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Op-Ed: Visibility: The Smart Way To Cut Travel Costs



By TRW Consulting president Tom Wilkinson

NOVEMBER 17, 2008 -- The economy stinks. In this downturn, like others before it, frantic executives are calling for big cuts in travel. BTN recently reported "emergency travel cutbacks" and "travel freezes" ([BTN, Oct. 27](#)).

The problem: In past recessions, when the economy inevitably cycled back upward, companies that axed travel may have regretted having cut too deep. Building client relationships and courting new customers—the reasons that we travel—are even more important when times are tough.

What to do? Turn up the dial on travel management. What that means depends on how—or whether—you manage travel today. The goal, however, is to make the details and the value of each trip as visible as possible before and after the trip. Increased visibility drives cost reduction.

First, if your company still has not adopted the basics of travel management—consolidation—now is the time to start. Consolidating travel through a corporate travel management company creates visibility into what travelers book and how wisely they spend company funds.

It is mind-boggling when travelers don't understand that it's not smart to book travel through "myfavoriteairline.com," even if that site belongs to a low-cost carrier. Competition is what keeps fares and rates low, not supplier goodwill. No airline or hotel is always the cheapest, or the best value, on every trip. If you book through "supplier.com," you don't even see the competition. Also, companies that don't mandate one travel management company can't even offer negotiated discounts to their customer.

If travelers book where they choose, instead of through a designated TMC, companies won't get complete reports. They can get part of the picture from expense reports, but only TMC reports provide insight into such purchasing behavior as advance purchases or travel policy compliance.

The bottom line: The only benefit to allowing traveler choice, the functional opposite of managing travel through consolidation, is that companies that do don't know how much money they lose.

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Already, many BTN readers will know these "Travel 101" fundamentals. Let's look at the "200-level" syllabus for cutting travel costs.

Deploy a corporate online booking tool. Corporate tools have little in common with their cousins in the leisure space or "favoritehotel.com." In concert with your designated TMC, they manage the travel booking process, and keep travelers inside the managed system. They will lower TMC booking fees and cut 10 percent-plus from your travel costs. Here's your metric: If your company today is not booking at least 70 percent of domestic trips online, it is doing something wrong.

Consider tools that extend the power of online booking to travel-related services like shipping, parking and car services, among others. While the model isn't fully baked yet, the logic is inexorable, so employing it will enable you to cut costs.

Examine your air discounts. Make sure your preferred carrier treats you like a preferred customer. Contracts are confusing and highlight big "teaser" discounts on tickets that are too expensive in the first place. Many companies could save more by taking the lowest fares available instead of the paltry discounts on higher-fare airlines.

Mandate a corporate charge card! They greatly improve spending visibility and manageability. If your company cares about maximizing miles for travelers, let them sign up for all available programs. Seriously, though, do you let employees pay for other corporate supplies on personal cards? No company that is serious about cutting travel costs misses this slam-dunk.

For advanced readers, it's time to revisit pre-trip approval. In the past, this blunt instrument of micro-managers was given short shrift. Conventional wisdom was that any savings would be offset by lost accounts payable discounts and increased heartburn. The truth was that TMCs and online tools were challenged to manage the process.

The latest in mid-office tools have greatly expanded workflow management capabilities. They can check budgets, send e-mails to primary or alternate managers (after ensuring they are online), track responses and communicate to agencies or travelers as necessary before queuing a passenger name record for ticketing.

Where these systems—which have advanced greatly from the quality control systems of yore—are deployed, they will greatly increase the visibility of travel and savings opportunities, which is bound to result in lower-cost—and probably less—travel.

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