



July 2008

Key research findings:

- 77% have standard policy components across geographies
- 95% solicited executive support prior to global initiative
- 80% encountered some level of cultural challenges
- 86% achieved cost savings
- 40% reported air savings of 5-10% in year one
- 67% implemented supplier standardization across regions

Global Travel Programs-Myth or Reality?

Key Findings:

What are the key elements, initiatives and characteristics of companies that successfully implement global initiatives in their travel program?

This was the basis of a study conducted by the NBTA Foundation GLP certification candidates. In March 2008 an in depth survey of 155 companies with global scope was conducted. The goal: To gather specifics about global travel programs, their implementation and success.

Results showed that global travel programs must be comprehensive. At least two-thirds of travel programs surveyed indicated the presence of **two or more** of the following features:

- Two or more countries or regions outside home continent in the program
- Standardized travel policies/processes

- Supplier rationalization
- Data standardization
- Leveraged supplier strategies/technology tools
- Risk mitigation

There are **six key areas** that high performing companies **address successfully** in their global travel initiatives. These areas are:

1. **Global Travel Policy with Executive Support**
2. **Supplier Strategies**
3. **Service Components**
4. **Travel Management Companies & Consultants**
5. **Data, Reporting & Card**
6. **Safety, Security & Health**

A second component of the findings were the **pitfalls and challenges** that can derail global initiatives. These included:

- Not addressing cultural differences
- Not engaging local stakeholders

Tip: Take the time to gain a deep understanding of the local needs and requirements by collecting information from all available sources for all regions to:

- Document current travel policies and practices, operating costs and savings through current supplier contracts
- Understand volumes, travel patterns and trends
- Identify savings opportunities through consolidated vendor negotiations

Six key areas of Global Travel Program initiatives:

1. Global Travel Policy with Executive Support

Resoundingly, **95% solicited executive level support prior to the beginning of the process and program** – and 88% identified and solicited executive support at the regional level prior to program inception.

62% of managers indicated

their company has a mandated global travel policy. In terms of composition, 60% have sub-policies by region; 52% have sub-policies by country; 50% have sub-policies by traveler type.

2. Supplier Strategies: Air

Nearly 90% of programs have an air strategy with

62% indicating that program is global. Approximately 80% of these agreements are structured on a carrier by carrier basis rather than a partner alliance. Coverage and leverage were the most important reasons cited for selecting this strategy with the least important reason being loyalty program (19%). **40% of managers realized**



Timing:
60% of global travel programs took over one year to implement. Only 11% of programs were implemented in fewer than six months.

Six key areas of Global Travel Program initiatives:

first year savings of 5-10% with this program, with 29% achieving over 15% savings. Only 14% indicated less than 5% savings.

Hotel: 84% of programs have a hotel program and strategy with two-thirds indicating that program is global. 48% utilize a third party for negotiation purposes. Of these, 73% are negotiated on a property by property basis. Again, coverage and leverage were the most important reasons cited for selecting this strategy. **42% realized first year savings of 5-10% with this program,** with 20% achieving over 15% savings. Only 17% indicated less than 5% savings.

Ground: Only 22% of programs have a ground transportation program and strategy. This may be due to perceived or actual savings – only 9% indicated savings of over 15% in the first year. 85% of global travel managers have a car rental program and strategy in place with 53% indicating the program is global. Coverage was the predominant reason for selecting the strategy followed by service.

46% realized first year savings of 5-10% with this program, with 16% achieving over 15% savings. Compared to travel and hotel, car rental savings are not realized as rapidly.

In summary, **73% of travel managers agree that a global travel initiative improved their cost savings with suppliers** (35% strongly agree).

3. Service Components

55% of global travel managers have service configurations in regional or multi-national service centers. Only 6% of service configurations are totally housed in a central location with the rest being a combination on-site, off-site, dedicated and non-dedicated. In fact, 57% of global travel managers have some combination of setups. 61% reported in-country local service as a key part of their global strategy.

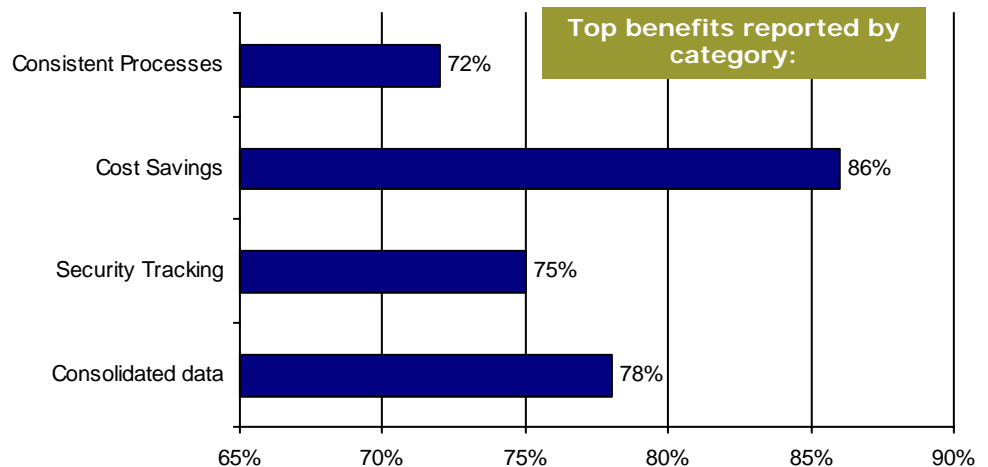
The most important service aspects for the service centers are improved policy compliance (88% rating) followed by efficiency (87%),

improved security (86%), and consistent service (86%).

36% of Global Travel Managers sought out a single Global self booking tool, while 64% did not. Results were similar when the global travel manager had service configurations in regional or multi-national service centers – 34% sought the tool when service configurations were present; 37% sought the tool without service configurations. Managers were more likely to select the tool on a regional basis (68%) vs. country basis (50%).

43% of global travel managers utilize a global travel portal. Of these, 96% create and manage their in-house travel site and pages, and 60% provide travel advisories. 93% post their expense policies directly on the portal.

A sizable share of travel managers encountered cultural challenges with implementing a global/regional program (80%), but substantially fewer (28%) engaged a third party consultant for assistance. This is an improvement opportunity but



Six key areas of Global Travel Program initiatives:

may not be popular because it adds to program costs.

4. Travel Management Companies & Consultants

The most important factors in choosing an agency were the ability to deliver best fares/rates (91%), management of complex itineraries (89%), and timeliness of response (88%). On the flip side, the least important factors cited were meetings and event services (56%), global portal for travelers (63%), and travel policy consultation (64%).

57% of managers indicated their travel management strategy was "global", compared to regional (25%) and country (18%). And, 54% indicate they use a single, global agency. Nearly 80% of travel management companies provide global reporting. The one known issue here, currency conversion, only presented a challenge in 38% of programs.

61% of global plans have an SLA (Service Level Agreement) with their current travel management company. Of these, 65% contain sub-regional metrics or measures

while 58% have individual country metrics. A little over half of SLA's contain a financial risk/reward component.

In terms of staff support, travel management companies provided a Global Implementation Project Manager in 69% of instances. An implementation guarantee was present in 42% of agreements.

5. Data, Reporting & Card

Nearly 80% of travel management companies provide global reporting. The one known issue here, currency conversion, only presented a challenge in 38% of programs.

Responses were fairly evenly divided on whether a corporate credit card is used and/or mandated globally. The most important aspects of selecting a single corporate card are data security, global acceptance, and reporting capability. About one-third indicated a corporate card has been in place over eight years.

6. Safety, Security & Health

Two-thirds of managers indicated a travel insurance program was part of the total package (For the most part, medical services, evacuation, and property loss prevention are predominately covered in these programs.) 59% had a similar type insurance program prior to globalization – this may indicate that globalization exerted some pressure on increasing insurance coverage, however for the most part the gap is not large meaning that not many agencies need to obtain additional coverage.

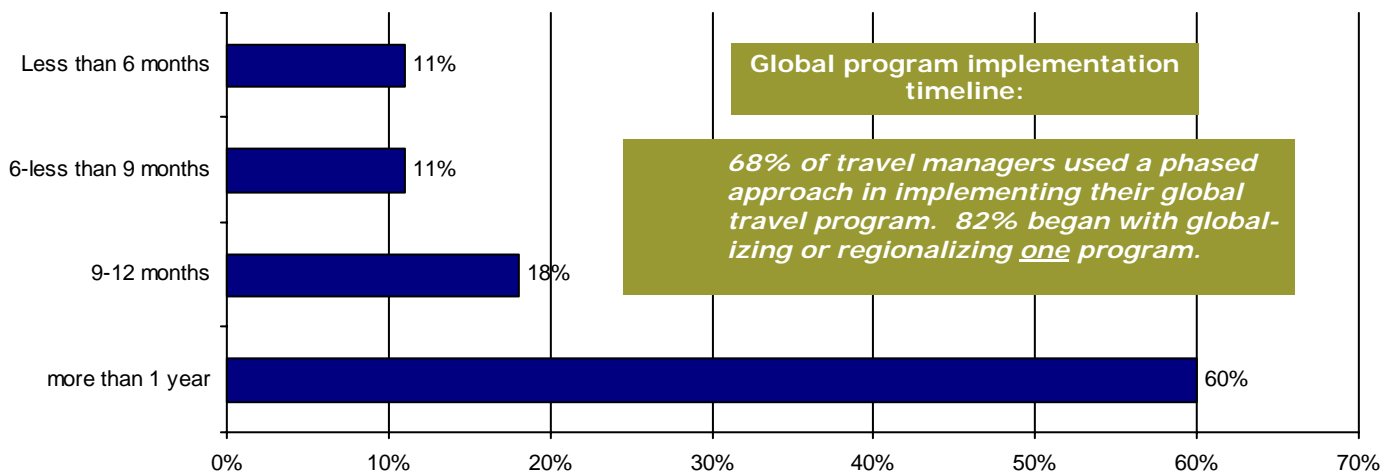
Summary of Program Obstacles:

In terms of specific program obstacles:

(79%) cited un-willingness of constituents to relinquish regional authority as the most prominent, followed by communication (68%), and local supplier usage (66%).

Although other obstacles are present, these are the highest incidence but others cannot be ignored – 56% cited language as an obstacle for example. The fact that 6 of 7 obstacles exceeded 50% incidence is likely resulting in

Most common obstacles: (78%) cited un-willingness for constituents to relinquish regional authority as the most prominent, followed by communication (69%), and local supplier usage (65%). Overall (80%) encountered cultural issues.



Global Travel Programs- Myth or Reality?

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The members of the NBTA Foundation GLP Project Team wish to thank and acknowledge Best Western International for its underwriting of the cost of research for this project with Decipher, Inc. a professional research services firm.



Six key areas of Global Travel Program initiatives:

higher program implementation times and complication.

Of note as well, (80%) encountered cultural issues.

Tips for getting started:

Consider the formation of a **global consolidation team** by identifying and securing representation from each region, zone or local country to:

Serve as the liaison between the global team and their area

- Determine how best to achieve buy-in early in the process and make sure that their constituents understand the benefits of consolidation
- Make sure the team understands local policies, cultural and business practices, local industry regulations (i.e. Data

Privacy) and takes other local initiatives into consideration when finalizing the timeline of the project and implementation

- Take time to gain a deep understanding of the local needs and requirements by collecting information from all available sources in all regions to:
- Document current travel policies and practices, operating costs and savings via current supplier contracts
- Understand spend volumes by category, travel patterns and trends
- Identify savings opportunities through consolidated vendor negotiations

Finally, frequent communication is imperative with all appropriate stakeholders, executive team and travelers.

Addressing the six key areas outlined in this study has proven to add value in global travel initiatives.

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