

Simplifying Managed Travel 2020

An ACTE Corporate Travel Study,
In Collaboration With HRS

February 2020



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RESEARCH

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Foreword

The digital era has been praised by many as the saviour in our difficult process and productivity distress. Indeed, we're now able to create seamless experiences with comfort, cost, and safety front of mind without compromising on choices and flexibility. Travellers now make a booking at the click of a button on their mobile app and they expect the same ease of use when booking their business travel.

There have been monumental advances in what the business travel industry has been able to accomplish over the past ten years. Yet, keeping up with fast paced changes in technology, organisational needs, and traveller expectations has meant adding layers of complexity to travel management programmes. To meet their objectives, travel buyers have added systems, processes, and suppliers that each bring their own complexities and together complicate operational flow – and result in inefficiencies.

It's time to simplify.

It's a topic that we addressed in our 2017 paper 'Simplifying Managed Travel' with support from HRS about the growing complexity of managed travel and the challenges it creates. Three years on we're excited to see how the industry has progressed the art of simplification and what that means for businesses and their travel programmes. In this paper, we focus on:

Simplification on the agenda: We examine if simplification is still on the agenda for travel buyers and how the benefits are perceived.

Barriers to simplification: We assess the main barriers that travel buyers face by travel spend and region.

Moving forward: We discuss what steps need to be taken to overcome the barriers, with a focus on engaging stakeholders.



Leigh Bochicchio
Executive Director
ACTE

Introduction

The managed travel industry often presents correlating challenges and opportunities.

The goal of programme simplification certainly fits that description.

As a new decade gets underway - with Artificial Intelligence and advanced data offering immense opportunities for efficiency, insight and improved traveller experience - it's vital that programme leaders seeking simplification stay focused on that goal. The costs tied to failure are increasingly unacceptable as Chief Procurement Officers and Chief Financial Officers expect maximised efficiency across all corporate cost silos.

The good news from this report is that the barriers to simplification are now clearly identified. Given advances in data and spend analysis, the costs associated with the failure to streamline travel operations are also more precise. Trailblazing companies have forged a path for others to follow, regardless of programme size, reach or vertical market. With the right partners, stakeholder engagement and commitment to execute, simplification's benefits are in reach.

We're confident you'll find this report valuable.



Tobias Ragge

CEO
HRS

Simplicity is still on the agenda for 97% of buyers

Business travel is like painting a house. Over the years, you apply more and more layers of paint and all the time the paint gets more cracked and uneven. Eventually, it's time to strip back to the wood and put on a fresh coat. It's the same with travel programmes: the time comes when you need to strip away the complexity to achieve the desired smooth result.

Managed business travel has become increasingly complex over the years as we have gradually added on different systems, processes, and suppliers to the underlying systems to keep up with traveller and business needs. Each of these additions has added layers of complexity to travel management programmes. These layers of complexity each result in various inefficiencies. For example, each change can create a layer of content and data fragmentation where new processes are required, more options are added, with people needing to be briefed on the new system to avoid being overwhelmed, and another level of reporting is required. Such inefficiencies drive up cost, slow traveller and company productivity and make travel management time-consuming.

Running a travel programme doesn't need to be as complex. There are now more resources available to help streamline operations and make processes easier for travel buyers. For organisations, simplification should involve reducing these layers of complexity and streamlining systems and processes. Finding the appropriate simplification solutions allows travel buyers to have a smoother workflow.

Too often, in an attempt to streamline and re-establish control, it's very easy for new reports, new rules, and new processes to be introduced into the mix. This action, however, quickly translates into the opposite of what was initially intended – simplification.

Definition of 'simplification'

(sɪmˌplɪfɪˈkeɪʃən)

Noun

1. Countable noun

You can use simplification to refer to the thing that is produced when you make something simpler or when you reduce it to its basic elements.

2. Uncountable noun

Simplification is the act or process of making something simpler.

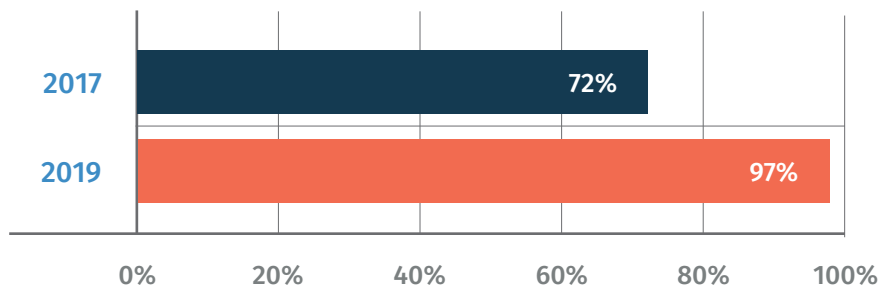
Source: Collins Dictionary

A simplified travel programme can benefit buyers by helping to improve traveller experience and reduce costs and time, while increasing productivity.

Today simplification remains a priority. In this year's study, an overwhelming 97 per cent of the travel buyers surveyed, compared to 72 per cent in 2017, indicated that initiatives to improve the effectiveness of their business travel programme supports the overall goals of their company.

Chart 1. 2017 versus 2018 views on simplification supporting business goals

Do you think that initiatives to improve the effectiveness of your business travel programme support the overall goals of your company?



These findings indicate that travel buyers are now placing an even greater priority on moving towards simplifying all aspect of their travel programme, not only to improve internal processes but in a bid to align themselves with the wider business's strategic goals and drive efficiencies.

Travel buyers who are intent on making a move towards a better, simplified travel programme need to build an understanding of what this entails and what factors to consider based on their organisation's requirements.

The benefits of simplification in managed travel

Chart 2. The travel buyers' perspective: Benefits of simplification

Why travel buyers are looking to simplify their programmes. Travel buyers from around the world share their priorities.

Support the organisational mission:

"The goal of the company is to simplify processes, and help our employees be efficient. It's in line with what I am trying to do with the travel programme"

- Travel buyer, United States, Over US \$100 million travel spend

"We are committed to the care and improvement of human life and travel indirectly affects outcomes"

- Travel buyer, United States, Over US \$100 million travel spend

Drive savings:

"Travel is a large overhead cost to us. It costs us time and money, so any efficiencies help us achieve better profitability"

- Travel buyer, Europe, US \$15 - \$50 million travel spend

"Improving the effectiveness of business travel will facilitate less delays and mitigate unnecessary costs"

- Travel buyer, Africa, US \$15 - \$50 million travel spend

SIMPLIFICATION

Improve compliance:

"[Simplification] provides clear expectations on costs, safest and security - boosting compliance"

- Travel buyer, Asia, US \$15 - \$50 million travel spend

"Simplifying the travel policy, using feedback to improve operations, and implementing changes to the existing booking process will support compliance"

- Travel buyer, Asia, US \$15 - \$50 million travel spend

Boost traveller experience:

"[Simplification] contributes to support employee business trips and to improve the whole programme, increasing their happiness and effectiveness"

- Travel buyer, Europe, US \$50 - \$100 million travel spend

Travel buyers understand that simplifying their programmes could yield benefits in terms of improved traveller satisfaction, reduced cost, and time saved. As one respondent pointed out: “depending on the particular goal, an effective travel programme complements, and in some cases, supports overall goals in more ways than one.”

Respondents from this year’s study pointed out four fundamental ways in which simplification supports their travel programme and wider business goals.

1. Support the organisational mission - Most business, both small and large have similar goals, which often involve delivering a high-quality service and/ or product while seeking growth and efficiencies. Fundamentally, making processes efficient will help employees – including business travellers – become more productive, helping to support the wider company mission.

2. Drive savings - Simplifying managed travel will drive higher process efficiency, leading to saving time as well as money. Travel buyers believe that investing in better solutions will improve processes and increase productivity.

3. Improve compliance - One of the largest challenges in any travel programme is ensuring compliance with policy and booking through the appropriate channels. Reducing friction and complicated processes can help create traveller-centric, easy to follow policies that boost compliance.

4. Boost traveller experience - Travel buyers need to be aware that employee retention is not only a priority for human resource departments but them too. With evolving traveller expectations and behaviours, simpler policies, programmes, and processes can improve the traveller experience

“Our company is focused on efficiency and digitisation and so is our travel programme”

- Travel buyer, United States, Over \$100 million travel spend

Barriers to simplifying the programme creates challenges

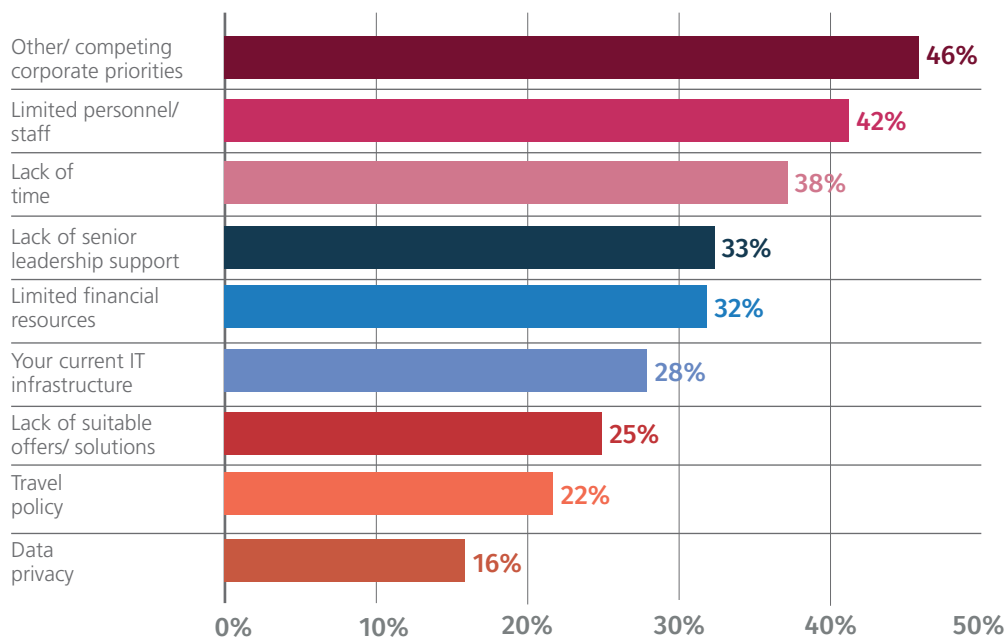
The previous study identified an execution gap – the gap between buyers' priorities and their actual behaviour in terms of executing these simplification objectives.

In this study, we asked travel buyers what barriers were preventing them from simplifying their travel buyers. The most significant barrier facing travel buyers is other competing organisation priorities.

According to 46 per cent of travel buyers, despite the recognition of the importance of simplification, other competing priorities take precedence. In fact, travel buyers cited limited personnel/ staff, a lack of time and senior leadership support, along with limited financial resources (32 per cent) as key inhibitors in enabling change and reducing the execution gap.

Chart 3. Simplification challenges

Travel buyers were asked: Which of the following factors limit your initiatives to simplify tools or processes?



Barriers by travel spend

Analysing the barriers reported by travel buyers based on their organisational travel spend revealed that other/ competing corporate priorities was the most significant barrier across all organisation sizes.

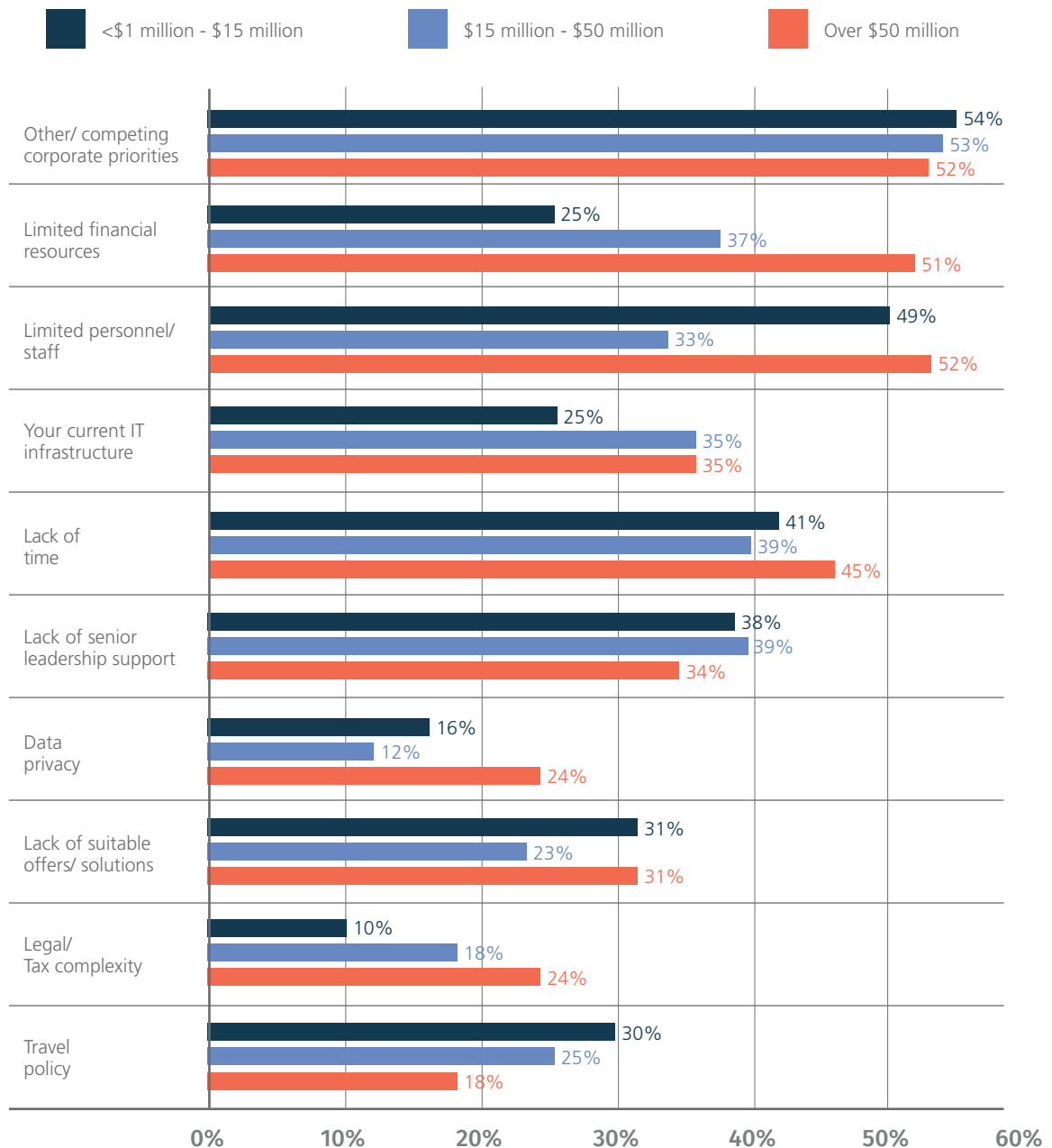
Interestingly, travel buyers from corporations with a small travel spend (see chart 4) were less likely to note limited financial resources as a barrier to simplification, when compared to those from organisations with a medium or large travel budget.

For travel buyers from organisations with smaller travel spend, travel policy was a more significant barrier (30 per cent) when compared to organisations with large (18 per cent) and medium travel spend (25 per cent). Over a third (38 per cent) reported a lack of senior leadership support and half (49 per cent) do not have the personnel/ staff on hand to make the requisite changes. This suggests an opportunity for travel buyers, if they had more support and improved stakeholder buy-in, they could move to a simplified policy.

Beside other priorities inhibiting a move to a more simplified way of operating, travel buyers with large travel spend programmes cite accessing financial resources as one of the largest (51 per cent) challenges of making simplification a strategic priority. Meanwhile, travel buyers with medium travel spends are slightly more concerned about financial resources (37 per cent) but place equal weight (39 per cent) on lack of time and senior leadership as high barriers.

Chart 4. Simplification challenges by travel spend

Travel buyers were asked: Which of the following factors limit your initiatives to simplify tools or processes?



Barriers by Region

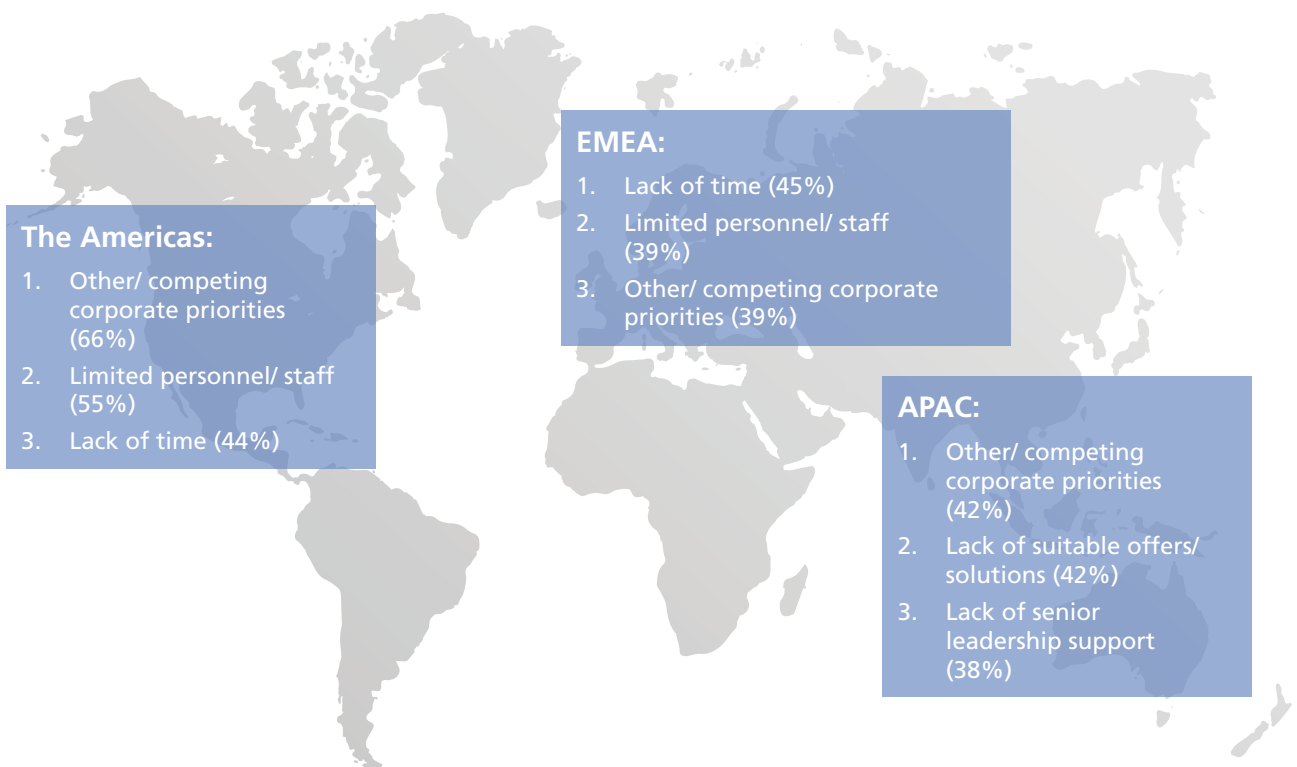
There is a clear intent by all respondents to move towards an easier and more streamlined travel programme. The difference in closing the execution gap and making changes that simplifies travel programmes will ultimately come down to developing an understanding of the varying internal challenges, aligning with the business' strategic direction and presenting the opportunity to the relevant stakeholders to gain support.

By region, there was a common thread between respondents in the Americas and EMEA in what they considered as the top three barriers, however, they were ranked differently. For North America, two thirds cited other/ competing corporate priorities as the biggest challenge, while in EMEA, 45 per cent of travel buyers suggested a lack of time as the biggest inhibitor to simplifying their travel programme.

In APAC, the top three challenges were different from the more developed markets of North America and EMEA. This shows that the lack of suitable offers/ solutions as well as senior leadership support are the more significant challenges that need to be addressed.

Chart 5. Top barriers by region

Travel buyers were asked to rank what their top barriers to a simplification.



Moving forward

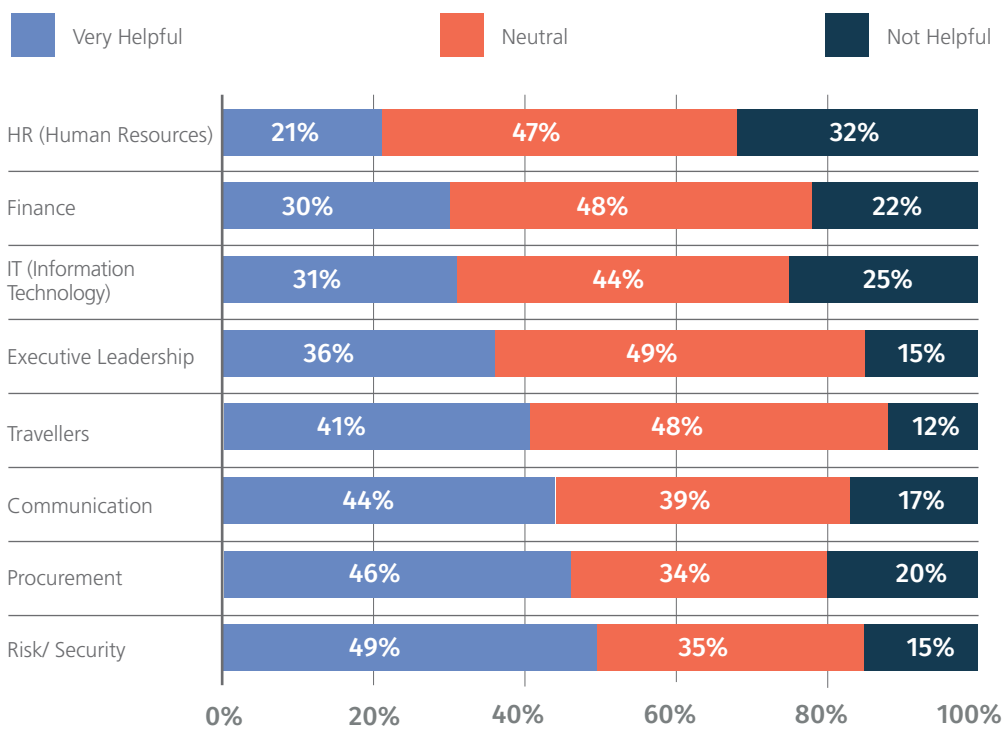
Managing a travel programme comes with its complexities. The number one strategic priority is ensuring traveller safety. Except travel buyers must also wrestle with a host of internal challenges, including slow decision-making processes, endless meetings, disengaged employees, and increasing costs.

The more frequently a travel buyer engages with key internal stakeholders, demands more from third parties (in terms of practical tools and advice), and involves their travellers, the greater the chance they stand in their simplification initiatives.

To achieve this means understanding which senior leadership will provide support, equally who will not and what is the best way to engage them. From an external perspective, some stakeholders and partners are allies and share the same objectives as the travel buyer in terms of simplification and can provide valuable support.

Chart 6. Value of internal stakeholders

Travel buyers were asked: How helpful are the following partners and stakeholders in enhancing your corporate travel programme?



Internal stakeholders

Arguably internal stakeholders are travel buyers' biggest ambassadors, but equally, can make life difficult. It's key to have an understanding of how to best engage them and ensure they're supporting, not complicating, processes.

While a travel buyers role can vary significantly, they often have these three core objectives: (1) cost savings for the organisation; (2) enhancing duty of care; (3) boosting employee productivity.

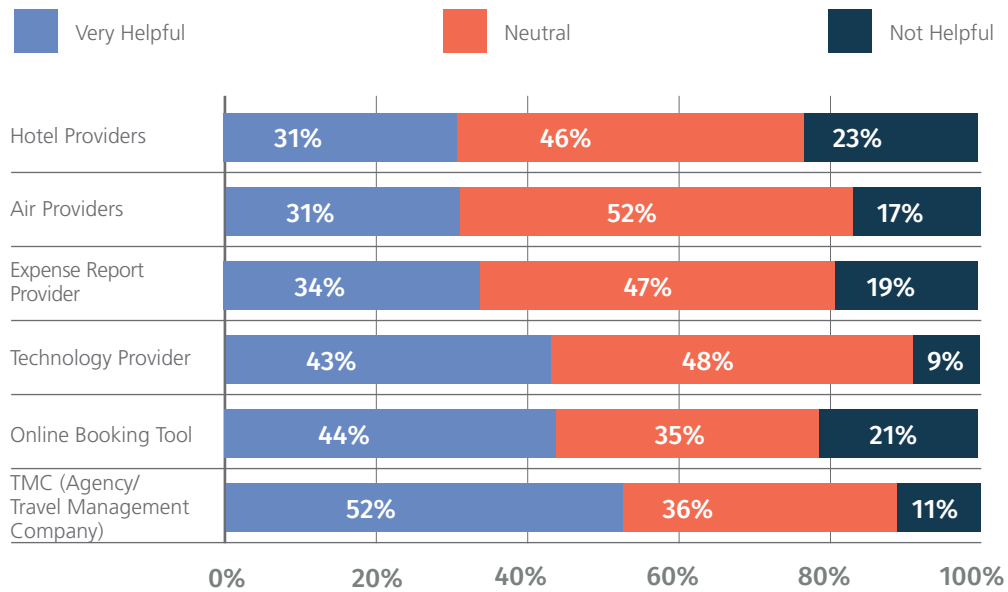
Simplification can help travel buyers with all three goals. Often different internal stakeholders within the organisation will share one or more of these goals, and travel buyers can leverage these shared goals to build bridges and form partnerships.

Interestingly, travel buyers ranked HR, Finance, and Information Technology (IT) as the least helpful partners, however, they have the potential to be the most important. For example, HR share the goal of employee productivity, while Finance is often driven by savings so will be onboard in new systems if they support that cause, and IT departments are focused on improving the fundamental processes that enable employees to do their jobs – if a new process or technology supports this, they'll likely agree.

For travel buyers looking to turn these stakeholders into advocates, it's important to identify common goals and work collaboratively with them on changes that support the wider mission of their organisation.

Chart 7. Value of external stakeholders

Travel buyers were asked: How helpful are the following partners and stakeholders in enhancing your corporate travel programme?



External Stakeholders

Over half of travel buyers ranked their Travel Management Company (TMC) as the most helpful partner in adding value and moving towards a simplified travel programme. Technology, expense, air, and hotel providers were ranked as being less helpful.

Perhaps this is because in most cases, organisations often work with one TMC rather than having multiple agencies. However, to develop a robust and effective travel programme, travel buyers are required to work with multiple hotel, air, and expense report providers. Managing these relationships can be challenging, and any changes to simplify the programme will not only require several discussions but also impact internal stakeholders and employees.

Engaging these providers from the outset and communicating that streamlining processes and simplification is an objective should be the travel buyer's priority. This will help align and unite both the travel buyer and stakeholder to work towards one mission.

Summary - Making simplification happen

Ultimately, we're in an era where with increased complexities, more choices, process and increased diversity of content. Organisations need to either simplify their travel programmes or risk the execution gap widening.

However, the results from the study show that travel buyers are making a change and shifting towards a simplification first mindset but perhaps are missing a wider opportunity of aligning with the wider business and how engaging key stakeholders could bring more potential.

Based on the findings of this paper, approaches identified in the research and focus interviews, ACTE has developed the following considerations for travel buyers considering simplification:

1. Simplification is firmly on the agenda - Travel buyers recognise its various benefits, not only for their travel programme but their organisation in general. Letting other priorities take precedence will be the biggest challenge, so adopting a bigger picture mindset will be key to making headway.

2. One size doesn't fit all - Based on travel spend, size and region, the barriers can vary significantly. It is important for travel buyers to clearly prioritise what is likely to be the biggest hurdle for them and start to make incremental changes there.

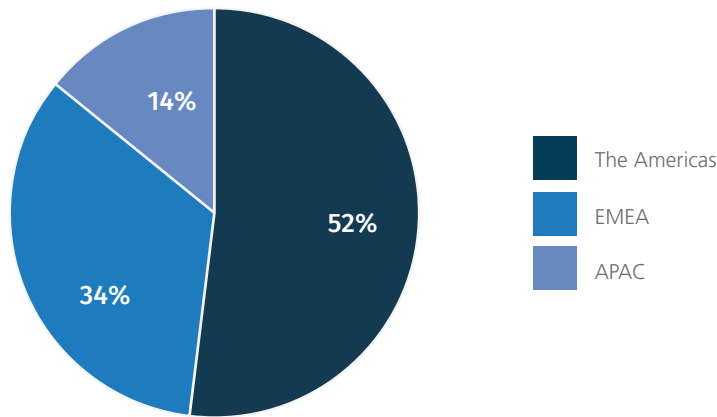
3. Convert stakeholders to ambassadors - Being proactive in opening up a conversation with all stakeholders instead of cherry-picking will help create wider resonance towards the idea of simplification. Also, understanding what each stakeholder's goal is, where the similarities lie and how they might assist on the simplification journey will be key to implementing effective, lasting change.

About this study

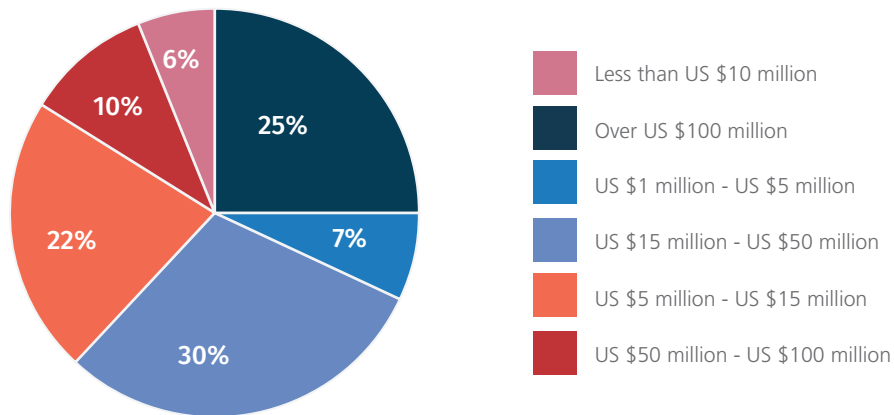
ACTE surveyed its global membership between September and October 2019.

A total of 227 corporate travel buyers worldwide responded to the quantitative survey.

Travel Buyer's Location



Travel Buyer's Annual Air Volume (US \$)



About the Association of Corporate Travel Executives (ACTE)

The Association of Corporate Travel Executives (ACTE) has a 30-year reputation for leading the way corporate travel is conducted. As a global association comprised of executive-level members in more than 100 countries, ACTE pioneers educational and technological advances that make business travel productive, cost-effective and straightforward. ACTE advocacy and initiatives continue to support impactful changes in safety and security, privacy, duty of care and compliance along with traveller productivity that supports global commerce.

Learn more at www.acte.org.

About HRS

By creating Lodging as a Service, HRS is revolutionizing the accommodation category for corporations, hotels and business travelers worldwide. Leveraging its proprietary technology and consultant services, HRS provides global corporations with an integrated platform that facilitates savings, efficiencies and customer satisfaction. HRS technology and its 1,500 experts drive the hotel programs of more than one-third of Fortune 500 corporations. HRS solutions also deliver newfound efficiencies for hotels and event planners. Founded in Cologne in 1972, HRS has more than 35 offices worldwide.

More information at www.hrs.com/corporate.

We welcome any feedback you have on this research study.

Email us at corporate@hrs.com

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