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Structuring a Managed Travel Program

MANAGING TRAVEL TODAY IS AN EXERCISE IN balance. A well-managed program must balance cost containment with traveler satisfaction, the importance of traveler compliance with ensuring the ability to be productive on the road, and traveler comfort and convenience with safety and security. Constructing such a program that aligns with the goals and culture of the overall organization is no small feat, and requires flexibility, creativity and a pinch of stubbornness. The following is a guide that can help direct the first steps to successful program development.

I. GETTING STARTED

Identify your company's governance board and stakeholders and their needs 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. 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 management information 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, set goals and improve the purchasing process. The program should work within the company culture and align with its goals. Once goals are created, prioritize those goals to facilitate travel program and policy decisions that will align based on the most important factors for the organization. Also, consider the stakeholders:
   1. How can travelers' experiences improve and become more productive? How can the program support them in their objectives? What tools, including mobile tools, will make travel seamless?
   2. How should you measure performance against metrics like revenue and number of employees? How do you know if results are optimal? How does the program compare to peers'?
   3. How can you reduce costs while enabling business results? How should you align resources to support the company's growth markets and expansion plans? How will the company's hiring trend affect travel costs? Can the program support or lead enterprisewide priorities like sustainability and risk management?
   4. How can travel resources be leveraged to up shareholder value?

B. Build a network of stakeholders.
   1. Identify a senior-level champion to endorse the program.
   2. Coordinate with IT, human resources, security, risk management, finance, facilities management, procurement, legal, real estate and other departments.
   3. Consider a council of stakeholders, comprised not only of senior-level officials but also employees from the operating-unit level.

C. Identify a data collection and reporting methodology, and make it a priority.
   1. Find data sources like corporate cards, expense reports, ledger accounts, suppliers, third-party data consolidators, TMCs and especially a centralized travel and expense system.
   2. Use the data to 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 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, as well as 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. Organizations using this approach have policies and controls, limited and defined managerial discretion, pre- and post-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 usage level for 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-expense, reimbursement tied to receipts, no preferred travel agency or formal supplier programs, limited technology without 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. In this concept, business travelers are permitted to book outside the designated channel(s)

Tech Watch: 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 departments 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.
- **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.

(typically a preferred travel agency and/or online booking tool), perhaps on the conditions 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.

E. Benchmark with organizations 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.

F. Consider whether other management resources can be allocated to support implementation and ongoing development. Successful travel procurement systems, for example, require the combination of subject matter experts and trained procurement professionals.

G. Determine if IT infrastructure can accommodate travel reservation and management information tools. At minimum, ensure IT is engaged to approve and accommodate technology applications deployed within the 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. If mobile phones are supplied by the organization, consider the role IT will play in the ongoing coordination of support for travel-related mobile applications.

H. Travel, meetings and procurement managers can create a comprehensive plan for managing meetings as part of the travel management program.

I. Establish a travel risk management program. Never lose sight of employee well-being. Cost avoidance should not trump safety and security. Travel risk management services can be provided through TMCs or directly with specialist third parties. (For expanded TRM guidance, see page 79).

1. Understand duty of care laws and ensure travelers can easily contact the internal travel department, the designated travel agency or emergency support staff.
2. Include travel policy and safety training for all new employees, and require routine follow-up training for all employees.
3. Support pre-travel education of at-risk travel locations, hazardous situations, and general safety tips through the implementation of a standard security or travel intranet site
4. Consider a medical assistance program to aid employees who require medical attention while traveling.
5. Institute a real-time traveler-tracking program to account for and contact employees when necessary.
6. Require employees to submit itinerary information from third-party bookings prior to traveling. Consider making this a condition of reimbursement to promote compliance.
7. Make travelers aware that bypassing approved booking channels inhibits the organization's ability to locate and render support when necessary. Require employees to confirm their awareness.

II. TMC OPTIONS

Many organizations rely on their TMC as a key building block of their program. To the extent possible, some use a single TMC globally while others adopt a multi-agency approach on a regional level. Before making a decision, it is essential to establish organizational requirements and expectations. Data collection is a critical element to consider, especially in programs making use of disparate sources. Also determine the degree of intended reliance on the TMC; the spectrum varies from basic call center operations to a complete outsourced model in which TMCs act as a strategic program advisor. Descriptions, advantages and potential pitfalls of single-source and multi-source agency programs follow:

A. Single-source provider, in which one TMC handles all client requirements in all locations.

1. Advantages.
   - **a.** Allows quick responses to market and company changes.
   - **b.** More effective management of business controls.
   - **c.** Single account management and administration may cut overhead costs.
   - **d.** Concentrating bookings through one agency allows an organization more easily to move market share to meet contract goals (with airlines, hotels and other suppliers) or maximize cost savings, in some cases by using the agency's preferred suppliers if they align with program needs.
   - **e.** Policy administration can be more consistent when common systems and procedures are used for booking travel and reporting expenses.
   - **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 can route calls from one work group or reservation center to another as backup or in emergencies, or 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 contact, which can facilitate training and support.
   - **j.** Standardization of traveler profiles, management information and reporting may be accomplished more efficiently through one agency.

2. Considerations.
   a. An agency's geographical coverage does not guarantee consistency. It can be a challenge to ensure uniform procedures are followed and quality maintained in a multi-branch organization. Some countries preclude multinational TMCs from owning offices.
   b. A single agency, especially one handling a multinational account, may not employ a single management information system. Some agencies do not use common systems, nationally or internationally.
   c. An organization does not have to choose a "mega" agency for broad geographical coverage. (The mega agency category generally includes American Express, BCD Travel, Carlson Wagonlit Travel and Hogg Robinson Group. Some consider Expedia's Egencia and Omega World Travel as mega agencies.) Several other TMCs serve multinational accounts using networked automation, online technology, virtual operations and partner agencies.
   d. Local offices may challenge giving up familiar agency relationships, particularly ones that share the local language or dialect.
   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 operation records and traveler profiles. Verify that data privacy controls are in place.
   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 organization from using the same payment system in other countries.

B. Multisource solution, in which an organization uses two or more TMCs. Advances in travel management technology make this approach more feasible than it had been in years past.
   1. Advantages.
      a. Business units get a measure of 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 program.
      d. Creates competition among agencies that can be used to leverage additional services.
      e. Reduces vulnerability by providing a backup for service or financial issues.
      f. Selecting a primary agency or third-party data management companies 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 organization's diversity goals.
   2. Considerations.
      a. Use of multiple agencies requires coordination. Designating a lead agency may aid coordination and standardization.
      b. The technical challenges of merging management information from multiple sources require an investment of time and money, though new automation provided by agencies, suppliers and other third parties has eased the process. Third-party data aggregators are particularly well-suited to assist.
      c. If the organization uses a single corporate charge card for travel purchases, data can be gathered from the card supplier, which can augment or even replace many elements of agency and supplier data. Although card data represents actual spend and therefore may be more useful than agency booking data (especially as some travel bookings are made outside the preferred TMC), the best data may be available through the use of electronic expense reporting tools.
      d. Different TMCs may have conflicting preferred supplier agreements, which can impact any shared financial considerations. Be sure to understand these contractual arrangements.

III. OPERATING CONFIGURATIONS

There are several formats for travel management operations. Organizations must choose whether to handle reservations on their premises or at an agency location, and determine whether to use their own employees, TMC staff or other third-party providers. Because fee-based pricing is the prevalent model, organizations can evaluate decisions about operating configurations in clear cost and service terms. Regardless of the approach, organizations can implement self-service, online booking tools for their travelers and/or permit them to book how and with which suppliers they prefer, depending on the degree of autonomy permitted.

When determining which agency type, configuration and specific provider to use, an organization should in its agency request for proposals ask for multiple configurations and pricing options and weigh several considerations. For example, what is the organization's travel volume and available internal resources? If an organization 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 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 are declining due to home-based agent servicing made possible by advancing technology.

1. Travelers or arrangers contact a travel agency or a company travel center to make reservations.

2. The agency provides clients with management information, as well as analysis of and recommendations for program enhancements.

3. 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, or any combination of the two.

4. 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 of large urban areas, perhaps even outside the country, where overhead costs are lower. Some agents associated with a call center may work at home, made possible by voice-over-IP technology.

d. With sufficient volume, the organization 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.

5. Considerations.

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

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

c. As support team size increases, inconsistencies could develop.

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

B. Dedicated agency branch.

1. 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.

2. Assures the account exclusive local branch attention.

3. The agency branch is assigned a unique ARC number, which facilitates accounting and collection of travel management information.

4. Extra care must be extended to ensure adequate training and familiarity with industry changes.

C. Full-service, onsite agency branch (also known as an "in-plant").

1. The agency operates a branch on the organization's premises, with agency employees providing service. A similar configuration known as a "rent-a-plate" also operates on the organization's premises and instead uses enterprise employees as travel agents.

2. 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 organization's communications network may be easier. An organization's interoffice mail system can be used for delivering documents that cannot be handled electronically.

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

d. 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.

3. Considerations.

a. Costs for facilities and communications are part of an organization'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 organization must provide for backup or telephone rollover during busy times, illnesses and vacations.

i. With the emergence of more affordable telephony systems and reporting software, staffing should be associated with telephone call statistics. These statistics will help identify performance requirements for the expected numbers of calls per agent per day, taking into account acceptable hold times, transaction completion time, acceptable callback and abandon rates and other performance measurements.

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.

e. Having an onsite could negatively impact self-booking policies.

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. The cost of the exchange rate for airline tickets can be far less than foreign booking fees.

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, etc. Service levels are higher but costs are lower than at full-blown onsites.

E. Online-originating agency (commonly referred to as an online travel agency, or simply OTA): Notably Egencia and Travelocity Business, these agencies are focused on low transaction fees for online booking services. However, due to competitive convergence, they now have offline support services while many traditional TMCs provide support for both online and offline transactions.

F. ARC-accredited Corporate Travel Department (CTD).

1. ARC's Corporate Travel Department 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 organization's premises or outsourced to an agency location, even in another U.S. state.
2. The organization can determine its operational configuration, with or without the support of a TMC.
3. The organization manages suppliers or acquires automation.
4. Advantages.
   a. The organization retains all earned commissions, allowing for more transparency regarding transactional income.
   b. The organization 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 organization 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 organization can establish a direct relationship with a GDS through which rebates are earned to offset program costs.
5. Considerations.
   a. A smaller organization might find it cannot earn as many incentives or commissions on its own as can a large agency. 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 organization 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 associated with achieving and maintaining CTD

Tech Watch: 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, and while corporates should be in front of these trends, tread carefully.

I. Social networking apps within corporate intranets, mobile software or booking tools can speed feedback on suppliers and spread the word about policies and initiatives. Location-based technologies provide destination 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 negatively impact 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, too, establish 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 channel. A corporate version of these social media options could combat that.

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

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

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

G. Centralized service location ARC appointment.

1. All travel booked by the travel reservation center is associated with the centralized service location ARC number, providing the organization and its suppliers with information about travel activity.
2. Advantages.
   - **a.** Allows the organization to 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.
3. Considerations.
   - **a.** The centralized service location is reliant on the TMC for reporting, if the organization 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. TRAVEL ARRANGEMENTS

A. Historically, travel arrangements were handled by calling a travel agent on the telephone. Online self-booking tools have replaced this more expensive option, except for some VIP services, complex multi-sector or complicated international bookings and in some service-oriented industries.

B. Many organizations have implemented online booking tools, either by licensing them directly from the provider or using them through a TMC reseller. In both scenarios, transactions are fulfilled and supported by designated TMCs. The tools access inventory from GDSs and, in some cases, directly from suppliers. TMCs typically charge lower transaction fees for such bookings.

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. Interactive voice response is an alternative for certain types of transactions, particularly those with easily definable parameters. More cost-effective than an offline agent-assisted reservation, this time-consuming and often high-maintenance system may result in negative traveler feedback.

E. Explore new technology related to streamlining the booking and ticketing process, including artificial intelligence and "bots."

F. An optimal configuration may include at the same call center offline agents and those assisting online transactions.

V. PROGRAM IMPLEMENTATION

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

1. Many organizations 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 organizations, 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 operating units participating in the initiative.
2. A cross-functional travel council can help broaden support, as its decisions are seen as supporting organizational goals, not just those of certain departments.
3. Another option is a three-tiered committee, with one group composed of senior managers, a second of the employees who would implement the program and a third of procurement or travel-related personnel.

B. Define implementation objectives and the parameters that will be used to quantify the level of success achieved early in the process, and ensure all parties are in alignment with those objectives and timelines.

C. Draw up a detailed timeline 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) use of various program components. Executive support also is useful to clearly define 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.

G. Secure support from senior management on the proposed travel policy.

VI. SUPPLIER SELECTION

Subsequent chapters provide greater detail on approaches to travel supplier selection and strategies for developing components of a managed travel program. The following provides a general overview:

A. Study your enterprise's geography, cultural orientation and mostfrequented destinations. Consider using an independent TMC's third-party survey tool as the baseline for your situation.

B. 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 select a preferred supplier.

C. From past records of travel activity, identify specific suppliers frequently used by travelers in each destination, including hotels, ground transportation and airlines. Identify alternative suppliers that could support similar services.

D. Compare supplier costs by reviewing corporate charge card and expense reports, consultant reports, industry benchmarking groups, peers and TMCs.

E. 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 will be, especially if you can mandate a policy.

F. If possible, consider negotiating with one supplier for multiple destinations. Leverage volume for hotel chain agreements and multicity 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 organization's needs in other city pairs.

G. Require contracts with defined service-level agreements to facilitate performance measurement on a regularly scheduled basis (quarterly is preferable). Ensure all market-share or revenue targets are achievable and constantly monitored for changes. Establishing viable expectations enables organizations to manage travel expenses creatively without sacrificing long-term supplier relationships.

H. Negotiate value-added services with your suppliers, including elite-level frequent-flyer status that may exempt your travelers from checked baggage and other various fees and charges for ancillaries. Consider the benefits of negotiating with hotels for complimentary Internet access, breakfast, parking and other services and amenities, but be sure these amenities are ones your travelers actually use. Consider negotiating items such as GPS for car rentals to facilitate traveler safety in locations that are unfamiliar or if arrival to the destination is late at night.

VII. GLOBALIZATION

When embarking on a globalization effort, corporations must 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. Understand the primary goals before implementation and understand 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-management efficiencies.
5. Offering travel risk management services to employees worldwide helps an organization 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 likely 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 request for information to identify who manages travel internally and collect details on existing local and regional travel programs, including policies, TMC configurations, supplier contracts and incumbent provider termination clauses.
   - **c.** Assess your colleagues' opinions of the current travel program. Use surveys to obtain a profile of your organization's local spending and travel requirements.
   - **d.** Request feedback from managers in HR, MIS, purchasing and accounting.
   - **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 even individual departments. 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. Global corporate card or centralized global card administration.

1. A corporate charge card program can yield detailed spending information. Be cognizant of privacy laws, banking regulations, customs and infrastructure that restrict data collection and dissemination. By consolidating multiple business units on a single contract, organizations can re-

duce charge card fees and foreign exchange fees, and boost rebates.

2. Considerations.
   a. Merchant fees can fluctuate by market.
   b. In order to determine income and program overhead, the card issuer will base economic decisions on the number of cards issued, card spending in foreign currencies and speed of payment.
   c. 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.
   d. Focus on data delivery capabilities and ensure the program meets in-country needs for reporting and management.

D. Data.

1. Select a primary travel agency or third-party data management company to consolidate global spending and reservation data from multiple suppliers. Use of a third-party data consolidator can support multinational and multiple-agency programs.
2. TMCs vary in their ability and methodology for consolidating data from multiple countries.
3. Use the travel council or third-party data consolidators to collect data on existing corporate travel patterns and supplier relationships.
4. Ensure privacy, accuracy and timing of data will meet your requirements and needs.

E. Policy.

1. Consult with global HR, corporate security, tax, human resources, risk management and data privacy groups when constructing a global policy.
2. Cover the fundamentals but leave room for fine-tuning. Global policy should be flexible and measurable, but never ambiguous.
3. Work closely with local managers.
4. Don't expect to impose identical policies in all countries. Travel options, business considerations, local cultures, traveler entitlements and other factors can vary. Work with local managers and employees to draft travel policies that reflect local realities while supporting global travel program goals.
5. Policy variances may relate to airline class of service, hotel room types, per diems, airport transportation, expense reimbursement, car rental insurance, corporate aircraft and emergency procedures. Allow local policies to be more but not less strict than the global policy.

F. TMC role. Using a single TMC for a group of countries within a region can offer the same advantages as worldwide TMC consolidation. No agency owns all locations worldwide and no agency has one single technology process. Point-of-sale issues, such as the local dominance of a particular global distribution system, exist regardless of the approach. Centralizing all European travel with one TMC may help reduce value-added tax charged on service fees, while consolidating to a single data feed.

1. Central reservation center.
   a. All locations use a single site (or multiple, connected sites) for all reservations and ticketing. This allows a centralized, "follow-the-sun" service orientation.
   b. Benefits.
      i. Eliminates supervisory, administrative and other overhead costs incurred by operating multiple sites.
      ii. Improves communications.
      iii. Consistent policy application and faster policy changes.
      iv. Easier establishment and measurement of performance standards.
      v. Usually first to get new technologies like automated booking and telephonic systems.
      vi. Volume can merit a dedicated reservations team.
2. Using independent TMCs joined in an international network to support multinational accounts is an option. Without common ownership, control, service and standardization, it may be difficult to jointly manage and coordinate the program.

G. Implementation and follow-through.

1. Leverage worldwide travel volume in order 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.
2. Develop communication and change management plans with travel council and key suppliers to prepare senior management and employees for any service, policy and process revisions. Require dedicated resources from the TMC, including communications.
3. Leverage technology from larger units to benefit smaller ones, including self-booking tools, employee tracking, pre-approval systems and post-trip data automation.
4. Implement first in the largest spend countries and locations with the most travelers, or perhaps by region, where most of the volume is concentrated and benefits are easiest to quantify. Report benefits at locations with the highest spend and greatest potential to prove early success.
5. Leverage best practices in service configurations, preferred supplier selection and technology products as program expands to additional regions and countries.
6. Meet regularly with the travel council to review results, resolve issues, exchange ideas, and discuss traveler feedback.
7. Review TMC performance at least quarterly.
8. Identify spending patterns that indicate negotiating opportunities and policy exceptions that need revision. Track noncompliance.
9. Solicit feedback from travelers and provide program updates via a dedicated intranet, newsletter or social network.

Prepared with assistance from GoldSpring Consulting partner Will Tate