



Integration of Corporate Travel & Meetings Management

Frederic Dimanche, Ashley Walcher, & Shashank Dogra, *SKEMA Business School*
Christine Dunton-Tinnus, *DuntonTinnus Consulting*

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Integration of Corporate Travel and Meetings Management

Summary

The purpose of this study was to glean insights into a better understanding of the potentials of merging travel and meetings management. Both quantitative and qualitative approaches were used to collect information. The study explored the needs and strategies as well as corresponding benefits and challenges to reduce spending while maintaining the generation of revenues from travel and meetings activities. Findings suggest that integration of travel and meeting spend is growing despite barriers related to managing change. Indeed, about 40% of the companies that were surveyed have either integrated travel and meetings, or are in the process of doing so.

Beyond financial gains and cost control, key benefits of integration are:

- consolidation of supplier management
- realizing a strategic alignment for travel and meetings, in line with overall company goals
- consolidation of compliance management
- development of more streamlined and efficient processes for supplier negotiation and contracting
- realization of better cost control and increased savings
- optimization of risk management systems
- increase in employee satisfaction with processes and policies
- increase in transparency and policy compliance

However, a number of barriers exist. Investment in technology is no longer a major concern for executives: the most common difficulty is now the issue of change management. Taking away the travel processes from those who are managing meetings within the company is considered to be a highly emotional issue. The objectives that a company wishes to achieve through change must be clearly communicated and carefully managed.

Introduction

Today, travel and meetings costs span across several departments, often leaving a big question mark as to what the actual costs are and where they are spent. Over the past decade, many travel management departments have implemented procurement strategies, booking and tracking tools, and better supplier management processes to track expenditure. Despite the fact that as much as 35% of a company's total T&E is dedicated to meetings annually (Magliaro, Mirro, Reid, & West, 2009), meeting management lags behind transient travel due to the complexity and variable nature of the meetings and events industry. When taking a deeper look into the relationship between the two departments, studies have often found links and overlaps worth exploring, yet few businesses have pursued a strategy of integration. The objective of the present study is to better understand the integration of corporate travel and meeting management – what is to be gained from integration, the barriers to achieving integration and how those barriers can be overcome.

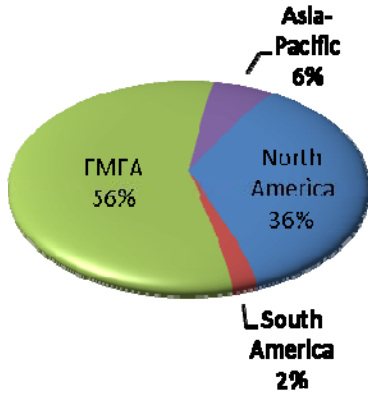
Methodology

To respond to this objective, an investigation of corporate travel professionals' attitudes towards meetings and travel management integration was undertaken.

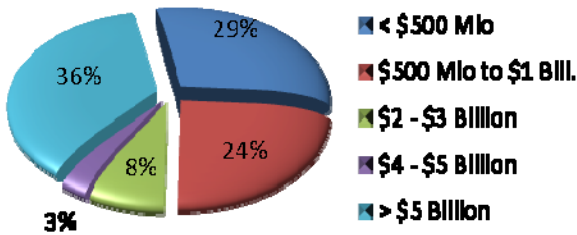
The study was conducted in two phases. First, a qualitative research approach (in-depth personal interviews with several corporate travel executives as well as with representatives of hotel, technology and travel management companies) was used to better understand professionals' opinions, perceptions, and thoughts about travel and event integration. Then, a global online survey of nearly 200 companies represented by travel, procurement and/or meetings managers was conducted. Respondents were asked about the size and scope of recent actions their organizations have taken to potentially merge travel and meetings spend, and executives' views on the success and frame conditions in doing so. Respondents were additionally asked to identify the most significant challenges facing their companies' endeavors and the level of preparedness of their organizations to face these challenges. Parts of the report rely on the quantitative results of the survey, whereas other parts provide insight with quotes from the respondents from the in-depth interviews.

SECTION 1 – Profile of respondents and their travel & meetings practices

Where is your corporate office headquarters located?



Company revenue in 2009

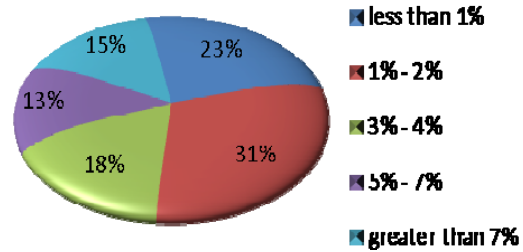


Survey respondents represented a wide geographic area with 56% coming from EMEA and 36% from North America. Other respondents worked in Asia Pacific (6%) and South America (2%).

1.1 Budget and positioning

In most corporations today, meetings spend is not easily identified. Sometimes it is indistinguishable from transient travel spend and sometimes it is buried in the budgets of other departments, such as marketing. Though travel and meetings share similarities when it comes to sourcing of air, hotel and transportation, often these departments seek out separate contracts with suppliers. It is commonly perceived that their strategies and short-term goals remain significantly different and therefore managers do not believe that joint contracts would be beneficial. However, the resources at hand (air, hotel, transport, etc.) remain the same and thus, potential leverage exists.

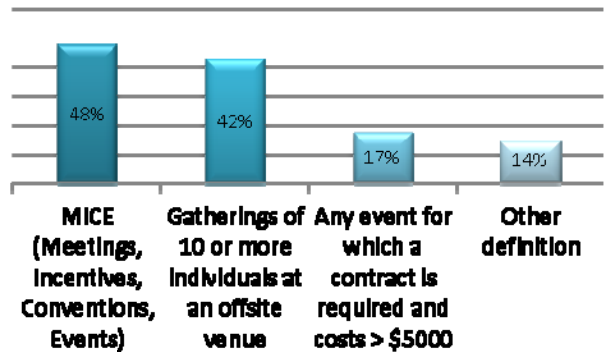
What percentage of total annual revenue is approximately allocated for Business Travel ?



From an overall corporate perspective, business travel spend is one of the largest controllable expenses in any organization (often the second highest). In this study, 54% of the respondents indicated that their company's total annual revenue allocated for business travel lies in a range between less than 1% to up to 2%. The remainder indicated greater than 3%. Twenty-eight percent of the respondents indicated that their travel spend is greater than 5% of total annual revenue.

The definition of meetings within a company often determines how meeting spend is tracked and who assumes responsibility. Of the nearly 200 executives responding to the survey, 48% defined meetings as MICE (meetings, incentives, conventions, and events) while another 42% referred to meetings as "gatherings of 10 or more individuals at an offsite venue." The third most used and more specific definition was any event for which a contract is required and costs more than \$5,000.

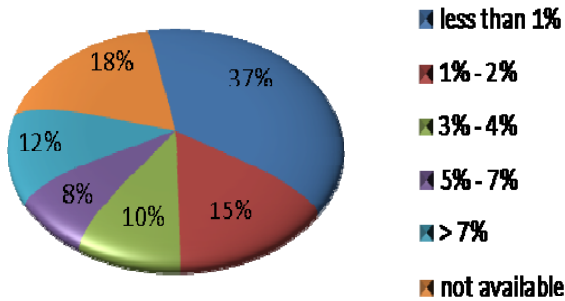
How does your company define Meetings within the policy or in general ? (Multiple responses possible)



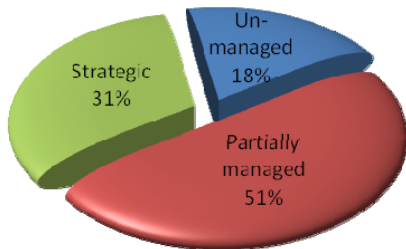
According to the survey the total annual revenue allocated for meetings is quite similar. Indeed, 52% of the surveyed companies indicated a range between less than 1% to up to 2%.

Twenty percent of respondents indicated that meetings represented over 5% of the annual revenue. However, 18% reported that this percentage is not available or not figured.

What percentage of total annual revenue is approximately allocated for Meetings ?



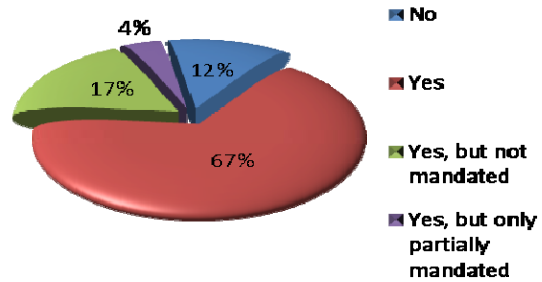
How is the meeting spend managed within your company ?



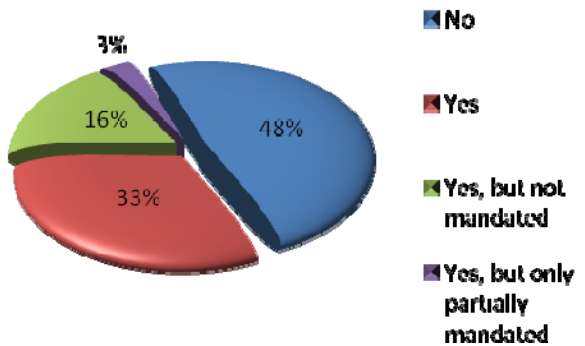
This could very well correlate with the 18% who reported that meeting spend is unmanaged (limited visibility on overall spend and number of existing suppliers). But 51% of respondents reported that the meeting spend within their company is partially managed, that is, partial visibility on overall spend and a limited consolidation of supplier contracts. Only 31% refer to their meetings spend as “strategically managed”, defined by high visibility on overall spend with advanced supplier management.

1.2 Policy

Do you have an established and mandated travel policy ?



Do you have an established and mandated meetings policy?



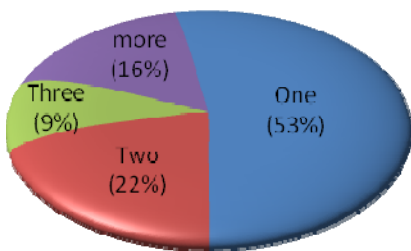
When respondents were questioned about policy, the answers they gave were symptomatic of a recurrent finding in this study – a major gap between the maturity of travel programs and meetings programs. Meetings policies are far less common than travel policies. Only 33% of the companies surveyed have a meetings policy, almost exactly half the proportion of companies which have a travel policy. And although there remain a minority of companies which lack an established travel policy (12%), four times as many (48%) have no established meetings policy in place. This significant difference may be due to the inherent difficulty of keeping track of events of all sizes in an organization, or to the fact that many corporate departments organize events and often want to keep control of their meeting budgets.

When asked which department should ensure travel and meeting policy compliance, respondents indicated that the travel and procurement departments were the most common to assume leadership and responsibility. The third most named department to ensure compliance for travel was finance, and for meetings, the meetings department.

1.3 Strategic sourcing

In addition to policy implementation and compliance, strategic sourcing plays a key role in the reduction of travel costs. In a 2008 StarCite study, 71% of companies had preferred supplier relationships with the major travel categories of air, hotel and car rental for travel spend (West *et al.*, 2009). That same study pointed out that the situation was quite different on the meetings side, where nearly 32% of companies lacked preferred suppliers entirely. Though the recession caused companies to spend less, their negotiating strength with suppliers was never greater. For example, in 2009, 100% of respondents to the BTN/ACTE Top-Market Benchmarking Report considered hotel suppliers more receptive to negotiations than in the past (Cohen, 2009).

With how many appointed travel agency partners do you cooperate to manage 80% of your global travel spend?

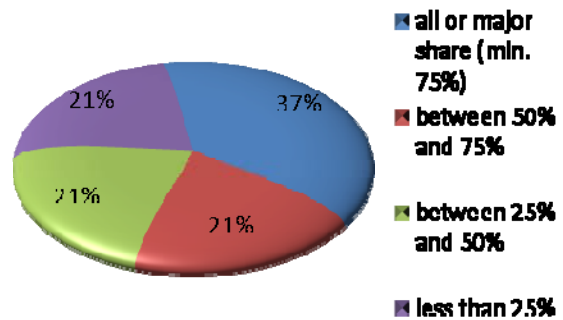


Consolidation of suppliers is often exemplified by the number of appointed travel agency partners a company uses. More than half (53%) of the respondents said that they have a single travel agency partner to manage 80% of their global travel spend, while 22% of respondents use two travel agencies.

The figures for meetings are much lower. Only 37% of respondents leverage their appointed travel agency partners for a majority (75%) of their meetings-related travel spend.

Two-thirds of the surveyed companies make limited use of their appointed travel agency partners to manage their meetings-related travel spend.

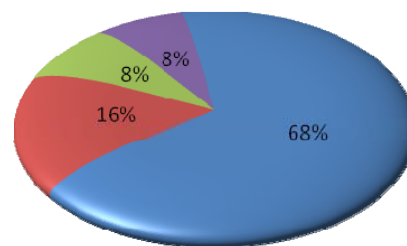
Which share of meetings related travel spend (Air, Car, Hotel) is booked through your appointed travel agency partners?



1.4 Processes and IT

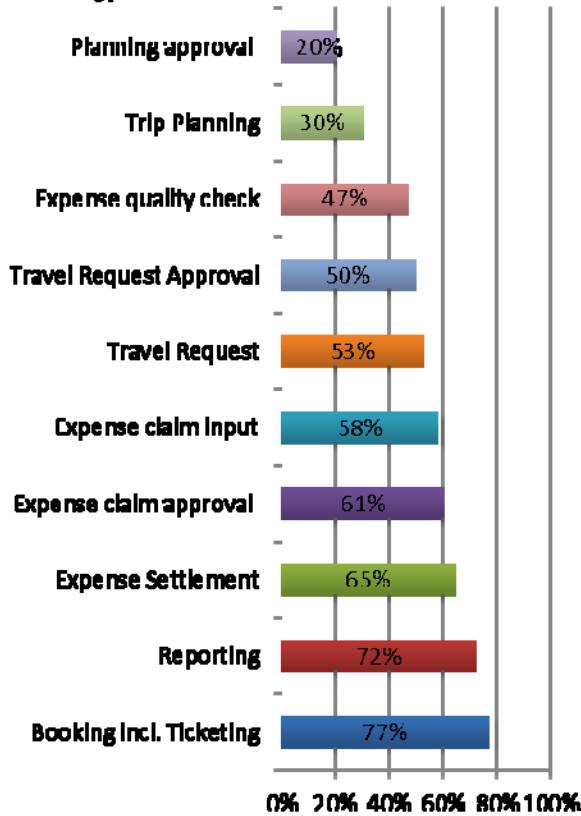
A push towards the standardization of travel processes has been made within most companies, especially as cost containment has become a prominent topic in recent years. Sixty-eight percent of the respondents reported that three-quarters or more of their travel spend is managed through a standardized process.

How much of your travel spend is managed through a standardized process?



More specifically, several companies use automated technology solutions as a means of standardizing travel processes. Booking (including ticketing), reporting, and settlement of expenses (financial booking and reimbursement procedures) are the most common areas of automated technology solutions.

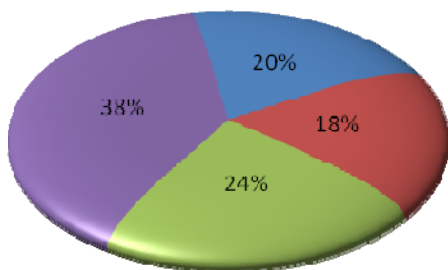
Which of the following steps of your travel process are automated through a technology solution ?



Process standardization is far less common for meetings management. Only 20% said three-quarters or more of their meeting spend is managed through a standardized process.

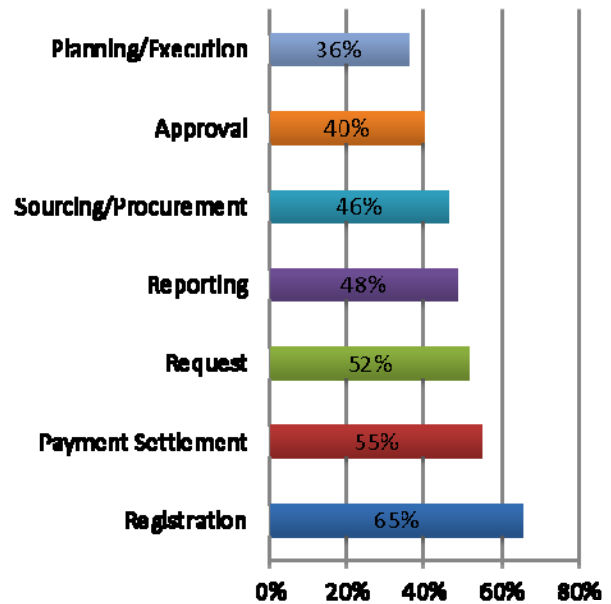
How much of your meeting spend is managed through a standardized process?

- 75% or more
- between 50% and 75%
- between 25% and 50%
- less than 25%



The use of technology solutions for meeting management processes is also less than for travel. Only half of the respondents were able to indicate whether steps in their meetings management process are automated. Of these, a majority indicated that they use technology solutions for registration, followed by payment settlement and meeting requests. New solutions may exist, but they are not well known by respondents.

Which of the following steps of your meeting management process are automated through a technology solution?

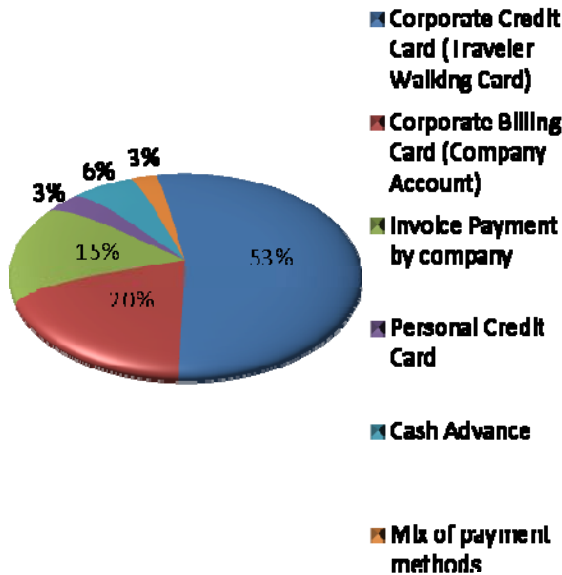


The ability to integrate expense tracking and manage it efficiently and accurately is an indicator of a consolidated travel or meetings operation. However, the complexity of the MICE industry has led it to lag behind when it comes to the process of tracking expenses. Meetings expenses are often left out of sight of procurement management within organizations and instead managed by groups or individuals within various departments.

1.5 Payment

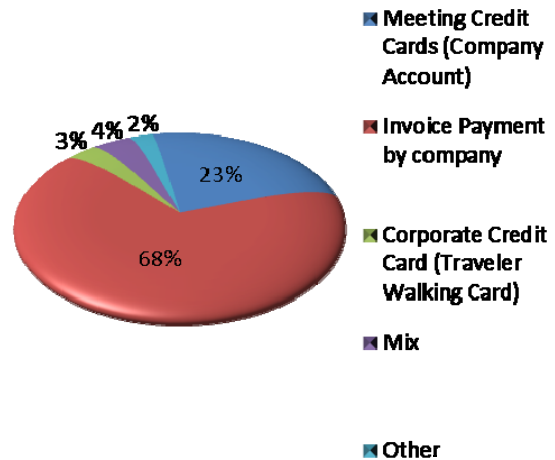
An American Express Global Travel and Entertainment (T&E) Expense Management Survey concluded that it is best practice for employees who incur T&E expenses to have a corporate card issued in their name. Benefits of paying for T&E expenses through a corporate card include access to consistent data on all travel expenditure and the ability to negotiate financial terms with the card vendor (BCD Travel, 2009). The present study confirms that the overwhelming primary payment method for corporate travel is corporate credit cards, also referred to as traveler walking card (53%). Twenty percent primarily use corporate billing cards (company account) and 15% use an invoice payment method.

The primary payment method for travel is ...



In contrast, payment of meeting expenses is mostly done by using invoice payments (68%). Another 23% use specific meeting credit cards. Invoice payment by company may not be as efficient as using credit card payment. This could suggest that travel may be better managed than meetings. At the very least, this result shows that travel and meetings are being managed in different ways. This may illustrate the difficulty of integrating the two activities.

The primary payment method for meetings is ...

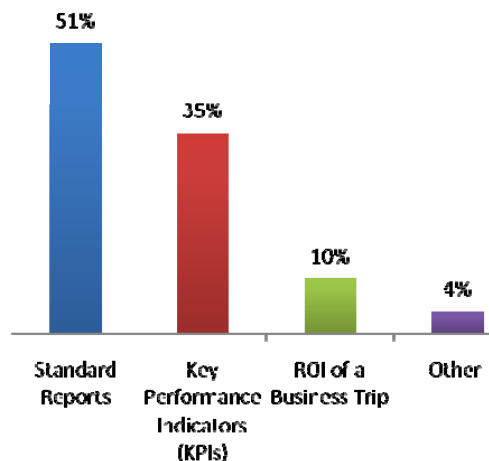


1.6 Reporting

The most valuable and scarce resource needed to realize the potential benefits of consolidation of meetings and travel is data. In a recent study conducted by StarCite, fewer than 50% of respondents indicated that their company had a centralized meetings team (Magliaro *et al.*, 2009). Thus, the costs are spread across numerous departments leading to limited insight into consolidated reporting of the total costs and benefits of each event.

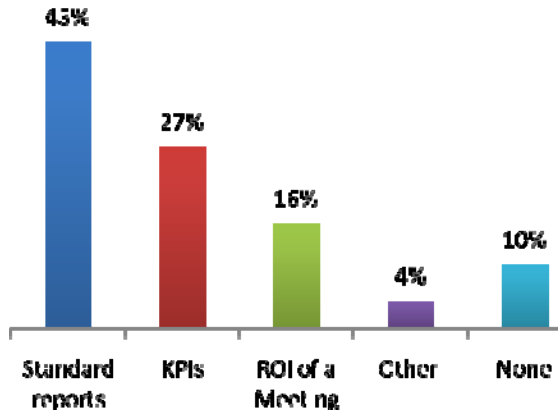
Reporting of the efficiency and success of a travel program can come in many forms. This study found that the majority of companies (51%) still rely on standard reports, while 35% have specific Key Performance Indicators in place. A small number (10%) report the return on investment of a business trip.

Please describe the measurement methods your Travel Program provides?



With regard to the reporting processes surrounding meeting programs, 43% use standard reporting and 27% use particular KPIs. Another 16% indicated that they are able to measure the return on investment of a meeting - more than for the travel program. Ten percent still lack any reporting of meeting spend.

Please describe the measurement methods your Meetings Program provides?



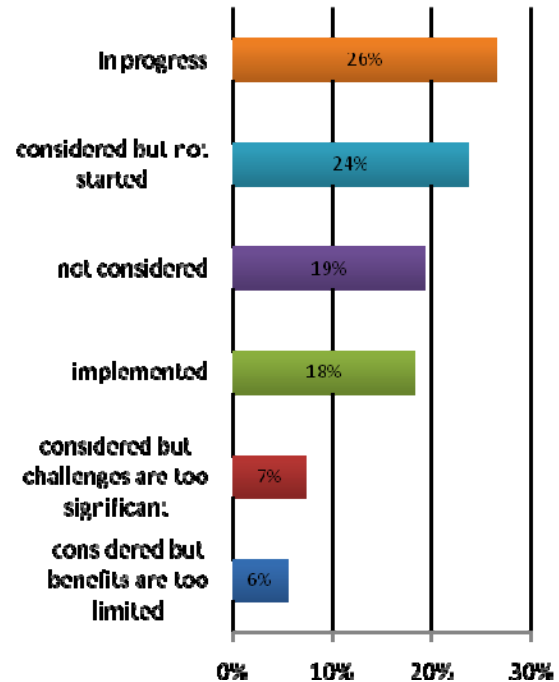
SECTION 2 – Integration of travel and meetings management – why?

Though many studies have been conducted to discover “best in class” processes for travel and meeting departments, the concept of integrating the two is fairly new. MICE within corporations has proven essential for generating business growth and revenues over the years but the task now is to strategically cut costs while maintaining their benefits. Various methods are emerging to create more efficient processes and to re-allocate resources. One of these is the option of integrating meetings and corporate travel management. In the United States, this idea has already gained momentum as companies seek to better manage their travel and meetings spend, but also to have attendee information readily on hand to mitigate risk and security concerns.

The study results clearly point out that travel management processes, payment methods, measurement, and policy are overall more “managed” than for meetings management. The question therefore is whether or not the integration of travel and meetings management would be beneficial for large companies. The survey asked companies at all stages of this integration process to provide insight as to the change management involved in such a transition as well as the potential costs and benefits.

Twenty-six percent of the surveyed companies reported they are currently in the process of integrating travel and meetings management. Another 24% said they have considered the move, but have not yet taken action, and 18% have completely integrated the two roles. The remaining 32% have either never considered it or decided the challenges of integration outweighed the benefits.

Integration of Travel and Meetings Management In our company is ...



2.1 Strategic fit

The following section addresses the strategic reasons why companies may consider merging the two activities (travel and meetings).

2.1.1 Alignment with company strategy

Not surprisingly, study findings confirm the importance of aligning the meetings and travel process with overall corporate strategy. Company and employee perceptions of travel and meetings must be known prior to merging the two. A company must know the degree to which involved stakeholders find travel and meetings important. For instance, a company classifying both activities as expenses will most likely agree that merging the two processes will be of great benefit to reduce costs and consolidate processes. However, if a company considers both activities as investments, merging the two processes would need to be done carefully to avoid forfeiting investment opportunities and displeasing key stakeholders.

One travel manager, whose company has successfully merged its meetings and travel policies and processes, considers travel and meetings as expenses. He points out that “the overall strategic vision of the company has been to be cost efficient in all areas of its operations. As a consequence, the culture of our company greatly reflects this vision when it comes to streamlining meetings and travel in order to control costs efficiently. However, it still requires continuous change management and policy control.”

Another finding is that strategic alignment of meetings and travel helps achieve industry leadership. As one travel manager states, “Active participation in industry-related congresses is aligned with the overall strategic vision of being a leading company within the industry.” Education plays a significant role too. One executive representing a company that is in the process of aligning its travel and meetings policy with its overall strategic vision indicated that “with the overall vision of effective utilization of resources, the company thinks that its people do understand why the travel management processes are in place and they do comply with the policy but, sometimes they lack the knowledge of how the procurement is done for travel and meetings. Therefore, the company has to have a proper method of educating employees in order to have a perfect alignment of the strategic vision with the meetings management and the travel management processes.”

A TMC executive explained this further by saying that “for instance, within the pharmaceutical industry the overall strategic vision of the company is to encourage its employees to expand the reach of the company within the market, which is done by extensive travelling and meetings with the clients; therefore the meetings and travel policy is designed to support the intensive travel of the employees. But if observed carefully, also here the travel and meetings policy has an automatic alignment with the overall strategic vision of the company.” In reference to the respective degree of alignment of meetings and corporate travel, the TMC replied: “At present 30-40% of our clients have their corporate travel policy aligned with their overall strategic vision whereas the figure is 10-15% in terms of meetings travel.”

2.1.2 Driving objectives

a. Direct cost savings

According to buyer respondents, negotiated deals for air, hotel and car rental are the largest area of overlap between travel and meetings-related spend. The main conclusion is that having a single negotiated rate for both areas with a limited number of global vendors will lead to significant financial savings.

One respondent took a slightly different view, arguing that integration allows the company to realize more savings in terms of cancellation and attrition charges rather than actual unit price savings for air, hotel and car rental.

TMC respondents were more divided on this issue. According to one, a “significant amount of savings can be achieved, especially in the lodging category,” but another said, “the direct savings from car, hotel, and air will be on a scale of medium to low.”

b. Process cost savings

Survey results indicate that respondents see integration as an opportunity to put in place more streamlined processes, leading to better efficiency in terms of reporting and control, supplier contracts, procurement, and establishing travel and meetings policies.

According to the executives from leading TMCs, “the savings could be realized by the companies that are consistently using technology at the front and back ends to manage the process.” The potential savings could increase through trip modeling (i.e., planning door-to-door travel) which is today used by only 2% of the surveyed companies.

Supplier respondents agreed with TMC respondents that a single process for travel and meetings would be a significant push to implement integrated booking and expense management solutions. This, in turn, would enable businesses to better manage negotiated rates for the services they consume mutually in both areas.

A frequent response across all surveyed companies was that additional process cost savings could be achieved through the use of technology that is specifically customized for both meetings and travel activities. For example, better integration of online booking and event management solutions in a single platform would provide a one-stop shopping experience for the traveler and consolidated policy control for the travel and meetings manager.

c. Corporate social responsibility

The travel and meetings activities within a company relate to corporate social responsibility (CSR) in terms of risk management, duty of care, and sustainable travel management. It is the employer’s duty to ensure that appropriate measures have been adopted to prevent and manage risk for travelers.

So, when asked how CSR will encourage the integration of travel and meetings, a respondent who has successfully integrated the two stressed that “with our single policy for travel and meetings we have much better transparency of who is on the road in case of emergencies and we are better equipped to take the traveler’s personal needs into consideration. Within the single policy, various areas have improved such as risk management, tracking, unified communication via intranet and even expense reporting.” TMC respondents agreed that a merger of travel and meetings would create a much better basis for communicating and managing a sustainable travel policy. This would appear to be a key argument when promoting integration to executive stakeholders within the company.

d. Employee satisfaction through an enhanced experience

According to most respondents, the integration of meetings and travel would simplify the employee's job, and save time whilst encouraging increased policy compliance. One travel manager stated that after the merger took place in their organization, the company significantly improved traveler satisfaction by starting to share best practices between travel arrangers and meeting planners, better customize policies that take care of the employee needs and negotiate additional benefits, especially for lodging, based on consolidated volume and experience.

TMCs responded by saying that the trip side of the process may become easier but the overall quality experience of a meeting still depends on the meeting planner. Indeed, a meeting is a more complex product compared to a trip for a transient traveler.

But “the process of one-stop shopping and trip management that the integration encourages would definitely create better employee satisfaction,” said representatives from the supplier side.

e. Corporate governance in terms of transparency and compliance

The executives who represented companies that currently have a single travel and meetings management process stated that compliance with

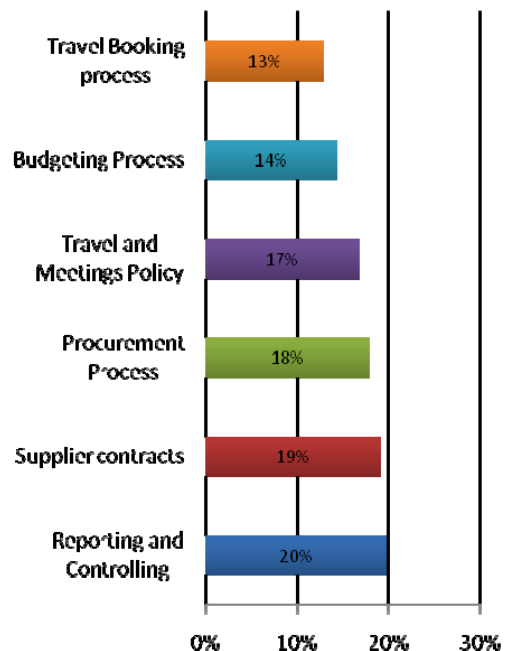
policy increased after merging. Respondents whose companies have yet to integrate meetings and travel tend to share this view.

The TMCs suggested that there would be a medium impact on sectors which already operate in a highly regulated environment (for instance, in the USA, companies such as in the pharmaceutical industry are strict compliant with the Sarbanes-Oxley Act of 2002), whereas a higher impact is likely in companies which operate in a less regulated environment.

2.2 Efficiency potential

Most respondents stated that reporting and control, supplier contracts, and procurement processes are the top three areas of efficiency potential. However - as shown in the following graph - most executives agree that all areas have the potential for efficiency gains. One requirement across all corporate customers is to streamline booking processes through integrated systems for travel and meetings. The desired purpose of such solutions is to provide access to global contracts under one customized policy and more transparency through enhanced data and reporting capabilities. This would also have a positive impact in terms of making the budgeting process less labor-intensive and more accurate. According to the interviewed executives, consolidation of supplier contracts - here for hotels - can result in an average of 10% to 15% in additional savings.

What do you consider to be the main areas of efficiency potential for integration of Travel and Meetings?



2.3 Impact of integration on the budgeting process

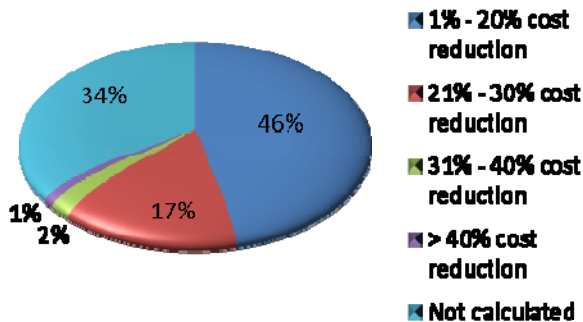
Results show that budgeting for meetings and travel is performed separately in most companies. Depending on the allocation of responsibility and the organizational structure of the company, the budget is usually determined by different managers. By including budget responsibility in an integration of the two departments (meetings and travel), the consolidated data would promote better tracking and budgeting of the major spend categories. It would also allow managers to identify travel patterns and leverage supplier relationships more effectively.

Not everyone agrees with this view. The travel manager of one large multi-national company said: "there will not be a major impact through a merged budget as external meetings and congresses are always managed differently since they involve varying customers." However, another respondent aims to achieve additional savings of 15% on the meetings side by integrating the budget with that for travel.

2.4 Estimated savings

Of those who have considered or implemented the merger of travel and meetings, one-third (34%) have not calculated or have no view of the overall financial savings. Nearly half of the respondents (46%) have seen or expect a cost reduction of anywhere between 1% and 20%. The remaining 20% of respondents expect an even greater return, with the majority (17%) calculating 21% to 30% of financial savings. Of the nearly 200 companies surveyed, the large majority believe savings can definitely be achieved from integrating travel and meetings.

If the integration of Travel and Meetings has been considered (or implemented), what approximate financial savings are estimated (or realized)?

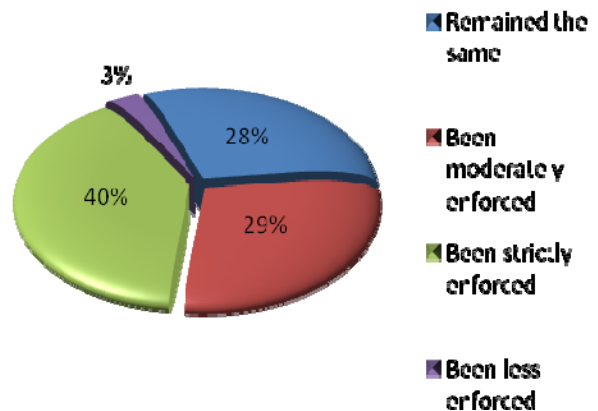


2.5 The economic downturn: a trigger for the merger?

The recent economic downturn has had varied effects on companies' travel and meetings programs. One executive claimed the financial crisis had no major impact on their travel program due to the fact that the company already had a strict policy of using lower-end services while traveling. Another respondent explained: "The overall spend on travel was reduced and the profile of hotels shifted to low-budget properties. As a clear example of cost cutting and leveraging the crisis, merging travel and meetings was considered when the person responsible for meetings management left the company - instead of replacing the position."

The recession prompted many companies to re-evaluate their travel policies. Forty percent of executives reported that since January 2009 their travel policy has been more strictly enforced and another 29% went through moderate enforcement. Only 28% reported that the travel policy has not changed in response to the crisis.

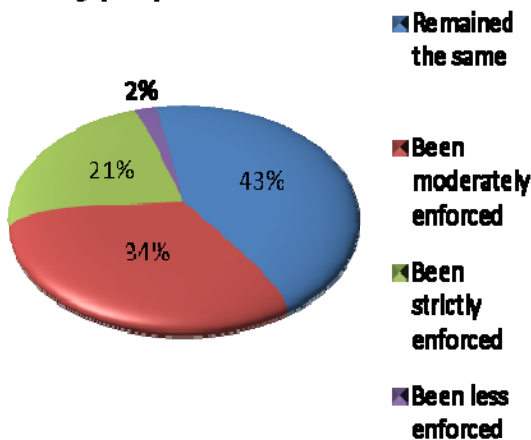
Since January 2009, your travel policy has ...



Susan Steinbrink, PhoCusWright senior research and corporate market analyst, refers to the recession as "positively affecting innovation, as corporations and travel management companies intensify efforts to optimize travel programs. This means bringing more spend under management, accelerating integration efforts across the corporate travel value chain, and leveraging new technologies to bolster the bottom-line" (Dooley, p. 54).

In reference to the current economic crisis, a little more than half of buyer respondents have strictly (21%) or moderately (34%) enforced their meetings policy since January 2009. The other half have seen no change (43%) or even less enforcement (2%) in meetings policy and compliance processes.

Since January 2009, your meetings policy has ...



When asked whether the economic downturn acted as a trigger for integration, one respondent said that “the financial crisis did not trigger the idea of integration due to a general lack of a sound business case which is based on the lack of spend transparency on the meetings side.”

According to another executive, “the company’s overall travel spend decreased by 40%. It has always had a strict focus on cost containment and had already considered merging travel and meetings prior to the crisis.”

The TMCs indicated that during the financial crisis companies have striven to be more cost-effective when it comes to travel expenses. The internal meetings culture has been challenged by the increased use of virtual meetings, and professional spend analysis is receiving its due importance within the system.

A leading hotel chain respondent stated that “the crisis has definitely triggered the potential integration of transient and group travel.”

To conclude this section, about 40% of the companies that were surveyed have either implemented integration and travel and meetings, or are in the process of doing so.

The main factors that have been identified to push this integration are to:

- realize a strategic alignment for travel and meetings, in line with overall company goals
- consolidate compliance management
- develop more streamlined and efficient processes for supplier negotiation and contracting
- realize better cost control and increase savings
- optimize risk management systems
- increase employee satisfaction with the processes and policies
- increase transparency and policy compliance

The next section addresses the challenges that companies are facing in integrating travel and meeting management and looks at how companies are operating this change.

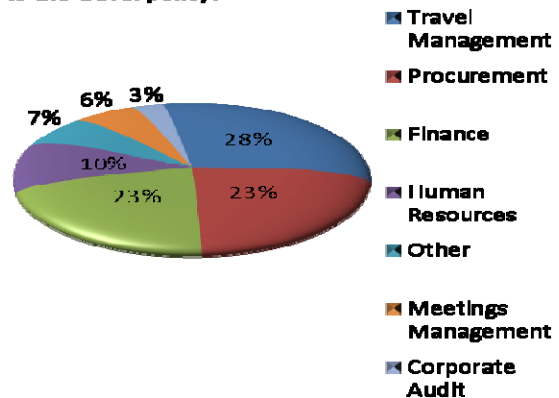
SECTION 3 – Integration of travel and meetings management – how?

This section addresses issues related to the implementation of travel and meeting management integration.

3.1 Policy management

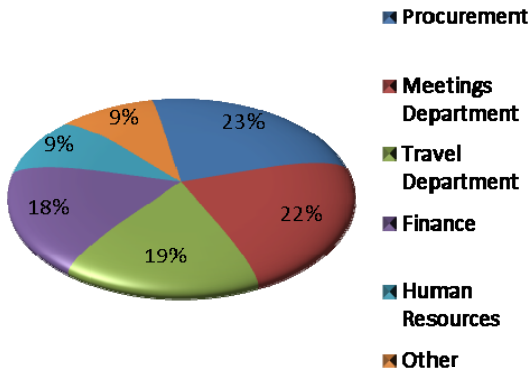
According to the survey, travel management, procurement, and finance are the three key departments within the company which oversee compliance with travel policy.

Which department ensures compliance to the travel policy?



For meeting policy compliance, the picture is slightly different: several companies (22%) rely on a separate meetings department. But the majority of companies (60%) ensure compliance of the meetings policy in the same departments as they do for the travel policy; that is procurement, travel management, and finance.

If a meetings policy exists, which department ensures compliance to it?



When considering the merger of a travel and meetings policy, hotels appear to be the largest area of overlap. Therefore, a sound hotel policy is vital for any organization looking into merging the two areas.

Of all the companies that were interviewed, only one respondent felt he had a truly complete merged travel and meetings policy in place. Other companies apply separate policies for travel and meetings. A typical situation is described by having internal meetings under the global travel policy and the management of congresses under the marketing department which excludes it from the global travel policy. Asked about the potential overlap among the corporate and meetings-related travel policies, one respondent indicated that his “company has two different policies for travel and meetings. There lies a potential of overlap because most of the travel within the company is related to meetings but the company does not define it as such; therefore there is certainly an overlap.”

TMC executives were asked about existing travel and meetings policies within their client companies and the potential for merging the two. They responded as follows:

- The majority of clients do not have a meetings policy in place and for those which do, the integration of meetings and travel policy is not that essential if both are not mandated.
- Integration of the policies requires clear definition of the type of meeting. For instance, if the company chooses the same venue to conduct a meeting as it does for transient travel, then there are definitely opportunities to leverage spend within hotel and airfare sourcing. The typical case is a conference attendee who books the conference hotel via the organizer rather than through their designated booking channel, even though the corporate rate at the same hotel would have

been cheaper. Here, it makes sense to cover such cases in a joint policy. Even if destinations do not overlap but the meeting itself has a limited event focus, there are benefits to having travel commodity experts deal with the spend and dissemination of the policy rather than meeting planners.

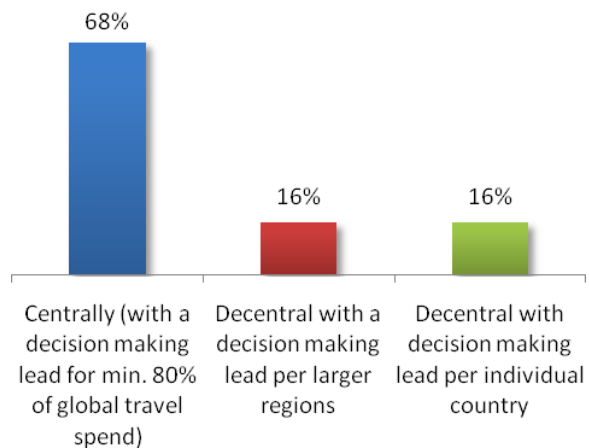
- Even if the financial aspect for an integrated policy might be limited, alignment around support processes (spend transparency via consolidated payment or expense management systems) and overarching areas such as travel risk management/ and regulatory compliance are beneficial.

3.2 Organizational fit

3.2.1 Should travel and meetings be managed in the same department?

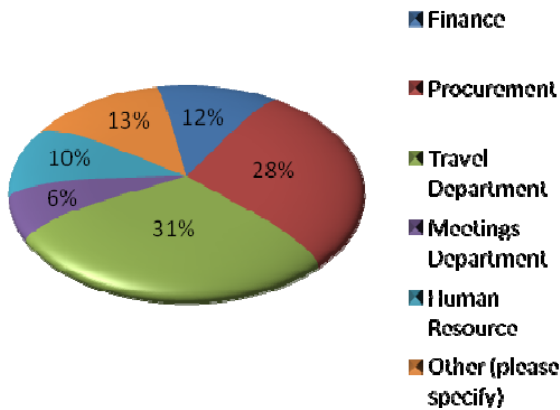
The organization of travel planning and booking processes is centrally organized for a large majority of companies (68%).

How is Travel Management organized in your company?



When asked which department holds responsibility for travel, 31% named their travel department. Twenty-eight percent indicated that the procurement department is responsible.

Which department assumes responsibility for Travel?



According to a travel manager of a multi-national corporation, the company had started the integration of the travel and meetings processes some three years back. Prior to this integration, meetings management was left to whichever department or operation needed to have a meeting (often done by administrative personnel). Now it is consolidated to three main global positions covering the global travel and meetings spend: a global travel and meetings manager, responsible for defining policy and operations; a global travel and meetings process owner, who ensures a single streamlined process for travel and meetings for all the major departments within the company (such as finance, IT, trading, etc.); and a global travel and meetings procurement manager who is responsible for procurement and determines the travel and meetings strategy as an aligned team with the global travel and meetings manager.

Other travel managers confirm that if the company is reasonably centrally organized in terms of global travel, it allows them to make better progress in terms of global meetings centralization. All companies that are looking into merging the two departments shared the same wish to avoid a big bang approach, preferring to approach the merger gradually to manage change and possible resistance.

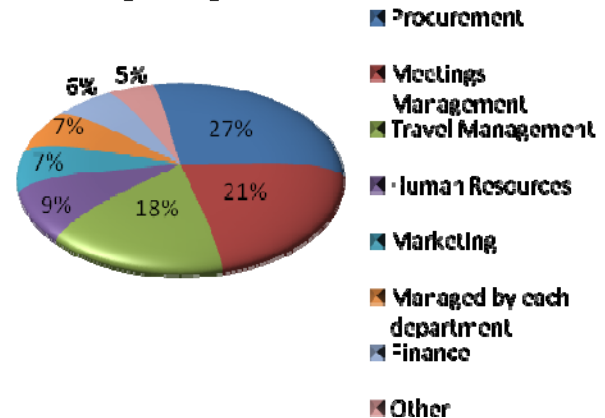
The typical environment for most of the study participants is described by one travel manager as follows: "Our organization is an umbrella with different companies as its SBUs (strategic business units). Every unit has different needs and has to have a very flexible program covering different requirements for travel. Therefore, a black and white environment within the company in terms of travel does not exist. The company has a global travel policy for each unit; for each SBU the company has a corporate function of which travel is a part. A director of global travel management heads the global travel team.

The company then has travel leads for various geographical regions. A director of global travel management who operates from the USA heads the global travel team. For instance, in the EMEA region we have a head for procurement, one for travel management and another manager who takes care of the hotel negotiations and bookings. These, plus two persons in Asia Pacific and three persons in the USA take care of both the procurement and the service. The company does not have a refined meeting management process as other companies do."

"This year the company is looking forward to procuring a meetings solution from a meetings supplier that covers all aspects of a meeting. Given the complexities involved within Europe in terms of languages, cultures, and currencies, the company is planning to outsource this service." Indeed, given the complexities involved in building up a meetings management department from scratch, some companies plan to directly outsource the required services.

This study revealed that there are numerous departments responsible for meetings management. For the largest number of respondents (27%), the procurement department is responsible for managing meetings. This is closely followed by meetings and travel management departments, with 21% and 18% of the respondents respectively.

Which department assumes responsibility for Meetings Management?



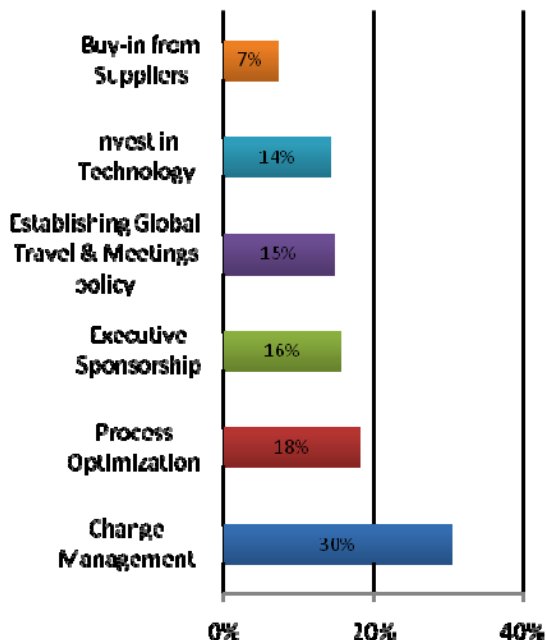
In summary, the jury is still out as to which is the best practice for managing travel and meetings together. Professionals do not seem ready, yet, to make a strong recommendation as to what would be the best solution. Certainly, company culture and travel and meeting history will play a role when decisions are made. But it seems that the most likely candidates for integrated management are finance or procurement, or a stand-alone combined meetings and travel department.

3.2.2 Barriers to integration

The main barrier that was revealed in this study is resistance to change because of the perceived potential impact of integration on various stakeholders. Other key challenges include process optimization, obtaining executive sponsorship, and establishing a global travel and meetings policy. Perhaps surprisingly, investment in technology as well as buy-in from suppliers seems to be regarded as minor challenges, and can in fact be opportunities.

According to interviewed respondents, one of the biggest challenges of all is the emotional impact on employees who have part or all of their responsibility for meetings taken away when it is integrated with travel. One executive said, "The challenge is to sell the idea to these individuals. The company does it by convincing them of the fact that this will lead to a reduction of their workload. Hence, the benefits which can derive from merging need to be clearly communicated. For our company, a strategic meetings management program was implemented in the USA but it would not be implemented in the same manner in Europe because of the diversity involved there (cultures, languages, etc.). An additional challenge is the discussions with the workers' council."

What do you consider to be the main challenges with the integration of Travel and Meetings?



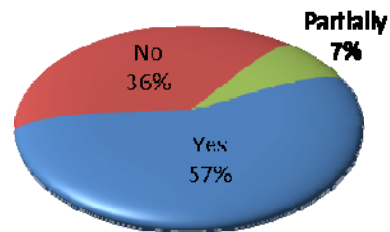
According to another corporate respondent, "in the past, the managers were individually responsible for the approval process. Now, they are not given such freedom anymore and must be convinced that centralization is more beneficial for cost reduction purposes." Another multi-national company representative stated that "the company has undergone major changes in the near past and completely repositioned itself within its industry. Therefore, change management is no longer a major concern. Three years ago the travel policy within the company was just three pages long and very vague; people could do whatever they wanted. But now it is much stricter. When the policy was implemented it was not dictated but rather explained with figures as to how it will reduce costs for the company."

According to a TMC perspective on the same issue, the key challenges are:

- Lack of spend transparency in the client company
- Internal politics, especially at board level, around the ownership of the meetings
- Difficulty of setting integration standards, especially for meetings across companies operating in different industries

Another TMC said: "full integration will not necessarily be of benefit even if the same team manages both areas. Benefits may derive from air travel but for example lodging and other meeting spend categories require more management and negotiation at the event level."

Do you have a clear visibility of what is important to all internal stakeholders that are involved in the Meetings Management Process?



Having clear visibility as to the expectations of each stakeholder as it relates to meetings management is crucial. Fifty-seven percent of the respondents said they had clear visibility as to what each stakeholder considers important. The remaining either said they have only partial visibility (7%) or none (36%).

Following are the key reasons observed for having only partial or no visibility:

- The global structure of an organization
- Meetings are sometimes considered as a “perk”
- Lack of mature travel and meetings management processes in specific regions of the world

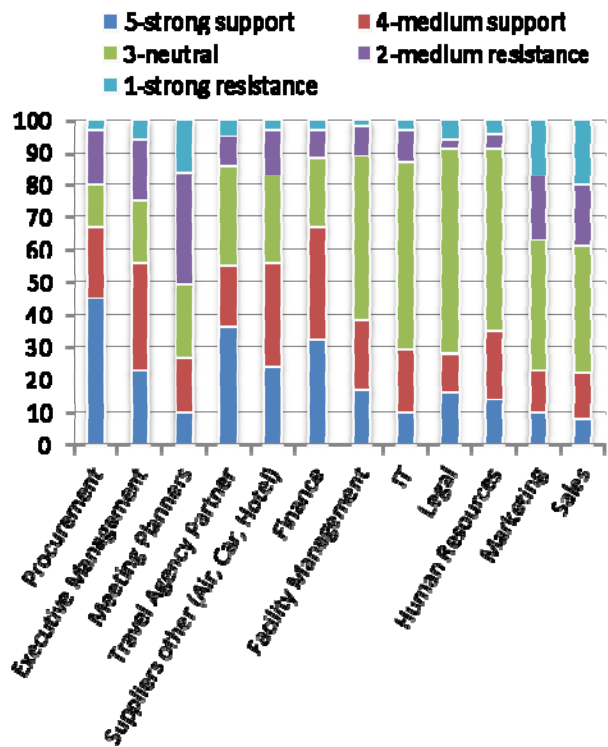
3.2.3 Change management

Many companies refer to change management as the most difficult challenge and barrier to integration. Indeed, the findings reveal that it is not a question of if they should consider merging both areas but rather how to make it happen and overcome resistance.

By definition, change management is a structured approach to moving individuals, teams, and organizations from a current state to a desired future state or position. This organizational process aims at empowering employees to accept and embrace change in their current business environment.

The objectives that a company wishes to achieve through change must be clearly communicated to those impacted and carefully managed. The issue is all the more sensitive because cost reduction is often one of these objectives, which in many cases is achieved through eliminating redundancies within departments. The lead stakeholders, namely the meetings and travel managers, need to know and understand the potential problems and benefits associated with the transition and how this change will positively affect them and the company’s bottom-line. If employees are not on board with the transition, the integration can be counter-productive due to strong misunderstanding and resistance.

In terms of Change Management, how do you rate the support or resistance from the following stakeholders if integrating Travel and Meetings?



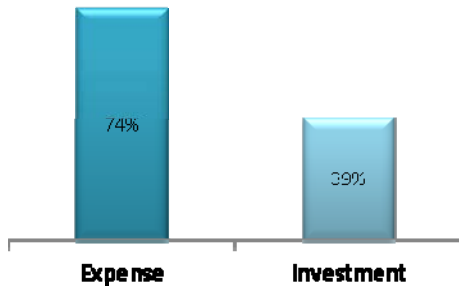
Resistance or support determines the success of integration. Survey results show that there is an overall strong support from executive management and procurement, finance, travel agency partners and other suppliers (air, car, and hotel). Strong or medium resistance is shown by meeting planners and, to some extent, sales and marketing executives. Human resources, legal teams, IT, and facility management appear to have a neutral stance. An organization must identify a champion who will be the advocate for change and take time to explain issues, coach employees, and contribute to implementing change.

3.3 Financial fit

3.3.1 Classification of travel and meetings

The results reveal that 74% of respondents consider travel and meetings as an expense; whereas 39% classify the spending as an investment (some say it is both an investment and an expense).

How do you classify the expenditure of Travel and Meetings?



The interviews with executives revealed several viewpoints:

One executive views travel and meetings as an expense because of the difficulty to measure a Return on Investment for travel and meetings in the context of the “frugal culture” of his company. Another executive, whose company categorizes travel and meetings according to the purpose of the trip, said: “Internal travel is considered to be an expense whereas meetings and congresses are considered to be an investment as most of the time they involve the customer.” Another respondent said his company “classifies travel as an expense in general but believes meetings are important for the business to grow,” hence seeing them as an investment.

According to the TMCs, “transient travel and internal meetings are considered to be an expense whereas major events would be considered an expense with an investment character because though the event could not be considered an asset (i.e., capitalized immediately), one can expect an ROI out of it.”

A different perspective related to company size is held by some of the suppliers: small and medium enterprises tend to consider travel and meetings as an investment, whereas large companies see them as an expense – especially during the recent economic downturn.

As the survey further revealed, the classification may vary from person to person within a particular company as well. For example, finance or accounting

executives would most likely consider travel spend as an expense, but a sales and marketing executive may consider it as an investment.

Whether individuals or departments perceive travel and meetings as a cost or investment is likely to affect how they manage this category in practice. Those who consider meetings and travel a significant cost look closely at ways to spend less. Those who classify the category as an investment are more likely to think in terms of managing value rather than pure cost. Since a majority of the respondents consider both travel and meetings as an expense, it strongly suggests cost reduction is the overwhelming objective for merging both departments. In light of what we know about change management, cost reduction must be effectively explained and communicated prior to implementation.

3.3.2 Benchmarking commodities

Travel and meetings as a commodity

A commodity is often defined as something of value, or something of uniform quality, that is produced in large quantities by different producers, and the items from each producer are considered to be equivalent. In this case, travel and meetings would constitute tangible goods, but more often, services. Thus, the ability to benchmark travel and meetings depends on the extent to which an executive considers each as a commodity.

In regards to considering travel and meetings as a commodity, the industry seems to be split. One executive stated that “travel and meetings can be considered 100% as a commodity.” Another proposed that “it is considered as a commodity but 100% commoditization is not possible due to the specific nature of meetings and travel seen as a service.” Another executive stated: “classified as a commodity it is now well managed and cost reductions are realized. This compared to before when it was considered as a service, inclined towards end-user satisfaction.”

Benchmarking travel and meetings

Several of the interviewed companies explained the benchmarking process as follows: “The company does not benchmark internally due to the fact that the volume of travel is much smaller in comparison to other categories like construction, furniture, IT. Moreover, travel is just a supporting process to carry out the main core business activities. However, the company is actively involved in external benchmarking, that is, with similar-sized companies within Europe and also with other global companies which are also members of business travel associations.”

Other opinions included “benchmarking is done but not formally. It is measured against other departments like office supplies, telecommunication, etc. This is difficult as travel is actually not a commodity.”

With the merging of travel and meetings resulting in the consolidation of suppliers, it appears benchmarking would become an easier process. But due to the specific nature of travel and meetings, conducting a precise benchmark as for commodities such as telecommunication and office supplies remains a difficult challenge. The respondents tend to limit their benchmarking to more controllable items such as hotel contracts and rates for meetings in relation to total spend on each event.

4. Conclusion

Integration of travel and meeting seems like a logical step for a company to be more efficient and increase productivity. Though up to this point most companies have considered the integration of both areas, few have completed the full merger, but the trend is growing and there is little doubt that an increasing number of companies will address this issue.

Companies have significant budgets for travel and meetings-related spend (46% of the corporate respondents allocate 3% or more of their annual revenue for business travel; 30% allocate 3% or more for meetings) and 74% of the respondents consider meetings and travel as expenses rather than as investments. Proper spend analysis is therefore key to understand the financial benefits to be gained by merging the two activities.

Why companies integrate

The specific reasons that are behind the move towards integration of travel and meeting are not only financial. The full range of objectives includes:

- realizing a strategic alignment for travel and meetings, in line with overall company goals
- consolidation of compliance management
- development of more streamlined and efficient processes for supplier negotiation and contracting
- realization of better cost control and increased savings
- optimization of risk management systems
- increase in employee satisfaction with processes and policies
- increase in transparency and policy compliance

Clearly, there is no instant recipe in place for merging travel and meetings. The context, the size, and the culture of each company present different challenges which need to be managed properly.

Financial benefits

Potential synergies definitely exist between the two. Nearly half of the respondents (46%) have seen or expect a cost reduction of up to 20%. The remaining 20% of respondents expect an even greater return, with the majority (17%) calculating 21% to 30% of financial savings. Along with aligned reporting lines and umbrella management, both departments utilize some level of strategic sourcing with suppliers. Travel management has a stronger role in this strategy, but meetings management teams stand to gain from leveraging the same suppliers such as hotels, airlines, car rentals, etc.

Challenges to integration

But integrating travel and meeting management represents challenges that companies need to consider carefully. It is apparent that change management seems to be the biggest challenge; it deserves considerable attention prior to moving in the integrated direction. Many respondents attested to varying support and opposition from the many stakeholders involved. It is these factors, along with company culture and global diversification, which, to a large extent, determine the ease of a successful travel and meetings integration.

Although no clear guidance can be offered as a result of this study with respect to which department should manage travel and events together, it appears that the most likely candidates are finance or procurement, or a joint meetings and travel department. Companies are likely to differ depending on size, culture, and management habits.

Respondents highlighted various degrees of limitation to integration. What might have appeared as a major barrier a few years ago, investment in technology, is now a concern for only 14% of executives. The most common difficulty (for 30% of the respondents) is the issue of change management. Taking away the travel processes from those who are managing meetings within the company was considered to be a highly emotional issue. The objectives that a company wishes to achieve through change must be clearly communicated to those impacted and carefully managed with the identification of one or several champions (or change agents) that can be identified and specifically trained to implement the process of transition.

How to integrate

One requirement across all corporate customers is to streamline booking processes through integrated systems for travel and meetings. The desired functionality of such solutions is to provide access to global contracts under a single customized policy and more transparency through enhanced data and reporting capabilities. This would also have a positive impact in terms of making the budgeting process less labor intensive and more accurate. According to the respondents that were interviewed, consolidation of supplier contracts, for example hotels, can result in an average 10% to 15% in additional savings.

Also, across all study participants, it can be said that integration of meetings and travel would definitely lead to better risk management. This would be a key argument when promoting a merger to executive stakeholders within the company. The merged process makes employees' responsibilities simpler and easier from planning to booking to paying and all the while encouraging compliance with corporate policies and increasing transparency.

The integration of travel and meeting management is already taking place in several companies. The trend is likely to continue as innovations and new solutions proposed by technology providers appear and further contribute to more efficient management of travel and meeting, resulting in streamlined processes, cost savings, and traveler benefits. Indeed, although cost control may be the most important issue, companies will not forget to create value for their stakeholders, through integration, in areas such as risk management and corporate social responsibility.

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