

BTN Blueprint: How To Be Prepared To Communicate About Travel In The Executive Suite—Or On The Elevator

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The majority of corporate travel managers know the first name of their chairman and CEO. A much smaller number of travel managers and directors can assert that their CEO knows them on a first-name basis. If you ever get an opportunity to discuss your travel program with the CEO or CFO make sure you are prepared—more prepared than my friend Gary.

Gary was a senior director at a *Fortune* 500 company and many departments, including the travel program, reported to him. He had a meeting upcoming in two weeks with the CEO of the company, and Gary spent every one of the 13 days preparing a three-ring binder with all kinds of charts and graphs. The day of the big meeting, Gary headed to the executive elevator and just as he entered, so did the CEO.

The CEO said to Gary, on the ride up to the top floor, that something had come up and he wanted Gary to give him "the bottom line" in the elevator. Unfortunately, Gary had memorized the flow of the contents of the 25-page report, but could not summarize it in a few sentences. Needless to say, he did not get another chance to meet with the CEO regarding travel.

Prior to my consulting career, I was a vice president of global travel for a multinational bank and initially reported to a senior vice president who reported to the president of the bank. On my very first month on the job, I was called up to the CEO and chairman's office—more like a suite—and he asked me a direct question:

"Andy, if I tasked you with reducing our travel expenses by 50 percent, effective tomorrow, how would you do it?"

Present in that room was the president of the bank, my boss—the senior vice president—and two of the four vice chairmen, all staring at me, wondering what the new guy would say. Without skipping a beat, I looked right at him and said: "Walter, there is only one way for me to accomplish that. I would have to tell every other traveler that he or she couldn't go on their trip."

After the laughter subsided, I elaborated a bit more on the details of our discount program potential, but the fact is that I did not hesitate to give Walter a direct answer without embellishment or estimates, which is how banking is supposed to be. The fact is, there is no other way to achieve a 50 percent immediate reduction in spending.

That direct answer gave me a high degree of credibility and from that point forward whenever the subject of travel expenses came up, my answer was accepted as gospel.

A year later, Walter retired, the president became the CEO, and my boss also retired. That meant that I now reported directly to the chairman and CEO. This reporting relationship lasted for 18 months, until the bank was sold, and I learned a number of valuable lessons, which I'm happy to share.

For starters, there are a number of industry metrics that we seem to think are important, and I can assure you that they are of no value to a CEO or CFO. That list includes:

- Average ticket price: a meaningless number unless citypair-specific
- Average hotel rate: again, no value from a finance perspective
- Total number of room nights
- Total car rental days

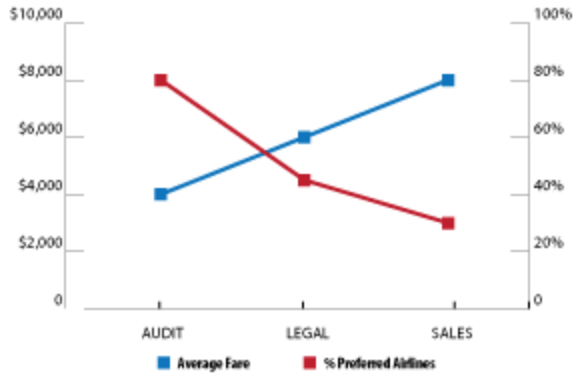
What resonates in an executive level report are comparative metrics:

1. Ten citypairs equals 80 percent of our total airfare spend of \$40 million.

- a. The discounts on our preferred airlines range from 12 percent to 45 percent.
 - b. Thirty percent of our employees are not flying on the preferred airlines, which has increased our costs by 22 percent or \$8.8 million.
 - c. The departments that have the lowest compliance to airfare policy have the highest average ticket price in our major citypairs (see chart, right).
2. Of our total hotel spend of \$22 million, only 60 percent of our employees are booking their hotel via the approved travel agency.
 - a. Forty percent of the employees are booking hotels directly, and therefore:
 - i. It means they are paying retail rates
 - ii. It means we are not collecting up to \$800,000 in potential hotel commissions
 - iii. It also means we don't know where they are staying in case of an emergency
 - b. Of the 60 percent of the employees who are booking via the approved travel management company, 25 percent are not using our negotiated discounts
 - i. That's a loss of \$2.4 million on an annual basis.
 3. Our travel management company fee is \$40 by phone and \$20 when using an online tool. These figures are only examples:
 - a. Only 35 percent of our employees book via the online tool.
 - b. Best practice says we should be at 70 percent of employees booking online.
 - i. If we were at 70 percent online adoption, that would save us \$500,000 per year in travel management company fees.

A picture is worth a thousand words. Try this:

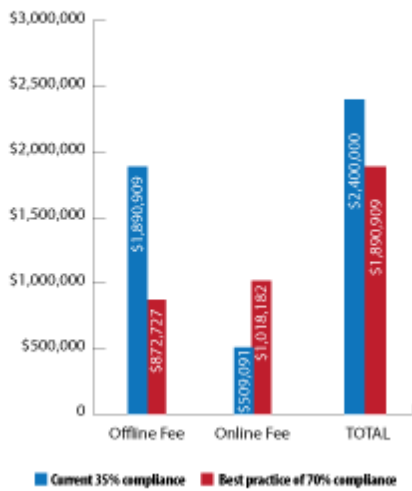
Preferred Airline Compliance Between New York and London



Or this:

Online Booking Compliance Pays Off

Spending based on \$20 online booking transaction fee and \$40 offline fee



I am sharing all of the above with *Business Travel News'* readership because I had that very same elevator ride with the CEO, who asked me directly: "Andy, what's going on with the travel program? Is there something I need to know or do?" I was able to summarize in 60 seconds the challenges with employees who are not booking preferred airlines, not booking hotels through the travel management company, not staying in preferred properties and not using the online tool.

He asked me what he needed to do about it, and I said I would update the travel policy and write the cover letter for his signature. It clearly indicated that employees must book via the preferred travel management company, fly on preferred airlines, sleep in preferred hotels and use the online booking tool. Any exceptions to policy had to be approved by me, and only those that were challenged would go to the CEO.

As you might imagine, our compliance skyrocketed, as did our savings, and the travel program was a model for our peer companies. I continued to provide the CEO with reports on our travel program, but it was a quarterly e-mail with only a handful of bullet points, accompanied by a one-page executive summary.

The key to success at the C level is to provide the headline and call to action. If they want details, they will let you know. If you barrage them with details, they will never have time to focus on the strategic, mission-critical travel issues that will provide shareholder value.

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