organization loses the tracking of the room night, reducing negotiating leverage in future negotiations, and loses track of the traveler, rais-

ing safety and security risks.
2. Still, buyers should benchmark the rates available online for midweek travel in order to get a true sense of market pricing. If negotiated rates are consistently undercut by web-only rates, the credibility of a hotel program among business travelers is undermined. Some third-party suppliers offer tools that compare your negotiated hotel rates with the lowest unrestricted online rates for side-by-side comparisons. Some of these tools allow you to dynamically check your passenger name records with these online rates.
3. Bookings made through third-party leisure sites will not contribute to volume projections made with specific hotels or chains unless you capture that data in some other way.
4. The lowest rate may not be the most cost-effective rate, as negotiated rates often include airport or local transportation, breakfast, Wi-Fi, parking and more favorable cancellation policies.
5. Bookings made through intermediary sites may not earn the traveler creditable points in a chain's loyalty program.

D. Strategies and terms to address.

1. When a hotel requests guarantees, negotiate for volume goals instead. Avoid guarantees unless the discount is significant enough to justify one and you can meet the commitment. If you agree upon a guarantee, ensure a thorough understanding of how room nights will be tracked and reported. The hotel's recourse, if the client fails to perform to its satisfaction, is to reevaluate the negotiated rates based on actual room night usage and possibly not renew the arrangement. In some contracts, a hotel may be able to collect the dollar amount equal to the total room rate for room usage that falls short of the guarantee.
2. If you hold many offsite meetings and can influence meeting site selection and thus can drive that volume to a selected hotel, add that volume to the transient travel projection.
3. Historically, hotel agreements last for at least one year, but some buyers employ a multiyear strategy. Ensure

that a two-year rate is not inflated to account for the unknown rate of increase.
4. Obtain a guarantee that the agreed-upon room rate will remain in effect for 12 months or the length of the contract.
5. If the hotel is willing to include an last room availability clause, mutually agree on its definition. Few hotels define LRA as any room available in the hotel, which would include suites and concierge floor rooms. Hotels often charge a premium during a seller's market, as LRA can displace higher-paying business, but in down cycles buyers should be able to get it at no additional charge. The RFP should ask to see rates both with and without LRA. A great rate with highly restricted availability has little value. It may be smarter to select properties offering higher rates but with greater access to discounted rooms or non-LRA.
6. Consider how reservations will be made for each hotel through a TMC, a Corporate Travel Department or online booking system and the method of payment for the rooms, including corporate card. Requiring business travelers to get the rate through the online booking tool improves compliance, assures only approved travelers are accessing the rate and allows for tracking.

   a. Ask your hotel chain representative how they track bookings made by your organization via their website or central reservations phone number. Many global chains track in multiple ways in addition to the organization's name (email addresses, for example). Reviewing hotel chain production data helps identify gaps in your organization's travel data.

   b. A corporate identification number may be needed by each traveler to make a reservation.

   i. If travelers book through the designated TMC or booking tool, the corporate booking code likely will be included in the GDS. Guests booking directly with hotels more likely will tell the hotel what

company they work for, which wouldn't connect the code to the reservation; thus that stay wouldn't be captured as you aggregate data on the business your program has done at that hotel. It is extremely important to promote hotel bookings via the designated TMC and online booking tool to ensure hotel spend data is fully captured and commissions, if applicable, are fully collected.

ii. Be sure travelers know what the negotiated rate or discount percentage is and that they should request it. Travelers should identify their company when making reservations outside the booking tool or TMC and at check-in to ensure they receive the negotiated room rate and their stay counts toward the volume projection you made during negotiations. The negotiated room rate should be included in the corporate online booking tool or GDS. Some hotels will not honor the negotiated rate for walk-ins or call-ins if you mandate online booking tool or agency booking.

iii. Similarly, inform travelers about any negotiated value-added amenities so they can avoid paying for services that should be complimentary. New technology is emerging that reminds travelers via their smartphones or email not to pay for services included in the negotiated rate.

7. Consult with your risk management department to set standards for the safety and security systems your organization expects of preferred hotels. Considering the company's liability should a traveler be injured, review safety and security concerns with your legal department before finalizing any hotel agreements. Duty of care is one of the best reasons to mandate the booking of all hotel rooms through the TMC. Complete passenger name records can be pushed to travel risk management companies so travelers can be tracked for both airline and hotel use.

8. Ask when preferred rates will be loaded in GDSs and when hotels that weren't accepted into the program will be pulled out of GDSs. Understand what steps will be taken if the rates are not loaded by that date or if non-preferred hotel rates are not removed by a given date.
   a. Responsibility for rate loading usually lies at the local property level if you have negotiated at the property level and with the national account manager if you have negotiated via broader channels.
   b. Let RFP bidders know when your company will decide so your suppliers will have ample time to load rates. Allow a cushion in the decision-making process. Authorizing pre-loading allows rates to be available on time but also requires the removal of pre-loaded rates that you did not accept. Also, consider requiring hotels to honor this year's negotiated rates through a certain date in the following year to provide cushion for finalizing the following year's contract.

9. Establish the cancellation policy for each contracted hotel and keep in mind that a local property may choose not to honor a chainwide cancellation policy.

10. Clarifiy whether the corporate rate will cover consultants, job applicants and other guests. When occupancy is high, allowing these travelers access to the corporate rate can limit availability for the company's traditional travelers while not necessarily helping the organization's bottom line. Corporate travel managers also can allow the hotel companies to charge different rates for their suppliers and other travelers, saving the discounted rates for their organization's travelers.

11. Define rates for employees traveling for projects, rates for corporate meetings and rates for small groups.

12. Draft a statement on the mandates included in the hotel policy and how compliance is enforced.

13. Consider whether city, country, regional or global rate caps could improve compliance and eliminate high room night spending. Balance

that strategy with the work required to enforce the rate caps.

14. Consider policies around special weekend and/or holiday rates that employees can use for their personal leisure travel; get guarantees hotels will lower the negotiated rate at or below the special rate and honor all negotiated amenities.

15. Ask for a timetable should the hotel anticipate undertaking major renovations or remodeling during the period of the agreement. Include your potential recourse for disruptive or unavailable rooms.

16. Ask about direct-billing processes for international guests, applicants and small meetings.

IV. RATE-SHOPPING TOOLS

Also known as "rate assurance" tools, these can be third-party providers or services provided by a travel management company that started as a way to audit hotel rates to make sure rates offered were correct, and to find the best possible price within a company's hotel program (see section V.B.1.e.). The technology has since evolved and some platforms now also can be used to send automated RFPs to hotels for improved rates, including preferred static rates.

A. Auto RFP.
   1. You'll be asked to provide a certain amount of program booking history along with the hotels currently in the program.
   2. The shopping tool can identify high-performing hotel candidates and, using data across its client base, calculate a target rate based on room nights, volume and historical hotel behaviors.
   3. You can select a dynamic or static rate, avoid blackout dates and room category restrictions, as well as request amenities. The feature also can convert existing static hotel rate agreements to new static or dynamic agreements to account for market volatility.
   4. The predefined bid is sent to the hotels. Sometimes there are further negotiations, but often the response is yes or no. Users can do bulk uploads to hotel targets instead of sending one request at a time.

5. If a bid is accepted, rates are automatically loaded, and the rate-shopping company will begin to audit and track hotel performance.

B. Share shift. Travel managers can use these tools to shift traveler bookings to other nearby options prior to the travel date when there is a need to capture the rate or drive volume to a particular preferred hotel or chain in order to meet volume obligations.

V. COMMUNICATING & MONITORING THE PROGRAM

A. Communicating preferred properties to travelers.

1. The use of an online booking tool, if set up properly, will guide travelers to book preferred properties.

2. Post the preferred hotel directory on the company's intranet before the next program year begins. Include the value-added amenities negotiated at each hotel and proximity to organizational offices.

3. Consider online tools that offer deeply discounted rates for leisure travel at preferred properties, accessible via the online hotel directory. These tools can boost an organization's leverage by increasing the type and amount of spend directed to preferred suppliers.

4. The company's travel department or TMCs should direct business to hotel properties, adjusting as necessary, to ensure that the company meets contractually promised room night numbers.

B. Early in the agreement period, conduct a rate audit to ensure travelers can access the correct negotiated rates in the GDS.

1. Implementation.

a. Rate-loading issues have prompted some buyers to audit rates on a quarterly or even monthly basis.

b. The agent or tool performing the audit should confirm that every negotiated rate, including seasonal rates, at the preferred hotels can be booked in each GDS used by its TMCs. Sometimes, rates do not appear because they are not available on the selected dates, not because they have been loaded inaccurately, so audit multiple dates and date patterns within a season to be sure. Upon uncovering inaccuracies, follow up with the hotels. Conduct successive audits to confirm that the situation is rectified.

c. "Rate fencing" also is becoming common. As hotels become more sophisticated in inventory management, they can segregate inventory to close out certain room types on specific nights, leaving your company's travelers unable to access negotiated rates.

d. Have travelers alert you if they are unable to access negotiated rates through your preferred booking method.

e. Though properties might pass rate audits, run ongoing checks for future dates to ensure that hotels keep negotiated room availability open. Some third-party suppliers that offer "rate shopping" or "rate assurance" do this automatically while looking for lower rates. On-property revenue managers are working to maximize revenue for their properties, and part of that strategy might be to close access to your negotiated rate or apply length-of-stay or arrival restrictions. These tools can ensure the hotel is offering not just the correct rate but also the negotiated amenities. At least one provider also can make sure the correct rate is applied to out-of-channel reservations made directly with preferred hotels for travelers. Use the results of the third-party "rate shopping" process to improve your program and weed out those that don't want to cooperate and honor agreements, as well as improve your compliance.

2. Following up.

a. Give hotel chains or individual properties that fail repeated audits a deadline to resolve the problem or be removed from the program. If the financial impact in a frequently used hotel is high, consider requesting reimbursement for the improperly charged rate.

b. Buyers can reach an impasse as hotels neglect to adjust the rate loaded into the GDS and as travelers thus continue to book the inaccurate rates. Even errors uncovered early in the program year can take months to correct. Many hotels view removal from a hotel program because of rate-loading inequities as an empty threat; much of a buyer's leverage depends on the size of the travel program and the importance of that particular business to the hotel. Some buyers request an additional 2 percent to 5 percent discount as a condition for letting them back into the program.

C. Set appointments—quarterly for complex programs, twice a year for smaller programs—with sales representatives to review contract terms and performance, including any issues with compliance, rate adherence, program changes and renovations. These discussions should follow a standard agenda and metrics. If time constraints prevent more frequent appointments, meeting with hotel representatives once each year should suffice. During the contract term, if the hotel is benefiting from greater than anticipated room night volume, talk with the property sales manager or chain national account manager about renegotiating the rate for the current year. Similarly, if room night production is much lower than projected, hotels may seek to renegotiate for higher rates.

D. Solicit traveler feedback on preferred hotels through questionnaires, comment cards or surveys via email, intranet sites, your online booking tool or social networks. Share the feedback with the hotels.

E. Routinely look at data sources like expense reporting and TMC booking data to check on program compliance.

F. Use data to report on goals you set at the beginning of this process, and consider quarterly reviews to ensure you are meeting them. Keep abreast of conditions in your key markets to prepare for any impact on your program. Review quarterly production data to ensure your travelers are booking at the negotiated rates and staying within your preferred program. Up-to-date production data will keep your finger on the pulse of your organization's program and help you address issues early. ◀

Working with Airlines

Buyers should brace for change as they return to the air negotiation table.

WHILE AIRLINES HAVE YET TO SEE A MEASURABLE RETURN IN CORPORATE travel volumes, they have begun building back their networks as leisure travel rebounds, particularly in regions with higher vaccination rates.

Corporate travel buyers and airlines alike are hopeful that business travel will begin its true recovery in the fall. Airline sales leaders say that, by and large, their corporate clients still have been extending contracts rather than jumping into negotiations without a clear picture of their post-pandemic travel needs. Once it's time to return to the negotiating table, however, the airlines will be an eager audience. Although airlines report pent-up leisure demand already is outpacing pre-pandemic levels in some markets, they really need the lucrative corporate customers back to return to profitability.

As such, airlines likely will be open to accommodating their corporate clients, though needs will have changed. Buyers will still want to get the best deals for their companies' bottom lines, but they also might have a heightened focus on the traveler experience as they ask their employees, some of whom might still be trepidatious, about getting back on the road. There could be more emphasis on ensuring direct flights, reducing travelers' times spent in airports as much as possible. Travel patterns also could be altered significantly for companies that are still allowing a large portion of their workforce to do their jobs remotely.

Airline offerings will have changed, too. In general, airlines are being cautious in matching their networks to demand as they seek to recover their financial standing, and while they will respond to where their corporate travelers need to fly, it could be on smaller aircraft, reduced frequencies or lower levels of service. They also will be more dependent on their partner carriers to fill in the gaps, which means some buyers might need to bring new carriers into their programs.

What hasn't changed is that airlines will still be most interested in clients who can demonstrate the ability to shift share and deliver high-value business, and that begins with assessing air program data. – *Michael B. Baker*

I. BEFORE YOU COMMIT

Most corporate discount deals are measured on market share, but buyers can gain leverage if they have high-yield spend like first or business class or full-fare coach available to shift to new suppliers. Airlines also desire discounted economy or lowest-logical-fare business, providing it's business the carrier would not receive without offering discounts. Considering that suppliers are consolidating, commit only to the share you can manage. Many companies overcommit, and then underperformance puts their airline programs at risk. Discount programs are structured based on opportunities. Consider a few hundred thousand dollars as a minimum for the U.S. point of sale, though your agency can provide more exact benchmarks. If your volume does not meet the minimum, look into revenue- or sector-based incentive programs for back-end rebates, club passes, waivers and favors, upgrades and/or frequent-flyer status. Also look into the small-business programs some carriers offer. Some travel management companies also provide

their negotiated discounts to their customers, particularly with international carriers. Determine whether HR, frequent-flyer loyalties and other costs of implementing preferred airline agreements are worth the benefits.

A. Estimate your domestic and international air volume for the next year based on last year's numbers and the company's business plan, such as M&A, new product lines and new locations. Consider air volume for meetings and internal trips like training. Remember that volume ultimately is determined by business dynamics and the economy, not the travel manager. Airline usage also is determined by origin lift, especially for travelers based on airlines' hub cities.

B. Ask frequent travelers which airlines they use and why, assess frequent-flyer memberships, understand which air and ground amenities matter to travelers and determine travelers' willingness to support a preferred airline program. Use loyalty to improve production on your preferred airline or airlines.

C. Determine the value drivers of your company and search for the most suitable program. Make sure the deal will satisfy your company's safety and security requirements, as well. In considering requirements, be sure that your travel policy can support the deal you are considering or can be changed to support any discounts you will need to promote in order to satisfy the commercial terms of the agreement.

II. GATHER INFORMATION

Proper data can help you win discounts for city pairs, multiple destinations from one city, regionally or across your travel program.

A. Obtain information about your travel program from your TMC databases, online booking systems and third-party data consolidators:
   1. At least the top 20 city pairs by segment and passenger count, including carrier and origin and destination data.
   2. Carrier spend per airline per route for the most recent 12 months.
   3. Tickets and value per class of service, including full-fare economy, discounted economy, business class and first class. Know the tradeoffs in using booked, ticketed or flown data. While bookings data is available more readily and with less of a lag, it does not have the same precision as ticketed or flown data.

4. Analyze corporate card data to find trips booked outside your TMC. Airlines do not count those trips toward the volume you agreed to provide, but the volume does add to your negotiating power, particularly if you can articulate actions you're taking to minimize leakage.

B. Investigate government and independent information on airlines. Perhaps an airline has low load factors on a route your travelers fly frequently, or perhaps another carrier has launched service on the route, allowing you to negotiate aggressively. Be aware of airline customer service metrics. Some airline or third-party providers offer reports on on-time performance, delayed flights and mishandled baggage. The U.S. Department of Transportation provides such data for domestic airlines through the Bureau of Transportation Statistics at bts.gov. Also investigate each airline's maintenance issues and the average age of its aircraft.

1. Obtain marketshare information by city pair from the DOT, recognizing that such data is free but dated by at least a few months. Data from other sources, including ARC, travel agencies, consultants and other third parties, can be costly.

2. Look closely at data for more than one year to ensure you are referencing an established trend. Look at different quarters of the year to determine the seasonal impact, acquisition or divesture activity and one-time impacts.

3. Focus on the capacity each airline has in given cities and on certain routes. The difference between one carrier's 60 percent market share on a route and another carrier's 20 percent share is significant to the buyer's opportunity to move share.

4. Useful information can be obtained from several third-party firms and from consultants performing data analyses with optimization modeling. This will take into account both client traffic and airline capacity and determine the optimal airline or airlines to serve your travelers.

C. Document your plan to shift marketshare and to influence travelers' airline choices. Note past successes.

D. Have your travel agency run quality-control checks to document the difference in available fare for those instances when travelers did not use the preferred carrier in order to show carriers where their fares stand against what was actually purchased.

E. Determine how and to what degree you can leverage your employees' meetings and incentive travel.

F. Airlines increasingly charge for a la carte offerings above the base fare. Ancillaries include seat selection, checked bags, early boarding, Wi-Fi, onboard meals and upgrades. Though many of these fees are not negotiable, travel buyers should attempt to capture spending through expense reporting and corporate card data to show airlines the total amount spent.

G. Compile benchmarks. Data from peers and TMCs lend perspective.

H. Seek independent advice from an expert with no financial interest in the process if you do not have internal subject matter expertise.

III. GET STARTED

A. Not all business is equally attractive to airlines. Understand your travel patterns and find a compatible supplier.

1. Recognize airline network strengths: Short haul versus long haul, hub and spoke versus point to point, international reach versus domestic focus.

2. Recognize product and value differences. Some airlines are no-frills, low-cost operators, and others provide comprehensive services.

3. Recognize the total cost. Some carriers offer low fares but charge for seat assignments, carry-on baggage and other ancillaries that exceed the cost of a traditional ticket. However, many airlines also contract services funds to offset many of those fees.

4. Analysis of your organization's travel patterns may present opportunities for citypair-specific deals rather than systemwide deals, but don't sacrifice overall savings for sizable citypair-specific discounts. For more than one systemwide deal, carefully analyze which airlines will maximize citypair coverage without compromising your obligations to provide market share to other airlines.

5. Determine whether the carrier participates in an airline alliance. Some airline partners offer joint alliance deals, while others even have developed antitrust-immune joint ventures, through which partners manage capacity, fares and corporate deals as one entity. Determine the magnitude of alliance relationships and how it impacts the carrier's negotiating leverage. Consider whether the airline requires an agreement through the JV as opposed to either an alliance or individual carrier agreement.

6. Note your negotiating leverage.

a. Purchasing premium class fares on long-haul routes on which multiple carriers compete works in your favor. Airlines know they don't have to work hard to sell economy fares on a short-haul route on which one carrier has a monopoly.

b. A demonstrated ability to shift travelers to or away from an airline makes your company a desirable customer. Failure to deliver on marketshare commitments to carriers or inability to demonstrate that your policy can shift travelers causes airlines to question your ability to deliver on commitments. Noncontracted airlines will take note when they are receiving far below their fair share of a market, as it indicates your ability to support preferred carriers. Monitoring daily production can help you boost a carrier's share to assure compliance to contract terms.

B. Communication.

1. Determine the degree of authority that the airline delegates to local corporate account executives, regional sales managers and the corporate sales or business development director at headquarters. Such relationships ensure that changes in regional staff do not eradicate contacts. Headquarters-level relationships may be limited, especially for smaller travel programs. Many airlines conduct monthly or quarterly progress reviews while others will meet only once or twice per year. Generally, more interaction is better, as strong airline reps have a current understanding of market developments and can share best practices regarding contract management and policy.

2. TMC contacts.

a. The TMC might have an established relationship with the airline. If so, ensure your company's goals are compatible with this relationship.

b. TMCs are the primary source for your company's spending history

and can be partners in negotiations.

3. Peers and consultants can provide benchmarking data. Get involved with local boards, industry groups for buyers and sellers and networking groups to share best practices and industry trends.

C. Some companies, especially larger ones, take a formal approach by distributing RFPs to headquarters and local sales offices. Include essential information only. Agencies and consultants can help formulate and streamline the process.

IV. NEGOTIATE THE DEAL

A. Outline the benefits of your business to the airline. Typically, airline agreements are written by and for the airlines, though your legal department may seek modifications.

1. Even before you issue an RFP, provide data on your company's traffic patterns and spend to prospective air partners. Highlight areas of interest to the airline, including such high-yield purchases as international business class. Many airlines will require your data to be processed through a third-party data aggregator before they submit a proposal. Allow four to six weeks to facilitate the data-release authorization required for this process, as it involves coordination between the airline and any TMCs servicing your company.

2. Airlines are reluctant to offer trial periods for contracts, but absent the appropriate data, you may be able to implement stair-step agreements in which the level of discount increases with the volume delivered. Such deals are never as good as a formal bid based on historical data. Alternatively, a back-end rebate agreement may be possibile for newer travel programs with little or no track record. Back-end rebates are increasingly rare though. Refer to someone who knows airline contracts well if you think you're getting a no too quickly.

B. Be persistent. Airlines are selective regarding the accounts on which they bid. Offering more volume on international routes can revive rejected requests for domestic discounts. Try to tie the two together for maximum purchasing power. Recognize that airlines place higher value on high-yield purchases—such as business class, international service and full-fare economy—and discount accordingly. Historically, many

companies have avoided putting all their eggs in one basket, as market conditions and travel demographics can change. However, as the dynamic between buyer and supplier becomes more strategic and buyers gain stronger voices in the industry through advisory forums, this is no longer necessary. Willingness to offer exclusivity to an alliance should result in a better economic offer.

C. Show a strong front.

1. Have your controller or senior financial manager attend negotiating sessions to help crunch numbers and describe the company's fiscal direction. Summarize your company's value to the airline. Share your policy and any proof that it works or has been enforced regarding supplier selection.

2. Depending on the company's culture, include procurement and other departmental representatives at each step of the negotiating cycle.

D. Negotiate the types and levels of domestic discounts.

1. Most airlines base discounts on the market share or incremental share and/or revenue a company can provide, on specific routes, on multiple routes from one origin or on a system-wide basis. Discount structures differ by airline, so understand which fare classes are included in any agreement. Keep the contract and the number of discounts manageable. Cluster markets with similar discounts or share requirements where possible. Pull out important markets the carrier does not serve well or at all.

2. Consider:

   a. Agreements that include carrier spend or segment goals might not be beneficial. They can be useful for growing companies, though. Consider revenue-based targets in lieu of segment-based targets, as high-revenue segments carry higher discounts.

   b. Most airlines offer only nominal discounts on lower-bucket fares. Assess the impact of such practices.

   c. Obtain assurances that the carrier will reduce your traffic obligation when it lowers its frequency or aircraft size in a given market. Once the contract is implemented, monitor events that could impact your

agreement like strikes, weeks of severe weather at a hub, excessive cancellations or work slowdowns. This will improve the discussion you and the carrier have about performance at the end of the measurement period. To facilitate this, have the travel agency implement a reason code that helps track irregular operations due to strikes, weather, etc., so you can show how much that affected your ability to reach contract goals. If your business is particularly dynamic, you may even ask the airline to consider a share gap target, which targets marketshare gap rather than seat share; this kind of contract will adjust targets automatically as your city pairs change or as the airline changes service levels.

   d. Don't overestimate volume or your company's ability to deliver it in order to extract a higher discount percentage. Airlines often respond to an inability to meet these obligations by reducing cooperation, which will impact the value of discounts earned in future negotiations. This will impact your organization's credibility and ability to negotiate favorable rates in negotiations.

3. Other discount options:

   a. Most airlines have fixed-percentage meeting fare discounts for a group flying to the same destination, whether starting at the same place or not. Group and/or zone fares also may be available for groups of travelers. Buyers should assess group and meeting products and the potential benefits of combining transient and meetings spending for negotiating leverage. A possibility is to add meetings travel agencies to your list of approved agencies to apply your discounts and guard against having that volume benefit the meetings agency instead of your travel program.

   b. Some airlines may offer back-end discounts or incentive payments to eliminate the risk of providing an upfront discount with no increase in share. Ensure all back-end rebates and discounts are guaranteed and communicate the benefits of any back-end deals to business travelers.

   c. Airlines typically discount

the base fare only, meaning all taxes, fees, surcharges and ancillaries are added after the discount.

  d. Determining the details of how the airline will provide access to their promotional fares is very important.

 4. Your discount might depend on your TMC's override agreement, through which it receives compensation to drive volume to a particular airline. The TMC might pass on to you the production-based revenue it earns from the airline on business booked for your account. Be aware that these agreements may not align with your preferred airline mix. Though such agreements are confidential to airlines and TMCs, it's possible to learn the targets and the value of your company's contribution to the override.

 5. Most airline deals are net fare agreements. However, some airlines provide back-end discount programs only in certain international markets.

E. Agree on the types and levels of international discounts.

 1. Beware the pitfalls of carrier-spend goals. Buyers have no control over currency-conversion fluctuations or fare wars that negatively impact such goals on international routes.

 2. Guaranteed upgrades can be obtained in lieu of a special fare or productivity-based free tickets. Capacity-controlled, one-class upgrades now are prevalent in specific markets. However, it can be difficult to measure their value, and assessing how carriers report their value is critical. Make certain this does not conflict with your travel policy, as upgrades with one airline may set a precedent. Understand the terms of the upgrades, as some can be very difficult to use. More liberal terms may be easier to use. Airline sales representatives typically have access to upgrades with different terms for usage.

 3. Some multinational agreements may include different discounts in different regions but also may provide a bonus for overall multinational performance and other umbrella incentives. Strive for point-of-origin pricing rather than point-of-sale pricing so discounts are available regardless of the country in which an airfare is booked.

 4. If you strike a deal with an airline that

distributes your traffic to codesharing foreign partners, ensure systems are in place to guarantee the business is credited to the contracted airline.

 5. If dealing with a JV or alliance, push for full coverage from all airlines from all points of sale.

F. Some airlines may have a preferred payment or lower-cost payment vehicle that could impact airline flexibility.

G. Other considerations.

 1. Keep traveler productivity in mind. Keeping travelers on connecting flights when nonstop flights are available or putting them on options that arrive the day before or depart the day after meetings come with a very real economic cost. While the ticket cash savings may look attractive, in reality, the hidden costs often can overwhelm the easier-to-measure savings.

 2. Make sure airlines' proposed discounts align with your historical usage by booking class. Eye-popping discounts on seat classes your travelers never use or can't access at the time of booking have no value.

 3. Home carriers do not need to work for business originating from their hubs or countries. Competitors often offer aggressive commercial proposals, provided you can shift travelers from airlines to which they have loyalty attachments. Carriers competing in markets that are not their hubs or home countries often offer aggressive commercial proposals to win business, provided you can shift travelers to use them. Many will offer mileage or status matching as an added enticement to switch.

 4. Airlines aren't motivated to discount the routes where they dominate, so try linking discounts on these monopoly routes to marketshare commitments on routes where they have to compete more for passengers.

 5. If your policy and culture allow, explore connecting flights as cost-savers, especially for long-haul trips in which connection time is a small portion of the total journey. Make clear in policy the maximum journey time a traveler could expect.

 6. Ensure you know which country's jurisdiction governs the contract terms.

 7. Ensure your company's legal department reviews the deal before signa-

tures are applied.

H. Ask to review the airline's contractual terms and conditions at the beginning of negotiations. A legal review can extend beyond the negotiation for the commercial discounts. This does not commit an organization to a formal agreement.

I. Set the contract length.

 1. Traditionally, deals negotiated between companies and airlines extend for two or three years, with the latter preferred by many larger organizations given the time necessary to negotiate a deal. Most airline agreements include formal periodic reviews and exit clauses, generally at 30 days' notice.

 2. Some airlines offer evergreen options—wherein the terms, conditions and legalese are retained—allowing buyers and airline sales personnel to focus exclusively on the commercial terms at regular intervals.

J. Consider ethics.

 1. Airlines often will squelch deals if they've been used to set a target level for negotiations with their competition. Be careful: Word gets around about such double-dealing, and you could be precluded from discounts with carriers in the future.

 2. Keep the terms of your deals confidential. Most airline contracts are bound by nondisclosure agreements that prohibit the sharing of any information without the airline's approval, except for ticketing instructions to your agency or airline-appointed data processors.

V. MANAGE THE DEAL

A. Inform employees, emphasizing senior management's support for the program.

 1. Post your travel policy on a corporate intranet page and use both your online booking tool and agency to steer travelers to book preferred airlines.

 2. Consider sending a memo that reiterates travel policy and encourages the use of your preferred airline or airlines.

 3. Consider holding employee seminars. Include in a presentation:

  a. Potential savings from their use of preferred airlines.

  b. Descriptions of any special programs to encourage use of the airline, including monetary prizes, upgrades, advance seat assignments, access to airport lounges, extra frequent-flyer mileage as agreed to

by the airline or perhaps free trips not tied to a frequent-flyer program.

B. Ensure your TMC and its representatives are aware of the deal and understand their role in implementing it.

1. Make sure you and your suppliers understand which party is responsible for fare filing, and consider regular audits to verify accuracy.

2. Define procedures both for travelers and for agents so they'll book the preferred airlines. Define the minimum savings required for the acceptable use of nonpreferred carriers.

3. Agree upon a recourse if a travel agent fails to book the preferred airline or mention its availability. Agents' commonly fail to take the discount on an eligible fare.

4. Specify what the TMC and online booking tool must do when your corporate traveler rejects a flight on a preferred airline. For instance, a traveler's refusal of a contracted airfare might trigger an exception report that is forwarded to the travel office and the traveler's supervisor.

5. Consider asking the TMC to list on travelers' itineraries the savings and losses of accepting the preferred airline.

6. If your spend is sufficient, airlines will allow your TMC to contact a special desk for major corporate accounts. Through this channel, airlines will consider matching prices on specific itineraries, which enables the company to save money while fulfilling marketshare commitments, or they will provide other such waivers and favors to support the program.

7. Ensure your TMC does not have travel counselors booking incentives that conflict with your company's interests.

C. Monitor the deal through management reports from your travel agency and airline, both to assess the effectiveness of the deal and to prepare for future negotiations. Airlines use sophisticated tracking tools to gauge corporate client performance so they can amend or cancel contracts if goals are not met. In many cases, the airline will provide the buyer with reports. Before an airline review, prepare for any performance or opportunity discussions. The airline will prepare data and objectives. Have travel agencies track the published fare for what you buy and the contracted

fare to validate their application of the discounts and to tell you how much your contract was worth to you.

1. Monitor traveler compliance to the agreement. Consider deploying incentives. Pass along management reports to department heads to track performance. Internal benchmarking, or measuring compliance among departments or lines of business, can serve as a powerful travel management tool.

2. Track whether your company is booking flights at a pace that will meet marketshare commitments. Keep seasonal travel patterns in mind. What might look like a shortfall or excess volume at one point might end up being corrected by year-end. Your travel agency may have tools for managing multiple contract goals at the point of sale.

3. Maintain an open line of communication with your travelers via corporate intranets, email, surveys, social networks and memos to hear their opinions about whether the airline is providing acceptable service. Have copies of all queries and complaints forwarded to your office.

4. Maintain contacts at multiple levels within airline sales organizations to develop long-term relationships and to ensure the organization and airline share a view of how the agreement is being honored. Establish multiple contract-performance checkpoints throughout the course of a contract.

5. Many large companies use third parties to analyze contract performance and understand how airline yield management affects preferred corporate deals. Even midsize companies can benefit from a less complex, independent procurement review of results.

6. Compile data from management reports for use in negotiations at least one month before the contract is set to expire. Such data should include:
   a. Average fare per negotiated route.
   b. The amount of business directed to the airline before and currently.
   c. If applicable, reasons why the traveler did not use the preferred airline, such as travel agent error, schedule, employee refusal, the company's lowest-logical-fare policy or unavailability of seats, perhaps due to a carrier decreasing the service it provides in a particular market.

D. Consider hiring a third-party audit firm to monitor your TMC's performance in booking your organization's preferred airlines. This may prove particularly helpful for an organization with multiple agencies.

1. Have the auditor examine available data, including the percentage of times your agency offered the discount fares when such discounts were applicable, how frequently travelers accepted them and why travelers declined to accept them.

2. Determine whether the airline imposed limits on the availability of discounted fares if those limits aren't in the contract.

E. Renegotiate the deal, if warranted. In most cases, a company that has generated even a small increase in market share for the airline probably can get at least a one-year renewal. If an organization consistently exceeds targets or meets them despite obstacles, it should request a larger discount. Regard the contract as a living document. As travel patterns change, amend goals and discount levels. Keep abreast of M&A that could impact your company's travel patterns.

F. Monitor the competitive dynamics of key routes. If a new entrant challenges your preferred airline on a monopoly route, try renegotiating a more favorable deal with your preferred airline. Alternatively, if a carrier exits a route and a remaining airline monopolizes it, make sure your discounts cover the correct booking classes in case the airline yield-manages its inventory to take advantage of its stronger market position.

VI. MISCELLANEOUS

A. Though airlines largely are unwilling to eliminate baggage fees, they often waive them for frequent-flyers. Major airlines are willing to negotiate a limited number of instant elite status designations or status matches, which can help frequent travelers transition to a new preferred carrier and shield them from certain ancillaries.

B. "Basic economy" fares are becomining increasingly common on both domestic and international flights as full-service carriers compete with low-cost carriers. Many travel buyers have decided that such fares' onerous restrictions outweigh any savings. Restrictions can include no seat selection, no changes or cancella-

tions and, in some cases, no carry-on baggage. Some buyers have opted to block these fares from their booking tools entirely, but at the very least, they require educating travelers on the restrictions.

C. Upgrades.
1. Many airlines award upgrades almost exclusively to elite members of their loyalty programs, but increasingly airlines are making seat upgrades available for sale at the time of check-in.
2. Make sure travelers know if you have a deal providing upgrades on a space-available basis.

D. Airport lounge admissions.
1. Some airlines offer complimentary airport lounge memberships in lieu of discounts or with certain types of tickets, usually in premium classes.
2. Some provide a limited number of airport lounge admissions on request.
3. Airlines increasingly offer reciprocal airport lounge access for customers of airline partners or those within an airline alliance.
4. Some airlines sell their lounge memberships, especially in North America, in addition to free admission when purchasing premium classes. Those carriers sometimes offer discounted memberships to travelers with their contracted corporate clients.

E. Often, corporate deals offer executives special services. The number of executives that may be enrolled generally is based on the company's spend. Airlines also may provide separate airport check-in for some accounts and other recognition, the latter on an opt-in basis.

F. Some airlines sell bulk-purchase tickets or flight passes, which require an up-front payment but can provide savings when contracted upfront discounts are difficult to secure. These programs can offer great value if an organization can manage the internal aspect. Typically, one cost center makes the deposit and other cost centers burn off the credit.

G. Some airlines will consider prepayment at fixed rates in certain city pairs and payment on a cost-per-mile basis, perhaps with a pay-at-use concept.

H. Investigate an airline's international safety and security procedures and airport facilities.

I. Ensure the airline will relieve you of all airline contract commitments during labor-related work stoppages or slowdowns. ◂

Working with Car Rental Firms

In the months ahead, buyers will have to contend with car rentals suppliers managing a vehicle shortage amid rising demand and changing travel patterns.

LIKE MOST TRAVEL INDUSTRY SUPPLIERS, CAR RENTAL COMPANIES struggled in the early days of the pandemic. To stay afloat, they sold large portions of their fleets, canceled new vehicle orders and reduced staff at their rental locations. At the same time, to ensure safety and cleanliness standards, suppliers implemented deep cleaning of their vehicle fleets and sanitization procedures into their operations.

Meanwhile, travelers concerned about virus transmission in crowded spaces rented cars as a substitute for flights for longer trips and have been holding onto vehicles for longer periods over longer distances. In some cases, employees are using rental vehicles for commutes, according to suppliers, as an alternative to public transport and trains.

As business travel comes back in earnest and the associated demand for car rentals increases, corporates may find it more difficult to get the vehicles they need. In February, car manufactures warned there could be a delay in the delivery of their vehicles due to a global shortage of semiconductors, which are vital components for auto manufacturing.

To stave off shortages and maintain profitability amid rising demand, industry players have implemented revenue management strategies similar to those employed by airlines and hotels. According to buyers, suppliers have been prioritizing customers based on rental period length and time of reservation. In practice, this means suppliers may turn off rentals to travelers or offer different price points based on individual rental parameters.

Buyers are looking to implement service level agreements in their preferred partner contracts to ensure vehicle availability for their business travelers. Companies with larger volumes may have more leverage on this point. Service level agreements, however, may not be a silver bullet since vehicle prioritization often is decided on the local level. And if volume thresholds are part of the contract, buyers will want to track the number of instances cars were not available and bring that up during contract review meetings. For travelers on ground, travel managers should urge them to book as early as possible and be flexible with regard to their travel dates and branch pick up locations. – *Dawit Habtemariam*

I. GATHER DATA

Show potential suppliers as much information as you can gather on past use of car rental, chauffeured services, ride-hailing and other relevant services.

A. Usage statistics from car rental firms should provide the most complete and detailed information. Also tap travel management companies and expense management systems for taxi, transfer and third-party spend like train and ride-hailing expenditures. Most corporate charge card data shows the total spend on such transactions and does not yet detail expenses like insurance costs, fuel surcharges and other miscellaneous state and local taxes and fees.

GET YOUR TRAVELERS BACK TO BUSINESS

Ensure your travelers are ready to return to the road with **Emerald Club®**, named to Newsweek's list of America's Best Loyalty Programs 2021.

For a smoother re-entry, and to earn free rental days, encourage your travelers to enroll in Emerald Club.

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With the top-ranked loyalty program and our Complete Clean Pledge®, Enterprise and National continue to go above and beyond to help your travelers get back on the road with confidence.

Visit **enterprise.com/business** to learn more.

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statista

+THE COMBINED POWER OF
enterprise | **≋National.**

B. Types of data: Gather as much information as possible on overall usage and break it down for cities or areas with high volume. Also, segregate by airport transactions versus off-airport/local market transactions.

1. Total volume, expressed in the number of rental transactions, number of rental days and expenditure level—all broken down by country. If you can break that down by market, it helps suppliers forecast and plan.

2. Average number of miles driven per day and percentage of rentals and rental days that a car drives beyond various thresholds, such as 75, 100 and 150 miles, alongside number of taxi/ride-hailing trips. Categorize as possible, i.e., by miles/cost for short trips and airport transfers.

3. Breakdown by class of cars booked and driven, such as compact, intermediate and full-size.

4. Number of intercity and one-way car rentals, including origins and destinations. Include miles driven and what miles were charged.

5. Number of weekly, midweek, monthly, weekend and one-day rentals by day of the week.

6. Breakdown of rentals by day of the week and weekly and monthly rentals.

7. Locations where all corporate car rentals have taken place and annual rental days in all markets, including the share of rentals at airports.

8. Evidence of travelers' safe driving records while on company business, particularly if you plan to seek collision damage waiver or loss damage waiver coverage and supplemental liability coverage.

9. International car rental usage, highlighting usage by city and country.

10. Percentage of car rentals booked through global distribution systems, TMCs and online booking tools.

11. Compliance with existing preferred car rental deals. Show you can control your travelers.

12. Rentals by those under age 25.

13. Special billing needs, including regional, those coded certain ways for tax purposes and the need to track unlimited mileage, plus the percentage of the total that is master billed.

14. Service requirements, such as onsite availability at your company's location or locations, VIP treatment and off-airport special needs, including off-airport parking, GPS and electronic toll-pass devices.

15. Data that shows your company is growing is important to note, as is demonstrating a strong and enforced travel policy.

16. Suburban locations where the organization has rented vehicles, including number of rentals, rental days and expenditures.

17. Number of rentals and spending for GPS, satellite radio, etc.

18. Refueling history, full-tank option and per-gallon charge.

19. Emergency roadside assistance use.

20. Historical development of data and outlook on development of travel/mobility spend for the next two to five years.

21. Terms of supplier deals with companies in your industry or like-size companies with similar requirements.

II. SET STRATEGY

Company culture, travel policy and rental patterns are major factors in determining which car rental suppliers to consider and which contractual elements to emphasize during negotiations. Survey some of your most frequent travelers about their car rental experiences. When developing your strategy, consider the following.

A. Before embarking upon any supplier review, reevaluate your travelers' needs, look at the demographic of users and look for innovative ways of transporting them from point A to point B.

B. Options for supplier strategy could include:

1. A global contract with two car rental suppliers to hedge against times when one supplier may not have available inventory.

2. Agreements with one primary supplier and one secondary supplier and or an off-airport supplier in case the primary supplier is sold out, cannot provide convenient service or lacks locations in key areas.

3. A global agreement with one supplier, supplemented by agreements with country-specific suppliers, often providing lower rates in areas outside the U.S. where you deliver high volume. Determine whether costs will be lower if you give all your volume to a national supplier or deal with local operators. Small organizations without large national volumes might get the best overall deals by working with their TMCs or a consultant.

4. One or more agreements for international service. Typically, car rental suppliers look for significant spending before offering lower negotiated rates. Organizations with less spend likely would be offered either a percentage off discount or a standard set of business rates.

   a. This can be part of a worldwide agreement with your domestic supplier, a separate agreement with your domestic supplier or a deal with a supplier you do not use domestically.

   b. Companies seeking global contracts often already have consolidated with one TMC internationally.

C. Look into alternative programs like ride-hailing and car- and fleet-sharing for short-term rentals if you are in a participating market where third-party suppliers exist. Ride-hailing and car-sharing, which allows pickup and return at unstaffed locations can benefit intracity travel. Suppliers increasingly are offering such programs in major markets and may even consider placing vehicles at your corporate locations.

D. Consider different business needs a rental car provider can fulfill, including car sharing, ride hailing, Mobility as a Service leasing, fleet management and commercial truck or equipment rental.

E. Review your company's policy on the use of personal vehicles for company business. This can be a significant hidden expense and can pose a liability risk. Consider a threshold of 100 miles or more, at which point renting may be more cost effective than the IRS-specified reimbursement amount. Some vendors offer a calculator to help you compare.

III. PREPARE RFPS

Based on the data you have gathered and the strategy you have established, create an RFP that provides information about your program and that details your

requirements. Generally, RFP criteria can be summarized into five areas: rental eligibility, vehicle classes, insurance coverage, supplier programs, and rates, fees, upgrades and other options like fuel programs, GPS, satellite radio and emergency road service. Here are some RFP elements to consider:

A. Historical mileage levels.
  1. How will base rates differ under agreements in which mileage is unlimited versus those with a per-mile fee above a mileage cap?
  2. How will planned corporate initiatives, such as acquisitions and cost-savings initiatives, impact travel spend?

B. A description of all the supplier's insurance and related products, including base rates, if included.
  1. Collision damage waiver or loss damage waiver: A daily fee relieving car renters from responsibility for accident damages and/or stolen vehicles and loss of use of the vehicle. Also consider process costs in this area.
  2. Personal accident insurance covering injuries to the renter.
  3. Personal effects insurance covering loss of the renter's personal property in a lost or stolen rental car.
  4. Supplemental liability: An umbrella policy that covers companies beyond the state's minimum requirements and covers accident damage to other people and property.
  5. Many large companies can be self-insured or use insurance provided by their corporate card programs. If you have your own insurance, check with your company's risk management department to be sure it covers all car classes and rentals overseas. Even those companies that have their own coverage include the supplier coverage, which is more efficient and less likely to let a claim fall through the cracks.

C. Emergency road service: Is it provided through a national 24-hour service or outsourced to local operators? What charges, if any, are associated with roadside services?

D. Obtain examples from suppliers of standard and customized management online reports provided to other corporate clients. Know what spending and usage information your company requires.

  1. To what degree can you drill down into transactions by name, location and date?
  2. In what formats are management reports provided?
  3. When are reports provided: monthly, quarterly or in another interval?
  4. Is there a cost to obtain customized reports?
  5. Can you get a consolidated report that includes data from all geographic areas?
  6. How can the supplier help your organization identify variances from policy?

E. References from customers with similar volume and locations to yours, as well as from accounts no longer using the company as their preferred supplier.

F. Request a list of participating locations. Not all of a supplier's locations participate in corporate rate or insurance programs, especially in the U.S.

G. A list of the supplier's outlets near your major locations and destinations. Consider off-airport locations with lower prices and fewer surcharges. Also obtain a list of franchised versus corporate-owned locations and outlets that do not participate in corporate negotiated rates, rebates and/or coverage.

H. A list of locations that the supplier indicates are on- and off-airport, including the types of express services offered at each location. Also get a list of airport locations by mode of conveyance from terminal to rental counter and then to vehicle. This will have an impact on speed and service.

I. A list of all surcharges for high-cost cities and one-day, midweek rentals.

J. A list of supplemental charges by location, including taxes, other local surcharges, off-airport access fees or on-airport concession fees. Buyers should get a breakdown of all charges and pass-through fees that are government imposed or charged by the supplier.

K. Request fixed refueling rates or pricing that demonstrates the national average plus a service fee based on current gas prices.

L. Many car rental suppliers offer special rental services, enhanced programs and clubs for VIP travelers and frequent renters. Ask suppliers to describe any such programs. Factors to consider:

  1. The maximum number of VIPs an organization can enroll.
  2. The benefits such programs offer.
  3. Extra fees for loyalty miles earned on rentals.
  4. Whether there is a cost to the travel program for such programs.
  5. Whether the supplier has affiliations or partnerships with airlines, hotels or other corporate travel suppliers for frequent-flyer or other loyalty programs.
  6. Whether travelers can enroll online.
  7. Whether the supplier offers status matching for existing employees if the company were to switch to that supplier.

M. A description of the car rental supplier's safety-enhancement programs and vehicle-safety systems.

N. Information on the average age of the supplier's fleet and time span after which cars are returned to manufacturers or resold.

O. Details on local fleet size in areas where you have special needs.

P. The financial health of the car rental supplier and its ability to provide the fleet and services you require, as well as lawsuits renters have against the supplier.

Q. If availability has been a recurring problem, ask the car rental company for a "guaranteed availability" clause that will ensure business travelers will get a car, regardless of day, time and location.

R. Investigate the supplier's technology for direct reservations and booking. Make sure that you get insights into its IT system and its ability to centralize all mobility services into a single system.

S. Special programs, such as onsite fleets, one-way car rental rates from the airport and one-way flat rates between certain cities.

T. Availability of hybrid, flex-fuel or high-fuel-efficiency vehicles. Note that hybrid vehicles can cost significantly more.

U. Alliance with a chauffeured transportation company, the benefits that can be derived from that partnership and the requirements to receive them.

V. The procedures and technologies the car rental company offers to expedite the pickup and return of vehicles and whether they're available at all locations.

W. Service level agreements.

X. Periodic rate audits.

Y. Differences in prices, fees and services for different brands owned by the same company.

IV. NEGOTIATE

Following are the items open for discussion. The most popular concessions in car rental contracts are reduced daily rates, unlimited mileage, free upgrades, premium club memberships, city surcharges, weekly/monthly multipliers and insurance.

A. All corporate agreements have a fixed rate per day for each car class.

B. Most companies opt for flat rates with unlimited mileage. Of those corporate contracts that do have mileage caps, 100 miles is the standard, and then per-mile charges starting at about 25 cents are assessed on top. Do not have your travelers pay the higher unlimited mileage rate if they drive an average of 50 miles or less per day.

  1. Averages are deceiving because rental cars driven only a few miles distort the averages. Identify the percentage of car rentals and rental days exceeding 100 miles, including geographical breakdowns.

  2. Consider "time and mileage" agreements, which involve low daily rates but per-mile charges starting from the first mile.

C. Special rates in cities where you have high volume and/or for weekly, monthly, multi-monthly, partial-day, hourly and one-way rentals.

D. The length of the term of the contract and specified limits on annual rate increases, and the possibility of reopening the contract if conditions change. Two-year contracts are standard in the industry.

E. The extent to which suppliers will add international car rental volume to domestic volume for the purposes of establishing worldwide rates. The success that is possible from leveraging the organization's international car rental mix will depend on suppliers, volume, the international proportion of the volume and the international locations that travelers frequent.

F. Blocking the add-on features offered at the time of pickup, including additional insurance coverage and GPS. Negotiate with the supplier to block unneeded add-on features.

G. Can the supplier provide reporting in real time?

H. Free or reduced-rate collision damage waiver or loss damage waiver coverage, if corporate travelers are not covered by other insurance.

  1. At least a minimum amount of coverage is required. For years, the standard amount has been $100,000 of coverage per person, up to $300,000 per incident, in addition to $25,000 for personal property.

  2. Several car rental suppliers have lowered coverage to minimum levels allowed under state statutes.

I. Rate concessions based on your company's commitment to building volume: Consider tightening your corporate travel policy to mandate use of preferred suppliers or to cover international travelers, making changes to your corporate booking tool to steer travelers to preferred suppliers, linking the car rental company to your corporate intranet or broadening your program to include fleet replacement or other services.

J. Rebates and/or incentives for meeting or exceeding contract goals.

K. A mileage radius within which travelers can pick up a car at one location and drop it off at another at no additional cost, or one-way rentals without surcharges.

L. Special shuttle or corporate car-sharing rates if many travelers drive between two specific cities.

M. A grace period after the end of the rental period during which a car may be returned at no additional cost.

N. Free upgrades to higher car classes when available and free delivery and collection of rental cars.

O. Provisions for employees under age 25, who normally are charged higher rental rates.

P. Procedures for central billing by non-employees, including job candidates and consultants.

Q. Whether the supplier provides the option to refuel at market prices, plus a reasonable markup. If not, discuss reduced refueling charges, specifically negotiating a reduced price per gallon or liter. Having travelers fill the tank before returning their cars is the least costly option, but if your internal data shows travelers regularly are paying the higher price for not doing so, negotiate a reduced price per gallon for gas into your base rate. Corporate travelers running late for a flight often do not have time to fuel up before returning their vehicle. It is best to address this upfront.

R. Reduce or eliminate blackout dates, depending on your spend and ability to shift volume. Otherwise, get a list of blacked-out or sold-out dates and cities for the upcoming year. This will help calibrate service expectations and allow travel managers to notify travelers in advance. Additionally, get a list of locations and dates for which vehicles will be available but your negotiated rates will be blacked out.

S. If your travelers rent GPS or toll passes, request a daily or weekly discount or fee waiver and/or maximum charge per rental.

V. EVALUATE BIDS

A. Assess the components that are most important to your organization and use a grid that gives more weight to those responses. Review BTN's most recent Car Rental Survey & Report at www.businesstravelnews.com/Research.

  1. The most common factors to consider include rental rates and ancillary product fees, service quality, geographic coverage domestically, airport location and the speed of rental and return processes.

  2. Also consider international coverage and report capabilities. Delivery and collection of vehicles is common in Europe, so the supplier's footprint is key.

B. Research the supplier's financial stability so you can determine its ability to deliver on the terms you have negotiated. Consider what effects M&A in the industry has had and will have. Assess the supplier's ability to provide continuing levels of service, reporting capabilities, rental car availability and other aspects of the contract. Follow what's going on in the industry to identify bad service and fleet issues.

C. Consider and allow for alternative local suppliers in specific markets that can provide the same vehicles, with basic services, at a considerably lower cost. ◀

Working with Chauffeured Car Providers

Driver squeeze has reduced capacity for ground transport providers.

BUYERS WILL CONTEND WITH A DIFFERENT, MORE EXPENSIVE LEVEL OF service from ride-hail and chauffeured transportation providers as both sectors manage the slow return of drivers for passenger ground transportation services amid increasing demand for them.

Chauffeured car providers laid off a significant share of their drivers in 2020 and, in the case of ride-hail, drivers left their platforms. Since then, drivers have been reluctant to return to both industries as economies open up. There's still concern around virus transmission, but many drivers have left the industry for more lucrative opportunities delivering products. Some companies say the ongoing $300 weekly supplement to federal unemployment benefits has helped to keep drivers away longer. At press time, 25 states have discontinued those benefit, with most cut off dates effective in June.

At the same time, ride-hail companies and chauffeur providers are reporting a demand increase and project it will continue to accelerate in the months ahead.

The demand-supply mismatch may come to an end as more drivers get vaccinated and suppliers increase wages. Cash-rich ride-hail companies, supported by private investors, may be in a better position than chauffeured ground transportation providers to entice drivers back with financial incentives or a wage increase. However, buyers will need to brace for higher prices and potentially longer wait times. Chauffeured providers also are paying their drivers more, which translates into higher prices for the customer.

As corporates implement return-to-office and return-to-travel strategies this year, they will have to be proactive about ensuring drivers in ride-hail and chauffeur services are implementing sanitation and cleanliness standards in their vehicles. The National Limousine Association has not modified its recommended hygienic protocols even as the U.S. Centers for Disease Control and Prevention guidelines have changed. The NLA still recommends mask requirements for drivers and passengers, thorough cleaning cycles with a hospital grade disinfectant for vehicles within 30 minutes of completing a trip, mandatory glove use while handling luggage and accessible hand sanitizers. The association acknowledged that as CDC recommendations change, however, local conditions may have more sway over local practices. If buyers have preferred practices, they should discuss them with their preferred supplier candidates. – *Dawit Habtemariam*

I. GATHER DATA
A. Sources.
  1. Car service companies should provide expense data for the prior year. Personal rides the company does not pay for boosts volume.
  2. Corporate card data should be crossed-referenced with the supplier data to show leakage.
  Card data provides car services charges via merchant codes, though some cards lump car services with rentals and taxis. Many car service companies have a parent company with a different name.
  3. Corporate accounting may provide the percentage of T&E spent on each taxis, parking reimbursement and chauffeured services.
  4. Expense systems can specify a chauffeur category. Some let you mandate that travelers include supplier names. Expense reporting technology also should provide granular detail, such as pickup and dropoff info.
  5. Booking technology companies can provide competitive bidding data either through an RFI or an RFP.
  6. Combine meetings and transient data for negotiating leverage.

B. Gather information on overall use and frequent routes.
  1. A typical trip contains, at minimum, four ground transportation opportunities: to and from the arrival airport and to and from the destination airport.
  2. Include frequent high-use destinations, your company's offices and international locations and frequented airports.
  3. Include the reporting you need, cost center or case number data and whether to use direct billing versus credit card billing.
  4. Average trip length.
  5. Vehicle volume and transaction, broken down by pickup and dropoff points and use by individuals and groups.
  6. Point out special events that would require chauffeured volume.
  7. Services like Wi-Fi, refreshments, vehicle types and C-suite needs.
  8. Historical reservation method by percentage: phone, supplier direct, online booking tool, dedicated phone number, dedicated email and bridge technology.
  9. Average cancellation time and charges incurred.

II. SET STRATEGY
A. Determine if you want a supplier whose drivers are employees or whose drivers are contractors.

B. An exclusive nationwide or global agreement with one supplier leaves no backup and could mean overpayment.

C. For a nationwide contract with a primary supplier, supplemented by agreements with local suppliers, ask how partners and

affiliates are chosen, vetted and managed.

D. Agreements with two or more suppliers in a particular market creates competition and provides alternative suppliers in the case of service issues.

E. An agreement with a third-party chauffeured distribution platform. Most black car providers have tech options, but ask if the platform can manage other suppliers.

F. A consultant can manage suppliers, accounting and reporting.

III. PREPARE AN RFP

Determine the level of chauffeured transport required. Keep the RFP simple to make analysis more efficient, and note that suppliers may not respond to RFPs focused heavily on rate. RFP samples can be obtained through travel management companies, consultants and industry associations. Allow time for suppliers to provide meaningful responses. Note deadlines. Consider including:

A. Key corporate locations, domestic versus international use, total spend on chauffeured services, transient versus meetings spend, event needs, number of rides and spend by pickup and dropoff locations and by vehicle type, level of insurance coverage and typical number of travelers per car.

B. How long the supplier has operated, number of locations and number of affiliates, licensees or franchisees.

  1. How does the supplier select affiliates and enforce quality standards? Does it permit the affiliate to subcontract rides? Are standards for licensing, training, security, hygiene and drug testing consistent across all locations? Will the supplier share direct contact information for affiliates, franchisees and licensees? What percentage of trips will be serviced by affiliates, franchisees and company-owned suppliers?

  2. What is the supplier's resolution process for problems? What about its affiliates? Tell them your average response time requirement for resolutions and billing.

  3. Who is responsible for customer service?

C. Fleet information.

  1. What is the size of the active fleet and the breakdown of makes and models by average age and mileage? When does the supplier retire vehicles, and is this consistent across all locations? Request a current fleet report.

  2. How many vehicles does the supplier own, and how many do partners, contractors and affiliates own?

  3. Describe the company's maintenance program, including washings and frequency of inspections, and whether an audit of inspection reports is permitted.

  4. Do vehicles have GPS, emergency road service systems, video and hands-free communication?

  5. Do drivers use devices for tracking rides and validating tolls and locations?

  6. Are multiple types of vehicles available like economy class, business class, business van, SUV and luxury? Are hybrid or electric vehicles available? In what cities, makes and models?

  7. If the booked vehicle category is not available, can the renter upgrade at no charge?

  8. How and when does driver or dispatch communicate with the passenger? What is communicated: dispatch notification, car number, driver name, driver mobile number and driver arrived onsite?

D. Driver information.

  1. Are background and security checks and drug and alcohol tests performed at hiring? How often are those tests performed? If the bid is global, how do these checks vary by region? Do they include fingerprinting?

  2. What are the driver training, sanitation and safety requirements? Does the supplier give chauffeurs a written test? Road test? Do chauffeurs participate in a certification program? Is the program administered by a third party? What other training do drivers receive?

  3. Does the company review licensing reports to assess violations? Are chauffeurs licensed under local jurisdictions?

  4. Are chauffeurs employees or independent contractors? Are independent contractors allowed to sublease their cars to others?

  5. Are chauffeurs allowed to work double shifts? What is the maximum time a driver works?

  6. Are chauffeurs required to be fluent in English or the language of the country where service is offered? Are some fluent in other languages?

  7. In how many reportable accidents were the supplier's chauffeurs involved last year?

  8. What is the average tenure of chauffeurs and the turnover rate?

  9. Can a driver be removed from an account?

  10. Are chauffeurs required to have certain levels of experience?

  11. Are armed-driver services offered?

E. Insurance requirements.

  1. What types and levels of insurance does the company have?

  2. What is the name and address of the principal insurance carrier? Ask for a copy of the certificate of insurance. Does your company need to be listed as additional insured?

  3. Request copies of the supplier's insurance certification for automobiles, including owned, non-owned, and hired vehicles; commercial/general liability; statutory worker's compensation; and umbrella liability.

  4. What is the minimum insurance requirement for chauffeurs? Are they required to purchase it, and, if so, from the company's insurance firm?

F. Reservations.

  1. What passenger data does the supplier maintain? How is personally identifiable information protected?

  2. Are reservations taken by phone, email, global distribution system, app and/or online? Can reservations be processed 24/7 through all channels?

  3. What percentage of reservations are booked online? What capabilities and advantages does the supplier's Web-based booking system provide over booking through a third party?

  4. What is the average call length? How quickly are calls from corporate clients answered?

  5. What is the average tenure of reservations staff? What types of training and quality monitoring are in effect?

  6. Does the supplier handle dispatches by voice or by computer? Are its computer systems integrated? Ask for information on the system.

  7. How are rides confirmed?

  8. Does the supplier monitor flight delays, cancellations and changes?

  9. Does the supplier store data like credit card information? Where? Is there backup? Does the supplier's network comply with the Payment Card Industry Data Security Standard?

  10. What is the cancellation process and minimum lead time to avoid charges? What is the minimum lead time for booking?

11. What languages can reservation staff use?

12. Are bookings guaranteed?

G. Rates.

1. Does the company charge a flat rate, distance-based rate and/or hourly rate? Do pricing models vary by location? Do charges begin when the passenger is picked up, when the driver leaves the lot, or garage to garage?

2. If a flat airport rate, is the amount the same for departures and arrivals? Does the hourly rate have an hourly minimum or maximum? What rate kicks in after the limit? How long do drivers hold for train station arrivals?

3. Does the company charge other airport fees? What are the wait fees? Does it provide airport terminal meet-and-greet services, and is there a charge? How long do drivers hold for domestic versus international arrivals?

4. Understand the range of surcharges levied by suppliers. Which surcharges are negotiable, which can be waived and how are they assessed? Your RFP should not allow any other surcharges to be charged than listed in the RFP. You should always have a Termination for Convenience clause.

5. Are there any reservation-processing fees?

6. Are there extra mileage charges, high tax rates or additional charges at overseas locations?

7. Are there ASAP request fees?

8. For how long are rates guaranteed? Many companies stipulate that rates must be guaranteed for 120 days and some say at least a year.

9. Is there a rebate? If so, what is it?

10. Are upgrades negotiable?

11. How is gratuity handled? Do you want it included in the flat rates or for 18 to 20 percent to be tacked on at the end of the ride?

12. Request a quote broken out with base rate, taxes, estimated tolls, fuel charges, administration fees, estimated parking fees, gratuities and other components. Are taxes included in rates, or are they additional? Are final rates provided at time of booking? Request rate sheets for your five to 20 to 100 top routes or cities. Tolls should be at toll-tag rates. Parking and tolls should be at cost, with no markup.

H. Billing.

1. How soon after a ride is completed is it billed? Is it electronic?

2. With what software and in what formats is spending data transmitted?

3. What reports are provided and in what format? How can data be sorted?

4. What is the standard time frame for billing and payment? Is it consistent for service performed in affiliate markets?

5. For overseas reservations, is billing available in U.S. dollars?

6. Does the company provide central billing account features? Are credit cards accepted? If so, which details are broken out on statements?

I. Other services.

1. Does the company offer a VIP program? If so, describe it.

2. Is there a loyalty program, and is it aligned with hotel and airline loyalty programs?

3. Does the supplier provide meetings services? If so, does it assign onsite dispatchers? Is there a charge? Are any other services available like employee pooling and multi-city trip support?

4. How does the supplier handle passengers who are more than an hour late or don't show up at all? What charges are imposed? How would the supplier communicate the situation to the passenger and the corporate travel office? How long will the driver wait if the passenger, reservationist or travel office cannot be reached?

5. Does the company have an alliance with a car rental company?

6. What are the supplier's environmental and social responsibility initiatives?

J. Customer service.

1. How is quality managed? Is there a formal customer service program or a dedicated program for corporate customers? When is it available?

2. How does the company provide indemnification? Ask for a complete description of what is covered and how any dispute will be resolved. What is the time frame for resolution of complaints?

3. Is a manager assigned to the account?

4. What mechanisms does the supplier use to measure customer satisfaction? Can it provide monthly or quarterly records for all rides?

5. Ask the supplier to sign a service-level agreement with clearly defined and measurable key performance indicators like airport pickup delays, incorrect billings, driver no-shows and tolls/parking/wait time overcharges. Tie them to financial penalties. Penalties could be per incident.

6. How can passengers provide feedback on drivers and vehicles for each ride?

K. Company protections.

1. How does the supplier define its duty of care?

   a. How does the supplier protect the data privacy of its clients? Does it describe what constitutes a breach of privacy and how it will remedy it?

   b. What information security provisions and standards does the company follow?

2. How does the company protect clients from a change of ownership?

3. Can the supplier integrate into your preferred booking channel?

L. Request references from customers with comparable volume and needs.

M. Describe any new technological, fleet, service or operations enhancements the firm is planning.

N. Providers in recent years have added such offerings as Wi-Fi, satellite TV and radio and bulletproof exteriors. What is offered, and what comes standard? What charges are associated?

O. Consider an onsite visit, ideally at a location where your volume is highest during peak hours, to check the availability of cars, level of maintenance, types of technology used and professionalism of dispatchers and drivers.

P. Consider setting up a pilot arrangement with the supplier for a limited period of time to test service and performance, including billing and problem-resolution.

IV. EVALUATE & IMPLEMENT

Mind your company's service needs and budget limits. Weigh the value of a supplier: Some suppliers will negotiate discounts; others prefer to add services, like an account manager. The supplier should assist in implementation; the sales team should provide support.

A. Request a detailed implementation plan that identifies major tasks, dependencies and time frames required.

B. Ask that any additional implementation costs be fully disclosed.

C. Some providers have an implementation team. Determine responsibilities.

D. How does the supplier promote traveler compliance with your program? ◄

Selecting a Corporate Payment System

Virtual at last a reality for corporate payments?

WHILE MUCH REMAINS UNCERTAIN ABOUT WHAT THE POST-PANDEMIC
corporate travel and expense landscape will look like, one thing that does appear
to be clear is that contactless payments are here to stay. The emphasis on social
distancing and hygiene driven by Covid-19 likely will linger for some time even after
public life returns to normal. Perhaps even more significantly, the pandemic served
as a catalyst to break the stalemate that long limited adoption of contactless by
driving consumer demand for such payment methods, in turn compelling merchant
acceptance—and setting in motion the cycle to fuel continued growth.

Within the wider category of contactless payment methods, virtual cards are
poised to have even more momentum in corporate travel. Such products' intrinsic
spending controls and security advantages serve two areas of high priority for travel
managers re-establishing programs and budgets post pandemic. Meanwhile, recent
surveys reveal travel suppliers such as airlines and hoteliers are showing increased
interest in accepting virtual cards. As such providers face their own revenue
challenges amid still-limited booking activity, virtual cards offer advantages including
improved cash flow stemming from shorter settlement cycles and lower acceptance
costs compared to traditional payment methods.

Amid the expected surge in demand for virtual cards as travel returns, corporate
travel service providers have been building out their capabilities in that area. TMCs
are forming relationships with virtual card providers; as are more traditional corporate
payment platforms. Expense management platforms are pulling in more virtual card
streams as well.

With the interest of all key parties in the ecosystem finally aligned as business
travel spending volume ramps back up, it appears inevitable that virtual soon will
become a reality across the corporate payments landscape. *– Adam Perrotta*

I. SET OBJECTIVES

Understand the objectives of senior executives—particularly in HR, finance and account-
ing—but ensure you're engaged. Some attainable goals:

  A. Improve financial and administrative processes and maximize travel cost savings
  through data integration and negotiations.
   1. Secure rebates on spending volumes and control/reduce bad debt by cardholders.
   2. Leverage consolidated card spend for air, lodging, ground transportation and meetings.

   3. Reengineer travel expense reimburse-
   ment procedures and efficiencies.
   4. Improve cash management, reduce
   or eliminate cash advances, maxi-
   mize rebate potential and extend
   float, the period the issuing bank
   allows between purchase post date
   and bill pay.
   5. Bring uniformity and speed to pay-
   ment and accounting for travel, fleet
   and goods/services.
   6. Streamline accounting and recon-
   ciliation processes.
   7. Evaluate and facilitate value-added
   and goods-and-services tax refund
   filings.
  B. Improve policy compliance and non-
  compliance monitoring.
   1. Reduce expense report fraud.
   2. Track preferred supplier usage and
   identify program leakage.
   3. Implement/improve data reporting
   tools.
   4. Control spend by placing blocks
   on nonbusiness merchant category
   codes.
  C. Increase traveler productivity and sup-
  port.
   1. Feed card data into expense reports
   to reduce errors, fraud and time
   required to complete.
   2. Reduce travelers' out-of-pocket
   expenses with easy, safe and widely
   accepted payment vehicles.
   3. Ensure travelers separate business
   expenses from personal to improve
   data quality.
   4. Establish standardized business
   controls.
   5. Provide data and enable digital
   receipt capture via mobile devices.
   6. Reduce currency exchange hassles.
  D. Enhance management data and con-
  trols, and comply with global tax and
  Sarbanes-Oxley regulations. Com-
  mercial card programs provide actual
  spend data for compliance monitoring,
  supplier management, budget review
  and tax reporting. Electronic data
  transfer eliminates duplicate entry, im-
  proves fraud control and risk manage-
  ment and supports automated audits.
   1. Merchant category reports identify
   traveler use of preferred and non-
   preferred suppliers.
   2. Payment reports support expense
   management and identify negotia-
   tion opportunities.

3. Import commercial card data into contract management tools to monitor contract utilization.

4. Combine commercial card with booked data from travel management companies, suppliers and other sources to identify leakage. Then, optimize polices and reconciliation.

II. EVALUATE THE PROGRAM

A. Assign a project manager to establish a cross-functional team comprised of travel, payroll, finance, accounts payable, HR, legal, procurement, internal audit, IT, security, treasury and tax department representation. Identify a senior management sponsor in finance.

B. Requirements.
1. Number and location of travelers who'll use the card, including frequent and international travelers and executives.
2. Spending by category: air, rail, ferry, lodging, rental car, limo, other ground transportation, meals, etc.
3. Geography.
   a. Estimate charge volume and cards in force for each country or region.
   b. Consider whether more than one card issuer is required to issue local currency cards in countries with significant employee populations.
   c. Consider how implementation and service will be provided to each country and in which languages.
   d. Understand local culture, language issues, labor union regulations, card acceptance, currency and other laws pertaining to card liability, employee data privacy and card issuance in each country.
   e. Consider the degree to which you'll need to consolidate data globally.
   f. Consider foreign exchange rates.
   g. Companies with employees based in China may require additional considerations, including the possible use of the state-backed UnionPay network.
4. Issuance and use policies, such as mandates versus guidelines and allowing or disallowing personal use

of a corporate card.
5. Liability, billing and payment options.
6. Interfaces with other front-end and back-end systems.
7. Data consolidation specifications.
8. Reporting and reconciliation specifications, including financial closing requirements and timing.
9. The card products required depend on T&E needs and employee types.
10. Consider mobile wallets, biometrics, contactless cards and virtual payment technology.
11. Bidders need client-held days, the number of days between when the statement period closed and when the traveler paid; offer breakdowns by department if available.
12. ATM accessibility and foreign currency requirements.

C. Process.
1. Describe the organization's culture and readiness for a new card program, including country variances.
2. Outline criteria for success: acceptances, technological capabilities, service structure and support and consulting expertise in addition to financial offers.
3. Detail contract requirements, including company privacy policy and country-specific privacy policies. Incorporate wording that ensures the company owns the card data.
4. Consider an automated RFP tool.
5. Consider holding a pre-bid conference. This can frame the RFP and specific requirements.
6. Set times for issuing documents, developing proposals, reviewing and making final decisions, usually more than 90 days. Include key dates within the RFP.
7. Schedule presentations and technology demonstrations. Consider having only the finalists make presentations.
8. Obtain references from the supplier's other clients similar to your company in travel patterns, industry, spend, policies and geographic coverage.
9. Determine selection criteria and list them in priority, such as financial, reporting, acceptance and implementation.
10. Identify elements for review. These

should track to RFP sections. Financial sections should be separate and show rebates and thresholds for earnouts.
11. Develop scoring systems to facilitate objective decisions.

D. Card types.
1. Corporate card: Issued to employees and used for all business travel-related purchases expensed to the company.
2. Ghost/lodge/Business Travel Account/Corporate Travel Account card: A central account number housed with an agency that allows individual air and rail expenses to be directly charged to and paid by the organization. This type of card drives travel bookings through the designated agency and reduces employees' liability for large debt. Setting up automatic, direct debit payments will maximize speed of pay. Reconciliation is more complicated and expensive.
3. Alternative cards for trainees, visitors and other scenarios: prepaid or stored-value cards, budget or declining balance cards, virtual cards with specific date ranges, meeting cards and cards restricted to specific merchants.

E. Card issuer options and configurations.
1. An exclusive or preferred agreement with a card issuer for a single reporting solution that provides global spend data for all business units.
2. An agreement with a primary card issuer that includes multiple card and payment solutions and such spend management solutions as sourcing and contract management.
3. An agreement with a primary card issuer and an account with a separate card issuer for a particular service like a master number for a ghost card or central travel account that all employees use for air travel or virtual card numbers.
4. A central travel solution for airline tickets to facilitate ticket reissuing and credit tracking and to simplify charge allocation if your expense management tool can allocate charges back to individual travelers.
5. Diverse agreements with multiple card issuers: Divisions with different

cultures might need different card programs, though finance departments often desire consolidated banking relationships to better leverage currency exchange and overall costs.

F. Options for liability structures, billing and payment.

1. Liability structures vary due to market norms and country regulations.

   a. Corporate liability: Companies are responsible for payment.

   b. Joint and several liability: Structured as individual bill/individual pay but the contract between the organization and the payment provider will identify a time for which the individual is responsible, generally 60 or 90 days; after that, the payment provider will bill the company.

   c. Individual liability: Mainly in North America.

2. Billing formats and data feeds: Advise card issuers if your company has required statement formats, billing cycles or data feeds to enterprise resource planning, general ledger, automated expense management systems, etc.

3. Payment settlement: Card issuers continue to accept checks from individuals, but bill payments from corporations and an increasing number of payments from individuals are now electronic. Balances are usually due monthly, though shorter periods can maximize rebates. Companies must determine how to balance rebates and payment management. In some countries, individual payments from individuals may not be accepted or may impact the company's program.

4. Billing and payment combinations.

   a. Company bill/company pay: The company receives a consolidated bill of all T&E charges and pays the issuer. This assures that card issuers receive timely payment, based on the "days-outstanding" window negotiated into the contract; shorter float, that grace period card issuers allow before they need to be repaid, means greater rebate potential for the card program.

   b. Individual bill/company pay:

Cards and bills are issued to individuals. The cardholder is required to pay the bill and file expenses with the company for reimbursement. This reduces admin but the longer float period, as cardholders may pay late, reduces the company's rebate.

   c. Individual bill/individual pay: The individual cardholder is responsible for outstanding balances, but the company is invoiced for all unpaid balances or that balance is deducted from the rebate. While this option may reduce admin, it may cost the company rebates if cardholders pay late. Calculate the average number of days between when the billing statement period closes and when individuals pay, and factor that in to consider the savings to the company that this model would gain versus its impact on the rebate. Ensure card payment terms outside the U.S. are acceptable to each business unit and are consistent with accounting procedures in those countries.

   d. Individual corporate cards with strip billing and payment: Organizations can request all air, hotel, phone or other categories be stripped from individual bills for central pay. Card issuers get paid more quickly this way, but organizations also need to weigh reconciliation costs.

G. Expense management systems: All major card issuers can send data directly to any expense reporting system. Consider:

1. The total cost of the expense reporting tool versus the expected ROI. The total cost of ownership should be based on card issuer fees, implementation and training costs and management, support and infrastructure costs.

2. Whether your company works with a data provider that also offers expense reporting tools.

3. The use of the card issuer's expense tool versus a third-party or home-grown option. If a tool is in use, see if bidders can integrate with it.

4. Hosting the expense tool behind your firewall versus the software-

as-a-service model. Consider data ownership and privacy issues, in-house IT, account support and costs.

5. Is the card issuer tool compatible with existing infrastructure, and can it interface with such business systems as accounts payable, auditing, general ledger, HR and payroll?

6. Who will administer and pay to reprogram the tool to interface with the corporate accounting system, to accept card data downloads and to align with policy?

7. Who will implement the tool, send and communicate changes, facilitate training and provide ongoing support? What is the card issuer's standard implementation time frame? Implementation in a multi-location organization can be complex and costly.

8. Which departments can help evaluate such tools?

9. Does the system offer pre-population of expense reports with corporate card data? If so, is the data pre-populated frequently and accurately? Is pre-population limited to standard corporate card data, or can it integrate hotel folio, taxes, fees and car rental and airline ancillary items, etc.?

10. How easy is it for cardholders to review charges, add details and required documentation and submit expense reports? Is the system flexible in number of approvers?

11. Can the tool be customized to the organization's branding and business unit or geographical needs?

12. Can travelers without corporate cards submit expense reports for out-of-pocket expenses?

13. Are the automated audits and policy controls sufficient, or must you use other external systems? Can the tool automatically flag and identify expenses for value-added tax reclamation and group expenses per accounting codes?

14. Does the tool provide mobile functionality to create, view, submit and approve expense items or reports?

15. Does the tool offer receipt imaging, archiving, payment, voice, use of geolocation to determine location of a transaction, or other services?

16. Does the tool convert foreign cur-

rency? Does the card issuer levy fees for those transactions? Are those fees negotiable? Is the tool localized for taxes, government regulations and business practices?

17. Is the tool capable of providing reports that include the same details expense reports collect?

18. Can the provider customize policy compliance rules and controls within the enterprise reporting system?

19. Can the tool evaluate bookings versus actual expenses, and can the card issuer work with the preferred TMC for booked-to-billed reports? Ask for real-time demonstrations, or check client references carefully.

20. Can the tool be used for expenses beyond travel, including purchasing card, fleet or small-dollar purchases? Can the tool accept feeds from more than one card issuer?

21. Can direct-bill programs be integrated to show company-paid expenses as opposed to individual-paid ones?

H. Loyalty programs: Some card programs offer their own rewards programs or tie in to programs offered by other suppliers. These can work with or against travel policy and may reduce the company's rebate, as travelers cash points in. Explore ways to incentivize employees to use the corporate card.

I. Some card issuers and third-party programs provide restaurant rebates and hotel or other discounts, especially for small and midsize enterprise accounts. Other discounts and perks may be provided with executive cards.

J. Related spending management programs.

1. Procurement cards, also called purchasing cards or P-cards: Most T&E card issuers also offer card programs for corporate purchasing. Buyers can benefit from consolidating spending with the same card issuer and often can achieve commonalities in card setup, access controls and reporting. However, P-cards may have different requirements for taxes, process reengineering, back-end data integration and data capture and are corporate liability cards. T&E cards capture basic data with air segment detail, while P-cards capture point-of-sale data,

such as sales tax or product codes, but this is not always the case. Look at approval and reconciliation processes for T&E and P-cards for opportunities to improve or combine processes and data flows. If you're considering multiple cards, ask the issuer if all spend will be combined to calculate a single rebate or if there will be separate rebate programs. For midsize companies, multi-use cards can handle both T&E and procurement expenses, though they may have more limited functionality.

2. Meeting cards: Costs from meetings can represent a significant and largely untapped savings opportunity. Organizations may provide meeting cards primarily to meeting planners to help track expenses, ensure compliance with preferred suppliers, leverage volume to improve supplier negotiations, reduce the need for written checks/purchase orders and ensure proper expense allocation. Billing data can be integrated into a meetings management system, driving automated reconciliation and more robust reporting. Be aware of card types that may limit rebates on large-ticket items.

3. One-card solution: Some card issuers offer T&E, procurement and fleet or any combination on a single product. Examine employee usage to determine any benefit to such a combination and understand reporting distinctions. With a significant overlap of employees to whom both P-cards and T&E cards would be issued, a one-card solution may be useful; however, due to the P-card component, the account is structured as corporate liability.

4. Fleet cards capture enhanced data at the point of sale, enabling managers to monitor fleet efficiency. A fleet card can be assigned to a vehicle or a driver, reduce misuse/unauthorized fueling and provide reporting on mileage, miles per gallon, grade of fuel and other vehicle and driver data.

5. Prepaid, reloadable and declining balance cards: When used for per diems or other expenses and when the organization centrally pays

for flights and lodging, such cards reduce the burden on travelers. They don't require additional credit lines, as they're based on a company's available funds, so they're useful for organizations with limited credit and for employees who don't have corporate cards. Managers can block cash withdrawals and merchant categories. The cards are valueless once funds are exhausted.

6. Virtual cards: This tool adds controls and better reconciliation to the benefits of traditional central billing accounts. Administrators instantly generate a virtual account number to pay lodging, meetings or travel expenses and collect necessary transaction data, whether for traditional business travelers or for contractors, recruits, nonemployees or infrequent travelers. They can specify transaction amount limits, merchants, expiration dates and sometimes the number of uses. When embedded in an airline record, the 16-digit account number becomes a unique identifier for reporting and simplifies the reconciliation process. Some virtual card provider apps allow a user to view front-and-back images of the virtual card on a smartphone to show to a hotel front desk clerk or allow the user to email, fax or text card information.

7. Debit cards have emerged in Europe as a means to avoid airline fees on credit cards but have greater risk of liability.

8. Networks have enabled mobile wallets like Apple Pay and Android Pay for corporate cards. Organizations must determine security protocols in case a phone is lost or stolen because company data is integrated. Considerations will vary depending on whether employees use company-issued or personal phones. Some card issuers have launched biometric authentication through fingerprint or photograph for added security.

K. Consider your purposes in using card-generated management information to help determine:

1. How information is broken down:
   a. Spend categories and suppliers.

b. Activities.

c. Organizational levels and units.

d. Geography, language, culture and currency.

e. Industry and market.

2. How many sources of data integrate into the reporting, e.g., card, hotel folio, booked data?

3. Who needs access to information and how they will receive it? Will data interface to one or multiple general ledgers?

4. How often data is downloaded into the expense reporting system.

5. The capabilities for electronic data transmission and report generation.

L. Size and scope of a program.

1. How many cards will you issue, broken out by country?

2. On what basis will cards be issued: frequency of travel, employee type/title, number of expense reports or annual spend?

3. Do you need travel insurance, purchase protection or road-side assistance?

4. Do you want to provide executive-level cards, airport lounge access and concierge services for some travelers? Those can increase card issuer costs.

5. Will you limit card use to business expenses or let employees charge personal expenses? If so, how will employees report and pay for personal expenses? Consider what liability structure should be in place, e.g., individual versus corporate. Do your employees have a delinquency history?

6. For individual liability programs, determine policy and procedures for employees for whom the card issuer denies cards.

a. Will the company guarantee payment for those people? What will the approval process be? Can a prepaid card be issued? Will the organization provide denied applicants direct billing, single-use virtual cards, ghost cards, prepaid cards, cash advances or other payment methods?

b. Will the organization support employees who exceed credit lines? Is there a process in place to increase credit lines on an as-needed basis?

7. Determine a policy for payment and reimbursement in instances of delinquency and late fees, and align this to your company's T&E reimbursement and submission deadlines. When will employees be liable for late fees? Do they reimburse the company or make payment directly to the card issuer? Set guidelines and a notification process to suspend or terminate cards.

8. Set restrictions on maximum amount per transaction, frequency and ATM use for cash advances.

III. SELECT A CARD NETWORK & ISSUER

A. Select a card network like Mastercard, Visa or American Express and a card issuer. Talk with both to understand the role each plays and the value each brings.

B. Do other departments within your company like HR, fleet and purchasing—do business with a card issuer? If so, pool volume to drive down costs or increase payment incentives.

C. Some TMCs and global distribution systems work closely with card issuers and/or card networks to provide itinerary data to supplement and enrich card data for better reconciliation.

1. Coordinate management reporting. Match TMC and card data to find discrepancies in bookings and actual spend, often referred to as a leakage report.

2. There may be advantages in implementation and coordination in situations where TMCs have established relationships with card issuers.

3. Bringing card and travel business to partner organizations may improve negotiating leverage.

D. Issue a formal RFP or RFI.

1. This process may require a pre-determination of qualified card issuers and possibly a pre-bid conference.

2. Assemble a team of stakeholders from finance, travel, HR, accounting and legal. Senior management support is critical.

3. After drafting a set of focused questions to qualify and differentiate provider respondents, consider creating a format or using an automated sourcing tool through which card issuers submit bids and specifications to compare financial arrange-

ments and services. This enables more card issuers to participate with virtually no additional effort for the company.

4. Consider including a list of minimum contract terms and conditions.

E. Ask bidders for references from organizations similar to yours and check with others; bidders always offer up their most loyal customers. Attempt to contact accounts that bidders lost.

F. Reporting capabilities.

1. Which reports are standard, and what is required to receive customized reports? How are ad hoc requests handled and priced?

2. How many hotel chain, property and spending category hotel folio-level details are provided? How are reports sorted and presented? Do they break down geographical area by hotel chain or hotel chain by geographical area?

3. Does the card capture data on air trips that have more than four segments?

4. How are airline ticket refunds tracked and credited?

5. How many fields are available on card reports, and how many characters are allowed per field? How much flexibility exists for customizing fields?

6. How are ancillary airline fees tracked and reported? Does the card issuer use any third-party data or analysis to better identify such fees?

7. Can you build a hierarchy for issuing reports, allowing some executives/business units to get summaries and others to get specific reports for their departments? Do the reports provide drill-down capabilities?

8. To spot trends and developing problems, which prior-period comparisons are provided?

9. Does the card issuer provide performance benchmarks? Can you benchmark your spend to that of other organizations in the same industry or of a similar size? How often will this information be provided? Such information can improve negotiating leverage with other travel suppliers.

10. What is the reporting frequency and the time from close of billing to report?

11. What is the turnaround time and

fee for the card issuer to produce a customized report?

12. In which local languages and currencies are reports provided? Can the reporting be rolled up to provide a consolidated global view?

13. Does the data integrate with other sources? For example, does the payment card report hotel folio line items, enhanced airline data and booked data? Is the T&E data consolidated across all regions, including regional partner card issuers, for a complete view of your global travel program?

14. How long is data stored? What is the backup process?

15. How often is the data reporting system updated?

16. Do reports meet travel and purchasing requirements?

G. Consider data access. As an alternative to paper reports and statements, most card issuers provide online access to reporting and query tools. To create your own reports with card issuer-provided software, consider:

1. The cost of such capabilities.

2. Frequency of account data updates.

3. Does the software help create ad hoc reports, charts, tables and graphs? Can it transfer files into programs for communication and writing reports?

4. Will an in-house administrator need training? If so, what is the time line? Is it individualized or generic? Is support guaranteed?

5. Request samples of standardized and customized management reports from actual accounts.

6. Can the data interface to your general ledger, expense, procurement and/or other systems?

7. Can you split cost allocations?

H. Data security: How will data encryption be managed? Who will have access to the files? To what extent will you allow the card company to use your spending data for internal marketing and forecasting? How many employees in your organization will have access to secure modes of data transmission between the organization and card provider? Develop an understanding of the security and redundancies of the card issuer with respect to their data facilities. Is the data and

reporting solution owned by the card issuer or outsourced to a third party?

I. Billing policies and practices.

1. Procedures.

a. Are billing cycles daily, weekly, monthly, bimonthly or quarterly? How closely can billing coincide with accounting cycles?

b. Are statements available online?

c. Can statements be customized?

d. What is the method and cost for converting charges made in foreign currency? Card issuers charge foreign transaction fees between 1 percent and 3 percent of the transaction cost. While such fees have been increasing for basic cardholders, they typically are less costly than converting cash in foreign countries. ATM withdrawals also incur their own currency conversion fees. Do not accept automatic fee increases during the contract period without advance notice and explanation.

e. Do foreign transaction fees appear as separate line items or are they included as part of the exchange rate?

2. Account reconciliation.

a. Does the card issuer assist in reconciling central air billings with tickets actually used? Can it reconcile TMC data with billings?

b. Is enhanced data passed from the card issuer or card network to facilitate reconciliation? Is it automated or manual? What is the match rate?

3. Avoiding and resolving disputes: How user-friendly is the card issuer's process for disputed charges? Is the card suspended during investigation? If so, for how long?

a. How does the card issuer check statement accuracy?

b. What are the procedures for reporting and tracking disputed charges? Can you resolve a dispute online?

c. How are delinquent accounts, suspensions and cancellations handled?

d. Does the card issuer provide delinquent payment reports on outstanding charges after giving employees 30 to 45 days to pay their bills? Will overdue accounts

be canceled automatically? Will there be a penalty if payment is not made by a specific time?

J. Liability provisions: Responsibility for fraud, card misuse and employee delinquency is critical for card issuers and client organizations. Card issuers usually have policies to address them, yet seek clients' help in minimizing exposure. Agreements should cover:

1. Exemption for the company from liability for purchases made with lost or stolen charge cards that have been reported to the card issuer.

2. Exemption from liability for charges after the company notifies the card issuer of employee termination. Negotiate a maximum period of liability for charges made by terminated employees before the card is returned and canceled.

3. The roles of the card issuer and client in dealing with delinquencies.

4. Liability variance by country.

5. Optional insurance to protect the company against employees' unauthorized use of the card.

6. How will charge-offs affect rebates?

K. Fraud prevention: Who is responsible for covering the cost of fraudulent purchases? Does the card issuer have fraud insurance coverage? What controls are in place? Define controls and establish spend patterns at the beginning of a program. Note executive travel patterns and countries visited, as they often get flagged in the beginning of a program. What type of effort will the card issuer make to investigate and resolve issues?

L. Spend controls:

1. Can credit limits vary by cardholder, rank, division or travel frequency?

2. Can daily, weekly or per-transaction limits be set? If limits are used, are they monthly or rolling? If rolling, what is the time frame?

3. Can they vary by type of merchant so an organization can cap or block spending with some retailers?

M. Cash services and management.

1. Decide if, when and to which travelers to provide cash withdrawals.

a. Investigate locations of ATMs and card issuer offices in relation to business destinations.

b. Research cash-withdrawal and currency-conversion fees.

   c. Vary limits on the number and amount of cash advances available to cardholders by rank or job title.

   d. Cash advance reporting.

   e. Funding and payment processes.

  2. Reimbursement: Some providers offer direct deposit reimbursement to cover travelers' out-of-pocket expenditures, reducing cash-related administration.

N. Rental car insurance: Most charge card programs provide supplemental rental car insurance coverage, but terms vary.

  1. What car rental insurance is provided: collision or loss damage waiver?

  2. Is the insurance primary or secondary coverage?

  3. What is the limit on a claim, the maximum rental period covered and the types of vehicle covered?

  4. Are there coverage limits based on age?

  5. Eliminate coverage that duplicates corporate coverage.

  6. How will coverage and liability vary by country?

  7. How long does the cardholder have to file a claim?

O. Air travel/accidental death and dismemberment insurance: Some coverage is standard, but details differ.

  1. Is coverage door to door, or does it only apply while airborne? Does it apply only when traveling via common carriers, and what are considered common carriers, e.g., do hotel shuttles fall into that category? Does it cover terrorism or unforeseen emergencies? Does it cover personal travel put on the corporate card?

  2. Does it cover travel expenses, injuries or deaths that result from accidents or "acts of God" during travel? Compare card base versus corporate coverage to see how to handle acts of war or terror.

  3. Are other types of insurance offered?

   a. Lost or delayed baggage and airline default.

   b. Hotel burglary or medical evacuation coverage.

  4. How does coverage vary by country?

P. Emergency services: Inquire about referrals for local doctors and lawyers, lost travel documents, driver and financial assistance.

Q. Trip-planning and follow-up offerings.

  1. Destination information.

  2. Service provider discounts.

  3. Visa and customs regulations.

  4. Track and reclaim value-added tax.

R. Executive card features: Although premier level cards have higher annual fees, prudent distribution of these cards can be a good value. Features can include 24/7 VIP customer service, airport lounge access, free international airline companion tickets, leisure travel booking assistance, increased insurance coverage and delivery services for checked bags.

S. Card issuer background.

  1. Cards issued, management team experience and growth rate.

  2. Charge card history, related businesses and financial results.

  3. Organization and infrastructure.

  4. Multinational support.

  5. Current financial strength.

  6. Related and complementary products, including other payment products, automated sourcing, contract management and spending management solutions.

  7. Experience training for the account management team that would be assigned to your company.

  8. Ongoing support and consulting for card program expansion.

  9. Capabilities as a provider for payment reporting tools.

  10. What is the credit check process for employee cardholders and will it impact individuals' credit?

T. Acceptance by merchants: Card networks compete aggressively on this. Ask the network to explain how it calculates the locations or merchants that accept that card.

  1. Number of merchants honoring the card by business category and region.

  2. Would the card network, via card issuer request, be willing to do an "acceptance match" for all of the company's top merchants? Because most card issuers promise full acceptance, there should be no charge or fee for extending this to key merchants not already in the card bidder's program. It may not be feasible to add smaller merchants, especially in some foreign countries.

  3. Assess acceptance and merchant fees for the type of card you will be using. Most airlines, hotels and car rental firms accept every corporate card, but merchant fees can vary. T&E cards differ by restaurant and retail merchant acceptance. There are vast differences for P-cards.

  4. Are any merchant fees passed on to cardholders? This is not typical for airlines, but in some locations, this is becoming an issue as the TMC passes the fee back to the client.

  5. Does the card issuer have a dedicated internal group or an alliance with an external company to initiate card acceptance for key suppliers without it?

U. Evaluate global support capabilities.

  1. Does the card issuer work with banks in various countries to issue cards in local currencies and to consolidate data?

  2. Is there a single point of contact for customer service, with regional or local contacts in multiple countries but with one global manager in your company's headquarters country?

V. Evaluate both immediate and long-term card issuer support for strategic and mechanical matters. This includes:

  1. Implementation.

   a. Get a time line from the card issuer on the launch period.

   b. What is the enrollment process? Can cards be distributed from an HR list, or must each employee complete an application? What type of implementation support does the card issuer provide?

   c. Will cards be mailed directly to employees or sent to one centralized contact for distribution?

   d. What training materials and resources will be provided? Does the card issuer's software have built-in documentation for reference?

   e. Will the card issuer monitor the launch and field questions?

   f. Can the card company ensure success of the launch? Consider a key performance indicator for implementation and contracted service levels with incentives and penalties.

  2. Account management.

   a. Will one or more individuals be dedicated to your account? If not, how much time will support staff allocate? Confirm the experience level of your selected team. How

many clients will that person handle?

b. Confirm your executive sponsor at the card issuer.

c. When and how will your account be transferred from launch to the ongoing relationship management team?

d. What are the card issuer's procedures for measuring satisfaction, troubleshooting and problem resolution?

3. Card program administration.

a. Will your organization have a dedicated service team, even if you select more than one card issuer?

b. Can you apply for cards, terminate accounts, change addresses and perform other account maintenance online in real time?

c. Is there a 24-hour worldwide number to report lost or stolen cards? What are the replacement provisions, how long does it take and are there options to expedite? Set a performance metric in this area and report it monthly.

d. At what point before expiration dates will employees receive replacement cards?

4. Merchant support: What are the processes for converting merchants, particularly for P-cards?

5. Will the card issuer provide transitional services at the end of the agreement if you change providers? Ask for that provision in your contract.

IV. MAKE A DEAL

When negotiating, remember that a card issuer is most motivated to control the variables of funding and card issuance costs and credit losses and is interested in shorter float and how quickly you'll pay your bill.

A. Fees.

1. Many commercial card issuers do not charge annual fees, even for smaller corporate customers, but they usually charge fees associated with loyalty programs, elite member privileges and requests for rush card deliveries.

2. A card issuer may waive fees for a smaller account if the company will assume liability for all employee charges and has a good credit his-

tory, has other mandated card programs with low client-held days or banking relationships with the card issuer or is located where the card issuer wants to build market share.

3. Other fees to define:

a. Penalty and over-the-limit charges: Are these fees assessed monthly or applied to every charge made over the limit?

b. Late fees and interest charges for delinquent accounts.

c. Fees for services like cash advances from ATMs, loyalty programs, management reporting, foreign transactions, reconciliation, daily expense reporting, rush cards, receipt copies and statement copies.

B. Signing bonus/rebates: A card issuer sometimes offers a signing bonus or rebate for companies whose annual spend on commercial card programs measures in the millions. Many card issuers require three-year contacts, though five years is not unusual.

1. Rebates are tied to the company's annual card spend, payment terms, speed of pay, average transaction size, losses, whether a loyalty program is part of the requirements and other factors, including credit performance.

2. Payment terms and the company's commitment to get employees to pay on time affect rebate negotiations.

3. Typically, rebates vary in terms of basis points of the company's volume and for large spenders can be significant. Rebates typically are paid annually but also may be paid quarterly or monthly. Confirm any large-transaction exemptions to rebate calculations. Maximizing float sometimes can be more cost-effective than securing a rebate. On the other hand, some companies agree to pay faster in exchange for larger rebates.

4. Ask the card issuer to define the rebate calculation structure, performance factors and payment schedule.

5. Ask the card issuer to provide support documentation for all of its rebate reductions, including bad debt and loyalty program charges.

6. The economics of the merchant system differ around the world. If

you are issuing cards globally, funds available for rebate will vary considerably. Card issuers could propose a blended rate or rates by region.

C. Ask the card issuer to demonstrate how the proposed program will save money. Provide information on current methods and costs for such functions as cash advances and expense report accounting.

D. Specify contract length, and study limitations and responsibilities. Spell out specific implementation and service requirements in writing for legal review.

E. Some card issuers will incorporate the company's logos, company's or business unit's name or co-branding on the card face. However, identifying the company and risks fraudulent activity or may make the cardholder a robbery target.

V. IMPLEMENT THE PROGRAM

Communicate with travelers before rolling out a card program. Be ready for questions.

A. Roll out the program in manageable pieces. Determine the unit most ready to adopt.

B. Design implementation and communication and announce the program before the cards are activated. Include videos, webinars or instructor-led training. Send reminders. Back up the plan with a direct letter or memo from a high-level executive in the organization who supports or sponsors the program. Your card issuer may provide communication templates.

1. Ensure each impacted country is involved, including legal and finance.

2. Sell the program in terms of traveler convenience and service benefits.

3. Communicate payment policies and specify how violations will be handled. Determine controls like spending and velocity limits, based on policy.

4. Get cards into travelers' hands just before they are activated.

5. Follow up with training when the first or second monthly bills arrive.

C. Establish a point of contact for input and questions from travelers. For initial or ongoing training, consider hosting a recorded educational session about the card benefits and use. ◀

Getting Started with Meetings Management

Meetings management proved itself again during Covid-19 pandemic.

WHEN THE COVID-19 PANDEMIC HIT LAST YEAR, COMPANIES WITH MEETINGS management programs in place were in a better position than those without one. They were quicker to locate their employees traveling for group events and quicker to get them back to their home base, ensuring duty of care.

Meetings management allowed companies to see which future meetings and events were on the books and needed to be cancelled or postponed. Plus, they had more leverage when it came to mitigating or reducing fees or penalties paid. When it was time to reschedule these gatherings, they were able to negotiate with identified volume across their enterprise. Further, meetings programs also allow meetings managers to see if they can substitute another meeting or event into a contracted space should there be a need to cancel or postpone a future event.

Additional benefits beyond risk mitigation—regardless of whether there is a crisis at hand—include visibility into spend, cost savings and control, centralized contracts with improved terms, use of approved vendors and better reporting.

Well documented in the past 15 monhts, digital meetings and events took over for face-to-face gatherings with varying success. Now with the wider distribution of Covid-19 vaccines, the new Centers for Disease Control and Prevention guidance and the reduction of government restrictions, in-person meetings and events are starting to return—many with a hybrid component.

Digital aspects of meetings and events can benefit from meetings management as much as face-to-face ones. The stakeholders that should be involved with virtual and hybrid events now should include at a minimum, if they didn't already for in-person meetings and events, the IT and security departments since venues and vendors need to be vetted to make sure the platforms being deployed meet a company's security standards. (For more on virtual and hybrid meetings and events, see this chapter's addendum on page 64.)

One benefit that came out of the pandemic? More companies are starting meetings management programs, or enhancing those already in place. – *Donna M. Airoldi*

I. WHY MEETINGS MANAGEMENT IS IMPORTANT

A. Value to the business: A strategic meetings management improves revenue, education, motivation and communication. As a content delivery channel, face-to-face meetings are a critical component of a multi-pronged communication strategy, which also includes social media, advertising and training. Money, time and resources should be used efficiently and effectively to drive sucessful outcomes.

B. Value and impact for meeting stakeholders and participants: Key performance indicators measure meeting impact, whether return on investment, return on objective or return on engagement. Participant experience is critical—education, motivation, communication—and meetings management should measure and report on all these drivers across meeting types.

C. Service and operations: Companies often source and plan meetings and events without the right organizational and supplier structure, duplicating efforts across meeting types, divisions and regions. Meetings management streamlines workflows and prioritizes end-user experience.

D. Savings and reinvestment: Spend optimization is a major driver to manage meetings. Companies with minimal existing process can reduce costs by as much as 20 percent. Companies calculate these savings as reduction to bottom-line budgets, but some reinvest or optimize spend to get more for their existing budget. Savings come from a variety of initiatives:

- 1.5% to 8% Policy modification and compliance, including demand management, preferred supplier usage, spend thresholds, moving to a hybrid or virtual meetings model.
- 4% to 12% Rationalizing the supplier base, strategic sourcing and logistic planning savings, including leveraging the travel management company for group travel.
- 3% to 6% Process automation for end-to-end meeting tasks and group online booking to reduce high-touch spend.
- 2% to 4% Payment and recovery, including rebates, commissions and fee collection.
- 3% to 5% Resource management, including material reuse and reducing duplication.

Delivering a quality meeting with the right branding and content in the right environment and without distractions from mishandled or arduous logistics contributes to individual meeting ROI. A fully established meetings management program may also integrate with training, HR and customer relationship management capability to track longer-term outcomes for meetings ROI.

E. Risk reduction: Meetings management will reduce risk exposure in seven areas.

1. Contractual/legal/regulatory: SMM drives a consistency through strategic sourcing, document retention,

insurance and regulatory requirements. Meetings management provides pre-event visibility that ensures compliance. In many companies, planners rely on personal relationships or sign binding contracts without seeking approval from a purchasing or legal department. This could lead to lawsuits. In addition, meetings must meet privacy requirements. The General Data Protection Regulation has an extraterritoriality approach so it is critical to understand what is allowable when collecting speaker and participant data, developing contracts and taking action on participant requests to change or remove data.

2. Financial: Use results-based financial data on meetings spend, volume and impact to drive decisions for omnichannel and multichannel goals.

3. Business operations: Develop efficient and cost-effective operational plans to support meetings, conferences and events. Ensure that duty of care and crisis management are a priority for SMM and that a proactive plan is in place for every event. Collaborate with security, HR, travel, procurement and risk to develop duty of care. These efforts will support SMM adoption.

4. Reputational: Ensure integrity-based sourcing and planning for meetings and events to avoid poor public perception.

5. Automation and data integrity: Enable end-to-end business processes with meeting technologies that provide participant experience along with back-end efficiency.

6. Market: Ensure participant experience quality and value, and align with corporate goals, mission and vision. Use benchmarking and competitive analyses to drive improvement and avoid events that don't impact business goals.

7. Strategy: Drive governance through a senior stakeholder community that supports meeting policy and adherence.

II. WHO SHOULD BE INVOLVED & WHERE

Account for diverse stakeholders: Meeting/budget owners, ad hoc meeting planners, travel, procurement, security, finance, IT,

administrative assistants and even real estate. Given its complexity, a phased rollout is best practice.

A. Phase 1 is typically local in scope. A local or single-market SMM implementation can provide a template for rollouts in other markets. Starting small is a smart strategy. Even within one market, launch with a small group of meeting planners to beta-test policies, processes and technologies.

B. Phases 2 and 3 are typically regional and global in scope. Companies should consider the 80/20 rule, determining which markets are the most intensive users of meetings. Do not implement across the 80 percent simultaneously. Use a scalable approach that provides flexibility for each market. Rate each market by the following attributes to identify which to implement first:

1. Regulatory, financial and legal considerations.
2. Comparative meetings volume.
3. Meetings-associated spend.
4. Stakeholder requirements.
5. Technology readiness.
6. Ease of entry in the market.

III. HOW TO GET STARTED

Collect data before meeting with stakeholders so you can discuss the state of meetings at the company, options for operationalizing the meetings program, and the spend and volume—or lack of data transparency. This may take months or even years, but avoid analysis paralysis. You may never uncover every meeting planner and/or meeting cost, especially when scoping a regional or global program. Understand as much as possible. A managed meetings program, will reveal more over time.

A. Gain agreement from stakeholders. Meetings management is often grassroots in its early stages. Still, it is important to gain support among each stakeholder type, including suppliers. Corporate management will need to understand the overall strategy, while IT will need to understand goals for implementation and systems integrations. After you have gathered and shared data with stakeholders, generate support by sharing "what's in it for them."

1. Marketing: Interested in more touchpoints and interactions to drive messaging; help them via automation, efficiency, virtual meetings, innovative

apps and return on engagement.

2. Finance: Interested in ROI, transparency into costs, how to save or reduce costs for reinvestment, how to drive consistent payment methodologies and a consolidated approach to spend reconciliation and reporting, preferably out of one tool, and integrations into financial systems.

3. Procurement: Interested in the category strategy and contractual agreements for meetings, conferences and events. Will key into how supplier strategy fits into the program and opportunities for consolidation. Interested in addressable spend, savings, cost avoidance and driving innovation through strategic suppliers and in leading SMM efforts.

4. Travel: Interested in using the preferred travel management company for group travel and how to consolidate travel efforts for leveraging air volume with airlines, for cost reduction and for duty of care. Supports the program through air analysis on locations, group desks and support services, e.g., visas.

5. Security: Interested in vetting locations, venues, duty of care and crisis management.

6. Training: Interested in making sure training programs are managed well, include having high bandwidth, and improving learning outcomes.

7. IT: Interested in advising SMM on technology systems. Can be challenging because they may not realize the complexity of meetings. Focus on the end-to-end process and the buying systems that are robust, practical and will solve for your five-year goals.

B. Gather data and information on the company's meetings payment and processes. This effort is critical building a business plan to attract resources.

1. Use accounts payable, corporate cards and supplier data to determine spending on all types of meetings and events, including internal, external, conferences, tradeshows, booths and incentives. If using accounts payable data, look for:

   a. Individual hotel charges of $5,000 or more. Ask hotel suppliers to detail attrition or cancellation fee payments.

   b. Individual ground transportation charges of $500 or more.

Near-Term Demand for Hybrid Meetings as In-Person Events Return

By Donna M. Airoldi

More than a year after Zoom, Microsoft Teams, GoToMeeting and countless other digital meeting platforms replaced face-to-face gatherings when the Covid-19 pandemic hit in the spring of 2020, attendees—and hosts—have virtual meeting fatigue. In-person meetings and events are now beginning to return, with the continued distribution of vaccines, the updated Centers for Disease Control and Prevention guidance and the relaxation of government restrictions.

That doesn't mean virtual event elements are going away, but to what extent in-person meetings will go hybrid is up in the air. A May 27 Pulse Survey of 305 meeting planners by Northstar Travel Group found that 36 percent of survey respondents had virtual components to in-person meetings already in place; 15 percent more were planning to introduce them. According to the i-Meet survey completed May 30, 65 percent of 262 meeting planner respondents indicated they would have a virtual component in their future face-to-face meetings. Some of the benefits of retaining a digital element for meetings and events include being able to reach a broader audience, often by thousands of attendees from around the globe; better meeting analytics; and the ability to include a larger array of speakers.

Hybrid meeting elements have been used for several years, but often only involved having a camera placed in the back of a venue with the live action streamed for virtual attendees. There might also have been some content that could be downloaded. Those simplified versions of hybrid are no longer satisfactory. Each audience needs tailoring, and some hybrid events almost require a dual set of organizers—one for the in-person event and one for the virtual components.

Approach Virtual and Hybrid Strategically

Just as you would with an in-person event, determine the purpose of a virtual or hybrid meeting with how best to present it. What is the event's purpose? What are your desired outcomes? How can those best be achieved? What destination makes the most sense (for hybrid)?

Some companies are finding that in the beginning of their return to in-person events, a "hub and spoke" hybrid model brings results while providing audiences the option of traveling to the meeting or participating from their computer. That means taking what used to be a large national or international meeting and breaking it into multiple, smaller face-to-face events with a portion of the total audience in attendance at each in-person event coupled with those who chose to join virtually. Those hubs are then connected digitally, and everyone can experience the content at the same time. The sessions usually are recorded—some are live, some are pre-taped—and those are available for download following the initial event, giving organizers a way to continue to engage with their audience long past the end of the last session.

Finding the Right Technology

Nearly as soon as the pandemic started, meeting technology companies began to add digital event capabilities, either for the first time or expanding the ones they initially offered. Event marketing platforms seemed to mushroom overnight. Technology companies offering digital networking solutions proliferated and traditional event management technology firms immediately partnered with remote conferencing technologies. Even now, the options continue to grow.

Meeting owners learned while hosting fully virtual events that attendee engagement was key, and difficult to achieve. The challenge for meeting managers and planners is that there is no one-size-fits-all solution when it comes to virtual and hybrid event providers.

Often, you will need to work with multiple providers to attain your goals. You might use one main platform for hosting the event and another for the networking aspect.

One of the most important first steps, however, is to get IT and security departments involved in the vetting process. Not all technology solutions are created equal, and these departments will help to determine which suppliers have the most secure platforms and compatibility with your company's current technology needs and capabilities. Include your travel or meetings agency, which often already has relationships with digital platform providers.

You might end up with four or five approved suppliers and then can instruct planners to use only those vendors for their virtual and hybrid meetings and events. If you work for a small or midsize company, many hotel chains and alternative meeting venues also have upped their virtual technology offerings to help clients plan their hybrid events, especially if those clients haven't used virtual elements in the past.

The virtual and hybrid meeting landscape keeps evolving, and it will be interesting to see where companies are come the first half of 2022, when in-person and hybrid events are poised to really make their comeback.

c. Spending with A/V or production suppliers or booth builders.

d. Spending with destination management companies and event agencies.

e. Individual restaurant or meal spending of $1,000 or more.

2. Examine meetings payment processes. Current payment mechanisms are a good place to begin a search for meetings spend, particularly if the company uses purchasing cards and/or meetings cards for any meetings or events.

3. Assess contracts with hotels and other suppliers.

4. Examine policies or guidelines that divisions or countries may already use.

5. Find individuals in departments that plan meetings, and assess their roles.

6. Examine meetings sourcing processes.

7. Suppliers like payment providers, contracted hotels, airlines, ground transportation services and agencies often track meetings spend better than clients. Go to them with a spreadsheet listing the required data, and ask for as much information as they can offer.

8. Assess existing meetings technologies, including attendee management, mobile apps and SMM tech.

C. Identify budgets for ongoing, client-facing product launches, consumer roadshows, etc. Investigate pain points and map resolution to your SMM initiative. By offering a solutions, SMM leaders enlist stakeholder participation. Don't try to bring all departments into a meetings management program at the same time. Look for scalability to demonstrate proof of concept, then add. The following groups often have the largest budgets for meetings activities:

1. Commercial, sales and marketing: From product launches to regional sales meetings, these divisions hold high- and low-profile meetings. High-profile events may be fully or partially outsourced to third parties and likely among the company's best managed meetings. In addition to looking for meetings spend in these divisions, also review planning processes or best practices. Acknowledging them may ease buy-in for these divisions.

2. HR and training: Training and employee-development meetings are common but may be small compared with sales and marketing events.

3. Service centers: Especially in technology companies, offsite client support and service meetings are common and may require teams to stay overnight.

4. Executive/VIP meetings: Often organized by executive assistants, this category can be the most difficult to uncover. It is important to understand spend levels and expectations.

D. Identify synergies with travel management, procurement and finance.

1. Travel and meetings management converge in several areas. Leaders in these departments should conduct joint quarterly business review meetings with:

a. TMCs, meetings management companies and other suppliers: There are opportunities to leverage suppliers for group travel, venue sourcing and meeting planning. For transparency in tracking all meeting participants, use your TMC for all group travel, and have group agents offer high-level service. Conduct an RFP to limit the list of meeting planning agencies—before you implement a formal SMM program, various such suppliers will be in use around the company—to reduce expenses and create consistency in the attendee experience.

b. Hotel programs: Companies with significant global hotel spend have an opportunity to negotiate a chain-level master service agreement for group and transient travel. Additionally, a preferred provider program for meetings hotels, on a chain and/or brand level, leverages spend, improves concessions and streamlines processes. Negotiationed contracts are required for each meeting. Also, ground transport companies may offer synergy for travel and meetings.

c. Payment programs: Improve meetings payment efficiency, obtain detailed data on spend and access card rebate programs by deploying meeting cards, P-cards, virtual cards or business travel accounts. However, understand how cards will be reconciled and

how the data will be reported, e.g., through the card reporting program or enterprise resource planning system. Ensure that finance approves the reconciliation system and consider developing a payment strategy and business case for the payment solution.

d. Technology: Use the company's online booking tool for group travel. For hybrid events, build notifications into the travel booking process to remind travelers that they may attend the meeting virtually.

2. Meetings management can benefit from formalized procurement processes as long as they acknowledge unique event needs and stakeholders remain flexible. Procurement can uncover supplier data and support MSA efforts, combining transient and group volume for hotels, airlines and agencies. Many procurement departments hire meeting sourcing experts to understand contract nuances.

3. Finance may support card payments and commission collection for meetings and events. Finance can identify the benefit of using a card product for deposits, ancillary charges and travel costs. Finance also can support the decision to collect, split or refuse commissions. Reductions in meetings commissions by large hotel chains may render such issues moot in the future.

IV. CONTRACT MANAGEMENT
A desire to mitigate contractual risk often drives SMM efforts. Many companies experience financial losses from agreements with poor attrition and cancellation clauses or when inexperienced meeting organizers fail to protect the company from a supplier-side cancellation. No matter what the market dynamics are, experienced contract management with tight approvals and workflow requirements is beneficial. Include required clauses or addendums during the RFP or at the start of negotiations to avoid delays later.

A. Standardize contracts. Many organizations use a master service agreement or general services agreement with hotel chains to establish standard terms and conditions. These combine with local property task orders that may include additional negotiations based on the volume and requirements. The MSA ap-

proach may be available only for a volume of spend that warrants the hotel's time and effort. If a hotel does not want to develop a chain-level MSA, it can be done at the property level. A standard hotel contract allows companies to expedite contracting. It should address cancellation and attrition liabilities, as well as an "act of God" or force majeure clause that defines both supplier and buyer responsibilities should an unforeseeable event force cancellation.

B. Require approval. When not using the standard contract or when implementing changes or additions to the standard contract, follow a contract-approval process through procurement or even the legal department. Specify turnaround time to avoid losing the proposal.

C. Limit contract signing authority. This ensures the contract is reviewed by qualified personnel, centralizes visibility into activities and reduces turnaround time, which is crucial. Identify value thresholds at which contracts must have legal review.

V. OPERATIONAL CONFIGURATIONS

The choice to manage meetings internally, externally or in collaboration with a third party depends on the complexity of the meetings program and on internal resources. Most companies find benefits in outsourcing. Companies with a handful of marquee meetings may outsource a portion of the tasks associated with larger events and delegate smaller events to occasional planners supported by internal sourcing and contract management. The following structures are common, and companies may evolve as their SMM programs mature.

A. Internal organizational structure:
   1. Centralized meeting department: All meetings funnel through a single meeting planning department that allocates resources, makes approvals, sources and plans logistics. The meeting owner is free to concentrate on meeting content and delivery.
   2. Decentralized planning, plus internal sourcing support: Often adopted by organizations with small meetings, this approach relies on strong policy compliance to drive sourcing and contracting through proper channels while meeting owners handle logistics and content.

Meetings registration in a centralized "calendar" is critical.
   3. Centralized department, plus occasional planners, plus internal sourcing support: Even for organizations with large meetings volume and complex programs, a partially decentralized structure can be effective. Professional planners in a centralized meetings center likely handle large and/or complex meetings while smaller meetings with fewer vectors for risk remain the purview of the meeting owners. Meeting registration in a central tool is key, along with tight workflows and approvals that prevent contract missteps.

B. Hybrid and outsourced support: If partially or fully outsourcing an SMM program, ensure that all third parties support the company's meetings policy and workflow guidelines. If you have implemented a meetings technology solution, require partners to use it. Contracts with third-party suppliers should include KPIs and, depending upon the depth of the relationship, include incentives for achieving goals.
   1. External sourcing support: an Agency or meetings sourcing specialist will research venues, manage the RFP, negotiate benefits and facilitate contracting. Third-party partners may garner better rates and inclusions thanks to better leverage. In many cases, the venue where the meeting is placed compensates the sourcing specialist, but recent commercial changes at major hotel brands have made this less lucrative for third parties.
   2. External sourcing and planning support: In addition to sourcing support, agency and meeting partners offer logistical planning. Companies may find this valuable for large and/or complex meetings. Companies also may rely on outsourced logistical and planning when dealing with large meetings volume, allowing internal planners to concentrate on content and strategy.
   3. Fully outsourced SMM: Because meetings management is not a core business, companies often outsource SMM oversight, sourcing, planning, implementation and maintenance to a third party or parties, particularly

when the SMM program is regional or global. Choosing a single partner or a regional or local strategy depends on company culture.

VI. MEETINGS POLICY

A meetings policy should reflect the company culture, align with the travel policy, include approval workflows and identify exceptions to the general policy. Recognizing the diverse objectives of their meetings, some SMM teams create tiered policies, according to meeting types, for budgeting, assigning the appropriate venue, class of service, and food and beverage. Some companies implement different levels of approval for small meetings versus larger ones, resulting in different workflows. In general a meetings policy should define roles and responsibilities for meeting planners and stakeholders.

A. Meetings policy components:
   1. Registration and approval criteria.
   2. Supplier sourcing guidelines for air, hotel and ground transport and A/V.
   3. Contracting, workflows and approvals.
   4. Use of supplier sourcing tools.
   5. Budgeting guidelines.
   6. Preferred payment method or methods.
   7. Attendee registration & management tools.
   8. Food and beverage guidelines.
   9. Ethics, including points, free rooms, etc.
   10. Guest and spouse attendance.
   11. Attendee safety and security and procedures that support corporate duty of care.
   12. Consequences for noncompliance.
B. Communication: Meetings policy should be accessible via an organization's intranet, but posting policy guidelines is rarely effective alone. Specific communications and trainings drive compliance. Companies with extensive meetings programs establish ongoing education sessions for skill development and awareness.
C. Implementation: Embed policy and workflow parameters in a meetings management technology tool for consistency.
D. Monitoring: Review policies annually for relevance. Pay attention to communications about SMM policies or training. It should not be one size fits all. Identify various channels and post relevant content.

VII. TECHNOLOGY

SMM technology creates a central data repository for meetings activities, standardizes workflow and may dictate certain choices to ensure meeting planners remain within policy. Meetings technology tends to be modular, but more tech providers are working on end-to-end solutions that can accommodate both simple, self-service meetings and ultra large and complex events with planning tools and apps that enhance and extend the participant experience.

A. Required capabilities:
1. Event registration and central calendar.
2. Electronic RFP and supplier data.
3. Budgeted, negotiated and actual costs.
4. Invitations, websites and attendee info.
5. Reporting on spend, savings, suppliers and attendees; ability to adhere to GDPR.
6. Data from mobile apps, especially real-time engagement and feedback.
7. Business intelligence.
8. Integrations with other enterprise tech.

B. Configuration:
1. A full technology suite is powerful for SMM, but even small implementations make an impact, e.g. companies that require event registration in a central calendar can drive approval processes and improve visibility into all meetings. Companies may choose to implement certain modules first, then add as the SMM matures.
2. Simplify workflows and minimize data entry. Meetings tools offer invaluable policy and workflow configurations for customization. These may be tempting, but it may not be worth it. Creating "lite" forms and workflows for simple meetings and more complex data capture for larger events can drive adoption and reduce training.
3. Especially for global programs, look for a multi-lingual tech platform with local customization. For data collection, allow only local customizations that support data consolidation across regions.

C. Technology integrations: Advanced SMM programs integrate meetings tech with transient travel tools and other systems like SAP and Oracle.
1. Particularly for internal meetings, online booking tools can help companies understand what portion of business travel is related to meetings.
2. Integrating with GDSs and OBTs

offers real visibility into room-block availability.
3. Integrating with payment tools can facilitate spend reconciliation.
4. Some companies integrate meetings tools, particularly apps, with CRM tools to track engagement and quantify ROI.

D. Virtual meetings: Consider webcast, real-time and collaboration technologies to support virtual or hybrid strategy.

VIII. MEETINGS PAYMENT

Consider using a specialized meetings payment card for all meetings purchases. This offers an easier way to categorize meeting line items, reconcile accounts and streamline the payment process. Best practices:

A. Consolidate meetings spend with a single provider. This will allow the organization to drive better rebates based on total meetings spend volume. Consider using the same provider as the corporate card to leverage joint volume.

B. Current best practice is to generate an individual card for each meeting to track spend and ease reconciliation. This may require expedited request and disbursement. Some companies prefer one parent card for all meetings and then match expenses with a meeting identifier. Other organizations allow multiple card products per region.

C. Alternatives like integrated payment solutions or small meeting technology solutions that incorporate payment are coming to the market.

IX. DRIVING ADOPTION

Many companies do the legwork to understand meetings spend, analyze their markets, source good suppliers and invest in technology only to stumble when it comes to adoption efforts. To succeed, companies must budget and plan effectively for change management and create a realistic adoption road map. Strategies to maximize SMM:

A. Allow meeting planners of all levels to have a voice when designing a program.

B. Position as a resource. Market SMM as a support structure. Show planners how tools and processes alleviate pain points.

C. Test the program with a select group of planners to work out major glitches. Get feedback, and make changes.

D. Communicate and train: A communications campaign should go beyond

a one-time promotion. Offer lunch-and-learn sessions, online learning and a dynamic "planner community" resource. When rolling out SMM or making significant changes to process, road shows educate stakeholders and increase adoption.

E. Create a channel for ongoing feedback. Planners of all levels can suggest refinements. Look for ineffective tool configurations or workflows, and change them.

F. Regardless of the range of suppliers chosen or the number of meeting tiers included in policy, consider an official approval process for allowing planners to book nonpreferred suppliers.

G. Understand stakeholder needs and drivers in order to improve adoption.

H. Without executive stakeholder support and champions, deployment will be challenging. Close the loop by ensuring executive stakeholders get monthly high-level summaries of SMM successes and gaps, and ask for their help to close gaps and assist with noncompliant departments.

X. MEASURING SUCCESS

Measure meetings management benefits. As SMM and data collection and analysis improve, more advanced metrics are also in the works.

A. Determine the impact of sales revenue using an ROI calculation that isolates the meeting channel versus the other channels, such as advertising and social media. After considering the cost of all channels, isolate the positive effects, e.g., increased revenue from each channel, and then calculate the ROI.

B. Compare and contrast cost per participant per day by meeting type, looking for spend variances across divisions, suppliers and regions.

C. Determine the value of the program's reach or interaction—improved communication, increased motivation, or enhanced learning, e.g., return on objective, return on engagement or return on experience—by measuring the perspectives of participants.

D. Measure the reduction of suppliers that operationalize meetings and events.

E. Measure the reduction in time spent sourcing and planning meetings through automation and efficiency.

F. Gauge service level agreement metrics achieved among meeting owners, meeting planners and suppliers. ◀

Core Technology & Data Reporting

Putting innovation into action as travel returns.

WITH TRAVEL ACTIVITY SHUT DOWN AMID THE COVID-19 PANDEMIC, CORPORATE travel managers found themselves with an unexpected—and unprecedented—opportunity to devote time and attention to exploring and adopting technological innovation to improve their programs.

Presented with that opportunity, suppliers, including specialists and TMCs alike, stepped up to meet the new demand—even as many dealt with their own revenue struggles amid the pandemic—doubling down on research and development to bolster their offerings for post-Covid era.

With corporate travel's return gaining momentum, those innovations are being put into practice.

Among the tech-based tools likely to be most prevalent in the short to mid-term are the in-booking-tool virus tracking services that rolled out amid the early phases of the pandemic. Offering functions such as in-booking risk assessment, interactive maps, real-time travel advisories and risk ratings, such platforms will remain necessary as long as the virus lingers to any significant extent—and are likely to continue to be leveraged to assess non-Covid-related risks in the longer term.

Digital health passports are sure to be another key tech tool in immediate travel landscape. Designed to certify that a traveler meets the relevant Covid-related entry criteria for a given jurisdiction, several such smartphone-based passports have been developed by a number of different providers using assorted models. Establishing interoperability between the various passports is among the key challenges that remain to be worked out, along with ensuring the privacy and security of users' personal medical data.

Along with the emphasis on duty of care and Covid-related regulatory compliance, many travel and spending managers also are facing increased budgetary pressures and a newfound onus on keeping T&E outlays in line. To help meet those goals, expense providers have rolled out auditing tools designed to increase spending compliance by leveraging artificial intelligence and machine learning to automate the majority of the auditing process.

And with environmental sustainability widely expected to be the next major point of industrywide focus post-Covid, tools that track the carbon emissions from travel—especially within the booking flow—are likely to become a must-have capability for travel buyers, many of whom are on the front lines of implementing their organizations' sustainability strategies. – *Adam Perrotta*

I. STRATEGIC PLANNING

Align travel technology with your company's goals and objectives.

A. Develop a travel technology strategy by identifying and examining areas in which your company can realize the greatest service-level and financial gains. Benchmark your operation against best-in-class organizations. Once discrepancies are identified, create action plans. Consider the company's readiness to promote and enforce use of technology, how travel fits with corporate IT strategies, costs and estimated ROI, the availability of IT support, and senior management interest. Including major stakeholders from the earliest stages improves the process and helps earn travel program support. In particular, involve IT in testing new systems. Be sure IT understands the level of involvement; when products need very little IT support, your project may be scheduled earlier.

B. Determine if data reporting or business intelligence tools are already available within your company that could digest travel data.

C. Security concerns preclude some companies from linking networks with such outside organizations as travel management companies, and some companies have strong firewalls that inhibit linking to outside systems. Anticipate firewall and data access restrictions and requirements. Determine compatibility of external systems with existing internal systems.

D. Consider including divisions or subsidiaries in other countries, and support technology and users in multiple languages. Ensure compliance with local data privacy laws.

E. Don't automate needlessly. Make sure the return is obvious and probable. This may be an important consideration for countries in your program that may not be capable of supporting the technology and/or may not have sufficient volume to justify the required investment and process changes.

II. ONLINE BOOKING TOOLS

Online booking tools can reduce travel-processing costs in several ways.

A. TMCs charge less for facilitating automated reservations than for transactions that involve agent interaction, thus cutting travel booking costs. Online bookings typically are divided into three categories: "touchless" transactions, which are fully automated and incur the lowest cost, those with limited agent intervention and fully assisted transactions, which carry higher fees.

B. Automated fulfillment, meaning ticketing and quality-control processes, allow corporations and their TMCs to handle more volume with the same headcount. Non-automated transactions—often related to international, multi-leg and "open-jaw" itineraries—are more complex and require more time and expertise.

C. Online tools offer policy controls and preferred supplier management that companies can configure for their needs.

D. When evaluating how widely to deploy booking tools, consider:

1. Easy access: If the company culture encourages self-sufficiency, giving everyone access to the reservations system should improve efficiency by reducing or eliminating telephone contact with travel agents. This includes access via mobile devices. But also consider end users. Senior executives and/or their assistants may resist online booking at first, for example.

2. Policy mandates: Companies that drive the highest adoption rates sometimes have some form of mandate in place. Policy mandates can be full or partial. Some include specific language to book, for example, all domestic trips online, while others mandate such bookings only for simple round-trips or for specific city pairs. Some companies have cultures that are not conducive to mandates but effectively can drive compliance through well-communicated travel policies that management strongly encourages.

3. Fee differential as incentive: Some companies that charge different per-transaction fees at the point of sale, based on the form of booking, have achieved high levels of adoption without a mandate. Often, the fee for a telephone booking with an agent is at least twice as high as the fee for an online booking. Charging higher fees for online transactions that require human intervention also can prompt travelers to strive for unassisted transactions.

4. Senior-level support: High-level support from a senior executive, preferably the CEO or CFO, can be helpful if not essential.

5. Pilot groups: Some organizations proceed methodically after beginning tech implementations with a small, controlled group of interested users, often the most frequent travelers. Others may try to roll out a system companywide within a few months.

6. Some tools offer online-offline functionality, where all reservations, regardless of complexity, start in the online tool. A rules engine determines which reservations are eligible for online booking and which an agent should handle. Offline reservations are provided to an agent in a structured format, easing the process.

E. Online booking systems either contain or can tie into separate pre-trip approval systems, allowing additional methods of controlling costs and tracking travelers. Some systems use passive approval, or pre-trip notification, rather than active approval, or pre-trip authorization, to avoid bottlenecks. Other systems provide comprehensive pre-trip authorization processes that work with existing enterprise resource planning systems and workflows.

F. sConsiderations.

1. Determine which bookings are eligible and ineligible for online booking. For many companies, all domestic bookings with four legs or less are eligible, as are all simple, round-trip international itineraries. Focus on increasing the number of eligible bookings.

2. Is the speed and user interface of the self-booking tool in line with traveler expectations? Negative comparisons against consumer products can frustrate travelers. Corporate online tools generally are behind the leisure market in usability and design.

3. Can the self-booking tool access and consolidate inventory from GDS and non-GDS sources and support direct supplier connections? How does the online booking system manage unused ticket credits, changes and exchanges?

4. Is the TMC contract based on a shared-cost configuration or another arrangement under which savings generated by the use of online booking systems are passed on? If planning rapid migration to online booking, a fully loaded transaction-fee relationship with a TMC allows you more quickly to take out costs on the full-service side. Make sure the TMC plays a role in increasing online adoption.

5. Identify customer support services provided by technology providers. Will customer service be provided by in-house IT, the technology provider or the TMC?

6. Determine whether the TMC or your company will own, license or control the technology. There are several considerations when assessing direct contracts with technology providers versus using a tool via a TMC's reseller agreement. This can have significant cost and service implications.

III. DATA REPORTING

Travel data reporting generally refers to the practice of taking raw travel data and converting it into business intelligence that informs supplier contract negotiations, travel policy development, risk management, traveler compliance tracking and budget forecasting. Traditionally, travel data reporting has been separated into pre-trip and post-trip reporting. The three primary options for receiving travel data reporting are from a TMC, receiving it from an independent third-party supplier or developing a reporting system in-house. Many companies use a combination. The best sources of travel data depend on the category and the task. For sourcing, the best air data comes from the TMCs while the best car rental data comes from the rental car suppliers. Hotel data reporting typically requires TMC pre-trip data and corporate credit card post-trip data to be integrated. Traveler behavior analysis and traveler security tasks likely require a combination of TMC pre-trip data, credit card and mobile phone data for traveler tracking and expense report data for traveler behavior and compliance reporting.

A. Travel managers should pursue reporting solutions that let them produce standard reports and custom reports, and that enable them to visualize the data. Advanced reporting tools provide more analytics, such as benchmarks to determine relevance to peer groups, trend analyses to determine the effectiveness of programs and recommendations to improve performance.

1. TMCs aggregate data from raw booking records that orsiginally come from GDSs, online booking tools and internal accounting systems. Other travel data can come from airlines, hotels, car rental companies, ground transportation providers, itinerary aggregators, dining solutions providers and others. Reconciling multiple data sources, including credit card data and expense data, can provide for better analytics and a more complete picture of a travel program. A few TMCs are starting to offer these services for additional costs.

2. A number of third-party data consolidation services aggregate data from multiple TMCs and countries and provide corporations with management

reports that can help identify market opportunities and provide better global analytics. However, data protection regulations vary by country, and data privacy may create restrictions to what data can flow into a central system. Data sources have improved in recent years, which has eased global data aggregation, but challenges remain.

3. In-house business intelligence tools, reporting and data visualization tools have matured in recent years and may provide additional options for travel reporting. Many systems have been optimized to work within corporate networks and to integrate single-sign-on functionality.

4. Whether you choose to work with a TMC or third party or construct your own solution, look for options that are both Web-based and can display on mobile devices. Both reporting tools and visualizations should have ad hoc capabilities, the ability to add and remove data fields, and sources in reports and charts. Any solution should store sensitive information in an encrypted format and filter displayed information based on user access. Also look for solutions that monitor data quality to help filter out or identify bad or missing data before it gets into a database.

5. Reports are used not only by travel management departments but also by other groups within a company, such as finance, HR, safety and security, facilities management and purchasing. Look for the ability to automatically schedule reports to be pushed out to these stakeholders. For dashboards and visualization solutions, make sure the tool can configure and displays results based on viewer privileges. For example, you may not want one business unit leader seeing another business unit's data and information. Some solutions charge by number of users, which can escalate costs.

B. Considerations for handling your own management data reporting.

1. Hardware and software costs: As is true for all automated services provided by a TMC, even if hardware and software are provided as part of a service package, costs will be factored into your TMC agreement. Consider engaging a consultant or other third party. Understand any internal cost if your IT department is involved.

2. Time and personnel.

   a. There will be a learning curve and a continuing investment in time to make effective use of any system, though graphics and point-and-click techniques for interaction should provide relative ease of use.

   b. More than one person in the travel department must be able to work with the system. Consider information skills and data analysis skills when staffing. Additionally, internal audits may benefit from direct access to the systems and subsequently may ask for access.

3. Consult with other companies of similar size regarding their experiences with reporting/business intelligence systems. Ask vendors to provide a list of all corporate customers. When buying any technology, references from trusted sources are critical. Also attend conferences to get an idea of products and technology advancements.

4. Operating features.

   a. Don't take claims of the tools' user-friendliness at face value. Work with the system and ask for a live demo. It is also a good practice to know exactly what features you are looking for prior to examining products.

   b. Think about what to do with the system's output and who will see it. If the reporting system has an administration function for creating users and privileges, know how it works and estimate the time it will take to administer the system.

   c. Evaluate reporting formats and graphical capabilities to ensure you can produce the figures and charts you need. Ask if your TMC can produce average figures for the same data points. Find out if the system will enable you to compile global data, if needed, and if there are any built-in data quality checks to insure data aggregation is accurate. Almost all reporting systems have some graphing/charting functionality. Understand the graphical capabilities and limitations.

   d. Ask questions about system maintenance and support, software updates and follow-up expenses. If the system has a user-based licensing model, understand the costs to add more users. Always plan for

more users than originally thought.

   e. Getave some guarantee for acceptable performance, usually done through service level agreements in contracts.

5. Data integrity: Business intelligence tools are only as good as the data that feeds them. Investigate the accuracy of current reports and establish front-end procedures to produce the most reliable and comprehensive data. Work with your suppliers to score data accuracy for critical data elements. Machine learning has driven advancements in data integrity, and you should look for partners incorporating those capabilities.

IV. EXPENSE REPORTING

Many companies report immediate ROI from automated expense reporting. Cost savings appear relatively quickly and are easy to quantify. Automated expense management solutions enable clients to feed expense information to accounting systems and maximize the benefits of corporate card programs. These solutions pass booking and corporate card data into expense reports, route approvals and workflow and facilitate employee reimbursement via automatic funds transfer. In addition to automated data feeds that pre-populate expense reports for the user, some providers offer mobile software that integrates with travel service providers like Uber to capture transactions. Optical character recognition has eased receipt management by parsing receipt images into discrete transaction components and adding them to the expense report as the traveler moves through the business trip. By the end of the trip, travelers ideally need to make only simple additions and corrections before forwarding the report to a manager. The most advanced expense solutions also include robust analytics. Legal and regulatory requirements can make automated expense reporting systems, which have built-in audit controls, more attractive.

A. Typically, the finance organization initiates the effort to rework an expense accounting process, and the corporate travel manager is involved as a member of a cross-functional team. Travel managers, accounting and IT should examine each expense system option to determine whether it meets the company's goals and objectives.

B. Automating expense reporting can:

1. Give companies more control over spending, especially for meals, travel

and entertainment.

2. Make it easier for travelers to complete expense reports accurately.
3. Encourage corporate travelers to use online booking software or the corporate card to pre-populate expense reports.
4. Cut the administrative cost of expense reimbursement processes.
5. More efficiently and accurately post expenses to company general ledger and accounts payable systems.
6. More accurately track expenses by business area or billing code and meet regulatory reporting requirements.
7. Manage cash more effectively by reconciling expenses with advances issued by the company.
8. Pay corporate card balances and reimburse travelers more efficiently.
9. Route reports electronically for manager approval.
10. Provide management information for the specific purposes of enhancing forecasting and supplier negotiations.
11. Make receiptless processing possible for pre-populated corporate card items.
12. Provide comprehensive pre-trip travel authorization processes.

C. Considerations.
1. How unique is your process for managing travel and entertainment expenditures? Will you need customization, or at least the ability to configure the system in various ways? Does your company require integration with multiple corporate payment systems? Does your company require integration with multiple expense management systems in various countries? What about variety in policies requiring a complex configuration and/or integration with multiple systems?
2. Does your company have an ERP system with a built-in expense management module?
3. To what extent will the expense reporting tool integrate with your firm's credit card provider and potentially a virtual payment provider?
4. Would your online booking and management reporting solutions interact with a proposed electronic expense solution? How? Is there a reason to expend the significant effort needed to integrate expense reporting with other travel management technology, such as the online booking tool?
5. Can the system validate critical com-

pany information? Many companies rebill travel costs, and accurate accounting of cost center information, project codes or job numbers is vital to accurate client invoicing.
6. Can the system automatically group expenses related to the same trip? If so, what data sources are required for the reporting technology to do so?

V. SUGGESTED QUESTIONS WHEN BUYING TECHNOLOGY

A. What is the technological expertise and travel experience of the developer?
B. How well-funded is the travel technology supplier, and how likely is the supplier to continue to support you months and years from now?
C. What is the supplier's responsibility for support, maintenance and enhancements after the initial purchase?
D. What training will the supplier offer travel managers and travelers? Is training necessary or is the technology intuitive?
E. Does the supplier invest in long-term system enhancements? How often are new releases of the system issued?
F. How many corporations have installed the system?
G. Will the supplier provide recent reference accounts with whom you can speak? Can any reference accounts provide objective data that demonstrate ROI for the system?
H. Will you consider a system purchase, hosted service or software license?
I. How quickly will a purchase generate ROI for your company?
J. What are the time lines involved in testing and implementing the system?
K. Can the supplier implement, support and enhance a global product?
L. What mobile options are available?
M. How is customization generally handled? Is the sign-on process easy? Many IT departments insist on single-sign-on where possible, providing access to all company applications.
N. Does the system depend on any specific equipment or programming language, such as Java, HTML or XML?
O. What are the data warehousing and data mining capabilities of the system? What are the supplier's confidentially and indemnification provisions for the data and the technology? Who owns the data, you or the supplier? How well will the database integrate with

your IT environment? How, how often and to where will data be backed up? Understand the duration for which your company generally stores data.
P. Will the supplier let you test the product on a demonstration site?
Q. What about a free pilot to validate both the difficulty in implementing and in using the system?
R. Who provides Level 1 and 2 support, and how extensive is each level?
S. For online booking tools:
1. Is the system fast and easy to use for booking and trip retrieval?
2. What content is offered? Are non-GDS suppliers integrated? What fees are applied when searching or booking non-GDS content?
3. Does the tool enable online and offline profile synchronization? How does the traveler profile management tool integrate with the GDS, booking tool, and HR or ERP system?
4. Can the tool facilitate an approval process? What happens if the primary approver does not respond within a reasonable period of time?
5. How does the tool ensure data integrity and security?
6. What online fulfillment operations and strategy are in place by region?
7. What technical or navigational support is provided for travelers and in what languages?
8. What is the cost for ongoing support after the initial implementation?
9. Will the supplier be involved in prioritizing ongoing enhancements and changes to the system functionality?
10. Can the technology help move share to preferred suppliers?
11. Does the system generate a booking that is easily ticketed and touchless?
12. Can the booking system support corporate discounts?
13. In the case of an agency switch, will access to system data be available?
14. Are bookings and changes made through mobile devices options?
15. What capabilities does the system offer to purchase unbundled airline services, such as preferred seating?
16. Does the system auto-acquire bookings made through traditional channels?
17. Which criteria can trigger a dynamic message to a user?
18. Can the TMC and developer provide sufficient support?

Taking on Travel Risk Management

Travel buyers should take advantage of current risk management focus.

COVID-19 PANDEMIC HAS SHONE A SPOTLIGHT ON TRAVEL RISK MANAGEMENT, which creates an opportunity for travel buyers who want to bolster their own risk management programs.

As most business travelers have been off the road for more than a year, they likely will be more amenable to policies and procedures geared toward ensuring their safety when they restart travel. They will be pleased to be informed of health and safety requirements for their destination and less likely to bristle at efforts designed to keep track of where they are in real-time.

Management, meanwhile, should be more amenable to these policies and procedures as well, given the hyper-focus on employee safety—even if it comes at an increased cost both in travel itself and with partners in the risk management sphere needed to help with those procedures. The memories of the early days of the pandemic, when many companies had to scramble to see which employees were in areas with the most severe outbreaks and find the best ways to get them safely home, are still fresh. For travel managers who found their policies were lacking or failed, they now have a concrete example of what can go wrong.

Ideally, the Covid-19 virus will someday tumble far down the list of travel-related concerns, as will some of the more stringent policies related to it—the increase in pre-trip approval workflows, for example. That won't, however, diminish the travel manager's task of ensuring their travelers remain safe and can both access and receive communication of potential risks at any point of their journey.

As such, travel buyers should not miss this chance to take an in-depth look at their risk management policy, keeping in mind what has worked and what hasn't worked during the pandemic, and take advantage of what could be unprecedented buy-in from both travelers and management alike. – *Michael B. Baker*

I. GET STARTED

A successful TRM program will include a well-communicated and comprehensive policy, consistent training of new and longer-term employees and support from corporate security.

A. Develop a vision for the TRM program and set objectives. Consider the role of the TRM program in the company's and travel program's overall goals and decide where TRM should sit within the company's risk management program. Goals could include:
  1. A more comprehensive approach to ensuring travelers' safety and security.
  2. Better understanding of the levels of emergencies, plus creation of response protocols for each.
  3. Increased visibility into travel in higher-risk areas.
  4. Increased ability to track every traveler on the road.
  5. Better communication with travelers during emergencies.
  6. An effective plan to handle travelers' medical emergencies.
  7. Closer compliance with duty of care regulations in the countries to which your company travels.
  8. A comprehensive approach to limiting the risk to sensitive company data that travelers hold.
B. Build a network of stakeholders.
  1. Identify a senior executive or manager to champion the program. Doing so will raise the visibility among senior management and lend credibility to the developing program throughout the company.

  2. Coordinate with corporate security, HR, the legal department, the compliance department, corporate communications, IT and frequent global and domestic travelers.
    a. Consider a council of stakeholders, with representatives from each involved department, that meets regularly to discuss and assess developments in the TRM program.
    b. When incorporating travelers into the discussions, ensure that international travelers are represented, including those who are not based in the company's home country. Also ensure that male and female travelers are represented, as well as travelers from all age groups and other demographics.
  3. Consider the role of your travel management companies, online booking tools, data suppliers, TRM suppliers, onsite medical assistance providers and itinerary management technology providers.
C. Gather data.
  1. Use data sources like corporate cards, expense reports, hotels, airlines, TMCs, third-party data aggregators and internal information to collect data on your organization's travel volume and patterns.
  2. Use the data to see where and how frequently travelers are visiting different locations, including international versus domestic. Learn what countries and regions are frequently visited by your company's travelers and what time of the year and day they typically travel.
  3. Use the data to examine the travel suppliers your travelers use most frequently, particularly when overseas. Document the airlines they fly on, particularly domestic carriers in foreign countries, independent hotels and ground transportation services.
D. Consider your company's culture and overall goals, as well as the goals of the travel program, when considering the best methods to construct a TRM program. A company that frowns on mandates might resist a TRM program that relies on mandates to govern traveler choice and movement. Some formats to consider:
  1. Mandated policy.
    a. This ensures traveler compliance to preferred booking channels by labeling any deviation a violation of policy and attaching consequences that can run up to nonreimbursement of expenses for repeat offenders.

b. Some companies require pre-trip approval from the traveler's manager, at the least, before the traveler can book a trip to certain high-risk locations.

c. Some companies mandate airlines, hotels and ground transportation providers in high-risk areas or prohibit suppliers with poor safety records.

d. Some policies require travelers to contact someone in the travel program or at the TMC or to check in from certain destinations upon arrival, at preset intervals during the trip or during emergencies.

e. As with any policy mandate, expect resistance from some travelers, particularly those who travel frequently to high-risk destinations. Involving them in the development of the program can lower this resistance, as can demonstrating the effect on traveler safety and security that the mandates provide.

2. Companies with open booking or channel-agnostic travel booking policies can implement technology that records travelers' itinerary data before they set off. However, still make every effort to educate travelers of the security risks of booking outside preferred channels.

E. Consider your company's IT and communications system needs. Work with IT to assess whether your company's technology can integrate with any TRM-related tool you're considering, including traveler tracking technology, itinerary management technology and global communications systems.

II. ASSESS TRAVEL RISK

Using the data collected about your company's travel patterns with the help of your TMCs and TRM suppliers and other sources, conduct a travel risk assessment to analyze where attention is most needed.

A. Use proprietary information from TRM suppliers if applicable and public data from the U.S. State Department and other countries' governments to analyze the political situations and potential threats in countries and regions to which your company travels.

B. Types of market threats.

1. Geopolitical, including ongoing or recent civil unrest, war, recent terror incidents and raised threat levels.

2. Crime levels, including rates of violent crimes, kidnappings, hate crimes and illegal drug trafficking.

3. Regulatory issues, including border restrictions, tax codes, workers' rights issues and drug laws.

4. Criminal codes and cultural extremes. Does the government criminalize homosexuality or curb women's rights?

5. Infectious disease outbreaks.

6. Weather or environmental hazards. Are there chronic air quality issues in certain markets or seasonal threats like hurricanes or blizzards?

C. Evaluate no less than the top 20 city pairs for risk.

1. Consider the likelihood of an incident or emergency in a given market.

2. Should an incident or event occur, what would the impact be on business travelers, and how much damage would it cause?

3. Search travel data for known high-risk markets. Find out which business units and travelers frequent these areas. Create baseline risk levels for these trips, as well as specific policies and procedures to govern high-risk travel. Prohibit travel to certain markets, if appropriate.

4. Search travel data for questionable suppliers or suppliers from countries that the government has sanctioned. See if your travelers are using airlines that are banned from operating in the European Union, for example.

5. Consider additional regulations or safety measures based on business continuity for the most senior executives.

D. Check out the Global Business Travel Association's Travel Risk Management Maturity Model Self-Assessment Tool.

III. DEVELOP A POLICY

A TRM policy will serve as the backbone for your organization's efforts to ensure traveler safety. While some organizations prefer to maintain separate TRM and travel policies, it is more effective if the policies are united or at least intertwined. Here are some aspects to consider when developing a policy.

A. Booking compliance. The most effective way to locate travelers in emergencies is to require their bookings be made through designated TMCs, online booking tools or other channels. If the company permits booking through an array of channels, either require travelers to submit itineraries before departure, or deploy data capture technologies to support.

B. Restriction of traveler choice.

1. Trips to areas designated anything other than low risk should require managerial approval. Consider prohibiting the highest-risk locations. Alert the TMC or configure the booking tool to alert the travel department to any such booking attempts or to reject them.

2. Prohibit travel that uses suppliers that have questionable safety records, or at least require managerial approval.

C. Ground transportation. Require chauffeured transportation in certain countries, particularly when the traveler

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Data & Device Security

Today's corporate data thieves have developed remarkably sophisticated methods of stealing information from unsuspecting business travelers' laptops and mobile devices. Steps to protect data:

I. Preventing device and data theft.

A. Use devices that have removable hard drives, especially when handling sensitive data.

B. Spread sensitive information among multiple devices. If multiple employees are traveling, store encrypted data on one device while keeping the encryption key on another.

C. Enable the ability to remotely wipe sensitive data from devices. Should a device be stolen, this would allow an organization to erase that data as soon as the device connects to the Internet.

D. Examine the Office of the U.S. Trade Representative's list of countries that don't honor intellectual property laws. Data security in these locations can be more challenging.

II. Preventing other data breaches.

A. Don't disseminate travel itineraries of those who carry sensitive information beyond those who need to know. Should data thieves target your organization, this will limit their ability to intercept data.

B. Business travelers with access to sensitive organizational data should use more than two virtual private networks other than the company's VPN. This will hinder thieves who can breach a single VPN over public Wi-Fi.

has never driven there before or when driving patterns are not similar to those in the traveler's home country. Additionally, consider requiring chauffeured transportation after long flights to prevent drowsy driving.

D. Limit the number of employees traveling together. Especially for senior management, limit the number of travelers that can be on the same flight to help maintain business continuity in case of a catastrophe.

E. Traveler tracking.
  1. Privacy regulations and reluctance of the traveler likely will foil any attempt to track travelers via smartphone GPS. However, allowing travelers to opt in to such a program could give some visibility.
  2. If traveling to known high-risk countries, consider requiring travelers to forward itineraries to the travel department and to check in at certain points, such as arrival and departure.

F. Require all new employees to read the TRM policy when hired. Review it periodically with longer-term employees.

IV. CREATE A STRUCTURE

Create a TRM program structure that efficiently ensures safety and security for travelers.

A. Create a central point of contact for the program. Whether that person resides in the travel management, corporate security or risk management department, the person or department will own the program and ensure that its policies and processes are updated and current and will disseminate them widely.

B. Set a contact for round-the-clock emergency traveler assistance who can manage suppliers and support, including extraction. That person could be an internal employee or work for the TMC, TRM provider or other supplier. Continually make sure the mechanism to reach this person is up to date, and repeatedly communicate it to travelers.

C. Define protocols and a communication tree for each of the issues/emergencies a travel could encounter. The point of contact and protocols may differ per situation.

D. Create a cross-functional team that will convene immediately in an emergency or crisis like a natural disaster, terror attack or sudden geopolitical shift. This team would assist travelers by whatever methods necessary.

E. Understand the laws and regulations regarding employers' duty of care responsibility in the countries to which your company travels, particularly in Europe, where such laws can carry significant consequences for noncompliance. Also consider how duty of care applies to expatriate personnel on long-term assignments and to local employees.

V. MONITOR TRAVEL RISK

The true effectiveness of the TRM program will be tested by the travelers themselves. Making sure they are fully supported must be the company's top goal.

A. Before the trip.
  1. Ensure the traveler is aware of the TRM policy. Include how-tos and contact details on the travel itinerary, on the online booking tool home page, on the company intranet and on other internal channels. Even hang posters in coffee areas, bathrooms and high-traffic areas.
  2. Communicate the risks of the planned trip to the traveler. If risk exceeds the acceptable threshold, implement a trip-specific risk-mitigation plan.
  3. Rehearse the protocols with travelers, particularly for high-risk travel, such as the travel manager reaching out to potentially affected travelers and travelers calling, emailing or texting to check in.
  4. Design role-playing seminars for senior-level travelers and require their attendance. They may be at risk in different ways than the typical business traveler. Work with your TRM provider to create these specific programs.
  5. Ensure the traveler's profile includes every possible point of contact, including mobile phone numbers, email addresses and even social media contacts and Skype addresses.
  6. Ensure the traveler's phone will operate in the destination country or location.
  7. Monitor the situation at the traveler's destination, as conditions may change abruptly. TMCs often offer 24/7 risk monitoring and can automate alerts to travelers who booked through the TMC or approved booking tool.

B. During the trip.
  1. Use mobile alerts and messaging. You can use round-the-clock risk-monitoring tools with SMS alerts to update travelers, and mobile messaging tools can include "help" or "I'm OK" buttons.
  2. Particularly for high-risk markets,

GPS tracking can be installed on mobile phones if the traveler opts in.
  3. Explore predictive risk monitoring. Artificial intelligence tools can digest historical and current data on crime, geopolitics, infectious disease and other factors to predict emerging market-specific threat levels.

C. Should an emergency occur:
  1. Convene the internal cross-functional team.
  2. Contact the TMC and other support to determine if any business travelers are in the location affected. If so, attempt to contact them via a geolocated blast email, SMS message and other mobile messaging tools.
  3. Should a traveler indicate assistance is necessary, contact corporate security and the TMC, business travel insurance provider or TRM supplier to help deploy support, be it finding housing or medical attention or even to arrange extraction.

D. After the trip.
  1. Report any medical emergencies or other incidents through proper channels.
  2. Consider trip stress analysis and notification. New tools can track individual traveler patterns to advise companies and alert employees that their choices may affect their health and productivity.

VI. ANALYZE EFFECTIVENESS

Even organizations with mature, effective TRM programs should strive for continual improvement. Ensure the program is as current and as widely disseminated as possible and measure effectiveness.

A. Implement a training program for travelers and stakeholders to ensure all parties understand the program and know their roles and responsibilities.

B. Implement incident management exercises with key stakeholders. Practice TRM procedures and the escalation process periodically before emergencies turn into crises.

C. Make a record of all incidents and track the performance of the program. Did internal stakeholders and external partners follow response procedure? Was the response time and method effective? Did any affected travelers go unassisted?

D. Implement an improvement plan. Report incidents and performance to executive management. Identify any areas where the process was less effective than planned. What lessons could be learned from each incident? ◀

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