

WHITE PAPER

# HOW TO CREATE A SUSTAINABLE TRAVEL PROGRAM FOR INDIRECT PROCUREMENT



At the Institute for Supply Management conference in Houston, TX, Travel Incorporated led a discussion at the Innovation Hall to a group of indirect procurement professionals. These professionals are responsible for overseeing a multitude of business lines, including their companies' travel. This white paper outlines the Five Key Elements that are critical for sustaining a viable travel program. It is intended

for the procurement professional to gain a solid, fundamental understanding of what is required, and then engage internally with stakeholders from various departments to outline the program objectives for traveler satisfaction, cost recovery, and duty of care. Meanwhile, they will depend on their Travel Management Company (TMC) to take on the heavy lifting of the day-to-day program delivery.

# THE FIVE KEY ELEMENTS OF A SUSTAINABLE TRAVEL MANAGEMENT PROGRAM



**Travel Policy** to create an environment of balance between corporate culture and cost recovery



**Duty of Care** for the safety of each of your travelers whether their travel is domestic or abroad



**Cost Savings and Recovery** which manages the overall spend, including year-over-year continued discounted savings through behavior management, strategic vendor selection and impactful contract negotiations



**Self-Service Tools** via Mobile and Artificial Intelligence – to give the travelers the information they need anytime, anywhere



**Reporting, Graphical and Predictive Analytics** to effectively monitor, track, and report on all aspects of the previous 4 components in real time

# Travel Policy: Balancing Corporate Culture with Cost Recovery



When building out a Travel Policy, it is important to understand your goals for cost savings, as well as your traveler's buying behavior towards compliance. Focusing on only one area will dramatically reduce your opportunity to run an effective program. In the end, it is important to remember that the traveler makes the majority of the end buying decisions for their trips (even when approval processes are in place). One simple rule to remember: the culture of your organization will trump cost savings every time!

## Mandating vs. Guidelines

A program that requires traveler compliance in order to receive expense reimbursement is often

referred to as a Mandated Program, and is effective once an established program is in place. In this model, all constituents, including Human Resources, the Operations team, and Executive Management are expected to comply based upon specific rules for each employee division and level.

More often, a policy that is based upon sound guidelines, with effective communication to support the policy framework, will deliver a sound return and feel less restrictive from a traveler perspective. However, the success of a guideline-based program must be supported at the executive level and be

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socialized throughout your entire company.

It is important to first understand where your travel program is today, and where you want it to be tomorrow. The following outlines a good foundation to gauge your current situation.

## BUILDING

Unmanaged or Lightly  
Managed

Consider aligning yourself  
with a TMC partner

Limited Preferred Partners

Reporting limited to  
Expense and CC

Challenge with Duty of Care

## STRENGTHENING

Policy in place as a guideline

Preferred Booking Online &  
TMC

Using Data to negotiate  
vendor agreements

Cost Recovery identified and  
Savings plans in place

Challenge with Duty of Care

## MAINTAINING

Mandated

Expense Reimbursement  
Only within Policy

Long-Tail Savings  
Opportunities

CC Reconciliation to Increase  
Efficiency

Proactive Risk Management

Corporations that shift from a 'Building' to a 'Strengthening' managed program, are likely to achieve savings up to **20%** of your total travel spend

# The Best Practices for Balancing Policy & Culture



## **Know** What You Are Trying to Achieve

Year-Over-Year Cost Savings, Safety, Reporting



## **Communicate** Objectives and Why They Matter

If they understand, they will likely comply!



## Let your Travelers Know You Are Listening and **Care**

Engage them by conducting surveys, add ridesharing options if they express interest

## Duty of Care

Your traveler's safety is a priority. A secure Duty of Care program is your company's obligation. Your company may, or may not, have a dedicated Risk Management Department. In the event yours does not, organizing a risk management process in alignment with your Human Resources division is paramount. As important as this is, the reality of managing your process is not as overwhelming as you may imagine. Travel Incorporated supports our clients in providing the information and tools to properly design a program and partner with 3rd party risk management organizations on a global basis. Providing documentation of established procedures can also result in a reduction to your corporate insurance costs.

**"The reality of managing your process is not as overwhelming as you may imagine."**

# How to Start

The first step is to communicate to your travelers the importance of booking their air, hotel, and car through your preferred channels, whether that means an online booking tool or your travel management company travel consultants. This will ensure that all information about their current and upcoming trips is easily accessible. It is also imperative that your policy requires your travelers to include their mobile phone number for communication purposes in times of emergency.

## Communication

Communication is imperative in first being aware of travel disruptions, and then how your travelers may or may not be impacted.

Your TMC is responsible for advising your company's primary point of contact with current impacts to travel, whether it is due to political unrest, terror, or a weather-related disruption. The initial communication to your organization should outline the situation and severity of the disruption.

Following the alert notification, you should receive a

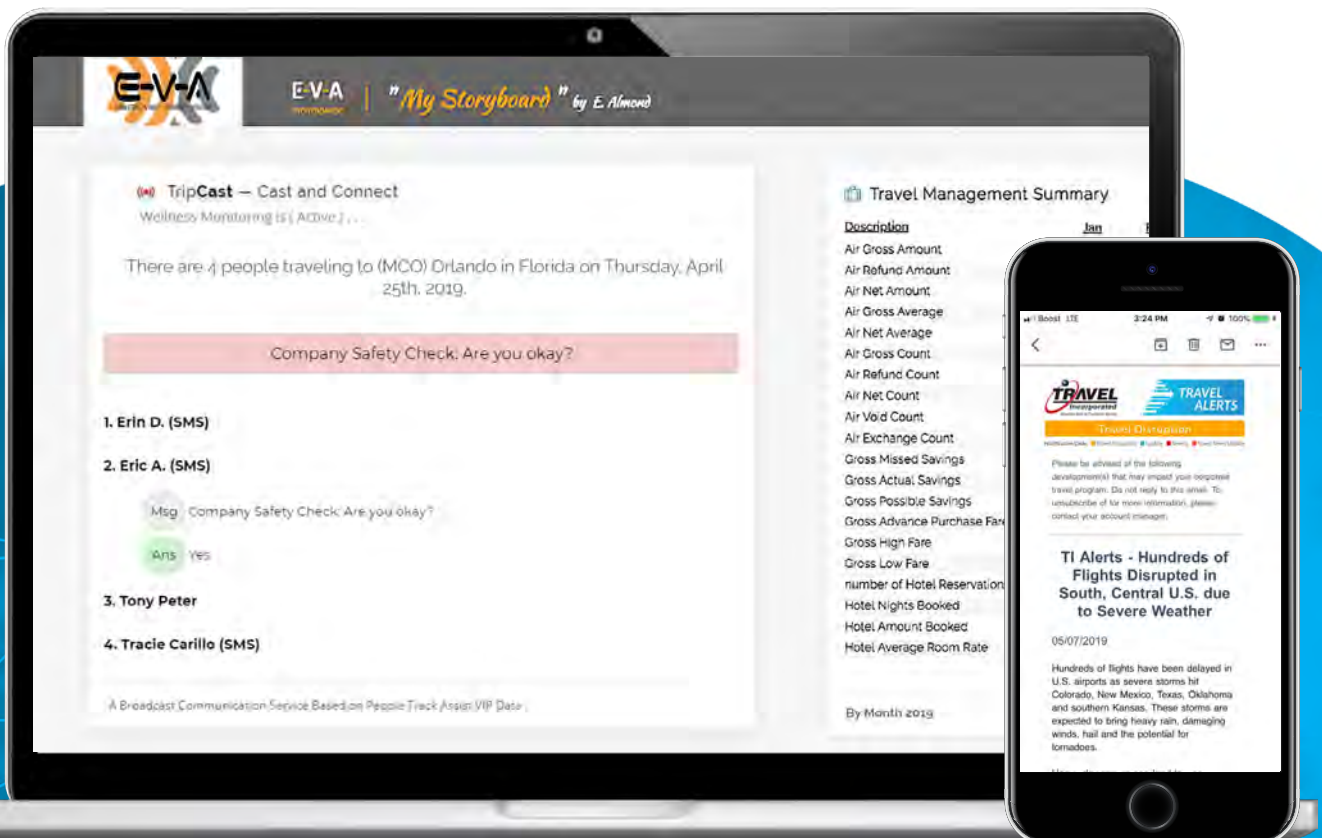
complete listing of any travelers who are impacted by the referenced alert. This will allow you to trigger your company's duty of care process.

## Traveler Two-Way Communication

If the situation becomes one that you deem appropriate to communicate and confirm your traveler's safety, Travel Incorporated provides an Amazon Alexa skillset along with a Google Chrome Storyboard, which allows you to commence a two-way communication with each of your travelers with a single click. This will also create a confirmation of all travelers' status.

## Third Party Risk Management Services

It is important to acknowledge that the risk management program for your company should be supported by your Travel Management Company. Your TMC should consult and provide you and your risk management team with additional options for consideration, including 3rd party service organizations that provide extended service, medical or international traveler support, such as Isos, WorldAware, and SAP Concur Connect.



# Cost Savings & Recovery

When reviewing your cost vs spend, it is important to understand two components:

- 1) TMC transaction fees should typically represent no more than 3% on average of your total travel spend.
- 2) In contrast, the savings that your TMC provides should be anywhere between 10% to >20% of your travel spend – dwarfing the cost vs. savings ratio.

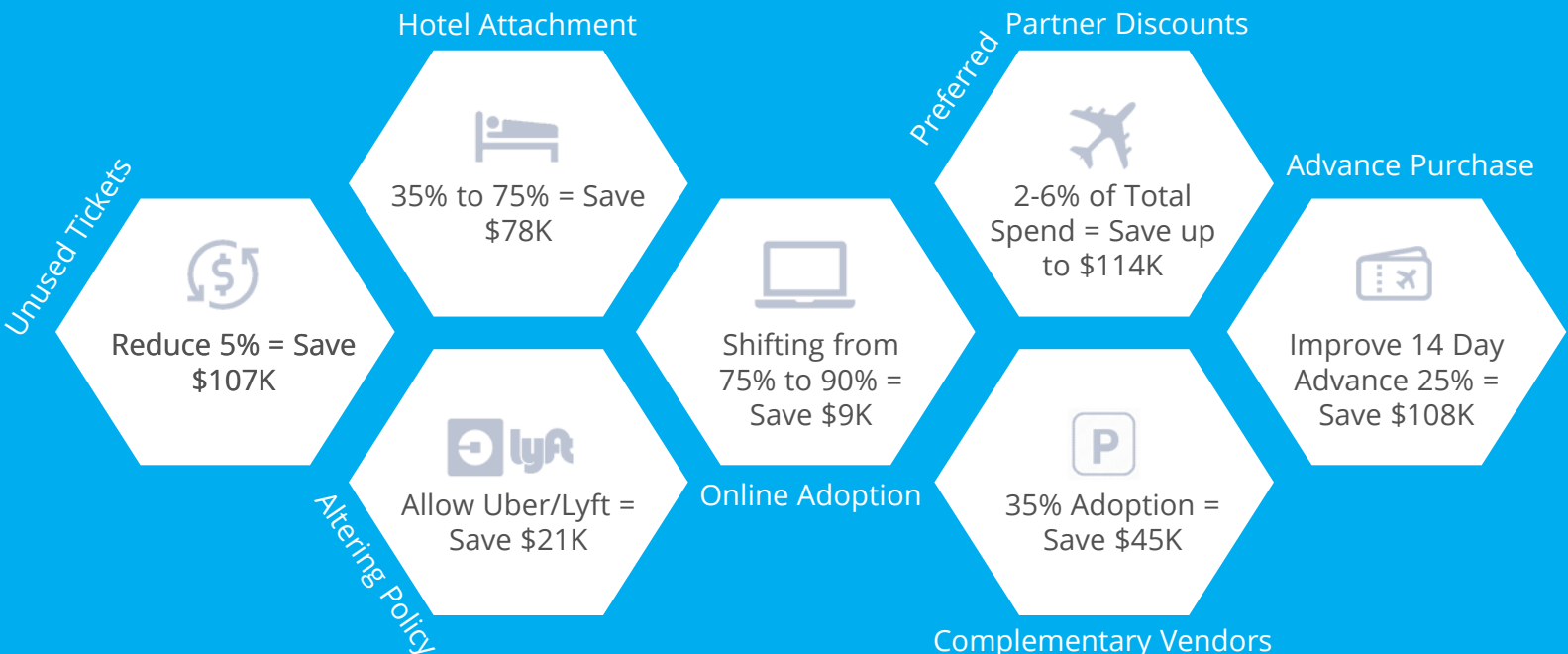
## How to Approach Cost Savings & Recovery

Savings and cost recovery is directly related to your company's objectives and how you communicate the importance of achieving these goals to your travelers. Some companies believe the savings will come from negotiated discounts – when in fact, the best short term success is from advanced purchase. There are many options to how savings and cost recovery can be achieved. Below is an example of annual savings based upon a \$2.5M air spend (based upon 200 travelers with 20 trips per year).

Whatever size your program and culture of your traveler's buying behavior, there are savings opportunities available to you. It is the responsibility of your TMC to bring these opportunities to you for discussion and consideration.



**“The Savings your TMC provides should be anywhere between 10% to 20%”**



Unused Tickets

Hotel Attachment

Partner Discounts

Advance Purchase

Altering Policy

Online Adoption

Complementary Vendors

# Self-Service Tools

Today's traveler expects to have their individual travel information available anytime, anywhere. They want to be self-sufficient as much as possible, yet have access to service and support 24/7 when the need arises. Digital technology enables immediate responses and access through mobile, tablets and wearables to help reduce impacts of disruption, provide clarity and confidence

that their schedule is on track, and ensure they are informed at any given time.

## What is Too Much - and What is Just Right?

Although many airline apps provide great individual detail about gates, status of bags checked, connection validation - it can be too much to consider downloading each airline's app if

you are a road warrior and travel on multiple airlines. Clearly, if there is a primary carrier that is used for over 70% of that traveler's flights, the app is a welcomed tool. Your travelers should consolidate wherever possible to ensure they have what they need, when they want it, and have the ability to personalize the information to meet their ever-changing demands.

## Top Opportunities for Mobile Digital Technology Should Include:

Immediate access to itinerary detail in real time, with ability to check status, check in, hotel and rental car detail including addresses, confirmation numbers, etc.

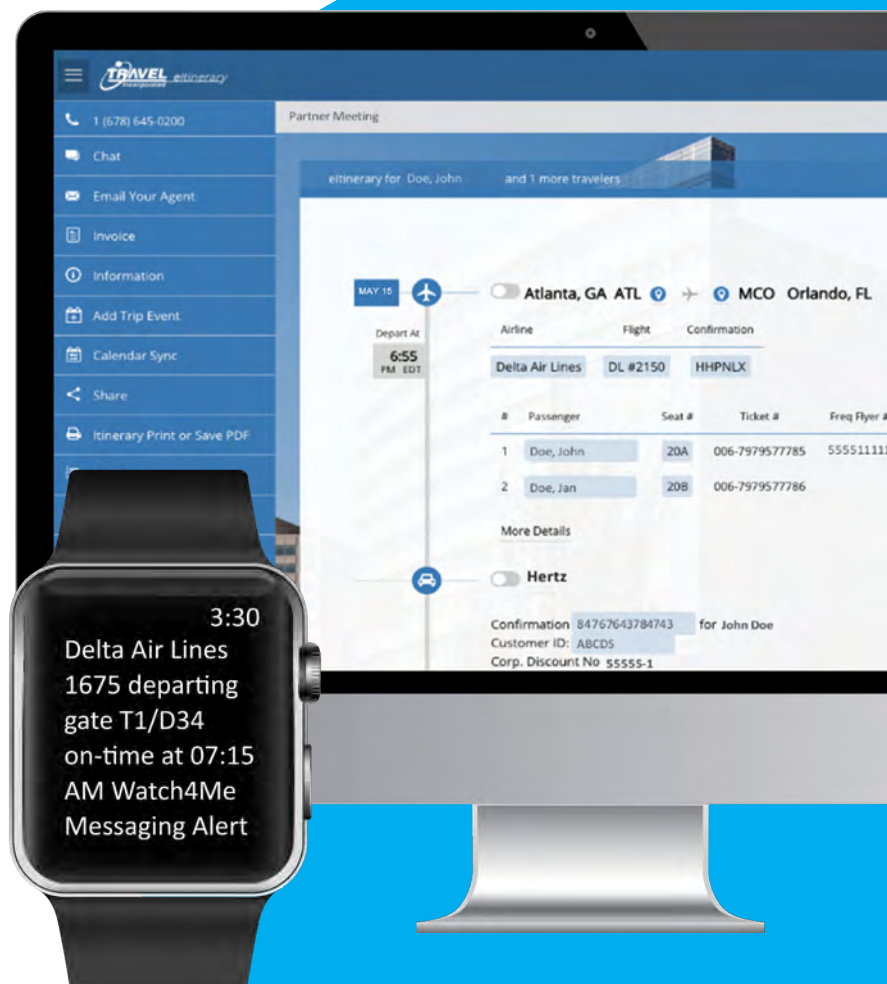
Ability to personalize your itinerary by simply adding specific dinner or meeting details, and then share any or just a single component of your itinerary with colleagues or family members

Push notifications for any airline's gate changes, delays, or confirmation that all is on time

Ability to initiate chat, email or call a travel consultant when the need occurs

Executive administrator capabilities to access any of their travelers' details 24/7

Two-way safety check communications with your travelers when any are in a particular location of concern.



# Reporting, Graphical and Predictive Analytics

Once all of the above areas are in place, the Procurement Manager must have the ability to monitor, track and review all of your company's travel information in real time. This relates not only to actual spend, but also to your traveler's buying behaviors. This includes who specifically is booking in or out of policy, who is not using the online booking tool or booking within a 7-14 day advanced purchase, or if they have included that hotel booking alongside their overnight air reservation. Understanding your travelers' behavior is critical to that balance of culture and cost savings – without the ability to easily access this, it becomes an exercise rather than a strategic approach to your program.

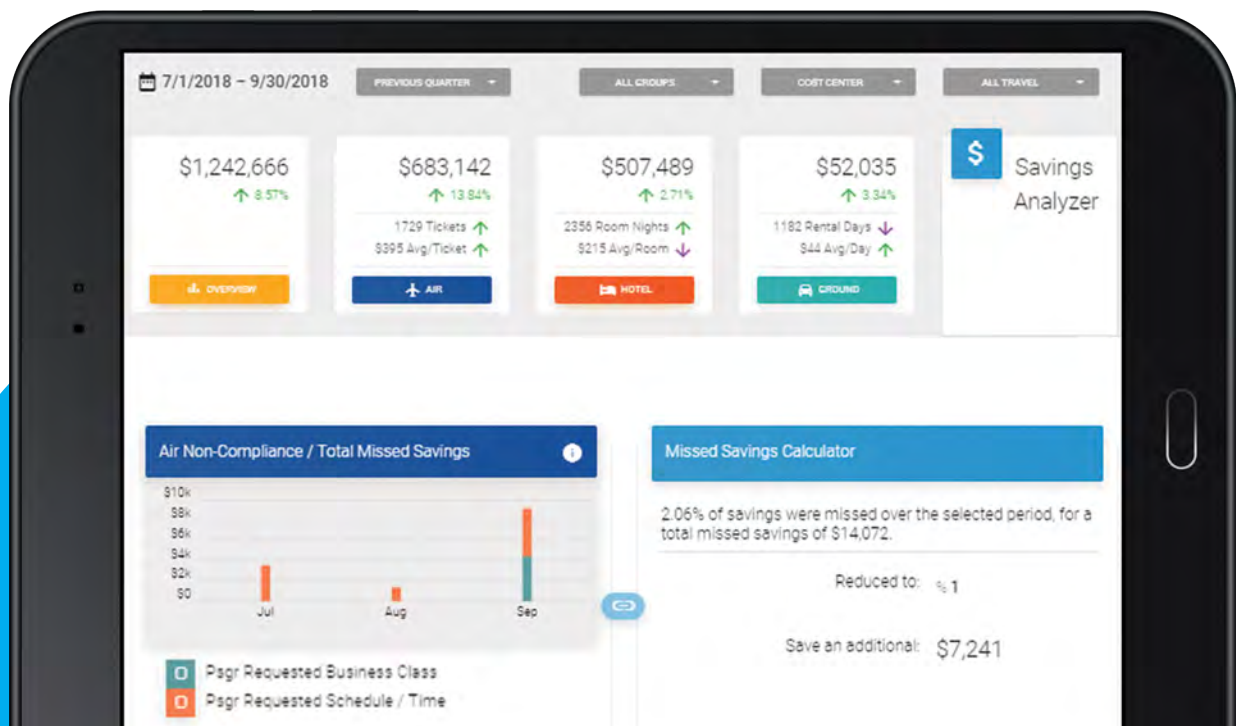
## Your reporting tool should allow you to:

- Access it 24/7, and be available via mobile or desktop devices.
  - Display near-, or real-time spend information with data available no less than 24 hours after booking.
  - Have the ability to quickly drill down the graph to the division or even traveler level.
  - Provide preferred supplier details for market share purposes and leverage negotiating opportunities.
- Export into an excel format for simple spreadsheet editing and sorting.
  - Show high level detail for inclusion in executive briefings.
  - Schedule specific reports to be pushed to your inbox based upon your timeline requirements.

## Predictive Analytics – Looking to the Future for Cost Recovery

Having historical data is very important for a baseline, but should never be the only type of reporting capabilities within your program. When reviewing opportunities for future cost savings, or identifying what potential impact a change in your policy may cause as your travelers shift their buying behavior, it is important to have a “What If” calculator at your fingertips to gain an indication of the level of savings that could be achieved.

These scenarios will identify which area of opportunity will have the largest commercial impact on your year-over-year cost savings, and could result in improvements to your duty of care program.





# Summary

It should never be expected that the Procurement Manager is the subject matter expert, but your involvement and understanding of the elements discussed will ensure that you, in partnership with your Travel Management Company, deliver a strong return for your company, safety and security for your travelers, and a program that enables you to manage your entire line of business with the confidence that the travel program is well in hand.

To learn more about how Travel Incorporated approaches each of the items above in partnership with our clients, visit our website at [www.travelinc.com](http://www.travelinc.com) or contact us today at [www.travelinc.com/ask-ti/](http://www.travelinc.com/ask-ti/).



# Who Is Travel Incorporated?



**Travel Incorporated** helps companies stay ahead of their travel by delivering the absolute best in service and digital technology. As one of the Top 20 Travel Management Companies, TI tailors every travel program to ensure the safety of your travelers and maximum cost savings initiatives. With 40 years in business and over \$1 Billion in annual sales, TI gives you business travel - your way.

**Tracie Carillo** has been a strategic travel industry leader for over 20 years, specializing in aligning new technology to the underlying root issue of the end user's needs. With a focus on cost recovery, she is an authority in designing process improvements which impact behavioral shifts, achieving significant year over year savings to help companies optimize their indirect spend. Tracie is currently Senior Vice President at Travel Incorporated, overseeing the Business Development and Marketing divisions with a focus on new technology initiatives.

## Safe Travels

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