

# Procurement Execs Speak Out on Travel

## Presenters:

### >> Steven Schoen

Director of Mobility Services, **Siemens Shared Services**



### >> Kari Knoll Kesler

Global Meetings Solutions Manager, **Honeywell**



### >> Robert Steiner

VP of Global Procurement, **AECOM**



### >> Moderator: Jay Campbell

Chief Content Officer, *Procurement.travel*



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## Agenda

- >> Expert Panel
- >> Q&A – Your Turn
- >> Resources

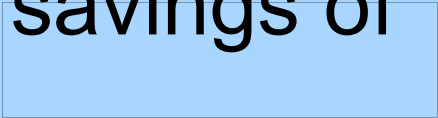
## Procurement Execs Speak Out on Travel

### Expert Panel

>> How have your travel policies evolved in today's economic environment?

>> How do you improve overall compliance to policy?

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>> Standardizing policy and the buying process can yield savings of 10 percent to 20 percent.  ~ PhoCusWright, 2008

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>> 86 percent of companies with more than 1,000 employees have a travel policy. ~ ACTE/IATA, 2006

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>> Only 38% of midsize companies say they have a policy that requires employees to use the firm's preferred partners. ~ American Express, 2008

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>> 91 percent reported that compliance to travel policies is essential or important to achieving savings. ~ Aberdeen Group, 2007

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>> Nortel Networks cited better policy compliance for nearly all of a recent \$32 million reduction in travel spend.

*~ Procurement.travel, 2007*

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>> "Adjust travel policies" was the No. 1 method for travel buyers to manage travel costs, named by 76 percent of respondents.

~ ACTE/Sabre/ProMedia.travel, 2007

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>> Travel policy compliance ranked higher than access to supplier content and online adoption among **top travel management challenges.** ~ BCD Travel, 2007

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>> One-quarter of respondents said compliance with preferred vendor policies was among their firm's **greatest travel management challenges** in 2007.

~ ACTE/Sabre/ProMedia.travel, 2007

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>> "Ticket price limitation" was the most quoted factor governed by corporate travel policy for all companies with up to 1,000 employees. For companies with more than 1,000 employees the most quoted factor was "class of service" at 29 percent. ~ ACTE/IATA, 2006

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>> For most companies with an established procedure for **reviewing** their corporate travel policy, the most common period was **every year**, ranging from 35 percent for companies with more than 1,000 employees up to 64 percent for companies with less than 25 staff. ~ ACTE/IATA, 2006

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>> Up to 70 percent of hotel purchasing is out of compliance. Thirty percent to 40 percent of hotel spend is not through the TMC. ~ PhoCusWright, 2006

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>> 20 percent of T&E spend is out of policy. ~ Aberdeen Group, 2006

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>> 87 percent of employees were aware of company policies on preferred suppliers, but only 38 percent consistently used them. ~ Rearden Commerce, 2006

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- >> Top reasons for non-compliance:
- Frequent-flyer points 29%
  - Traveler attitude 13%
  - Time and convenience 12%
  - Lack of policy awareness 12%
  - Flight availability 11%
  - Weak policy with no penalty 10%

~ Carlson Wagonlit Travel, 2008

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>> 36 percent more buyers will mandate the use of online booking tools than in 2007. ~ NBTA, 2008

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>> 48 percent of companies with an online booking tool said **use of the system increased compliance** and preferred vendor utilization. ~ Expedia Corporate Travel/ProMedia.travel, 2007

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>> 16 percent of travel buyers will **restrict business class bookings** in 2008, a jump from 7 percent in 2007. ~ NBTA, 2008

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>> Travel policies were made "significantly" or "slightly" more restrictive for 54 percent of companies polled.

~ Carlson Wagonlit Travel, 2005

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>> Only 5 percent of respondents expect to relax travel policy in future, while 42 percent expect it to **get tougher**. ~ AirPlus International, 2008

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>> 45% of business travelers said that their firms' policies governing reimbursable business travel expenses have become either "somewhat" or "a lot" tougher over the past two or three years.

~ American Express, 2005

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>> Mandating policy ranked as the number one policy change for the first time in three years. ~ BCD Travel, 2007

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>> Out-of-policy monitoring tools are expected to be implemented more widely, generating greater policy compliance. We anticipate a 15 percent to 20 percent increase in sales of tracking/monitoring tools could be achieved. ~ American Express, 2007

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>> 82 percent of travel managers believe travelers understand there are ramifications for non-compliance, versus 46 percent of travelers.

~ Carlson Wagonlit Travel, 2005

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>> 73 percent said their travel management company ensures that travelers comply with policy "very" or "moderately" well.

~ ACTE/Sabre/ProMedia.travel, 2007

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## Additional Resources from *Procurement.travel*

### Research Reflects Importance of Policy:

#### Surveys Portray Compliance as Both Great Challenge and Vital Tactic

<http://www.procurement.travel/news.php?cid=compliance-travel-policy.Sep-07.30>

### Communicating Policy: Chevron Expands Online Training

<http://www.procurement.travel/news.php?cid=Chevron-online-training.Sep-07.30>

### Changing Behavior: Siemens Measures Cost of Non-Compliance

<http://www.procurement.travel/news.php?cid=Siemens-policy-compliance.Jul-07.23>

### Complying by Buying Online:

#### Self-Booking Tools Help Companies Better Use Preferred Hotels

<http://www.procurement.travel/news.php?cid=hotel-policy-compliance.Mar-07.31>

### Containment Strategies: Corporations To Focus On Policy, Compliance

<http://www.procurement.travel/news.php?cid=Corporate-Travel-Policy-Compliance.Dec-06.28>

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- >> Thanks **panelists** for your insights.
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