Effective Travel Management
Eight key levers to optimize a travel program

Carlson Wagonlit Travel
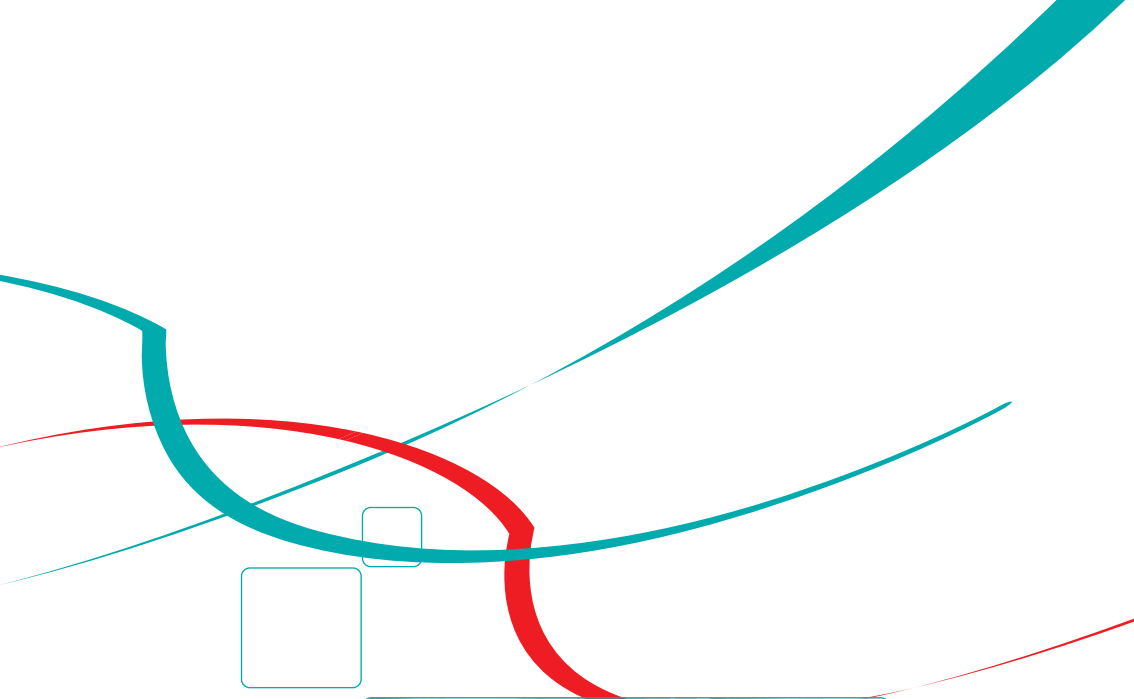
Introduction

Business travel is essential for building better relationships and crucial for driving growth. But it can be complex to manage and demanding for travelers. Complex because of the multiplicity of distribution channels and the ever-evolving pricing models airlines and hotel companies apply. Demanding because of the time and energy required and the need for travelers to stay productive while on the go.

Companies can meet the challenge by having a well-managed travel program that delivers great value to the organization and its travelers. A program that takes a 360-degree view of the company's travel needs. A program that delivers savings, service and security while respecting the imperatives of environmental protection and sustainability.

What are the key priorities for a robust and effectively managed travel program in today's fast-changing environment? How can companies derive greater value from their travel program and satisfy all of their stakeholders?

Carlson Wagonlit Travel (CWT) sees travel management as a multi-faceted undertaking with eight key levers companies can use to optimize their travel program.

This booklet highlights those levers, which are also explored by the CWT Travel Management Institute in a series of research initiatives designed to help companies derive the greatest value from their travel program.

Carlson
Wagonlit
Travel

Contents

Context

A growing number of companies are seeking to optimize their managed travel program. As they do so, they are faced with several challenges:

- Globalization and the imperatives of business development continue to drive business travel, despite **rising prices**. This is true for not only the most industrialized countries but for the largest emerging ones such as Brazil, Russia, India and China. Despite increasing demand for sound alternatives to business travel, companies will continue to send their people on the road and incur higher costs.

- The price of certain product/market categories will continue to increase as **demand outpaces supply**.

  This is particularly so for average daily rates of hotel rooms in many cities around the world. This inflationary trend is expected to continue, especially in emerging countries of Asia Pacific and Latin America, where a significant supply of new hotels will take time to be completed. As hotel suppliers use yield management techniques to maximize profits, **negotiations are more challenging**.

  The cost of air travel continues to rise as oil prices and surcharges increase. Many airlines are also imposing ancillary charges for what used to be standard services such as checked baggage. And some U.S. airlines are eliminating certain domestic routes in favor of more profitable transatlantic and transpacific ones. Open skies agreements should boost competitiveness and bring down certain fares, as more flights to more destinations increase choice for travelers. On the other hand, **consolidation in the airline industry** could lead to fewer options.

- Supplier markets and distribution channels are complex and continuously evolving. Ensuring complete and easy access to relevant content can be challenging in the face of **changing GDS (global distribution system) regulation**, as seen in the United States and Europe. Multiple pricing models, especially for air travel, require constantly being on top of the situation to maximize value.

- An increasing number of companies are striving to find a better balance between cutting cost from their travel program and ensuring the **comfort, productivity and well-being of their travelers**.

- In response to globalization, many companies have expanded beyond their national borders and are consolidating their travel program on a regional or global basis for greater efficiency and savings. **Consolidation** is often a complex undertaking.

- Traveler **security** remains a major area of concern for most companies, as duty of care is increasingly the employer's responsibility.

- **Corporate social responsibility** (CSR) is on the global agenda, with more and more companies being held accountable for the impact their activities have on the environment and the communities in which they operate.

Eight Key Levers

Against a complex, ever-evolving backdrop, companies can use a number of levers to optimize their travel program. In this booklet, we will highlight the eight key levers that address the travel management priorities of companies around the world: savings, service, security and sustainability.

Figure 1: Travel management priorities: the "4Ss"
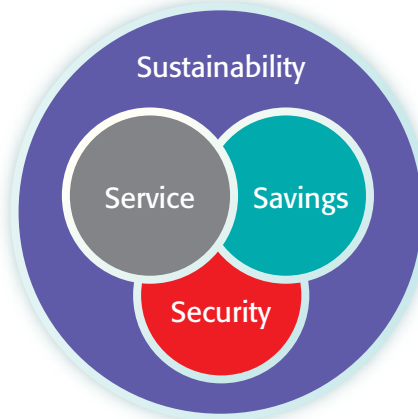
Eight key levers to effective travel management:

1. Provide the right services and assistance to travelers and optimize transaction processing
2. Tackle hotel spend in a disciplined and professional manner
3. Continue to drive air and ground transportation savings
4. Increase policy compliance and optimize demand management
5. Further consolidate travel programs
6. Address security needs and corporate social responsibility
7. Integrate meetings and events in the travel program to control and optimize the related spend
8. Develop executive dashboards and actionable performance measures

Lever One:
Provide the right services and assistance to travelers and optimize transaction processing

By using online booking tools for simple transactions, companies can reduce their total travel costs by up to 15 percent.[1] For complex itineraries and special services, applying the skills of expert travel counselors at the point of sale is important for traveler satisfaction. Having access to the relevant content of airlines, rail providers, hotels and rental car companies is another priority for travel managers and travelers alike. Equally important is providing travelers with a range of services designed to meet their needs from the moment of booking through their return. Implementing the service configuration that best balances a company's requirements for service and savings plays a primary role in supporting these objectives.

To meet these goals, companies must work with a travel management company who can help them to:

- **Define and implement the right service configuration.** Companies must consider which service configuration will best meet their requirements and establish service level agreements that will meet travelers' needs. Several options exist, presenting various levels of effectiveness—in terms of service, savings and security—and efficiency (i.e., lower unit costs and higher productivity).

Simple transactions are likely to be processed in the most automated manner, ideally through a corporate online booking tool. Complex bookings and VIP services, on the other hand, require greater attention and expertise. To that end, companies have several service configurations from which to choose.

Sometimes an on-site facility (i.e., implant) may be the right set-up to meet service level requirements such as those needed for VIPs at headquarters. Other companies opt for more centralized solutions such as single-language, regional service centers where all tools and procedures are standardized. This option is usually reserved for global companies who are successful in imposing a unique working language and service offering across all countries in the region. Companies who prefer an intermediary approach usually establish a local service center in each country. This alternative is optimal when the service center is created in a low-cost, "near-shore" zone.

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[1] *Toward Excellence in Online Booking,* CWT Travel Management Institute (2006)

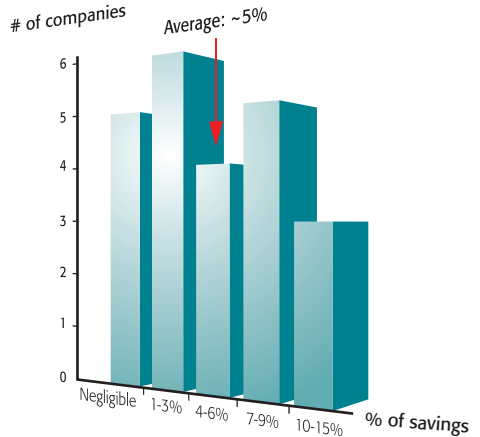**Figure 2: A range of service configurations to fit different client needs**
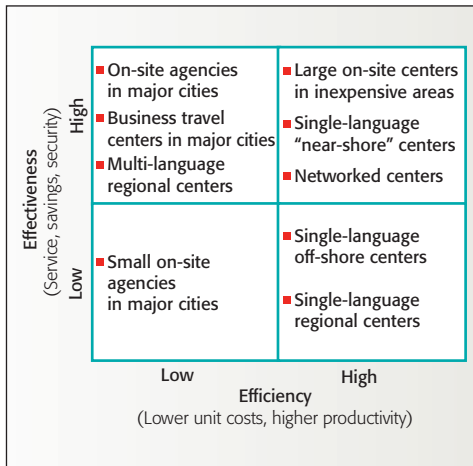
- **Ensure full access to relevant content at competitive prices in accordance with the travel policy.** GDS (global distribution system) models have evolved as financially strapped airlines seek to optimize their distribution costs. Consequently, opt-in fees are often charged to ensure that full content remains in the GDS and booking is efficient. Removing content from the GDSs would result in inefficiency, as travelers and travel counselors struggle to consolidate content from multiple sources. To date, no single alternative system can provide the full range of content—including hotel, rail and car—or the pre- and post-trip services currently available in the GDSs. And integrating a variety of alternative systems would lead to higher technology costs.

- **Optimize the efficiency of simple bookings by driving online adoption**

  - **Companies who use online booking systems can reduce their total travel spend by 5 percent on average and sometimes up to 15 percent** from combined savings on airfares and booking fees, according to an in-depth research initiative, *Toward Excellence in Online Booking*, conducted by the CWT Travel Management Institute. CWT also found that in the majority of cases, payback occurs within one year of implementation.

Figure 3: Online booking can result in savings on average ticket price of 5% on average
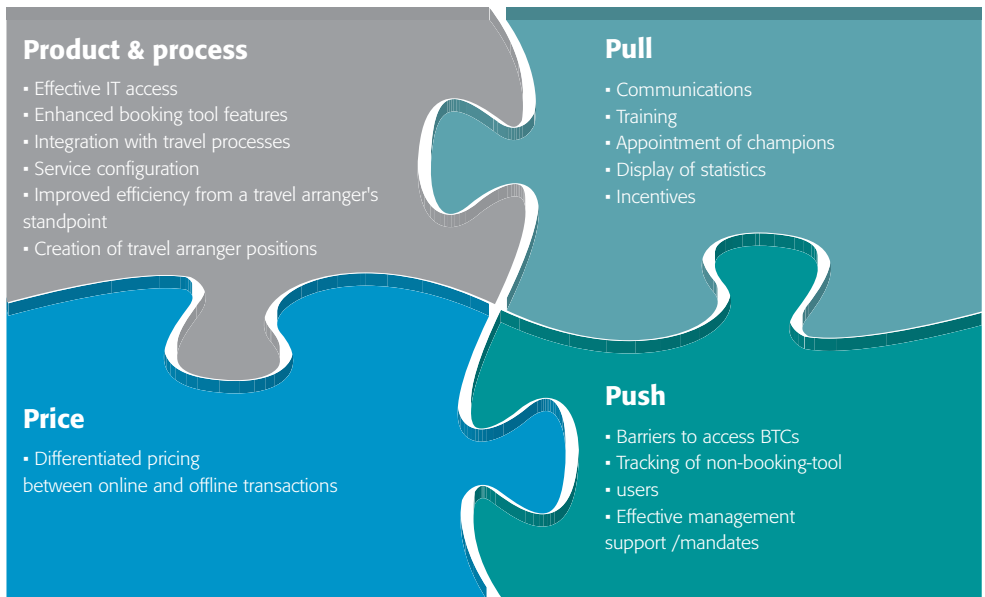
- ☑ **The level and speed of online adoption vary from one company to the next.** CWT has identified two principal groups of performers: the *leaders* and the *laggards*. Within each group, there are two subgroups of performers: the *fast adopters* and *long runners* are among the leaders, and the *stalled pioneers* and *newcomers* among the laggards. On average, adoption levels and speed vary by a factor of ~5 among the four subgroups of performers.

- ☑ **The two principal factors influencing performance are: company culture and financial conditions.** Companies with the greatest speed of adoption tend to have one or more of the following attributes: the ability to easily adapt to change, a strong

do-it-yourself corporate culture, a widely shared and systematically measured methodology to improve process performance, an e-culture, and/or a mandatory culture.

When a company is under significant pressure to reduce costs, there is greater potential to achieve a higher adoption level.

- ☑ **Successful companies tend to use a holistic approach**, combining four key drivers, known as the "**4Ps**," to increase online adoption: Product and process, Price differential, Push from management and Pull through training and incentives.

Figure 4: The "4 Ps": a holistic approach

Product & process
- Effective IT access
- Enhanced booking tool features
- Integration with travel processes
- Service configuration
- Improved efficiency from a travel arranger's standpoint
- Creation of travel arranger positions

Pull
- Communications
- Training
- Appointment of champions
- Display of statistics
- Incentives

Price
- Differentiated pricing between online and offline transactions

Push
- Barriers to access BTCs
- Tracking of non-booking-tool
- users
- Effective management support /mandates

Source: CWT Travel Management Institute

- **Provide a suite of services to enhance the traveler's experience.** A stress-free, well-prepared business traveler enjoys greater satisfaction and productivity, all of which benefit the company he or she works for. To that end, travelers need relevant, easily accessed information, user-friendly technology that facilitates travel planning and 24/7 assistance around the world.

  - A good starting place is a one-stop, **Web-based traveler portal** that offers relevant content, including the company's travel policy and destination-specific information, as well as easy access to corporate booking and profiling tools.

  - As personalization becomes increasingly important to the traveler, having access to a complete, easy-to-use **profiling tool** that is integrated with on- and offline booking is essential to ensure that personal preferences are taken into account and bookings properly made the first time.

  - **Mobile communications** further enhance the travel experience by keeping travelers well informed and updated with the latest information concerning their flight and destination.

  - Day or night, anywhere around the world, travelers must have access to **emergency assistance** in the event of a crisis or off-hours change in travel plans.
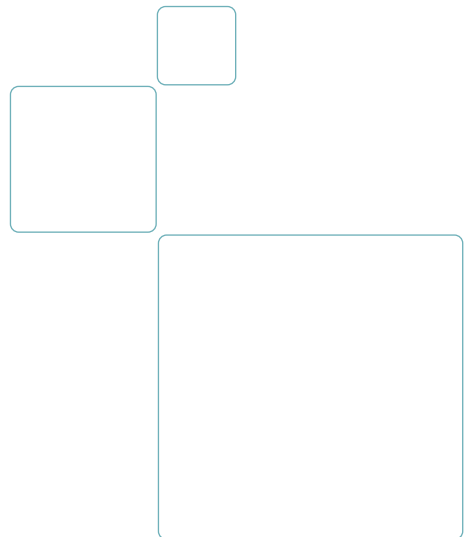
Lever Two:
Tackle hotel spend in a disciplined and professional manner

Hotel spend represents between 30 and 50 percent of a company's total travel spend but in contrast to air spend, it is often left unmanaged. Corporate travel buyers need to focus greater attention on this complex, inflationary spend category to optimize their overall travel program. Unlike the approximately 250 IATA (International Air Transport Association) companies that constitute the global airline industry, the corporate hotel market is fragmented with more than 250,000 suppliers, creating an elaborate sourcing environment for travel buyers. Establishing and closely monitoring a hotel program that travelers adhere to provides greater leverage for negotiations and drives savings. Discouraging the use of distribution channels outside of the travel management company (i.e., hotels' proprietary reservation systems and Websites, Web booking sites) is an important step to enhancing compliance, capturing hotel spend, obtaining better rates and improving traveler tracking in the event of an emergency.

Occupancy rates and prices should maintain their inflationary spiral across all segments, as demand is expected to exceed supply until 2010. At that time, additional hotel rooms will be available, particularly in emerging markets. Inflation has been most prominent in "hot" markets such as New York; Washington, D.C.; and London, as well as Moscow, India, China and several cities in Asia that are experiencing double-digit price increases. Those corporations that have a hotel policy in place stand the greatest chance of minimizing the impact of **rising hotel costs**.

The hotel industry has introduced various rate structures, often favoring a **dynamic pricing** model (i.e., the best available rate as determined by supply and demand) over the traditional **"fixed" or "flat" rates** negotiated by travel management companies and/or their clients. Best available rates can sometimes be lower than negotiated rates and should be taken advantage of when appropriate. Nevertheless, it is advisable to continue negotiating fixed rates to set a limit on prices in key locations. This will help maximize control over hotel spend during peak demand periods. When this is not possible because of insufficient volume, negotiating a fixed discount on the best available rate is recommended.

CWT statistics indicate that on average, only 50 percent of hotel bookings are made through an organization's online booking tool or travel

management company. This means a significant portion of all bookings are not leveraged during supplier negotiations. Furthermore, non-compliance with the hotel program increases by 15 percent when bookings are made through alternative channels. Traveler tracking and security are also compromised when hotel bookings are made outside of prescribed channels.

Companies who are successfully managing their hotel program tend to adhere to the following best practices:

■ **Consolidate data for optimized hotel sourcing.** Consolidating global hotel data from travel management companies, corporate card providers and hotel suppliers is the first step to assessing overall volume and improving negotiating power.

■ **Carefully orchestrate negotiations with a limited number of suppliers.** For best results, companies should coordinate a request for proposal process with hotel chains and independent properties alike. Building strong local relationships with chains and independents is essential for negotiations, as most pricing decisions depend on the number of room nights booked annually at each individual property (including chain hotels). This is in stark contrast to airlines, whose discounts are based on overall volumes. It is also important to remember that working with a limited number of suppliers in each city results in greater volume per property and larger discounts. According to a CWT survey, consolidation of hotel sourcing allows companies to save on average 6.5 percent and up to 12 percent after one year.[2]

Figure 5: Companies can save on average 6.5% on hotel spend through consolidation
Declared savings from concentrating hotel sourcing
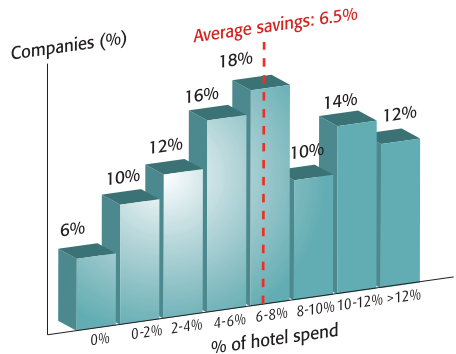
Based on 49 respondents
Source: CWT Travel Management Institute

■ **Monitor negotiated fare-loading in GDSs (global distribution systems).** There is an increasing incidence of GDS "rate squatting" that compromises compliance and savings. This occurs whenever a hotel uploads rates before it actually signs an agreement with a company or after a contract has expired. There are several ways to address this problem: conduct regular hotel rate audits to ensure that preferred properties have correctly loaded their clients' negotiated rates into a GDS, integrate clear GDS rate-loading instructions in the requests for proposal, reinforce travelers' awareness of the preferred hotel program, and integrate a filtering capability into the online booking tool.

[2] *Global Horizons: Consolidating a Travel Program*, CWT Travel Management Institute (2007)
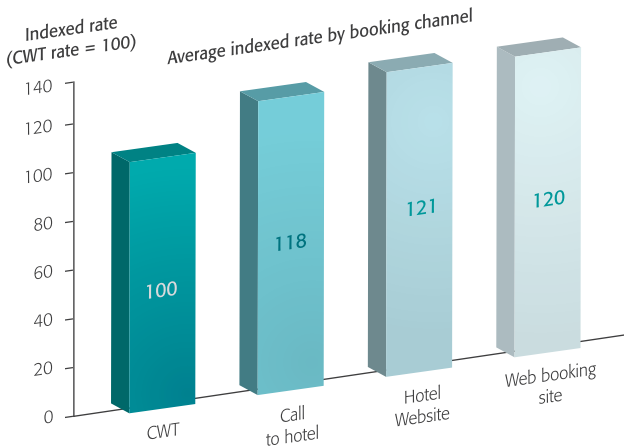
- **Have travelers book hotels through the corporate online booking tool or the travel management company for increased compliance, enhanced security and the best price.**[3] According to CWT research, travelers cite practicality (i.e., a hotel's proximity to their business destination), availability and the ability to obtain better prices elsewhere— a misperception, as indicated in Figure 6—as their main reasons for booking outside of their travel policy. Furthermore, they bypass preferred booking channels and tend to make reservations with the hotel directly.

  CWT data also indicates that travelers use preferred suppliers more often and are less likely to use deluxe hotels when they book through the travel management company. In addition, they are more effectively tracked in the event of an emergency. There are several ways to address non-compliant behavior: internal communications and training about the travel policy, targeted actions toward non-compliant travelers, non-reimbursement, automatic routing to hotel content when an air booking with an overnight stay is made online, and redirection at the point of sale.

- **Adjust the preferred hotel program to increase traveler compliance.** Unusually low compliance with preferred hotels may imply that travelers' needs are not being adequately met and that corrective action is needed. Key factors to consider include the range of cities covered, the convenience of locations, and the scope and quality of traveler services.

Figure 6: Hotel room rates are 18-21% lower when booked through the travel management company

Indexed rate (CWT rate = 100)

Average indexed rate by booking channel

Booking channel	Indexed rate
CWT	100
Call to hotel	118
Hotel Website	121
Web booking site	120

Based on a CWT hotel price benchmark (262 samples), June 2007
Web booking sites sampled: Expedia.com, Travelocity.com, HRS.com and Kayak.com
Source: CWT Travel Management Institute

[3] *Playing by the Rules: Optimizing Travel Policy and Compliance*, CWT Travel Management Institute (2008)

Lever Three:

Continue to drive air and ground transportation savings

Continuously monitoring air and ground transportation spend remains key for driving tangible savings. Although air spend receives the greatest attention from most travel managers, opportunities for further savings exist. Ground transportation on the other hand, which includes rail, car rental, limousine, chauffeur-driven "black car" and taxi services, is often a low priority, although it represents 10 percent of a total travel budget in the United States and even more in Europe and Asia, where rail is commonly used by business travelers.

Change is a constant in the airline industry. Consolidation, ceased operations, evolving distribution models and new forms of pricing require constant focus and adaptation. Although many companies have successfully responded to these changes, opportunities for greater progress remain:

- **Address traveler behavior to capture savings.** Requiring travelers to book at least 14 days in advance of travel and purchase tickets with restrictions (i.e., non-refundable or changeable with penalties) represents a key opportunity for optimizing air spend. On some routes, tickets purchased 14 days in advance can cost 50 percent less than a ticket purchased three days or less from the date of departure.

  Restricted fares, including those offered by preferred airlines, are also recommended, even if a penalty for change or cancellation is incurred. (Companies change or cancel only 20-35 percent of tickets, less than is commonly believed.) The total cost of a restricted fare is on average 24 percent less than a negotiated flexible fare.

Travelers must also be instructed that the lowest fares are not available on the Internet, as regularly verified by independent auditing firms such as Topaz International. Furthermore, travel policies that mandate "best buy" or lowest available airfares do not reduce air spend when compared to those that favor preferred airlines. In fact, requiring travelers to take preferred airlines over the lowest fare can save companies approximately 3 percent of air spend by enabling them to meet their commitments for volume-based discounts.

All of these opportunities for savings must be clearly covered in the travel policy and internal communications must emphasize the benefits of compliance.

- **Concentrate volume with a limited number of preferred suppliers for larger volume-based discounts.**[4] Selecting a minimum number of preferred airlines, including those which are members of an alliance, to maximize coverage of city pairs is a good starting point. This choice should include challenger airlines that are operating outside of their home market, as their rates may be significantly lower than those of dominant

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[4] *Global Horizons: Consolidating a Travel Program*, CWT Travel Management Institute (2007)

carriers. Concentrating bi-directional traffic (i.e., originating on either side of common city pairs) with preferred suppliers also increases aggregate volume. Finally, establishing a hub system for long-haul flights adds to the volume allocated to preferred airlines. Taking these different steps to consolidate sourcing can result in savings of up to 8 percent of total air spend.

Figure 7: The higher the volume, the larger the discount

Example of Airline X: When companies double the volume allocated to Airline X on international routes, they typically receive an additional 6% volume-based discount.
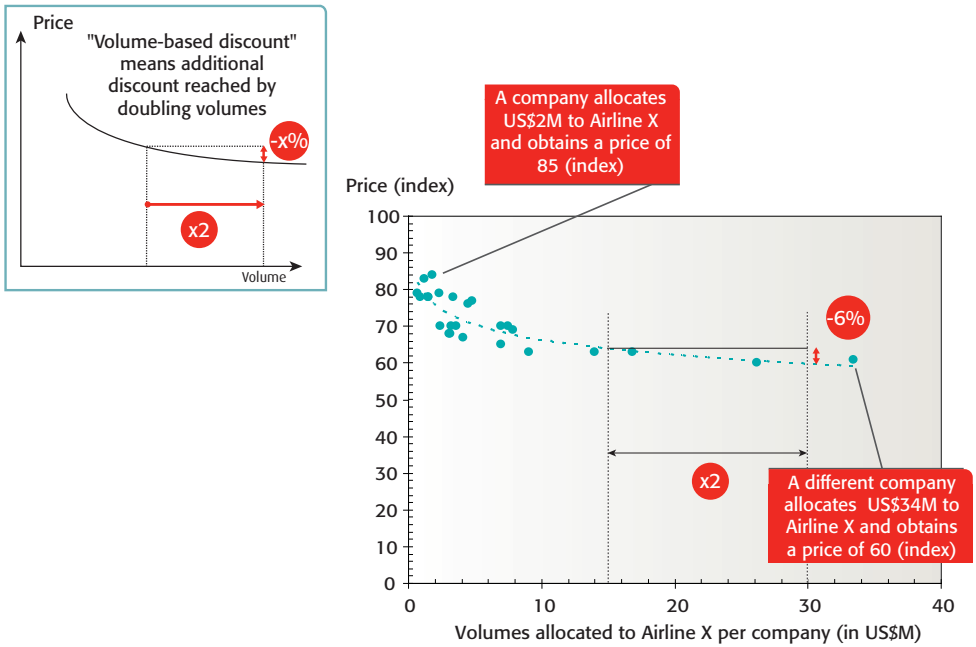
Source: CWT Travel Management Institute

- **Negotiate point of origin pricing.** Companies that have largely optimized their air sourcing are going one step further by extending their preferred carrier agreements on certain major routes to travelers in more locations. New terms are being negotiated on the point of origin (i.e., country from which the flight departs) rather than the point of ticketing (i.e., the country from which the booking is made). CWT calculates that savings can reach hundreds of thousands of dollars. Several things, however, should be kept in mind before negotiations begin: a company must have significant global volume with an airline, as well as significant volume on the route(s) in question; to facilitate rate-loading and reduce related costs, airlines prefer one call center per region to national call centers. A solid relationship with the airline is also a strong plus.

- **Find the right balance between negotiated airfares and other available options.** In addition to their negotiated rates, companies are taking advantage of a variety of fares available within and outside of GDSs to reduce their total air spend. These include promotional fares; fares offered by low-cost carriers; and low fares with restrictions from traditional carriers, with savings per ticket ranging from 10 to 70 percent. These upfront savings, however, must not come at the expense of volume.

Benefiting from air alliances

Alliances represent one more way for travel managers to optimize their air spend. Simplified processes and greater savings are possible when companies have the appropriate profile and know-how to negotiate effectively with alliances. Two major benefits result:

- **Soft-dollar benefits:** Alliances simplify the request for proposal process by providing a one-stop shop. In addition, alliance members frequently offer uniform contract terms and conditions. Once an agreement is signed, they can streamline ongoing program management by providing centralized fare-loading, consolidated reporting and a single point of contact.

- **Hard-dollar benefits:** Companies can realize incremental savings by leveraging overall volumes in their negotiations with alliances.

A company is most likely to benefit from an alliance agreement when it has a traffic pattern that matches that of the alliance network, a consolidated travel program and a preferred partner sourcing strategy. Companies who meet these prerequisites can maximize the benefits by:

- Strategically selecting those airlines within the alliance that offer the best fares on a given route

- Ensuring that alliance fares are more favorable than those of individual members

- Demonstrating their ability to deliver agreed-upon volumes

Managing the trade-offs between air and rail

There are several good reasons for integrating a rail policy into a managed travel program: cost, comfort, convenience, punctuality, safety and reduced carbon dioxide (CO_2) emissions. In Europe and Asia in particular, extended high-speed rail networks, improved distribution through GDSs and online booking tools, and the creation of rail alliances favor the business traveler.

Integrating rail into your travel program means weighing the options between air and rail, increasing rail volume where appropriate and communicating the benefits to travelers. Here is a four-step approach that will help companies get on track:

- **Identify the main routes where rail is an alternative to air**, looking at the number of daily departures and the duration of the trip. Rail could well be a convenient solution when travel time is under three hours.

- **Define the company's current volume of rail traffic and estimate the potential increase** by switching from air to rail on specific routes. Companies can negotiate better rates when they present large volumes on routes where rail is in competition with air.

- **Evaluate the savings potential** by comparing average ticket prices for rail and air and applying forecast volumes. Companies should also consider the environmental benefits in terms of reduced CO_2 emissions.

- **Update the travel policy to support a rail sourcing strategy and promote compliance** through mandates, internal communications and pre-trip approval processes.

Figure 8: High-speed rail provides a viable alternative to air on many intercity routes

| Routes with air-rail competition	Duration of rail travel	Duration of flight	Approx. duration of travel to and from airport	Average rail ticket price (US$) *	Average air ticket price (US$) *	Price difference of rail vs. air	Rail market share**
Paris - Lyon	1:55	1:05	1:20	100	494	-80%	94%
Amsterdam - Brussels	2:40	0:50	1:00	151	476	-68%	72%
London - Paris	2:35	1:10	1:40	605	591	+2%	56%
London - Brussels	2:20	1:00	1:10	559	393	+42%	40%
Geneva - Paris	3:34	1:10	1:20	242	580	-58%	16%
Amsterdam - Paris	4:12	1:15	1:30	306	693	-56%	8%

Source: CWT Travel Management Institute
* First semester 2007. Average air ticket prices include taxes but exclude taxi fares to and from the airport.
** Rail market share is expressed as a percentage of total travel transactions.

Taking ground transportation further

A well thought-out ground transportation program goes beyond rail to incorporate car rental, limousine, chauffeur-driven "black car" and taxi services. To that end, it is important to obtain relevant information on suppliers and competitive agreements in the market. It is also good practice for companies to specifically analyze their ground transportation data to simulate different market share scenarios, strategically manage requests for proposal and ultimately negotiate the most competitive terms with suppliers. To stabilize costs, it is best to negotiate terms that will **limit major price hikes over the duration of an agreement**. This is especially important in a volatile market.

Taking rental car as an example, it is recommended that all suppliers respond to the RFP with rates that include a loss damage waiver and a collision damage waiver on all rate types. Refueling rates should also be negotiated although many travel managers are unaware that this is possible. "Soft" benefits are also available. Frequent renters may receive extras such as convenient, pre-printed contracts that save time; meet and greet services; and upgrades. Finally, some rental car companies are offering bundled contracts that also include black car and limousine services.
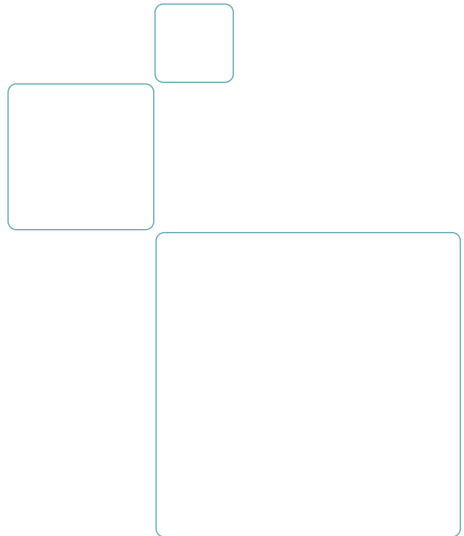
Lever Four:
Increase policy compliance and optimize demand management

Together, a well-designed travel policy and compliance are the cornerstone of an effectively managed travel program. Best practices in both of these areas can lead to savings of on average 20 percent of total travel spend.[5] These savings come from policy and compliance measures in five main areas: advance air booking, restricted airfares, preferred suppliers, traveler comfort (authorized air class/hotel category) and preferred booking channels.

Increasingly, as companies work to optimize their travel policy and compliance, they are also evaluating the reasons why business trips are taken and the return on investment, as well as the impact on the environment and travelers' work-life balance. As they integrate demand management into their travel program, some companies are introducing alternatives such as videoconferencing in their travel policy.

A well-defined travel policy with clear mandates can save companies as much as 8 percent of their total travel spend. Best practices in traveler compliance, which begin with a precise understanding of traveler behavior, can result in an additional 12 percent savings. CWT calculated this savings potential by comparing average market performance with best-in-class performance in five main areas:

- **Advance air booking**, which is best defined as reservations made at least two weeks before departure, represents the greatest opportunity for savings, as discounts sometimes exceed 50 percent of the ticket price.

- **Restricted airfares** can bring average savings of 24 percent on total air spend, even when the cost of changing or canceling negotiated flexible fares is taken into account. But only 4 percent of companies mandate restricted fares.

- **Preferred suppliers**, when used consistently, deliver lower overall costs than a mix of suppliers used on a "best price" basis. Companies pay on average 23 percent less for flights with preferred suppliers and 5-14 percent less per room night, depending on the hotel category.

- **Traveler comfort** (authorized air class/hotel category) is well covered in most travel

[5] *Playing by the Rules: Optimizing Travel Policy and Compliance*, CWT Travel Management Institute (2008)

policies and compliance is usually high. Additional savings can be realized by aligning a company's travel policy with standards in its particular business sector. This could mean raising the minimum flight duration for business class flights or selecting preferred hotels in a lower category, as the price difference between each category is approximately 20 percent.

- **Preferred booking channels** (on- and offline booking through the travel management

company) bring tangible benefits, including lower prices, increased use of preferred suppliers, more productive use of travelers' time, and enhanced service and security. CWT found that although a vast majority of company travel policies mandate bookings through the travel management company, only 40 percent of those who have a corporate online booking tool even refer to it in their travel policy. Of those that do, only 26 percent mandate their use for point-to-point air travel and 2 percent for hotels.[6]

Figure 9: Companies can save on average 20% on total travel spend by improving policy and compliance in 5 main areas
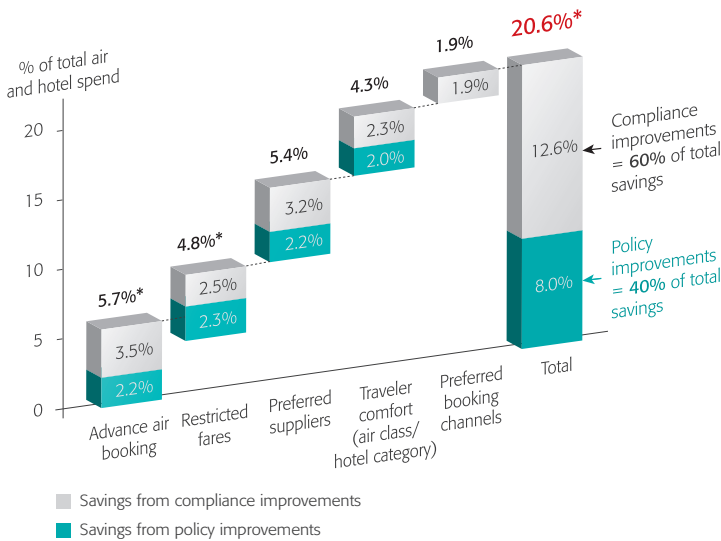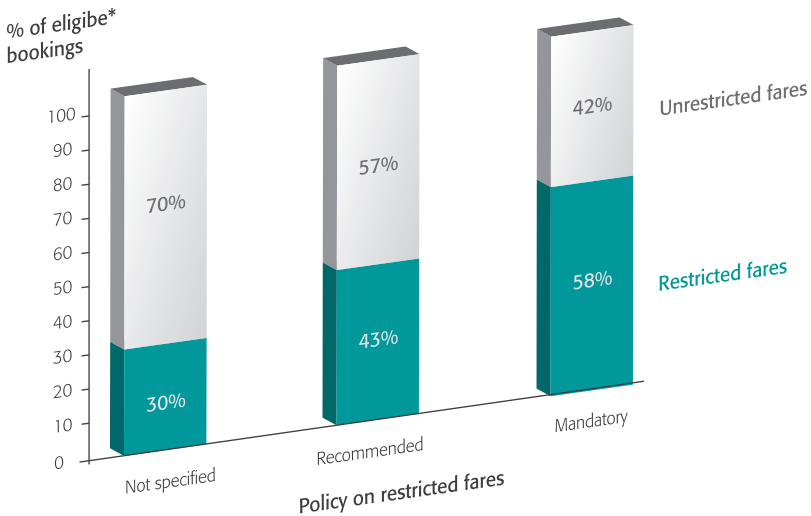

Source: CWT Travel Management Institute

*Note: As restricted fares are typically available in advance, CWT calculates a 1.5% overlap in savings from improved performance in these two areas. This figure is deducted from the total savings, which become 20.6% instead of 22.1%.

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[6] *Playing by the Rules: Optimizing Travel Policy and Compliance*, CWT Travel Management Institute (2008)

CWT has observed eight best practices for designing travel policies and increasing traveler compliance:

- **Engage management throughout the organization.** Senior management should play a key role in raising awareness of travel rules, helping overcome resistance to change and promoting compliance. Four points stand out: making senior management support visible to travelers, escalating the approval process for exceptions to rules, providing managers involved in pre-trip approval with the relevant information to query or refuse non-compliant bookings, and engaging team leaders in post-trip follow-up and feedback.

- **Provide travelers with guidelines that are clear and comprehensive.** A policy should cover each of the five main areas for savings and provide complete and precise guidelines for travelers to adhere to. Where the corporate culture allows, a travel policy should set mandates. These would include booking air at least two weeks in advance, using restricted airfares when available, booking only with preferred suppliers, stipulating air class and hotel category in conjunction with flight duration and the destination city respectively, and reserving only through the travel management company or the corporate online booking tool.

Figure 10: Travelers use more restricted fares when the travel policy clearly mandates their use

Use of restricted fares by policy requirement

% of eligibe* bookings

70%	57%	42% Unrestricted fares
30%	43%	58% Restricted fares
Not specified	Recommended	Mandatory

Policy on restricted fares

Source: CWT Travel Management Institute, based on 562,751 transactions for 18 clients in 2006.
* Eligible bookings are those where a restricted ticket is available. This is based on the assumption that restricted fares are available in 80% of cases.

- **Standardize the travel policy regionally or globally.** By aligning rules and processes across business units and regions, travel managers can share best practices and reduce total travel spend by 12 percent on average.[7]

- **Promote compliance with the policy through communications and training.** Best-performing companies make the travel policy easily accessible online and available in local languages. They also ensure that any changes to the policy are communicated in a timely manner. Furthermore, the benefits of complying with the policy are clearly spelled out. In addition, all travelers and travel arrangers receive thorough training in the policy, as well as the booking processes and tools. Finally, progress reports are issued to keep travelers informed and motivated.

- **Drive compliance through point-of-sale measures.** Integrating the policy into the on- and offline booking processes can improve compliance considerably by directing travelers toward authorized options. An online booking tool can even go so far as to filter out non-compliant choices. Offline, companies should clearly define the level of involvement expected from counselors when travelers attempt to make non-compliant bookings. This can range from providing advice and compliant alternatives to refusing non-compliant bookings.

- **Track progress and take corrective action.** Travel managers should compare results by business unit or division and share the information with team leaders to boost compliance. It can also be worthwhile to identify non-compliant travelers and take targeted action such as a personalized email reminding travelers of policy rules. Furthermore, non-compliance reports can indicate areas of the travel program that may need to be changed to better meet travelers' needs.

- **Benchmark industry performance.** Although a company's travel policy should reflect its culture and business priorities, benchmarking can ensure that a policy remains in line with evolving standards in the same sector. In addition, companies can identify further savings opportunities or highlight below-average results, including traveler compliance, by tracking their peers' performance in key areas of the travel program.

- **Leverage travel management expertise.** Travel management companies have a comprehensive view of the industry and its best practices. In addition, they have specialized professionals and technology to help companies more effectively design and implement their travel policy, as well as monitor and enforce compliance. By providing multilingual, Web-based traveler portals that facilitate communication of the travel policy, consolidated data reporting that highlights traveler compliance, and travel counselors who encourage compliance at the point of sale, they play a significant role. Finally, travel management companies can recommend the most appropriate initiatives to improve policy design and compliance on an ongoing basis.

Managing demand

Many companies today view demand management as one of the biggest opportunities they have to control or reduce costs without compromising their overall business goals and requirements. As costs for business travel continue to increase, companies realize that strategic sourcing and procurement may have limits. They

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[7] *Global Horizons: Consolidating a Travel Program*, CWT Travel Management Institute (2007)

also know that if a travel program is well managed on a continual basis, simply fine-tuning what has been done in the past will not have great impact. Consequently, they are integrating demand management into their thinking and taking targeted initiatives.

Although demand management helps to control costs, it brings more than that to a travel program. By cutting back on travel, companies are helping to protect the environment and enabling employees to better balance their personal and professional lives. This is particularly important for attracting and retaining talented people.

Demand management has its roots in procurement practices. It addresses the drivers of spend, aligns purchases to business needs and eliminates unnecessary consumption. It also applies change management principles to adapt behavior.

Business travel is essential to building relationships and driving growth. Nonetheless, some business trips can be replaced with alternative means for reaching the same objectives. Thanks to significantly improved technology, Web-, video- and teleconferencing have become viable alternatives in some cases.

Integrating demand management into a travel program requires:

- A **structured approach** with processes and tools to foster sustainable results
- **Robust data and fact-based information** to disclose spending, understand what drives demand, support decision-making, monitor performance against established goals, optimize benchmarking, and communicate effectively throughout the organization

- Clearly communicated and well-implemented **alternatives** to travel such as Webinars and videoconferencing
- **Accountability** and ownership at all levels of the organization to increase cost awareness, responsibility and commitment
- **Change management** to reduce resistance and permanently instill new practices

Reducing consumption is at the heart of demand management. To that end, companies are asking the following questions as they pertain to business travel:

- What are the **objectives** of a particular business trip? How will **return on investment** be measured?
- Can the objectives be achieved through **means other than travel**?
- What is the **added value** of taking this trip?
- **Who needs to travel** to reach the stated objectives?
- Can we cut down on the **number of travelers** and still meet our objectives?
- How can we reduce the **frequency** of travel?
- How can we integrate demand management into our **travel policy, approval processes, performance measurements** and at the **point of sale**?

When demand management, which focuses on better understanding the rationale behind business trips and reducing unnecessary travel, is coupled with strategic sourcing, which emphasizes getting the best price from suppliers for specified products and services, bottom-line savings and cost avoidance result. It is no wonder the practice has become an increasingly important lever to effective travel management.

Lever Five:
Further consolidate travel programs

As companies expand their business activities around the world, they are increasingly consolidating their travel program. This means converging virtually all components on a local, regional or global basis. To that end, they are leveraging total travel volume and concentrating sourcing with an optimal number of suppliers, as well as standardizing their travel policy, processes and tools. They are also working with one travel management company in all regions of the world to accompany them in this effort. The benefits can be measured in terms of savings that average 20 percent of total travel spend, as well as enhanced service and security.[8]

Companies typically take at least three years to consolidate major components of their travel program over a geographical area representing at least three-quarters of their total travel spend. The pace at which they work and the path they take are often determined by their specific financial situation, readiness for change, corporate culture and/or organizational structure. The primary benefits of consolidation are the result of certain key initiatives:

- ■ **Companies reallocate marketshare to air suppliers to earn volume-based discounts.** Doing so involves a four-pronged approach:

  - ◪ **Consolidate air data.** Tracking and consolidating data from around the world enables companies to identify larger volumes of business with each airline for significant front- and/or back-end discounts.

  - ◪ **Work with a limited number of preferred suppliers.** This increases the volume allocated to each airline and the resulting discounts. To this end, companies select a limited number of preferred airlines that

together will maximize coverage of city pairs while minimizing supplier overlap. On an international level, these companies leverage bi-directional traffic (i.e., originating on either side of common city pairs) with a single airline.

Figure 11: Savings of 20% mainly come from standardization of travel policy and processes, and concentration of sourcing

Breakdown of total savings

(% of total spend)

Travel Policy & processes	12%
Sourcing	7%
Booking & fulfillment	1%

Total: 20%
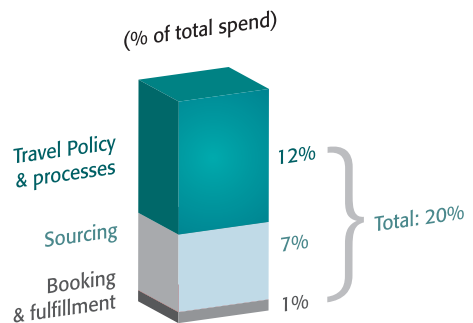
Source: CWT Travel Management Institute, based on 49 respondents

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[8]*Global Horizons: Consolidating a Travel Program*, CWT Travel Management Institute (2007)

Some companies also aggregate volume by setting up a hub system for long-haul flights, sending traffic through specific destinations whenever possible.

- **Seize pricing opportunities proposed by challenger airlines.** The advantages of doing so are two-fold. In addition to leveraging lower prices, terms with preferred airlines can be more easily challenged. Companies allocating more volume to challengers must consider, however, that this may erode back-end rebates from preferred airlines.

- **Manage the trade-offs.** Reallocating market share results in two main trade-offs. First, preferred suppliers may reduce front- and/or back-end rebates if volume thresholds are not met. Therefore, companies must strike a balance between the volumes allocated to each supplier on each route, taking rebate thresholds into account. Second, companies must balance market share reallocation targets with traveler needs and preferences, including scheduling, direct versus connecting flights and membership in frequent flyer programs.

■ **Companies consolidate their hotel sourcing.** Volume-based discounts also drive hotel savings. Unlike air sourcing, however, discounts are not based on total volume allocated to a particular chain of hotels, but on the number of room nights booked annually at each property. The frequency and size of discounts often depend on local supply and demand dynamics, as well as the hotel category. Luxury hotels tend to offer larger, more frequent volume-based discounts than standard-category properties. Successful consolidation of hotel sourcing focuses on four main initiatives:

- **Track and consolidate data.** Hotel spend data for each market should come from a variety of sources: travel management companies, credit card providers, expense management tools and hotel suppliers.

- **Orchestrate negotiations.** Requests for proposal in all targeted geographical zones should include hotel chains and independent properties. When working with hotel chains, companies should streamline RFP distribution and collection through a single point of contact, even though pricing decisions will take place mainly at a property level. Building strong relationships on a local level is essential for better negotiations with hotel chains and independent properties alike.

- **Reduce the number of local suppliers.** Given the importance of volume, it is advantageous for companies to rationalize the number of preferred hotels in each city. The aim is to increase bargaining power per property without compromising the availability of well-located, suitable accommodations for travelers.

- **Concentrate business from outside the home market.** Increasing room nights and volume-based discounts per property can be achieved by pooling business from incoming countries and regions to preferred hotels.

- **Companies consolidate their car sourcing.** Volume-based discounts apply to rental car sourcing as well. While car rental companies offer global service contracts to corporate clients, they negotiate rates mainly at a local level. Furthermore, in light of the limited number of global leaders in the industry, most companies allocate more than three-quarters of their car spend to the handful of contractors operating worldwide.

- **Companies take a comprehensive approach.** In addition to their sourcing, successful companies consolidate most of the other aspects of their travel program, including their travel management company, service level agreements, tools and processes.

- **Establishing solid foundations is essential.** Several building blocks must be put in place for consolidation to succeed:

  - **Three critical components.** The first two steps travel managers tend to take are data consolidation and travel policy standardization. As already discussed, data consolidation is essential to developing a sourcing strategy. Clearly defining and enforcing the rules travelers must comply with is equally important for realizing travel management objectives. The third critical component for success is global performance monitoring. A standardized travel program scorecard tracks several indicators, including average ticket price and room rate, service level agreements, online adoption, air and hotel non-compliance, and savings on full versus negotiated airfares.

  - **A global travel management company.** Having one travel management partner around the world plays a key role in consolidating data, standardizing travel policy, monitoring performance, optimizing supplier sourcing, streamlining operations, managing change, and enhancing service and security. Consequently, companies tend to select a primary travel management company early in the consolidation process. They also build partnerships with global credit card providers to track card data and offer complementary services such as insurance to travelers.

  - **Project management fundamentals.** Consolidation is a complex exercise. Therefore, the fundamental rules of project management must be applied from the start. Support from top management is crucial for mobilizing resources in different countries, cooperating effectively with business unit managers in a decentralized environment and overcoming local resistance to change. A project roadmap with clear objectives and milestones is also needed. In addition, adequately staffed travel management teams at the regional level are often appointed to support the global travel manager.

- **Consolidation is a balancing act.** While companies approach consolidation in a comprehensive manner, they need to look at travel program components individually to define the appropriate level of consolidation, be it global, regional or local.

  - **Global consolidation** makes sense for a majority of program components: data consolidation, sourcing, travel policy, supplier service level agreements, key performance indicators and security.

  - Some components are not suitable for global standardization and are best **managed locally**. This is the case for

high-touch services, which are culturally specific. This is also true for pre-trip approval, which is widely practiced in Europe, but tends to be replaced by post-trip audits in some countries, including the United States. Expense management is often handled on a local level as well.

◨ Other components require a more **regional approach.** Suppliers' offerings, for example, are not always available on a global level. Notably, no single online booking tool currently works best in every market, given limited technical features in some countries. Consequently, many countries take a best-in-market approach.

Full program consolidation is an ongoing process that requires constant fine-tuning and continuous improvement. Companies must also make a continuous investment in their program to maximize effectiveness. Therefore, potential benefits must cover not only the initial outlay but ongoing costs.
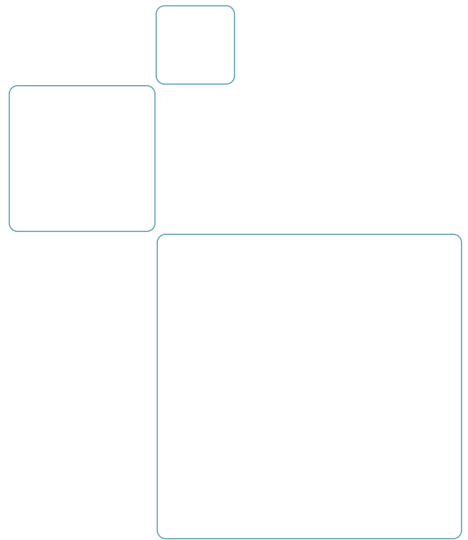
Lever Six:
Address security needs and corporate social responsibility

World-class companies do not wait for disaster to strike before integrating risk management into their travel program. They continuously strive to reduce the frequency and severity of incidents and work hard to implement effective response and recovery procedures that will enhance traveler protection, maintain productivity and limit liability.

These companies are also increasingly conscious of their corporate social responsibility (CSR). Consequently, they are managing their economic, social and environmental performance simultaneously to achieve good corporate citizenship and long-term sustainability that goes beyond financial performance. Effective travel management is contributing to this effort, particularly in the area of environmental protection.

Better safe than sorry

Companies have a duty of care to do what is reasonably practical to protect the health and safety of their employees, both in the workplace and when they are traveling for business. This has become a legal and a moral obligation.

Successfully managing the risks associated with business travel requires proactive measures coupled with effective execution of a well-designed Disaster Response Plan. To that end, travel managers must be part of a cohesive crisis management team composed of experts from human resources, IT, the legal department, risk management and medical services. They must also work hand in hand with their travel management company to keep travelers well informed and quickly locate and assist them in the event of an emergency.

Managing travel-related risks calls for the following fundamentals:

- **Thorough planning is key.** Specific policies and procedures related to safety and security must be clearly defined and continuously updated. This might mean banning high-risk travel destinations, mandating the use of preferred suppliers with confirmed safety records, limiting the number of employees on the same flight and/or implementing pre-planned evacuation procedures in the event of an emergency. Travelers, travel bookers and travel counselors at the point of sale must be well versed in the policy to make more responsible decisions.

- **Destination information helps prepare travelers.** Providing them with relevant, pre-trip information based on a specific itinerary

enables travelers to assess the threats and hazards in a given country and take the necessary precautions. Pre-trip briefings for travelers going to high-risk destinations are particularly useful. Understanding health issues and immunization requirements beforehand further enhances protection. Under certain circumstances (e.g., an epidemic illness), relevant post-trip information also helps to protect travelers.

- **A Disaster Response Plan must be prepared.** Travelers must know what to do in the event of an emergency. To that end, the Disaster Response Plan must be widely communicated. In the event of an emergency, it is best when travelers can call a single number 24/7, including holidays, for information and/or assistance pertaining to any situation they are in. To ensure the plan works well, practice drills should be organized periodically and the plan modified if necessary.

- **Tracking travelers and notifying them immediately buys precious time in an emergency.** Companies with a mature travel risk management program stay on top of breaking news that could be of danger to their employees. In the event of an emergency, their travel management company uses proprietary booking data to immediately pinpoint and identify travelers who may be affected. This is why monitoring compliance with travel policy, including the use of preferred booking channels, is so important. These companies, in conjunction with their travel management partner, have also implemented a formal notification process that enables them to communicate with travelers day and night and provide assistance worldwide.

- **Feedback is needed after every emergency.** Even the most mature travel risk management programs can be improved. Companies must determine if the situation could have been avoided in the first place and/or better handled. If so, risk mitigation strategies, policies, plans and procedures must be reevaluated and modified accordingly.

Corporate duty of care

Implementing a proactive travel risk management program can be a lifesaver both for individual employees and the company as a whole. In April 2008, the *Corporate Manslaughter and Corporate Homicide Act 2007* came into effect in the United Kingdom. While it only applies in the U.K., any work-related deaths that occur there will be considered for prosecution, regardless of whether an employer is registered there.

Under the law, a company may be found guilty, and liable as a whole, of corporate manslaughter if senior management is found guilty of playing a significant role in the decision, management or organization of the activity that causes an individual's death in the U.K. and amounts to a gross breach of a relevant duty of care. The maximum penalty is an unlimited fine.

"Duty of care" is defined as the legal responsibility of an organization to do everything "reasonably practical" to protect the health and safety of employees. Companies must provide a safe work environment (including the hotels and airlines they use), inform and instruct employees of potential hazards (e.g., high-risk destinations), and disseminate health and safety advice.

Sustainable business travel

Effective travel management and CSR are good business partners. **Environmental, social and economic concerns** are often addressed in a well-managed travel program.

Responsible procurement of business travel products and services has become increasingly important as more and more companies choose to work with suppliers who have implemented their own CSR initiatives over those who have not.

Requests for information and requests for proposal should take not only economic goals but CSR considerations into account. Once a supplier has been selected, they should be regularly audited to ensure continued adherence to CSR policies and ongoing development of sustainable products and services. Many companies have also made supplier diversity and/or the use of local suppliers a cornerstone of their CSR program.

Protecting the environment from the potentially devastating effects of climate change has become a priority for many companies. Here, effective travel management can play an important role. Where possible, many companies are striving to **reduce their carbon footprint** by proposing rail as an alternative to air travel for trips under three hours in length. Carbon calculators at the point of booking help them sensitize travelers to the carbon dioxide (CO_2) emissions associated with various forms of transportation. Other companies are encouraging their travelers to take direct flights since they are less polluting than connections.

Many of these same companies are seeking "green" hotels and organizing more environ-

mentally friendly meetings and events. Still others are cutting back on business travel and using videoconferencing and Webinars when they are equally effective. Oftentimes, when companies have reduced their CO_2 emissions as much as possible, they turn to carbon offsetting programs to neutralize the impact.

Enhancing traveler safety and security responds to CSR concerns as well. Furthermore, when business travel and social initiatives such as employee training or volunteer activities are combined, companies enhance their image as a good corporate citizen.

Sustainable checklist

Today, most companies can develop and implement a responsible business travel strategy by adhering to some basic principles:

- Identify opportunities for responsible business travel and adapt the **travel policy** accordingly

- Establish key **CSR performance measures** that can be easily monitored

- Use questionnaires or requests for information to better understand current and prospective **suppliers' CSR initiatives, products and services**

- Consider **diversity** when choosing suppliers

- Reduce **CO_2 emissions** as much as possible before offsetting

- Encourage **rail travel** where appropriate for increased environmental protection and a more productive work environment

- Weigh the environmental impact of **direct flights** over connections

- Use **"green" hotels** and environmentally friendly meeting facilities that are effectively managing natural resources

- Hold meetings and events in **less distant locations**

- Work with rental car companies whose fleet includes **hybrid vehicles** for better fuel consumption; prohibit vehicle upgrades

- Consider the use of **videoconferencing** and/or Webinars as an alternative to certain business trips, meetings and events

- Mitigate risk with a well-designed and well-implemented **traveler security** program

Effective travel management has an important part to play in a company's overall CSR program. The "4Ss," savings, service, security and sustainability, respond to needs for sound financial performance, employee well-being and development, respect toward all internal and external stakeholders, environmental protection, and civic-minded behavior in the local community and the world at large. Consequently, CSR in business travel must be addressed in a concrete fashion with performance metrics for continuous progress. The future is now.

Lever Seven:
Integrate meetings and events into the travel program to control and optimize the related spend

In most companies, meetings and events remain uncharted territory for savings, although spend often represents 25-40 percent of a total travel and entertainment budget. There are several reasons for this. Meetings and events run the gamut from five-person training sessions to multi-million-dollar trade shows, with a host of large and small gatherings in between. Frequently, procurement and planning are decentralized, with each department or business unit overseeing its own projects. As a result, purchasing is fragmented and few if any contracts with preferred suppliers exist. Furthermore, tracking spend is virtually impossible. More and more companies, however, are reversing the tide and applying the principles of effective travel management to their meetings and events.

Companies with a well-managed meetings and events program have established concrete policies; centralized their organization, often integrating meetings and events with travel management; negotiated preferred supplier contracts; consolidated data; applied Web-based technology from registration to payment; and streamlined their payment and reconciliation processes. Post-event evaluation has helped them to increase future quality and effectiveness. The overall results are tangible with savings of up to 20 percent.

The best practices these companies employ form an end-to-end loop that is worth highlighting:

- **Meetings and events policy.** A clearly spelled-out, widely communicated global policy for meetings and events that is aligned with the travel policy is the first crucial step. Terms must cover at least 80 percent of all meetings and events held throughout the organization, and professional roles and responsibilities need to be clearly defined. A pre- and post-event approval process to optimize demand management and determine both the necessity of a face-to-face meeting or event and the estimated return on investment should be included. The buy-in of senior management is essential, as is monitoring and enforcing compliance.

- **Centralized organization.** Building a centralized team of specialists who have experience in procurement, as well as meetings and events planning and implementation, and integrating them with the company's travel management team is

key to consolidation and savings. Roles and responsibilities must be well defined and respected throughout the organization, as this team will manage internal and external resources and execute planning for virtually all meetings and events.

■ **Supplier sourcing and negotiations.** Standard procurement practices and tools apply to meetings and events, as they do to transient travel. A limited number of preferred suppliers across all spend categories and geographies—air, hotel, ground transportation, catering, audiovisual equipment, entertainment/production, etc.—should be identified to optimize negotiations and save the excessive time and money spent when events are negotiated on an individual basis. Travel and meetings and events volume should be consolidated wherever possible for best leverage with suppliers. Furthermore, since better managing environmental issues is often related to suppliers' own policies and practices, relevant "green" criteria should be included in requests for proposal.

■ **Online registration and booking.** Like online booking for transient travel, Web-based tools for registration and booking help to ensure that attendees of meetings and events are complying with policy and using preferred suppliers. Individual preferences or requirements (e.g., dietary restrictions) are also captured. By eliminating manual processes, transaction costs are significantly reduced. Locating participants in the event of an emergency is also facilitated. Web-based technology should also be used to manage planning, budgeting, purchasing, attendance, payment and performance measurement.

■ **Streamlined payment/reconciliation and consolidated data.** A single, centralized payment mechanism for all spend categories, including participants' expenses (minus incidental charges), results in more complete and accurate data for better planning, sourcing and compliance tracking. Reconciliation of supplier invoices with actual expenditures is also more efficient. Finally, processes that ensure payment is made directly to suppliers rather than through an intermediary lowers transaction overhead and accelerates payment, which enhances relationships with vendors.

■ **Post-event evaluation.** Evaluations help to gauge the benefits of an event versus the cost. To that end, criteria that determine the value of the content are especially relevant. Seeking feedback from suppliers also helps to improve the quality of future events. All internal stakeholders should receive evaluation results to optimize the effectiveness of future meetings and events.

Figure 12: Key indicators of meeting and events program maturity

	Early	Advanced
M&E strategy	Local strategy/vision	Global/regional strategy
M&E policy & compliance	No distinct M&E policy	M&E policy structured and compliance monitored
Organization	Decentralized and dispersed	Specialists centralized and integrated in the travel management team
M&E processes & technology	Various processes, low technology usage	Streamlined processes and Web-based technology
Sourcing/ suppliers	No preferred suppliers, spot buying	Preferred suppliers, contracts and leveraged negociations
Data capture/ monitoring	Data not captured or captured inconsistently	Data consolidated, analyzed and used for action
Evaluation	Superficial to none	Relevant and used for improvement

Source: CWT Travel Management Institute

Having optimized their managed travel program over the last few years, many companies are turning their attention to meetings and events. They will acknowledge that the process involves some hurdles, including significant resistance to change. Organizing meetings and events traditionally brings with it a sense of ownership and pride that many internal stakeholders have difficulty relinquishing. Nonetheless, persistence pays off. A well-managed meetings and events program brings greater value to the organization as a whole and to individual participants.

Lever Eight:
Develop executive dashboards and actionable performance measures

If you cannot measure it, you cannot manage it. So goes an adage familiar to travel management professionals. Without relevant performance indicators and corresponding data that is consolidated and delivered in a timely, accurate and easy-to-use fashion, it is impossible to evaluate and optimize the effectiveness of a travel program. Furthermore, to engage top management and business unit/department heads in the optimization of a travel program, the data that is reported must be adjusted to reflect their individual needs and concerns and be comprehensible at a glance. The task of effectively capturing and presenting data is complex. Multiple suppliers around the world use different standards and formats. Merging information from different sources increases complexity. The challenge is compounded by non-compliant travelers who book outside of preferred channels, which results in travel spend that is unaccounted for.

In most companies, the goals of an effectively managed travel program mirror overall business objectives. To monitor and drive progress, companies rely on:

■ **Well-defined performance indicators.** Performance indicators must be carefully defined, measurable and in alignment with each of the goals of the travel program. Above all, they must provide actionable insights that will lead to desired results. To that end, performance indicators should be regularly monitored against program goals and benchmarked against market trends, as well as the performance of similarly sized companies in the same business sector with comparable travel spend and corporate culture.

In general, performance indicators cover air, hotel and ground transportation spend, as well as service levels and traveler behavior. Environmental indicators are increasingly monitored as well. It is the job of travel management professionals to specify those indicators that are most relevant to their travel program and their company as a whole. In addition to travel spend per category, they might include:

▶ **Advance air bookings**

▶ The use of **restricted airfares** versus fleixble fares

▶ **Average ticket price** and **room rate** year over year

▶ Key **city pairs** per country and/or region

- Air and hotel **supplier market share**
- **Class of air** service and **category of hotel** room
- **Missed hotel bookings**
- **Online adoption**
- **Compliance with preferred booking channels** (i.e., the travel management company and the corporate online booking tool)
- On- and offline **transaction fees**
- **Touchless transaction rates**
- **Compliance with preferred suppliers**, including the corporate credit card provider
- **Missed savings**
- **Cost avoidance**
- **Traveler satisfaction**
- **Carbon dioxide emissions**

■ **Integrated data and reporting.** Data should be integrated from a variety of sources—the travel management company, credit card providers, online booking tools, suppliers—to provide the most complete picture of travel program performance.

Good data reporting provides the information for sound analysis, actionable insights and concrete initiatives that drive progress. Well-designed dashboards integrate graphs, pie charts and other visuals in a single page, allowing managers to step back from the details and quickly and accurately identify the key trends and relationships that characterize the travel program.

Dashboards also play a key role in internal communications to C-level executives and business unit/department heads who manage budgets and corporate travelers. They are particularly useful for comparing performance among business units and departments and indicating where individual progress is needed.

They can also be used to communicate with travelers to encourage new behaviors that will contribute to the optimization of the travel program.

In all of these cases, the information that is reported must be carefully targeted and easy to understand for non-experts of business travel management. Providing too much information is usually counterproductive and discourages focus on what really matters.

■ **Relevant, easy-to-use dashboards.**
Effective dashboards share the following characteristics:

- They are easy to interpret and **actionable**.
- They are **customizable** with top-line data reflecting the objectives and areas of concern most important to the user.
- They track **performance against goals**.
- They have easy and intuitive **drill-down capabilities**, enabling users to move quickly from high-level data to supporting data and reports for each graph.
- They are **easily adjusted** so performance indicators can be changed.
- They are located **in one place** and are easily **accessible**.
- They can be viewed in **multiple languages** and **currencies**.

Travel management companies play a key role in identifying and monitoring relevant performance indicators, as well as consolidating, delivering and analyzing the right data at the right time to facilitate decision-making and implement corrective action.

This is one of the key reasons global companies are increasingly consolidating their travel program with one travel management partner worldwide.

Figure 13: Sample dashboard for reporting on compliance and savings

Divisions (By number of transactions)	7-day advance purchase		Self booking adoption		Preferred hotel adoption		Average ticket price		Combined air-hotel booking		Missed Q2 savings vs. compliance goals
	Current Q %	Trend from last Q	Current Q %	Trend from last Q	Current Q %	Trend from last Q	Current Q	Trend from last Q	Current Q %	Trend from last Q	
Division A	74%	⬇	35%	⬇	52%	⬇	US$602	⬇	75%	⬆	US$1,313,230
Division B	60%	⬇	20%	⬇	51%	⬆	US$663	⬇	81%	⬇	US$791,424
Division C	54%	⬆	18%	⬇	48%	⬇	US$879	⬇	46%	⬇	US$923,739
Division D	79%	⬇	39%	⬇	70%	⬇	US$995	⬇	57%	⬇	US$878,537
Division E	67%	⬇	28%	⬇	48%	⬆	US$693	⬇	70%	⬇	US$319,435
Division F	63%	⬇	23%	⬇	63%	⬆	US$588	⬇	76%	⬇	US$202,143
Division G	68%	⬆	38%	⬆	28%	⬇	US$610	⬇	68%	⬇	US$115,353
Division H	48%	⬇	35%	⬇	29%	⬇	US$587	⬆	80%	⬆	US$85,821
Division I	23%	⬇	43%	⬆	13%	⬇	US$540	⬆	92%	⬆	US$6,847
Total	67%	⬇	30%	⬇	53%	⬇	US$676	⬇	63%	⬇	US$4,636,530
Goal	70%		60%		32%		US$475		70%		

⬆ Performance up on previous quarter

⬇ Performance down on previous quarter

▮ At or above goal

▮ Approaching goal

▮ Below goal

Conclusion

Effective travel management is an ongoing process that is within the reach of any company committed to balancing cost control, traveler safety and well-being, and sustainability. To that end, proven practices must be adhered to and performance continually monitored to derive the fullest value from a travel program. The eight key levers described in this booklet provide a robust framework from which to work and succeed.

For more information on how the experts at Carlson Wagonlit Travel can help your company successfully optimize its travel program, please contact your CWT sales or program manager or email us at tmi@carlsonwagonlit.fr

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