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How to Guide

The Fundamentals of Creating an Effective Managed Travel Programme



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Foreword

by **Louise Kilgannon** Chair of the SME & New Entrants (SMENE) Working Party



When I joined the ITM board in 2009 I was appointed as the Chair of the SMENE Working Party. The main purpose of this working party is to provide support to those ITM members who are new to managing or buying business travel or those responsible for a small to medium enterprise.

When I presented to delegates recently at an ITM Conference it became apparent just how many ITM buyer members fall into the travel industry almost by accident. There are, it seems, very few career routes that lead to the role of Travel Buyer, although ITM is working hard to change that and make travel management a career path for graduates. Hopefully the work that ITM is doing with the University of Brighton to support a recognised degree should change this in the future, but in the meantime there remain many of us, myself included, who found ourselves buying travel with little or no prior experience.

Perhaps you are a PA and have been asked to look at opportunities for your company in the area of travel or maybe you handle another procurement category and have been asked to take on this complex area of spend.

If so this document will give you a broad plan of what a business travel programme should look like and help you to shape a travel program from scratch.

The 'How To' Guide to Creating an Effective Managed Travel Programme breaks the process of buying and managing travel into 5 key areas. This should guide you through the essentials of travel buying whilst drawing your attention to common pitfalls. This document will not provide you with all of the answers you need to create an effective programme as each company has different issues and requirements and changes in the industry mean you will need to keep in touch and regularly review your decisions, but if you follow the broad principles we lay down here you can be assured that you have created the right foundations for a truly effective programme.



Louise Kilgannon

Chair

SME and New Entrants Working Party – Creators of this “How to...” Guide

Overview

The creation of a Managed Travel Programme can be broken down in to 5 separate phases:

- Phase 1 - Discovery
- Phase 2 - Engagement
- Phase 3 - Purchasing
- Phase 4 - Implementation
- Phase 5 - Monitoring

As you will see in this guide there are many components that need to be brought together to create an effective travel programme. In addition to the many components there are a similar number of stakeholders that need to be either engaged or considered. We will go into greater detail on both the components and stakeholders later on in the guide.

It is envisaged that all key activities relating to the creation of an effective travel programme will be contained within the guide. If however you have further questions these can be posed through the ITM Discussion Forum or “Ask The Expert”, both of which can be found in the ITM member zone.

Introduction

“What is a Managed Travel Programme?”

A Managed Travel Programme is when a business takes a strategic approach to managing travel, as it would with any other controllable expense. By taking a strategic approach, your business will benefit in many areas. These are notably:

- Cost Savings
- Transparency
- Compliance
- Process improvements
- Traveller safety and security

This guide will cover the many components that make up a travel programme. In addition we will go in to detail about the steps required to implement either a country specific or Global travel programme, why you need to do it and what you can gain.

You will find that the travel commodity is littered with acronyms and jargon. Explanations of their meanings can be found in the Glossary of Terms or at Travel Jargon <http://www.traveljargon.org>

It is important to understand the many components and stakeholders involved in a managed travel programme. Where there are generic definitions of these components and stakeholders, they will appear at the front of the sections. They will introduce you to the terminology and jargon used and what it refers to and how this will help you to implement a successful travel programme.

Further information can be found in the glossary of terms and useful links pages at the end of the document

Phase 1 - Discovery

“Creation of the Programme.”

Discovery is where you undertake a full review of your current solution to identify what is in place, what works well, and where improvements can be made. This review should focus on identifying spend/volume, incumbent suppliers, contractual commitments, and stakeholders.

The information gathered during this phase will be used in all future phases. A key output should be a Benefits Analysis which should be used to obtain executive buy-in, if not already obtained. The findings can also be used for all stakeholder meetings that will take place in Phase 2.

Step 1 – Create a Statement of Goals

It is important to understand what you are looking to achieve from the travel programme and define some critical success factors. The benefits of a managed travel programme will become clear as you work your way through this guide. Having said that there must be a compelling reason(s) why you or your business believes that change is needed. Examples of the goals could be:

- Compliance
- Savings
- Online bookings
- Traveller tracking etc.

It is useful to set some clear goals for the project in the form of critical success factors for example timing, cost reduction, process improvement or employee satisfaction. The critical success factors should relate to the stated goals of the travel programme and be used in the Executive summary in Phase 2.

Step 2 – Identify the Business Drivers

Your business drivers will relate to your ‘Stated Goals’ document and will vary by business. The prime drivers are usually cost or service but may include any of the following:

- Cost
- Comfort
- Fit for purpose
- Status
- Organisational culture
- Automation of processes

Step 3 – Identify Executive Sponsor

An executive sponsor is usually a senior executive within your business who will lend their support to the initiative. This person will be a key enabler to facilitate the success of your programme.

- It could be someone who ‘owns’ the travel commodity, and/or
- Who is responsible for a function which has the most to gain, and/or
- Someone at senior executive level within your business.

Step 4 – Data Analysis

Data needs to be collated from all available sources to determine what is being spent and where. There are numerous sources of data with varying levels of quality. Some of the sources that can be used are as follows, with ITM’s estimate of the quality range for each source (although these will truly vary by the quality of supplier/systems your organisation works with:

Source	Quality
• Incumbent agent(s)	- Good/Excellent
• Corporate Charge Card	- Average/Good
• Incumbent suppliers	- Poor/Excellent
• General Ledger	- Poor/Good
• Expense Management Tool	- Good/Excellent

Of all of these sources the expense management tool is usually the richest and most comprehensive source of data. Until you obtain a significant level of compliance it is very difficult to obtain a true picture of your spend.

Step 5 – Process Review

There are many processes involved in the management of travel. The following are areas that need to be reviewed to ensure that they are adding value and supporting your goals:

- Travel Budget Process
- Travel Policy
- Booking Process
- Approvals Process
- Payment Process
- Financial reporting
- Management Reporting

A key decision in this process is to understand if there are benefits to implementing a Self Booking Tool (SBT) or booking online. There are many benefits to booking online which have been proven to deliver cost savings and drive compliance. The SBT is not a perfect fit for all organisations and consideration should be given to the following before embarking on an SBT rollout:

- Do you have a robust offline solution in place?
- Is the majority of your travel simple point-to-point, return journeys?
- Do you have a defined travel policy?
- Do most employees have internet access?
- Is the internet access stable and relatively fast?
- Does your company culture suit self-service?

If the answer is 'Yes' to all of the above then consideration should be given to implementing an SBT.

Step 6 – Understanding Costs

Agency Costs

There are several different cost models associated with booking travel. The main 2 are:

- Transaction Fee

A transaction fee is a fixed fee charged for each component of the booking process (e.g. Domestic Air, International Air, Hotel, Rail etc.). Using this model passes the majority of risk to the supplier as their revenue fluctuates depending on your volume of travel

- Management Fee

A management fee is when a supplier will calculate all the costs associated with the booking and management of your travel (e.g. Salaries, Property Costs, account Management, Management Information, Profit etc.). A monthly/quarterly statement is issued detailing all the agreed charges. If there is a big reduction in your travel volumes the costs associated with this model may not reduce accordingly and therefore the client takes more of the risk

These fees can either be collected at the time of booking via a Point of Sale (POS) fee or billed on a monthly/quarterly basis. If you are able to use a central budget for the agency costs this is the most effective as it removes the traveller perception of additional costs.

It is generally accepted that agency costs associated with managing your programme should be in the 3% to 5% and up to 7% for some high touch solutions.

You will need to work with your finance department to understand which method is the best fit for your company and include this in the RFP process. You can also refer to ITM's Report, entitled "Remuneration Transparency" Parts 1 & 2 for a more detailed overview of the remuneration of the business travel process.

Payment Options

At some point the cost of your travel will need to be paid for. The options for payment can generally be categorised as:

- Credit Account

- There are still a very small number of suppliers that will invoice the cost of travel on a weekly/monthly basis.

- **Lodge Card**
 - This is one of the most popular ways to fund your travel costs and is a charge card held by the supplier on your behalf. The lodge card will capture all of your required account information (e.g. Cost Centre, Project Number, Department etc.). The card will be billed by the supplier and settled direct by your finance function.
- **Individual Corporate Charge Card**
 - This solution gives transparency of the costs to the cardholder as well as delivering a method for travellers to cover their costs whilst travelling. The card can be either settled by the individual using the expenses system or centrally. Individual settlement is acknowledged to be best practice. Both the Lodge Card and Individual Card solutions will deliver an enhanced level of data to you.

The payment method will underpin your travel programme so it is important to reach an early agreement with your Finance, and possibly HR departments, on their preferred method.

Merchant Fees

Using a charge card to pay for travel can incur some additional fees levied by the card issuer and charged to the supplier. In most cases the supplier will pass these costs back to you. The value of the data and benefits of the card programme usually outweigh the costs charged.

Unbundling

Unbundling is the process of charging for individual elements of a service (e.g. charging for seat assignment, baggage, or check-in). This is prevalent with Low Cost Carriers but is becoming more widespread in many aspects of travel. It can create anomalies in the charging process and should be factored in to your chosen method.

Step 7 – Create Executive Summary

Once you have identified your goals, quantified the spend and understood the various processes associated with travel bookings you will be in a position to create an executive summary of your findings to present to your Executive sponsor. This summary should be kept to one page, give an overview of spend going through the preferred agent(s) as well as the total spend going through the expenses management system. From reviewing the processes you will be able to identify any flaws or indeed opportunities to improve the travel process. You should then list the benefits that a

managed travel programme can bring and quantify savings from process improvements, consolidation of spend and greater compliance. The level of detail that you are able to include will very much depend on what you have in place today. Caution should be exercised to ensure that you do not over commit and what you include can be delivered.



Phase 2 - Engagement

This phase of the project is about engaging with the necessary functions and people within your business that have an involvement, responsibility, or interest in travel. This will vary by business as the ownership of travel sits within different functions. By engaging with the relevant stakeholders early on in the process you obtain their requirements and most importantly their buy in. By including these stakeholders in the form of a working party and giving the working party a hand in making the decisions will help with the cross functional implementation in Phase 4.

Step 1 – Identify the stakeholders

Using the findings from Phase 1 you will be in a position to identify and engage with the relevant stakeholders. The following are all recognised stakeholders that may or may not be required dependant upon how your business is structured. We have detailed their potential involvement and why you may need to engage with them.

Travellers

Whilst it would be almost impossible to canvas the views and opinions of all the travellers there is some benefit to be had by engaging with a small number of frequent travellers. Notice should be taken of issues that they have encountered in the past and any nuances in their travel requirements.

Arrangers

In many businesses travel bookings are made by arrangers or bookers. The arrangers will have a vast amount of experience and knowledge of the incumbent suppliers, previous suppliers and the needs of the travellers. Early engagement with the arrangers, incorporating their needs into the solution, and obtaining 'buy in' will pay dividends when the solution is implemented.

Executives/Board

For the success of any travel programme it is imperative that buy in from senior management is in place. Ideally this should be at the start of the project to sign off the stated goals and communicate the initiative to senior management and stakeholders. If this is not possible then presenting the Phase 1 findings will whet the appetite. At this point a formal presentation to the board or senior management team will be of great benefit. Again ensure that a communication is issued by the most senior executive possible to all key stakeholders.

Purchasing Department

If you are not part of the purchasing team, it is key that you involve somebody that is, to assist you with Phase 3. The purchasing team will be able to assist you with the preparation of RFPs if it is deemed necessary to go out to the market for a new travel provider. In addition purchasing will be able to assist you with the process and negotiation of supplier deals.

Human Resources Department

The HR function may well 'own' the travel policy and if so will be heavily involved. In addition to the policy HR should be kept informed on the progress of the project as they have a responsibility for traveller wellbeing, safety and satisfaction.

Finance Department

Finance may well have been involved with Phase 1 in assisting with the provision of spend data. The finance function is heavily involved in the travel programme as they will be responsible for many aspects:

- Budgetary requirements
- Processing supplier charges
- Cost centre management
- Expense reimbursement
- Audit

Information technology (IT) Department

The IT/IS function will be involved to varying degrees dependant on your businesses policies. The two key areas that they will be involved with and will need consulting on are the implementation of a Self Booking Tool and the provision of a travel intranet site.

Risk Management

The safety of your employees and the company's assets are key requirements and as such the Risk Management department need to be consulted to ensure that the necessary insurance cover is in place. This cover should include people, assets and car hire as a minimum.

Corporate Security

The need to readily identify the whereabouts of travellers in the event of an incident is of paramount importance. You will need to work with your corporate security department to understand what information your Crisis Management Team will require. You may also be required to tender and manage a third party speciality risk consultancy that would be engaged should you need to extricate employees in the event of an incident.

VAT and TAX Manager

As UK hotels and some agency fees are vatable guidance may need to be sought from this function to ensure that the payment methods and invoicing are set up correctly.

Corporate Communications

A key area where new travel programmes fail is the poor or lack of information issued to the stakeholders. Early engagement with your communication department and a planned communication strategy are vital to the successful implementation of your programme.

Corporate Social Responsibility (CSR) Manager

Your CSR manager will be able to inform you of any diversity or environmental policies that need to be considered. As a minimum you should enquire about carbon emission reporting requirements so that this can be included in the RFP or MI.

Step 2 – Creating a working Party

Ensuring buy in is critical to the success of implementing a travel programme. A simple and effective way is to form a working party or Travel User Group (TUG). From the stakeholders you will need to identify the following:

- Who are the key stakeholders for the core team?
- Who needs to be included on an ad hoc basis?
- Who just needs to be kept informed?
- What is the method of communication?
- How frequently will you meet?

Step 3 – Engaging with Incumbent Suppliers

Regardless of how mature your existing programme is you will inevitably have suppliers. Some of them may be contracted and preferred and others just used because they have been convenient. It is important that you engage with these suppliers as there is every chance that they are currently more knowledgeable about your programme than you are. In addition they will have in their possession a large amount of historical data that is of tremendous use to you. Before engaging with the incumbent suppliers (apart from data requests) you should consider the following:

- Should Purchasing be involved?
- What do I need to know about the existing services and capabilities?
- What questions need resolving from Phase 1 (Data and process)?
- Can I improve existing services and costs?
- What relationship building needs to be undertaken?
- What learning opportunities are there?



Phase 3 – Purchasing – the RFP Process

The purchasing phase is very important as it identifies potential suppliers, informs them of your requirements, and ultimately determines the costs that you will pay and the service that you will receive. In the first instance it may be possible to identify 'low hanging fruit' i.e. immediate and straight forward opportunities with suppliers you are already engaged with. For larger purchasing endeavours a clear and concise tender document such as a Request for Proposal (RFP) with questions that relate to your requirements is important. It is very easy to 'recycle' somebody else's RFP but this is unlikely to probe the suppliers to ensure that they are able to meet your stated goals.

Step 1 – Creating the RFP

The work already undertaken in the Discovery and Engagement phases has laid the foundations for the RFP. To enable suppliers to best demonstrate their capabilities you will need to ensure that the RFP clearly sets out your goals and expectations. The more information that you can provide to potential suppliers the easier it will be to quantify who will be able to best meet your requirements.

The RFP should be as simple as possible to understand and contain good quality open questions. There is an appetite from many online RFP tools to over commoditise travel and simplify the process by asking closed questions requiring a 'Yes' or 'No' answer. Whilst this allows the tools to automate the scoring and reduce the time its limitations should be considered.

Consideration should be given to how the questions are structured to enable scoring when the responses are submitted.



Clear guidelines should be issued to potential suppliers detailing as a minimum the following:

- Response Format
- Dates for:
 - RFP Issue
 - Intent to tender returned
 - Clarification questions received
 - Clarifications questions answered
 - RFP response due
 - RFP response evaluation
 - Shortlist notifications
 - Supplier Presentations
 - Best and Final Offers
 - Site Visits
 - Existing and Past customer references
 - Contract Award
 - Contract Start date

It is imperative that you allow enough time to complete each of the detailed components of the process and that you are fair to all the potential suppliers and adhere to the timelines.

If possible a copy of your standard services contract should be included with a contract compliance matrix allowing the bidders to identify any clauses that they are uncomfortable with.

Step 2 – Identifying the Potential Suppliers (Bidder List)

You can not have an effective programme without quality suppliers. Prior to issuing your RFP you will need create a qualifying criteria to be included and then also research the potential suppliers. The qualifying criteria may include some of the following:

- Member of a professional Industry association
 - ITM
 - HBAA
 - GTMC

- Works with companies in your industry sector
- Other supplier data, such as:
 - Financial Security
 - Staff turnover statistics
 - Industry awards or recognition
 - Recommendations from Peers
 - Environmental Policy

Whatever the criteria you decide upon further research is suggested and if possible obtaining references prior to issuing the RFP.

Step 3 – Issuing the RFP

The RFP should be issued to all suppliers at the same time with all necessary documentation attached. Wherever possible it should be issued electronically, avoiding the excessive use of paper.

Step 4 – Scoring the RFP

As discussed it is important to structure the RFP to enable you to score your suppliers as easily and fairly as possible. This simplest way is to group the questions in to 6 to 8 sections that you can then apply weighting too if necessary. It can be useful to set a minimum qualifying level (either points or percentage) before the scoring commences. Any supplier exceeding this level will progress to the presentation stage.

In addition to the structure you will need to identify who in the working party will score the RFP and the scoring Criteria. The following is an example of scoring criteria:

- 0 points – Meets non of the requirements
- 2 points – Meets some of the requirements
- 3 points – Meets all of the requirements
- 5 points – Exceeds all requirements and adds value

Step 5 – Supplier Presentations

Once you have completed the scoring you will be left with a number of suppliers that have either met the minimum qualifying criteria or that you feel are able to meet your requirements.

Ensure that you inform the suppliers what you are looking for them to present, how long they will have and ask what equipment they will require. This is your last chance to probe the suppliers and ensure that they are able to meet your requirements .

Suppliers should be questioned thoroughly on any areas where they received low scores.

In addition to ensuring that the supplier can meet your requirements you should also be focussing on if you can actually work with them. If you have not warmed to the supplier's employee do not be afraid to ask for them to be replaced.

You should also consider visiting shortlisted suppliers in their own environments as this can often give you insights into the business which sales people or distanced communication cannot.

Step 6 – Best and Final Offer (BAFO)

Whilst we would always expect a supplier to submit their best bid in the first instance this does not always happen. This is your last opportunity to obtain some extra value or reduce costs prior to awarding the contract.

Step 7 – Award and Contracting

As soon as a decision is made notification should be given to the successful bidder subject to agreeing contractual terms. Any major areas of concern on the contract should be addressed prior to notifying the unsuccessful bidders. Unsuccessful bidders should be notified as soon as possible.

Step 8 – Supplier De-brief

It is very costly and time consuming for suppliers to respond to tenders. It is only fair that you should offer the supplier an hour of your time to let them know how they performed, where they scored badly and areas that they could improve on in future bids.

Phase 3 – Purchasing: “Commodities” (Air, Hotel, Car Rental)

As part of your managed travel programme it is important to ensure that you maximise any savings opportunities. The purchasing of the commodity type elements if done correctly can deliver significant savings to your bottom line.

The data obtained in the discovery stage will give you an indication of your key suppliers and the volumes that you are spending with them.

The following are examples of the kind of contractual agreements you may have in place:

- Air Programme
 - Negotiated discounts on core routes
 - System wide discounts with preferred airlines
 - Volume based rebates
 - Loyalty Schemes*
- Hotel Programme
 - Negotiated rates in all core locations
 - Preferred
 - Capped
 - A percentage discount off the Best Available Rate (BAR) in all core locations
 - A group/chain discount giving a percentage discount off all of their properties
 - Chain loyalty schemes*
 - Venue Find
 - Event Management
 - Destination Management Company (DMC)

*Whilst there are some negatives associated with loyalty schemes there are also benefits to be had in a well managed programme. They can deliver value add items to your travellers such as:

- Room/Flight upgrades
- Lounge Access
- Free wireless internet access
- Supports the company preferred suppliers programme

In addition to Air and Hotel it is not uncommon to have discounts on;

- Car Hire
- Rail
- Ground Transportation (Taxi/Chauffeur)
- Ferry
- Jet Charter
- Coach

The list can go on but you should however only focus on purchasing areas that have a significant volume or are business critical to you.

Not all purchasing activity is based around delivering cost savings. There are some suppliers and commodities that need to be contracted to protect the interests of your business. The process may deliver savings but the benefits may be greater than this. Some examples are:

- Insurance Provider
- Risk Consultancy
- Passport & Visa processing company

Income

In addition to costs and savings you should be aware that a number of suppliers still offer a commission payable to the supplier booking travel. Whilst these commissions are steadily disappearing they are still available from suppliers in the following areas:

Commission

Air	–	Low around 1%
Rail	–	Steadily reducing around 5%
Hotel	–	8% – 12%
Car Hire	–	Various
Venue	–	8% – 13%

In a transparent pricing model the supplier will disclose all of the commission that they receive. Do not be afraid to request this information from your Travel Management Company or other suppliers. In the majority of Management Fee models and most transaction fee models the supplier will return commissions.

Phase 4 – Implementation

Now that you have identified the best supplier to book and manage your travel or indeed the commodity provider that will give you the best deal you will need to launch this to the business.

This phase is underpinned by excellent communication. You may have the best suppliers available at the lowest cost but if your travellers do not use them then you have wasted your time and your business will be paying higher costs.

The two key communication streams are between:

- You and your Supplier(s)
- You and your Customers (i.e. Travellers, stakeholders)

Your implementation plan must be formed using the skills and resources of the supplier's implementation manager, you, and your stakeholders. Realistic timelines for implementation need to be set with your suppliers and agreed with your internal stakeholders. The implementation of a new TMC for example will normally take a minimum of 8 weeks and more often 12 weeks.

A key component of any TMC implementation is the quality of your employee data, where it is obtained and how it is updated to manage organisational changes, leavers, and starters. The core employee data contained in a TMC travel profile should contain as a minimum:

- Full name (as it appears on the passport)
- Unique employee number, if available
- Email address
- Contact phone number to include a mobile
- Cost Centre
- Department / Function
- Nationality

The source of this data is important as changes need to be communicated to the suppliers and this in most instances is the data used for accounting and reporting purposes. This is where the HR or IT/IS stakeholder can add some value as they will know what data is held centrally and how this can be passed to the supplier.

There are many other additional pieces of profile data that should be managed by the traveller or booker. These may include:

- Special meal requirements
- Preferred seat type
- Frequent Traveller cards
- Project codes

A planned communication of what is happening, when it is happening and why is fundamental to the success. If you can use your Executive Stakeholder to issue the initial communication then this will help with the roll out. As a minimum, the name of your Executive Sponsor should be visible on any communication materials.

Consideration should be given to a central source of information for all communications, policies, and processes. This should be something that is already familiar to your users such as a company Website or Intranet. If possible a specific Travel Portal should be used that is either provided by your company or your chosen supplier. Whatever the method it is important that information is current, correct and simple to find.

In addition to the communications plan, supplier visibility is very important. This can be readily achieved by holding on site supplier road shows or indeed taking key bookers to the supplier's offices. The insight gained and relationship building that this achieves is invaluable.

Phase 5 – Monitoring

Definitions

Programme Management

The ongoing review of performance against service level measures and your stated goals or critical success factors.

Performance Management

A systematic review of how your suppliers are performing and the building of long term partnerships with them.

MI (Management Information)

The provision of data from your suppliers that will give a clear picture of spend, savings opportunities and costs.

Once you have your programme implemented this is where the hard work begins. Your requirements will change, volumes will increase or decrease and your contracts will expire. You will be required to manage this on a daily basis and this can be done by:

- Programme/Account Management (provided by TMC)
 - Quarterly account management reviews. These may include:
 - Update on spend/trends
 - Performance against agreed metrics
 - Proactive suggestions from account manager
- Process improvements
- Savings opportunities
 - Assistance with ad hoc enquires
 - Product updates and training

Performance Management of TMC and other suppliers:

- Service level Agreement (SLA)
 - Regular reviews of performance against agreed metrics
 - Customer satisfaction surveys
 - Traveller feedback forums

Management Information (MI)

- Spend Data
 - Total spend captured through length of contract
 - Performance against contract measures
 - Future opportunities

It is important to monitor and measure the correct areas. This should relate back to your stated business goals. If reducing cost is your stated goal then you should measure demand, average ticket price, missed savings opportunities, savings proposals and leakage of spend to non preferred suppliers. If service is a stated goal then telephone answering, customer satisfaction and complaints should be closely monitored.

Once you have gathered Management Information from your suppliers, it is important to know what to do with it. Data can be turned into any number of Key Performance Indicators (KPIs) and distributed back to your stakeholders, as follows:

Compliance

- Sending a report of non compliant bookings to your Executive Sponsor or department heads.
- Creating a league table of best/worst performing departments

Savings

- By reviewing your Management Information you can identify future cost savings opportunities for example advanced booking, acceptance of restricted air tickets
- Using the spend data by supplier will also assist in the negotiation of enhanced discounts for your organisation.

Supplier Management

- Measuring the success/failure of your suppliers in driving down the costs of your travel and delivering process improvements.

Travel Policy – Points to Consider

There are many resources available on the web on how to create a travel policy and examples of policies. Creating a travel policy is also covered in the ITM's Professional Certificate Course. The following is a high level overview of areas to consider:

What is the policy for?

The policy needs to deliver clear instructions on what is an acceptable expenditure and what is not. The policy should support the identified business goals, the ethos and culture of an organisation. The policy may need to support employee retention or satisfaction.

How do you 'sell' the policy to you stakeholders?

There are many benefits to a well written policy such as consistency and cost control. As long as the policy is fair and realistic the benefits of cost control/reduction and traveller safety and well being can be demonstrated

Who will own the policy?

This will vary by organisation but will usually be HR, Finance, or Purchasing. It is not too important to define who owns the policy as long as input is given by these 3 functions as a minimum. You will also need to ensure that the policy is endorsed by a senior executive who will support you in managing persistent violators.

How will you monitor compliance?

This can be managed pre-trip, post trip, or during the booking process. By forcing the traveller or arranger to explain why they are unable to adhere to the policy usually delivers the best results. Again it is not too important when this is done as long as it is monitored. You will require the assistance of your TMC or SBT to assist with reporting policy violators.

How do you manage consistent policy violators?

There may be many reasons why someone is unable to adhere to the policy on occasion and as long as a reasonable explanation is given this should not be a problem. When policy is violated without just cause or on a frequent basis then the travellers needs to be made aware that this information is being captured. Dependant on the culture of your organisation this can be done softly or more forcefully. The softly approach is to email the traveller and then escalate up the chain of command on each

additional violation. The more forceful route is a call or email from your executive sponsor with a copy to their line manager or even the introduction of HR processes. Some companies even write “travel policy compliance” into job descriptions or objectives.

What should my policy contain?

Alternatives to travel and reasons why these should/could be used (also known as Demand Management)

Preferred suppliers – Booking channels/Suppliers that can be used

Air – Class of travel by journey time/Advance booking times

Hotel – Star rating/Maximum room rate by city/area

Rail – Class of travel

Car Hire – Car group type

There may also be references to health & safety, security, CSR and risk policies within the travel policy.

Summary

By following the steps above and considering the following:

Plan, Do, Review

And

Communicate, Communicate, Communicate

You will be in a good position to have a well managed travel programme.

Do's

- Define your goals and objectives
- Obtain senior management buy-in
- Ensure early engagement of stakeholders
- Know and understand your data
- Make sure you choose the right supplier(s)
- Stage the implementation
- Ensure both Global and Local deals are in place
- Measure and report your successes
- Learn from mistakes or issues
- Communicate, Communicate, Communicate

Do Not's

- Take up too much of your stakeholders' time. Be clear and concise in your stated goals
- Delay in responding to issues or concerns
- Implement in a part of the business if it can never work
- Get it wrong first time as it is much more difficult second time round

Glossary of terms

TMC	Travel Management Company - formerly known as Travel agent
SBT	Self Booking Tool – A web based tool for making corporate travel bookings
P&V	Passport and Visa Services related to obtaining necessary documents to enter a country
MI	Management Information – The provision of travel spend data and analysis
MIS	Management Information System – provider of MI
SLA	Service Level Agreement – A list of measurable targets
KPI	Key Performance Indicators – A set of measurable targets to judge performance
RFI	Request for Information – An initial document which requests broad information about suppliers
RFP	Request for Proposal – A detailed document which lists all of the data and service requirements of the company
RFQ	Request for Quotation – A set of parameters which require specific pricing
HBA	Hotel Booking Agent – travel agents who predominamntly book accommodation, meetings and venues
DMC	Destination Management Company (local country experts for venues & events)
GDS	Global Distribution System – electronic distribution systems which house live supplier inventory
BAFO	Best and Final Offer – Final pricing offer in a bid process
ADR	Average Daily Rate – The average rate paid for a hotel room or other accomodation
F&B	Food and Beverage

This “How To...” guide was commissioned by and written for ITM by Chris Reynolds, 3sixtyglobal, and edited by Louise Kilgannon, Infor and ITM Chair for SMENE (SME and new Entrants) Working Party.

About ITM

The Institute of Travel & Meetings (ITM) UK & Ireland, previously called the Institute of Travel Management, is a not for profit organization established over 50 years ago to provide education, research, training and networking to stakeholders in the business travel & meetings industry.

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Chris recently left the ITM Board after serving for 6 years. He is still actively involved with ITM and is a great advocate of the ITM and the many benefits that being a member of brings.

He has over 20 years experience of the corporate travel business. Having worked for a Global TMC in operational roles, a CIPS buyer for Siemens and most recently consulting for numerous organisations, he was the ideal person to support the SMENE working party on this “How to...” guide.

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