

FCm Outlook

Why manage corporate travel strategically?



Corporate travel requires a strategic approach to achieve savings.

For most companies with a national, regional or global presence, business travel is essential to growth. Across different parts of the world, it facilitates the face-to-face interaction often needed to pursue new business opportunities, build critical relationships, and secure new deals.

Corporate travel should therefore be managed like any other controllable expense in your business. Taking a strategic rather than ad hoc approach, where travel and related entertainment activity is planned and measured, can create significant efficiencies and cost savings.

Effective travel management requires specialist expertise from a travel management company (TMC) that understands your unique travel patterns and needs. Working closely with a TMC, you can achieve substantial time and cost savings by addressing the four key elements of your travel management:

- > improving how your company travels as a whole ie. 'demand management'
- > streamlining your air travel
- > maximising the value of your hotel bookings
- > protecting your travellers' security.

1. Improving how your company travels as a whole

The overall efficiency of your corporate travel is determined largely by your corporate culture. Employee attitudes towards when and where they fly, the airlines they choose, and the hotels in which they stay, can dramatically impact the overall cost-effectiveness of your travel. It is essential that the right internal culture is encouraged by a consistent, centralised approach to travel across your business, to help reduce unnecessary costs.

Work with your TMC to source the lowest logical airfares, also known as Best Fare of the Day (BFOD)

Demand management is a holistic approach that not only addresses culture, but also looks at factors such as the need for travel, volume and price. By applying demand management, you can improve how your business travels by:

- > assessing how people within your company generally travel, and working with a TMC to pinpoint the areas where costs can be reduced
- > considering what you value most: productive, flexible and safe business travel for your people, or finding the lowest-cost travel options (which may not often be as 'low-cost' as they are perceived)

- > creating a central travel policy that guides the way everyone in your organisation travels, and provides greater ability to negotiate more competitive rates
- > ensuring employee compliance with this policy
- > booking all corporate travel through one TMC, to assist with policy compliance and long-term savings.

2. Streamlining your air travel

Air travel accounts for the vast majority of all corporate travel related expenses. The cost efficiency of your organisation's air travel can be streamlined using a range of strategies, including:

- > working with your TMC to source the lowest logical airfares, also known as Best Fare of the Day (BFOD), every time your company makes a booking
- > booking tickets are far in advance as possible
- > analysing – as part of your travel policy – whether more cost-effective classes of travel can be booked (eg. economy for domestic flights; premium economy where available; and business instead of first class)
- > considering low-cost carriers for short-haul flights, where there is no conflict with your existing airline agreements
- > ensuring there are ramifications for any people in your organisation who make non-compliant bookings.

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3. Maximising the value of your hotel bookings

In addition to air travel, hotel accommodation can account for a substantial amount of the corporate travel budget. Your TMC should be able to assist your business to further leverage your existing hotel program or accommodation booking processes, so you achieve better savings. For example:

- > assessing your room night volumes to bolster your rate negotiations
- > looking at the trends in where your people stay to determine whether there are more cost effective alternatives that are just as convenient
- > negotiating on the total cost of your accommodation by including value-added services specific to your company's requirements (eg. telecommunications, food and beverage, laundry etc), and delivering savings on incremental travel costs
- > monitoring your organisation's compliance to the hotel program by identifying leakage and lost opportunities for savings
- > producing year-on-year rate comparisons, including city average reports
- > instigating re-negotiations when your company's specific hotel rates are found to be uncompetitive
- > providing professional recommendations based on extensive hotel knowledge and industry experience
- > creating easy-to-use hotel directories featuring your company's hotel program
- > ensuring your company's agreed rates are loaded into a consultant reservation system and online booking tool so they are accurate and accessible.

4. Protecting your travellers' security

Risk management planning is a vital part of protecting your business travellers. It is important that your TMC can assist you in your duty of care to employees who are on the move or planning to travel.

As a minimum, the following steps should be taken:

- > ensure a central travel policy is in place and your travellers' profiles have been supplied to your TMC
- > conduct ALL travel bookings through one TMC and ensure company-wide compliance with your policy, so your travellers can be readily located in the event of a crisis
- > utilise services, such as FCm Secure, which will alert you to any incidents worldwide that may affect your travelling employees, track the whereabouts of your people, and assist with transfers and urgent changes to bookings
- > organise comprehensive travel insurance for your travellers
- > advise your travellers on all health-related requirements (eg. vaccinations and precautionary medication) before they depart
- > identify any potential safety hazards prior to each business trip
- > ensure all visa, passport and foreign currency exchange matters have been organised prior to departure.

The vast and valued role of the TMC

Today's travel management company is distinctly different from traditional travel agencies. While they still provide the fundamentals such as travel bookings, visas, insurance and leisure travel services, the world's leading TMCs are capable of managing the end-to-end needs and processes of corporate travel. From policy development, to compliance monitoring, rate negotiation, traveller security, management information reporting, and event management, TMCs are the way forward for companies with a goal to smarten their business travel.

Best practice TMCs also offer value-adding services such as industry intelligence, state-of-the-art technologies, strategic sourcing of travel products, and consolidation across different business units and regions. They align with each client's commercial and travel goals, and identify the opportunities for savings.

The bottom line is measurable value, achieved through enhanced travel culture, visibility into expenditure, cost control, leaner transaction processing, and stronger buying power with industry suppliers. And as regulatory environments and travel-related issues evolve over time, TMCs will be best placed to guide companies through the challenges of the future.

About FCm Travel Solutions

FCm Travel Solutions is one of the world's leading corporate travel and expense management specialists, distinctive by our local, flexible and personalised service.

Taking a strategic approach to travel management, we help companies understand the true cost and value of their business travel. We work within a 'service continuum' – an ongoing process of understanding each client's business, identifying travel savings, educating them on travel efficiencies and designing tailored solutions. We also monitor our clients' corporate travel and update their policy, while communicating the travel benefits company wide to ensure adherence.

As a full service provider, FCm negotiates on rates, books travel that is both cost effective and practical, and keeps clients informed. We identify opportunities for companies to improve their travel efficiency and productivity, to ensure long-term savings.