Made To Save:

How To Make The Most Out Of Meeting Travel Management

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Introduction

Recent changes in the travel industry have given way to an entirely new set of consumer behaviors and organizations are questioning whether their current business models will allow them to keep up. With the growth of technology and so many different online channels, travel bookings are made more accessible to attendees. Convenienced by mobile technology, travelers are now booking flights and hotels much faster on their own rather than following their company's' travel guidelines. Given this, meeting professionals are left with the question of whether a managed travel program is worth the investment. Yet, with the exponential growth of business travel seen over the last few years and future spending expected to rise, having an effective program in place seems more important than ever.

"The forecasts through 2015 for both business travel volume and spending have been raised on better expectations for growth and spending in the consumer, corporate, and public sectors - all key drivers of business travel activity,"…."We expect business travel Person-Trip volume to grow 1.9% in 2015. Total spending on business travel is expected to grow 6.6%."- GBTA 2014 Business Travel Outlook [1]

Managing business travel for meetings is merely a cost of conducting business, and despite loosening restrictions on meetings and budgets, the demand to prove program value grows increasingly firm. Therefore, meeting professionals are being urged to take a more strategic approach.

Tried & True Travel Management

As one of the most costly components of corporate spend, business travel should be viewed and managed differently than other components of meeting spend. Essentially, there are three primary goals every managed travel program should look to accomplish:

1. Controlling Corporate Spend & Compliance

Airlines take advantage of online bookings by tacking on hidden fees, such as fuel surcharges, airport lounge access, and amenities fees. To the average traveler, these fees are non-negotiable and non-reimbursable, leaving them to pay premium prices. However, companies using travel management systems typically have pre-negotiated rate packages, offering discounts or even waived fees, thereby reducing the overall cost of travel.

2. Improved Traveler Safety & Risk Management

Off-channel booking can leave travelers vulnerable to unnecessary safety risks. They may go too far in their efforts to find cheaper flights that they may end up selecting options that forgo minimum standards for safety and security.

Duty of Care

"The primary purpose for risk management is to make sure your company has completed an audit of all your procedures to make sure your corporation is not held liable by mitigating any of the risks that could potentially occur. It is evaluated based on what your duty to disclose is – which means that you're communicating as best as you can with your employees when they're heading into a certain area, for example. A company needs to make sure it establishes a certain policy; it needs to make sure it's disclosing as much as it can to protect that traveler and that the standard of care provided is acceptable. When all those items are combined, it helps mitigate risks and avoid any litigation against the corporation from the employee." - Professional Travel [2]

Ultimately, it is the responsibility of the organization to ensure traveler safety, and unmanaged travelers are very difficult to track. With a travel management system in place, companies can implement additional resources to reduce the potential risk for both the organization and the attendee.

3. Increased Traveler Productivity

Unmanaged travelers are spending significantly more time searching for travel deals. Planning a business trip from start to finish takes a great deal of time. Travel management systems, on the other hand, have the ability

to automate key processes, facilitating what needs to be done in a fraction of the time. In addition to a well-integrated system, a knowledgeable travel management company can help ensure policies are followed, allowing the traveler to focus solely on the business goals of the trip.

Historically, payment card systems or receipt-tied reimbursements would have sufficed, but in today's digital world, efficiency and productivity are key. Despite nuances in technology and new tools available, organizations should still be looking to establish a succinct and manageable process to serve as a guide. Effective travel management begins and ends with a well-communicated policy. The next section offers essential details.

Travel Policies Explained

Effective travel programs should serve the business objective while ensuring the productivity, safety, and comfort of the traveler. Intentions aside, every program must have a well-thought out travel policy that is documented and communicated, otherwise travel requirements appear as mere suggestions at best.

Depending on the needs of the organization, travel policies can range from rigid to flexible. In their handbook on structuring a travel management program, BTN [3] classifies them as follows:

1. Mandated Program

This model is the least flexible for travelers, but it is likely the most beneficial for businesses. Defined by strict policies, front-end controls, and company-wide reporting, this method is certain to ensure compliance and senior management support. Additional benefits gained from well-integrated technology and a travel management company usually increases leverage with suppliers, integration of expense processes and tools, data-driven decisions, demand management, and crisis management protocols.

2. Exception-Based Program

Organizations using this approach have policies and controls that can be limited to a certain extent, and those limitations are defined at the manager's or stakeholder's discretion. With integrated technology systems, these program users can experience the same benefits as the aforementioned.
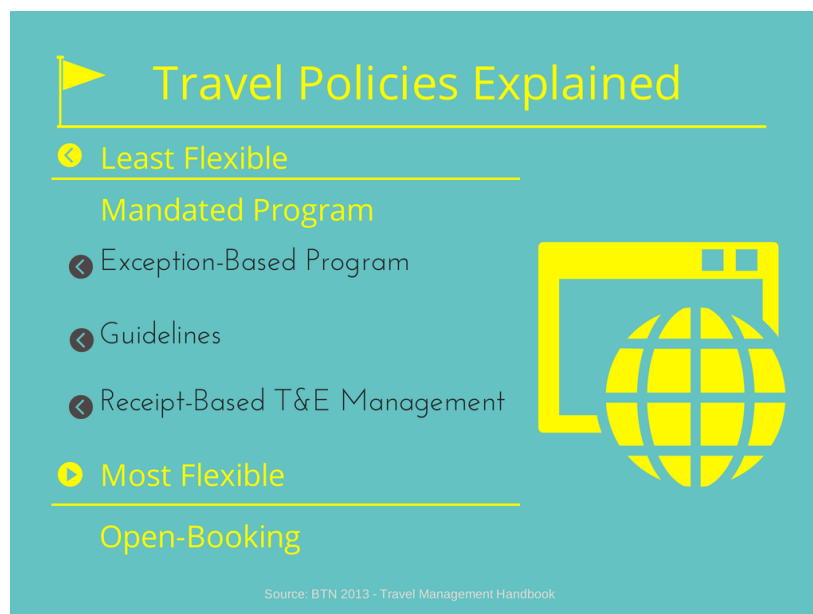
3. Guidelines

This option includes guidelines that lean more towards being best practices as opposed to being actual policies. More often, these program users have a payment card system in lieu of technology.

4. Receipt-Based T&E Management

This is a post-expense approach as reimbursements are tied to receipts. Here, there are usually no preferred travel management companies, online booking channels, or formal supplier programs. Without a technology component, there is also little to no use of travel data.

5. Open-Booking

This approach includes some characteristics of the models above (excluding the mandated approach). In this evolving concept, travelers are permitted to book outside the designated channel (typically a preferred travel agency or online booking tool), perhaps on the conditions that they use a designated corporate payment mechanism. They must also keep total trip spending below prescribed levels and/or inform the travel department of their plans. Potential benefits include empowered (and likely more satisfied) travelers who choose their suppliers and control more aspects of their journey. Critics point to reduced corporate control that could jeopardize data quality, purchasing, leverage, and duty-of-care requirements related to tracking travelers' whereabouts. In most cases of open booking, a spend threshold is present, but it is not restrictive. Therefore, travelers who choose to spend more usually end up having to pay the difference out of their own pocket.

Travel Policies Explained

◄ Least Flexible
    Mandated Program
◄ Exception-Based Program
◄ Guidelines
◄ Receipt-Based T&E Management
► Most Flexible
    Open-Booking

Source: BTN 2013 - Travel Management Handbook

Without these structures in place, organizations will experience grave limitations when it comes to control and savings. A travel policy should be regarded as the program's mission statement and its foundation. A travel program is never complete, and rarely succeeds, without this fundamental first part.

Once a formal policy has been established, meeting and travel planners have traditionally turned to the following methodologies to help implement their program:

- Travel management company support and/or dedicated internal travel staff

- Preferred vendors for employee travel and hospitality expenses

- Pre-negotiated airline and hotel agreements

- Payment card systems

Each of these can still be implemented today as part of a successful program as long as other considerations are being taken into account. Airline contracts/agreements are still regarded as one the most cost-effective tools for organizations with budgetary concerns that are managing travel.

Air Contracts Explained

Air contracts, made directly with the airlines themselves, can provide multiple layers of benefits based on the needs of a specific meeting and/or group. However, it is extremely important to differentiate between group air contracts and meeting air contracts.

> *"When you have definite budget concerns, air contracts are one of the best tools at your disposal,"....."When you are writing out a contract with an airline, it's very important understand the differences in those contracts." - Cindy Novak, Global Travel & Meetings, Kiewit Corporation [4]*

1. Group Air Agreements

This type of agreement applies to meeting groups consisting of 10 or more people who are travelling together, (i.e., same flight, same place, and same time). These types of contracts are typically used for the purpose of a specific event, falling outside one's regular corporate travel, or meeting contract. An additional term to consider regarding group air contracts are blocks of space, or blocked seating.

Blocked seating ensures that prices will be the same for all members travelling in a specific group.

2. Meeting Air Contracts

This type of contract applies to meeting groups consisting of 25 or more people who are travelling from multiple destinations into one destination, (i.e., conventions). When dealing with meeting air contracts, an additional tool to consider are managed travel assignments.

Managed travel assignments are when the planner manages attendee seating and travel schedules. In this case, planners will typically have more control over seating costs.

3. Fares, Discounts, & Restrictions

Stipulated within these air contracts, should be the pricing you expect to receive based on certain fare and/or discount agreements you have with the airline. Most importantly, be sure to address stipulations surrounding booking restrictions and flexibility.

Zone fares apply to groups of ten or more people who can originate from different cities as long as they are travelling to the same destination. Zone fare agreements are ideal for budgeting and work best for smaller meetings/groups.

Discount fares are special fares offered to meeting groups as a set discount, no matter when the flight is booked. Discounted fares are applied to passengers coming from various cities and travelling to one common destination. These agreements are ideal for international travel and larger meetings, such as conventions or trade shows.

Booking restrictions are the most important part of managing travel changes are to be aware of the booking restrictions. It's important to know exactly what your limitations are, as far as dates and flexibility, so that you can avoid unnecessary fees down the road. For example, some airlines allow a thirty day grace period for passenger name changes and will then penalize you by charging a fee once that period has ended. Alternatively, there are airlines that do not request passenger information until much closer to the date of the flight. Here are few clarifying questions to ask the airline as you are developing your contract:

- When should you provide the names of passengers?

- What are the terms and flexibility on passenger name changes?

- Are there penalty fees for passenger name changes? If so, how much?

- Is there a cut-off date to release 20% of the contract?

- Does the airline require a deposit? If so, how much?

Air agreements, fares, discounts, and booking restrictions, will vary depending upon a number of factors, including: airline, region of travel, when you book, frequency/duration of travel, and the specific needs/size of your group. The two most important parts of meeting travel management are cost savings and control, which can be captured based on the terms set forth in your contract. Another component that is instrumental to travel program success are integrated technology solutions.

Advancing Technology

One of the many reasons for implementing meeting technology, especially in the travel space, is the visibility it creates. Through improved data and intelligence, organizations now have a more holistic view of their actual performance levels with the ability to make strategic and informed decisions. There are a number of tools meeting and travel planners can use to leverage this visibility. Some of which include the following features:

GDS Integration. Direct integration into major airline systems providing on-demand access to Passenger Name Records, or PNRs.
- See who registered but did not book flight arrangements
- Know who booked outside of your organization's travel policy
- See who booked outside of the event date range

Booking Tool Integration. Instantly tie attendee registration data into preferred booking channels to ensure compliance requirements are met.
- Eliminate manual entry of attendee travel records and itineraries
- Enforce pre-travel authorization processes

Real-Time Flight Statistics. Get down to the minute details of your attendee's travel statuses.
- Know who might need a late night pick-up
- Know who might miss your event due to severe weather

Changes History. Understand how flight changes affect pricing fluctuations.
- Track and manage price increases/savings

Risk Management. Monitor and prevent numerous event hazards.

   ○   View the number of attendees from each organization that are on each flight
   ○   Keep organizations informed of potential flight risks

Developing a Mobile Strategy
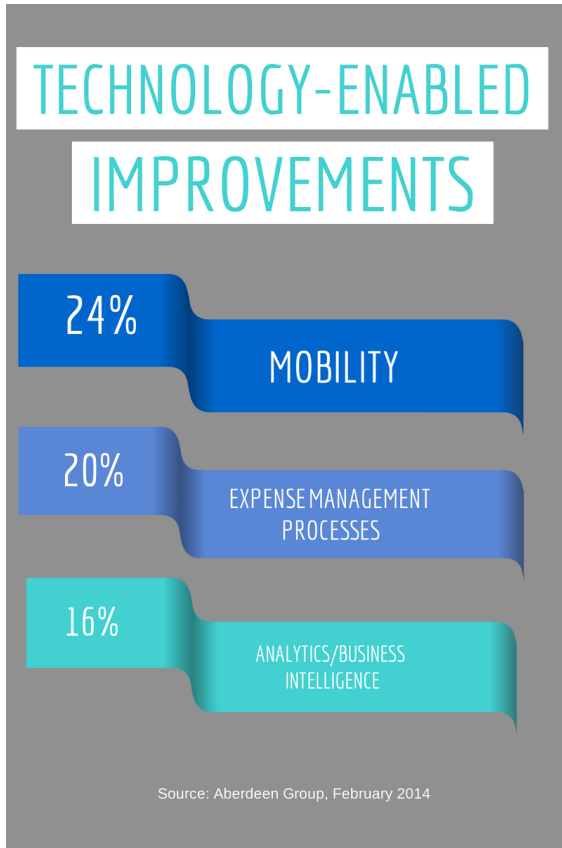
Another clear benefit of implementing travel technology is that it affords travelers and planners alike with mobility. According to a recent Aberdeen study,[5] twenty-four percent of respondents said that mobility will continue to be a prime focus for organizations with managed travel programs. Additional findings indicated that expense management, twenty percent, and analytics and business intelligence, sixteen percent, will also be priorities for the future. Our world is becoming increasingly mobile, and as an evolving practice, organizations must adapt or otherwise risk being left behind.

"Mobile devices are quickly becoming an integral part of the travel lifecycle, essential tools for planning and managing trips,"...."But there is still much to be done to drive transactions via both tablets and smartphones. Every serious player in the online travel space is prioritizing mobile technology development and pushing hard to increase their share of mobile bookings." - PhoCusWright [6]

TECHNOLOGY-ENABLED IMPROVEMENTS

24% MOBILITY

20% EXPENSE MANAGEMENT PROCESSES

16% ANALYTICS/BUSINESS INTELLIGENCE

Source: Aberdeen Group, February 2014

CWT [6] is already delivering on this objective through their proprietary mobile app, providing them with:

-   Availability of company-preferred rates and content via a traveler-friendly mobile tool
-   Ability to manage travel on-the-go
-   Access to information on spend booked via mobile channels
-   Improved traveler compliance by offering mobile services with a leading user experience

Consider working with your travel provider to determine which mobile actions would best support organizational objectives as well as attendee preferences. Whether it is an app or a mobile optimized website, set out to devise an end-to-end mobile solution as opposed to creating something to suit a specific need.

Conclusion

With a number of tools at your disposal, you can continually drive adoption and visibility throughout meeting and travel programs. No two travel programs are alike, but those possessing key components, such as: formal policy, air contracts, integrated technology, and a mobile strategy, will attract the most savings and control. As the landscape continues to change, technology-enabled processes such as: corporate policy compliance, logistics, communications, online bookings, and enterprise-wide reporting will be better managed by a single, unified system. With these pressures eliminated, meeting and travel planners can continue to drive strategic value as well as shape future programs successfully.

Resources

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