



Travelers First: Empowerment vs. Cost Control

Can your program really have both?

Corporate travel is full of oppositions.

How do we travel but minimize our environmental impact?

How do we embrace technology, but still deliver personalized service?

And how do we empower our travelers while retaining control of costs?

It was the topic of empowerment vs. cost control that we tackled in our recent Th!nk webinar. Hosted by Alex Kington of temoji consulting, we gathered a panel of industry experts and explored one of the most debated topics in corporate travel today: can a traveler-centric program be cost-effective?

At FCM, we are seeing an undeniable trend toward flexibility, personalization, wellbeing, and autonomy. Traveler satisfaction is a key metric in many travel programs across the globe, with many more looking to adopt this approach. For us, this sense of traveler empowerment not only works for those traveling but has significant business benefits too.

However, with reports of continuing rising travel costs, including a projected year-on-year increase of 12% for airline ticket prices, traditional procurement management and cost control are once again in sharp focus. How does this need for cost control sit alongside a demographic of travelers who are demanding more freedoms than ever before?

It is these challenges that we presented to Leslie Andrews, Global Procurement Director, JLL and Danny Cockton, VP Global Travel Services, Wood PLC, alongside Brittany Taylor, Outsourced Travel Resource Program Manager, FCM, to get their perspectives.

While we definitely saw differences in approach, one thing really stood out – procurement-led and traveler-centric led programs have far more in common than we originally thought.

Whether you are currently taking a cost-focused, procurement-led approach and are looking to move towards a more traveler centric strategy, or you want to utilize elements of procurement practices to help manage spend, while continuing to empower your travelers – this guide has you covered.

With real-life examples from our experts, as well as sharing FCM best practices, we will look at what you need to know to apply each approach, allowing you to cherry-pick what works for your business and ultimately create a stronger, more empowering travel program for everyone.



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Procurement Perspective: The pyramid of value

Before we dive into how to create a traveler-centric program, let's first pause and take the time to understand the procurement perspective. With an increase in the number of procurement professionals managing travel programs, taking time to understand the structures and processes procurement teams work with can create a deeper understanding of this department.

The expansion of procurement's scope to encapsulate travel brings with it broader sourcing strategies and supplier consolidation initiatives. Still, it is often perceived as lacking in depth when it comes to understanding business travel as a discipline.

"Procurement has a defined process and structure. Travel management is procurement, but it doesn't follow the same steps and structures," explains Leslie Andrews, Global Procurement Director for JLL.

This suggests that there are similarities in terms of outcomes, but the approaches to get there are where the differences occur.

Let's look at some of the structures around procurement-led programs and see if the concepts of cost control and empowerment are as diametrically opposed as we're led to believe.

1. Cost is King

When we think of procurement, we think costs. And while yes, in many organizations cost is king, as we discovered during our webinar panel discussion, the reasons behind this are more complicated.

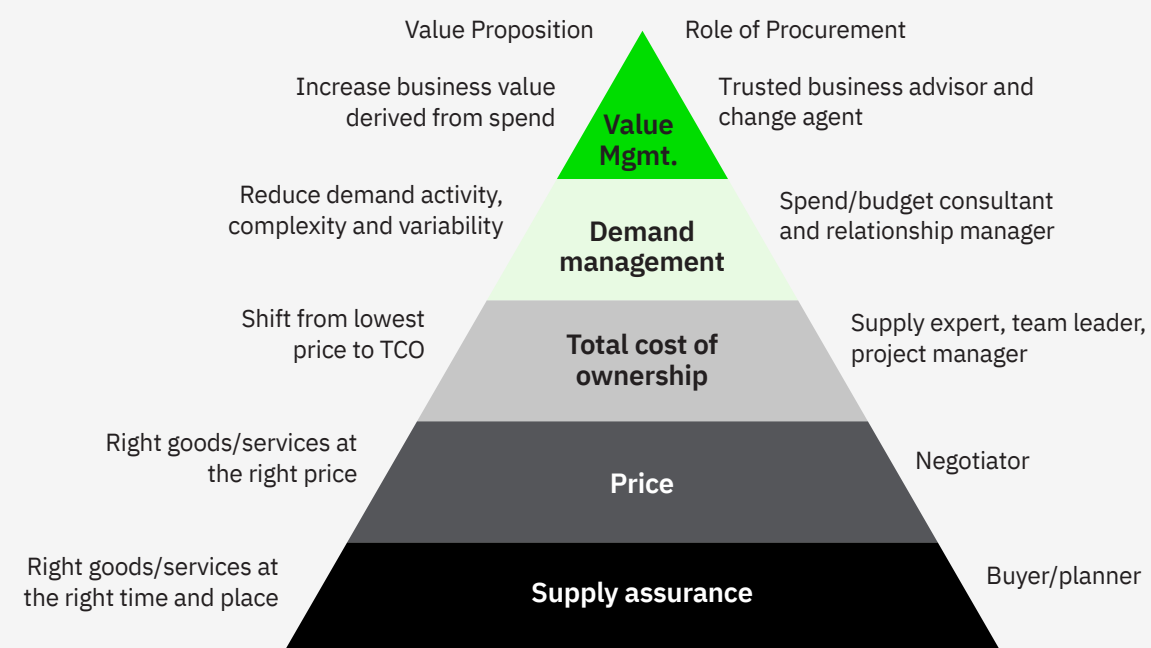
"When travel programs are run out of procurement, I find that it's leadership, at the executive level, that's very hard on the bottom line. Procurement is just getting that direction from their leadership," justifies FCM's Brittany Taylor.

Leslie Andrews agrees. "It's easy to get stuck on price. Every business unit leader loves a lower price. A lot of folks are stuck as negotiators, finding the right goods and services at the right price."

This suggests that it isn't necessarily procurement driving the cost-focused stereotype they have been dealt. This focus on lowest cost is driven by culture and leadership, with procurement simply meeting the needs of the business. However, the true value comes when we start operating beyond price and into value management.

2. Show your value

Procurement's evolving value proposition



Source: The Hackett Group

What do we mean by value management? The Hackett Group's Evolving Value Proposition pyramid places value management at the top of the procurement role. "Value based procurement is the future," states Leslie Andrews. "It's the pinnacle of the procurement cycle."

Value management appears to be far more closely aligned with the strategic goals of traveler-centric programs than the traditional concepts of procurement. This happens when procurement becomes a trusted business advisor and change agent, increasing business value derived from spend.

According to a new Hackett report, "procurement has to rebrand itself as customer-centric." It is no longer enough to simply lower costs. Procurement should now be seeking to reach this trusted advisor status within their organizations.

"Everyone should try to get to the top pyramid piece," says Leslie. "But in order to get to this value management piece, from a procurement mindset, you have to hit all of these other boxes first. Whereas a travel manager – that's where they start from."

3. Aligning goals

Just as a traveler-centric approach doesn't completely ignore cost control, nor does a procurement-led strategy completely disregard the value derived from user experience and satisfaction.

"We both want to get to the same place," explains JLL's Leslie Andrews. "We're sharing a journey, we're on the same road, we just take different approaches."

Focusing on the goals, rather than the process of reaching those goals, will uncover far more alignment than initially thought. Procurement isn't solely focused on squeezing suppliers and chasing low hanging fruit, in the same way that empowering travelers doesn't mean giving them carte blanche on spend.

By looking at the overarching goals and what a travel program is hoping to achieve, more common ground can be uncovered.

As Leslie says, "Procurement is a process. Travel is a discipline." But this doesn't mean that the goals cannot be aligned.

4. The language of procurement

Language. Communication. Understanding. Just as important when contemplating a procurement approach as a traveler-centric approach, language is where it will either come together or fall apart.

"You need to be able to speak the procurement language," explains Leslie Andrews.

"If you can define that language, then you add a ton of value to the role. You're not doing anything different, per se, but it puts it in a dialogue, a structure, so that other folks in procurement understand what you do."

We know that communication is a central pillar of a successful travel strategy – be that traveler or procurement-led. Being able to communicate effectively with procurement stakeholders is essential.

"Many of us don't report to HR anymore. You're in procurement organizations, understand the language," Leslie continues. "It reflects your perceived value. Language is like an anchor for how you move about within the organization."

So how can an exploration of procurement practices and structure help build an empowered travel program? It's all in understanding the differences.

"Procurement and travel are definitively different and understanding that difference is so key."

LESLIE ANDREWS, JLL



Traveler first: The argument for empowerment

Keeping focus on the differences between empowered and cost-focused approaches, let's dive deeper into what constitutes a traveler-centric program.

And where better to start than with a definition?

“Empowerment is the ability to make good decisions and operate with some freedom, but within a framework.”

DANNY COCKTON, WOOD PLC

“It's about allowing the travelers to make their own decisions, based on the budgetary conversations they have had. If you need to travel, there's a program there for you to utilize, go and use it.”

This instantly debunks the myth that an empowered traveler is operating without constraints.

“Traveler-centric doesn't mean book whatever you want,” agrees FCM's Brittany Taylor.

Traveler-centric, empowered programs do not mean employees have unlimited choice. It means that they are treated as individuals and given the power to make mutually beneficial decisions for themselves and the business they represent.

If you're looking to adopt a more traveler-centric program and need to bring procurement on that journey, here are some points to consider:

1. Two ears, one mouth

“You have two ears and one mouth. Use them accordingly,” advises Danny Cockton.

As travel and procurement professionals, we might have a preference toward empowerment over cost control, or we may want to take an approach that has worked before. But the reality is that every business is different, and with multiple factors at play – culture, sector, region, size – the problems facing the travel team will differ in each one.

“Work out what your top ten problem statements are. And then work out how you can solve them,” continues Danny. “No matter what changes you're looking to make in your program, you need to know what your problem statements are, then if you can, try and put some kind of value against them.”

By adding value to each issue – be it a monetary value, or efficiency – you can begin to quantify the issues, building up a picture of the fixes that need to take place, and ultimately the overall strategy that will help you achieve this.

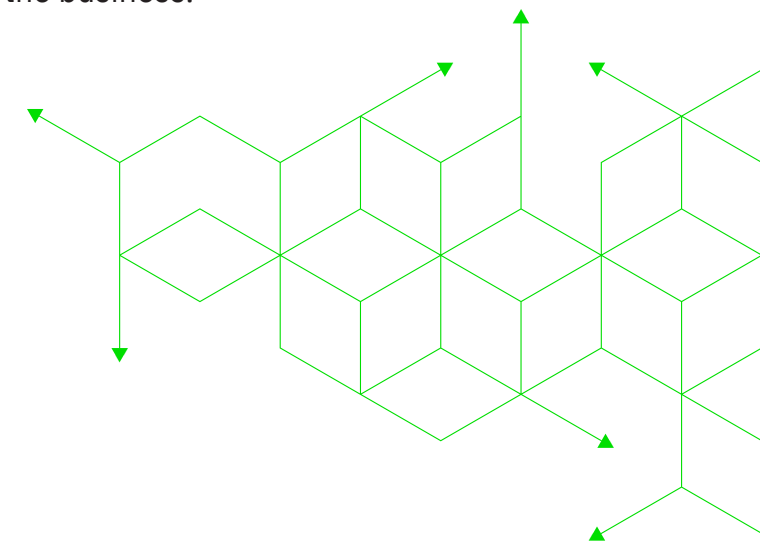
2. Build credibility

“If you start acting upon what you are hearing, and people start to see those fixes being made, people will feel that impact,” says Danny Cockton. “That's when you start to build trust and credibility within your organization.”

It's this credibility that can then be transformed into solid data and facts, helping support your ideas, and strengthening your business case toward a traveler-centric program.

He continues, “When you go and have that conversation with your leadership, saying you need to change the way our program is thought of and structured, they're going to buy into you. Because guess what? You've got some metrics to present to them and some evidence of what you should be delivering against and how it is improving the business.”

Working on buy-in from the ground up builds your credibility and makes it harder for stakeholders or procurement to dismiss concepts, if you can prove they are already helping the business.





3. Speak their language

Having strong data and metrics to support your ideas brings us onto the next piece of advice - learn to speak in a language your stakeholders understand and respect.

“You need to talk in terms of outcomes,” explains Wood Plc’s Danny Cockton.

Traveler empowerment can be viewed as the soft option. As we mentioned above, there are misconceptions around the amount of flexibility given to travelers and the associated costs with letting them travel “how they want.”

But the reality is that with the right checks and balances, giving travelers more autonomy can improve process efficiency and ultimately create cost savings through employee time.

“From an HR perspective, empowering travelers can have a positive impact on employee retention and even acquisition,” says Brittany Taylor, FCM’s Outsourced Travel Resource Program Manager. “You have to have something that’s driving change within the travel program and that’s where you start to engage. You need a pre-metric and a post-metric, and this is going to be an element that we communicate to senior leadership.”

Showing how travel strategy changes can directly impact a stakeholder or department removes the intangible, “fluffy” element to traveler-centric approaches and grounds the approach in a business-critical issue of importance to them.

4. It’s a team effort

Bringing about change is undoubtedly easier when your colleagues and stakeholders are cheering you on.

“In my opinion, it’s best to engage several different departments,” advises Brittany Taylor. “Ideally, you’d have 10–15 people from all areas of the business that can have an input. That’s not just to capture ideas but also to have cheerleaders for the policy. They were a part of it, they have buy-in – it helps with that communication factor when you’re rolling something new out.”

By involving teams such as HR, Finance, Procurement, Risk Management and others, you not only get a representative cross section of the business involved, but you create goodwill and ambassadors in these departments. Traveler centricity is often about winning hearts and minds – allowing travelers to feel empowered but making sure they take financial responsibility – so having champions of this approach throughout the business is a powerful, but often underrated tool.

We can see themes emerging across both empowerment and costs-focused programs. But can we combine the two to build a unified strategy that both empowers travelers, while adhering to procurement-based principles?

Building a unified approach

After speaking with our panelists and hearing them debate empowerment vs. cost during our Th!nk webinar, it is clear that both approaches have far more in common than we initially expected.

The burning question is: how do we utilize the structure and process of a procurement-led approach to control costs, while adopting an empowered traveler first culture that enhances experience?

The answer: By changing the rules of engagement.

“Travel managers with limited procurement experience need to say, ‘I want to learn how I can best make my program more sustainable by applying these procurement principles,’” explains Global Procurement Director, Leslie Andrews. “They’re already operating at value management level but need to demonstrate how they got there, by applying these principles and documenting it, so that they can share that journey with others.”

It is the sharing of the journey, the communication of process, discipline, aims and goals, that is going to be key to building an empowered, cost-effective program.

“Comms is 90% of the job,” says VP Global Travel Services, Danny Cockton. “Travel managers need to sell the story.”

Brittany Taylor, Outsourced Travel Resource Program Manager, agrees. “Travel professionals understand the nuances.

A strong travel manager is able to put together a story, from a cost perspective, but also the traveler experience perspective. Procurement don’t have that conversation. Their approach is to take a directive from leadership, get it done, and check it off the list.”

By rewriting the rules of travel management, to incorporate the structure of procurement, a more unified approach can be found.

“We’re on the same journey,” states Leslie. “We want to get to the same place. Procurement is a process. Travel is a discipline.”

If travel managers are to adopt a more structured process from their procurement colleagues, what can procurement look to do in return?

“In travel, [procurement] has to be more fluid and less rigid, allowing travel to breathe, for a better outcome. Because they’re trying to get to value management without knowing the discipline,” explains Leslie Andrews. “You must know the discipline. The discipline of hospitality, the industry, and that is beyond a process.”

It then feels as though we have found a way to meet in the middle. That it is possible to have a cost-controlled, traveler-centric program that is grounded in procurement strategy. The requirement, from both sides of the table, is a willingness to listen, respect, and rewrite the rules.

Perhaps Leslie Andrews has unlocked the answer:

“The program itself can be human centered, with structure to hold it up so that it is sustainable.”



In summary

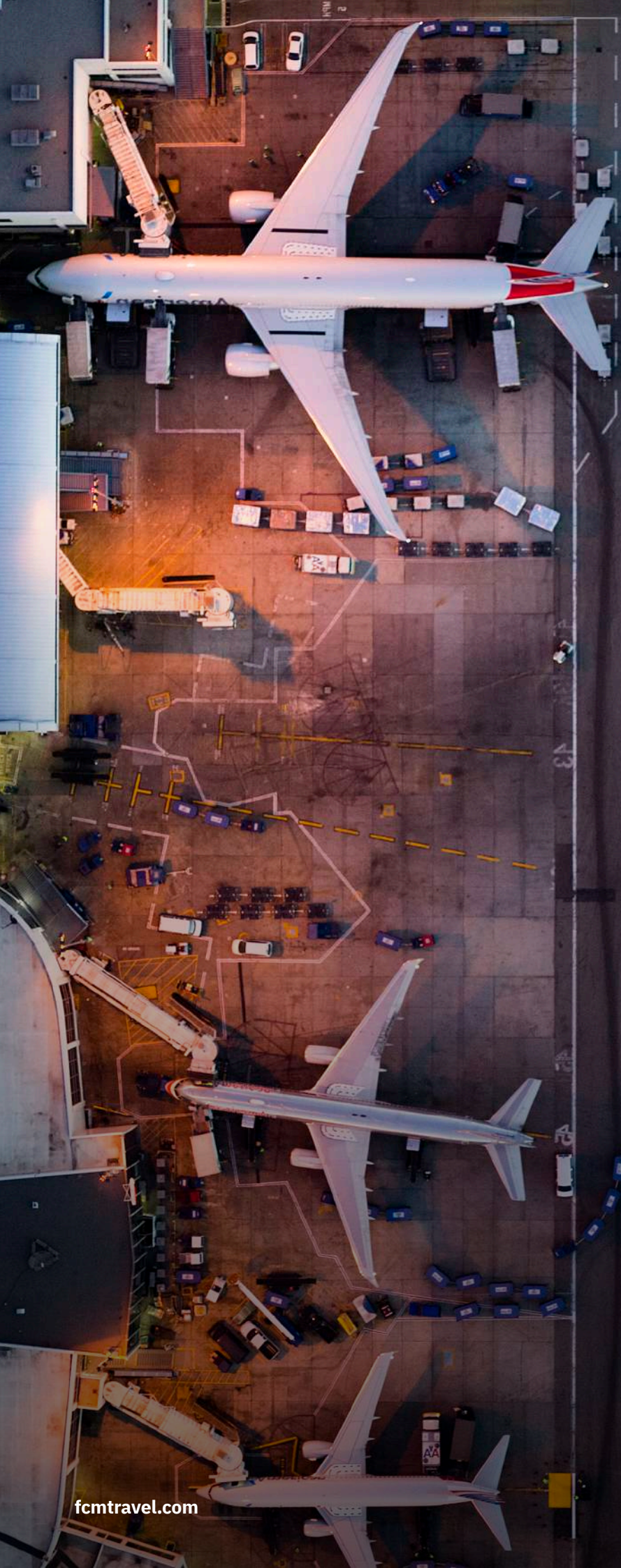
We hope that this guide has given you both insights to consider, as well as actionable steps to apply to your travel program – wherever you are in the procurement pyramid of value.

The panel discussion opened our eyes to the misconceptions of procurement vs. travel, and in turn empowerment vs. cost control.

As is so often the case when concepts are pitted against each other, it takes education, understanding, and respect to find the common ground which was there all along.

Here is a quick refresher of those insights and actionable steps to help you on your way to rewriting the process and creating a unified travel program:

- **Mind your language**
You need to speak the language of those around you. For travel managers that means using procurement terminology and talking in terms of outcomes. For procurement professionals adopting a value-led lens will lead to more productive conversations.
- **Cost isn't everything**
Value-led procurement is the new frontier. Travel managers are already operating from this standpoint but need the structure of procurement practices to make their programs sustainable. Cost is still a critical component, but adding value is where you should strive to be.
- **Understand empowerment**
Empowerment isn't license to spend, spend, spend. Empowerment is giving choices within a structured framework and trusting employees to do the right thing. Empowerment isn't the enemy of cost control, but draconian cost control is the enemy of empowerment.
- **Embrace the difference**
Procurement is a process. Travel is a discipline. Take time to recognize the difference in approach, but the similarity in desired outcome.
- **Teamwork makes the dreamwork**
It's cliché, but it's true. You're on the same road. Travel management and procurement working together, even with different approaches, will make the journey far smoother than sitting in opposition.



Thank you to our experts for their invaluable input and to temoji for their independent insights which helped to create this guide.

Rewriting the rules of your program is never easy, but we hope we've made a strong argument for the business benefits you can gain by adopting a new approach.

Travel is evolving and successful programs are keeping pace. At FCM we see this evolution as an opportunity, a chance to bring about change and innovation.

And as our experts proved, sometimes the solutions to those "deal breaker" issues are staring us right in the face. We just need a helping hand to get out of the weeds and make the changes we all want to see.



About FCM Travel

FCM is one of the world's largest travel management companies and a trusted partner for thousands of national and multinational organizations. With a 24/7 reach in 95+ countries, FCM's agile technology solves client needs and is supported by expert teams to provide the ultimate personalized business travel experience. As the flagship corporate brand of Flight Centre Travel Group, FCM delivers the most competitive rates and exclusive solutions for its clients. Alongside its travel management services, the company provides specialist services through FCM Consulting and FCM Meetings & Events. Discover the alternative at fcmtravel.com.

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temoji is a consulting & marketing specialist in the global corporate travel and meetings industry. We work with travel suppliers who thrive on continually improving how they serve their clients and travelers. temoji is the special ingredient to help travel suppliers connect deeper and deliver better to your clients, prospective customers and wider stakeholders. We're the secret sauce.

And we believe that every challenge faced by our industry is solvable through the creation of better "Social and Intellectual Capital."

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