Sabre

THE TRANSFORMATION OF THE TRAVEL MANAGER'S ROLE

IMPLICATIONS FOR A TRAVEL MANAGEMENT COMPANY

2015

WELCOME

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THE MOST IN-DEPTH RESEARCH EVER CONDUCTED INTO THE ROLE OF THE TRAVEL MANAGER

Stephane Aïta
Vice President Western Europe,
Sabre Travel Network.

It's no surprise that today's travel managers are stretched thin across various activities and priorities. From negotiating supplier agreements and setting travel policies to tracking travelers, the role of the travel manager carries a range of responsibilities.

What key challenges do they face today and how will their current skillset differ from those they will require in the future?

We set out with the GBTA Foundation to answer this and other key questions through a special research project – A Day in the Life: The Role of Travel Managers – the most comprehensive research conducted to date on the role, and revealed some interesting findings.

This paper discusses several challenges they face as they transition:

- How advances in technology will move travel management in a different direction

- The need for travel programme metrics to align more with senior management expectations

- Why travel managers must transition to a more strategic position within the organization

- How stronger relationships with TMCs can help them increase the value they deliver

We're sure you will find something relevant to your business and the people you support.

EXECUTIVE SUMMARY

As global markets and businesses expand, demand for corporate travel is growing. Throughout different economic cycles, face-to-face meetings have remained a necessity. In fact, corporate travel has proved remarkably resilient.

Today represents a tipping point in managed business travel. This has far-reaching implications for travel managers and their travel management companies (TMCs) in the ways they provide value to organizations. Why is today a tipping point? A combination of trends in consumer technology, rising traveler expectations, the growing influence of procurement teams in the travel buying process, the continued expansion of mobile devices, and many other market dynamics are all having an impact on the role of the travel manager.

With change come new opportunities. For travel managers, this means assessing what they do today and where they can add the most value to their organizations. Crucially, it's also determining what they think success in this role will look like in the future.

These are questions that together Sabre and the Global Business Travel Association (GBTA) set out to answer. Our latest research focuses on the role of the travel manager and the value the role currently adds to organizations. A Day in the Life: The Role of Travel Managers (October 2014)
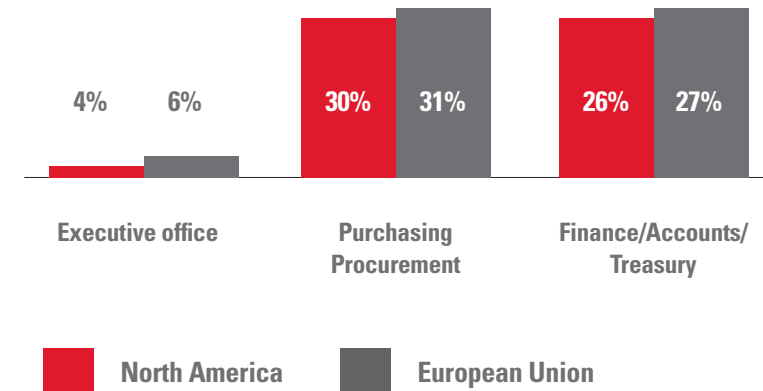
is the most comprehensive research to date on this topic. It reflects how travel managers view their role today, how they measure the success of their travel programs, and how they see the role evolving in the future.

It's no surprise the survey findings back up what we see every day – that travel managers are caught up in a juggling act. The sheer volume and variety of tactical activities mean they do not have as much time as they would like to devote to the more strategic aspects of their job.

Who do Travel Managers report to?

	Executive office	Purchasing Procurement	Finance/Accounts/ Treasury
North America	4%	30%	26%
European Union	6%	31%	27%

■ North America   ■ European Union

> " TODAY REPRESENTS A TIPPING POINT IN MANAGED BUSINESS TRAVEL

Constantly bouncing from one tactical priority to another can create challenges for many travel managers. These day-to-day operational tasks can cloud their strategic thinking and make it difficult to spend time on long-term planning. Furthermore, the focus on these tactical activities tends to make it tougher for travel managers to connect to their organization's leadership team. Lack of strategic focus, and difficulties obtaining the buy-in of senior leaders were recurring themes throughout the research.

When asked about how they view their role evolving in the future, many travel managers see technology lighting the way ahead and realise its' potential for transforming the travel landscape. It's a crucial ingredient that is needed to become more strategic and grow their influence within their organization. However, respondents said they expect to be managing roughly the same distribution of responsibilities in three to five years' time, highlighting a significant reality gap amongst travel managers.

So how can TMCs benefit? By helping travel managers with this transition to a more strategic position within their organization. Research suggests the current travel manager-to-TMC relationship is very transactional, tactical and largely based on operational tasks.

The ways TMCs respond and adapt to travel managers' current evolving needs, as well as their ability to anticipate potential future needs, is crucial for their own success and TMCs are well positioned to support buyers with their future needs.

TECHNOLOGY PROVIDES A GOLDEN OPPORTUNITY TO NAVIGATE FROM TACTICAL TO STRATEGIC

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CORPORATE TRAVEL AT A CROSSROADS

CORPORATE TRAVEL AT A CROSSROADS

NAVIGATING THE CHALLENGES AHEAD

By weathering different economic cycles and coming out stronger the other side, travel managers and TMCs have shown they can adapt. As they look to the future, this adaptability will be essential for tackling new levels of market complexity, the growing demands of travelers and changes in travel buying processes.

For TMCs, there are urgent questions about how their businesses are structured, how they price their products and how they allocate resources to the activities that will most benefit their clients. These internally-focused challenges will commonly include:

Lacking a strategic mindset
In many ways TMCs mirror their travel manager counterparts in that they can get bogged down in the day-to-day processes of running their business. As a result, some TMCs have been too focused on delivering transaction-based tasks, instead of a holistic set of services that encompass advice, consulting and expertise beyond basic travel bookings. Or alternatively only focused on the customer needs of today, with less time spent thinking outwardly about tomorrow's customer challenges.

Mobile channel
Internal processes don't always keep pace with how consumers want to interact and purchase – or even with how TMCs' own employees want to work. It's fair to say that the proliferation of tablets and smartphones has caught many businesses out – a trend that shows no sign of slowing down.

Products and pricing
The distribution model may not reflect travel-buying patterns. As these evolve, TMCs should focus on products, pricing and resources across their business operations. For example, some TMCs would admit to being overly focused on inbound call centre or offline teams.

In addition to the internal challenges above, there is a set of externally-focused challenges that arguably TMCs have very little control over. Some of the issues that they need to be ready for – and able to react to – include:

■ **Advances in travel technologies**
From online booking tools and mobile travel apps that give travellers more control of their journey, to wearables and traveler tracking, there's 24/7 access to travel technologies and information at our fingertips. The big picture and impact on travel programs are harder to predict than ever, but TMCs must be prepared to adapt and respond.

■ **Travelers' rising expectations**
The millennial generation of corporate travelers – digital natives – are accustomed to the features and functionality of consumer-facing, online travel tools. As a result, they expect an intuitive, user-friendly experience for corporate travel.

■ **Increased complexity and competition**
Evolving pricing models via online travel providers and the global growth in low-cost carriers are adding to the complexity of the marketplace. For TMCs, such a crowded marketplace makes it tougher to differentiate their unique selling points (USPs) and meet the increasing expectations of travel managers.

In our work, we see seven challenges that commonly face travel managers. These are backed up by our research and are a combination of external and internal issues such as compliance, operations, processes, costs and policies:

CHALLENGE 1. Advancing technology

CHALLENGE 2. Costs

CHALLENGE 3. Globalization
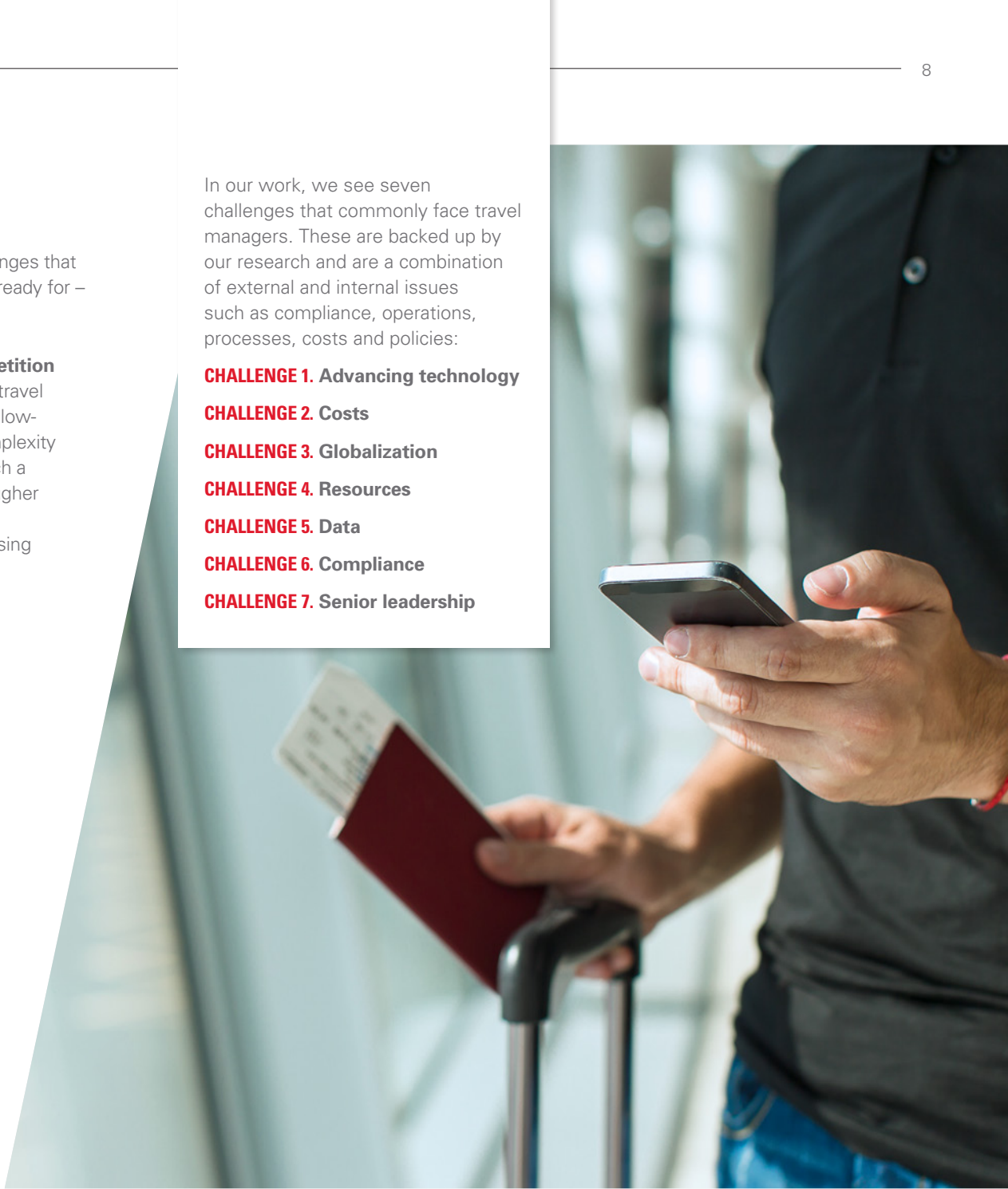
CHALLENGE 4. Resources

CHALLENGE 5. Data

CHALLENGE 6. Compliance

CHALLENGE 7. Senior leadership

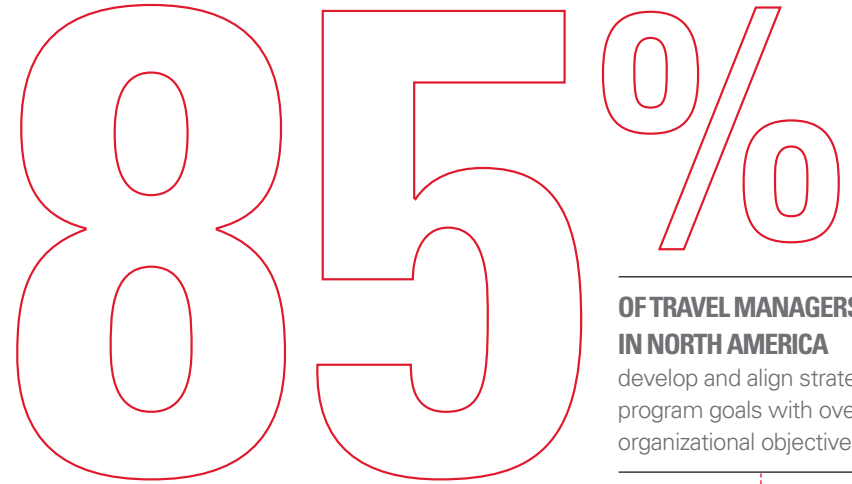# THE BIG PICTURE AND IMPACT ON TRAVEL PROGRAMS ARE HARDER TO PREDICT THAN EVER

CHALLENGE 1
ADVANCING TECHNOLOGY

The travel manager's experience: **keeping up-to-date with new and evolving technology, upgrading systems and processes.**

As organizations increasingly look at smart ways to get more from their travel budgets, eyes turn to travel managers. Our research results show 8 out of 10 travel managers say they are involved in choosing, evaluating and applying technology solutions.
This is part of a wider trend of IT budgets becoming fragmented, and more IT spend taking place outside the department.
To keep up with business demand, TMCs should offer the advice and up-to-date knowledge that travel managers need to evaluate and implement technologies.

The expertise they provide can help travel managers mitigate or remove the risk of being left behind from a lack of innovation. In addition, TMCs can ensure the long-term success of investments. For example, mobile apps and online booking tools must deliver the expected benefits or advantages. Their integration with data sources and operating systems will help to ensure good take-up across the business, and avoid them becoming costly 'white elephants'. Plus, they can create brand value and improve talent acquisition (particularly of millennials) by being at the leading edge of travel technologies.

85%

OF TRAVEL MANAGERS IN NORTH AMERICA
develop and align strategic program goals with overall organizational objectives.

70%

IN EUROPE
this figure drops.
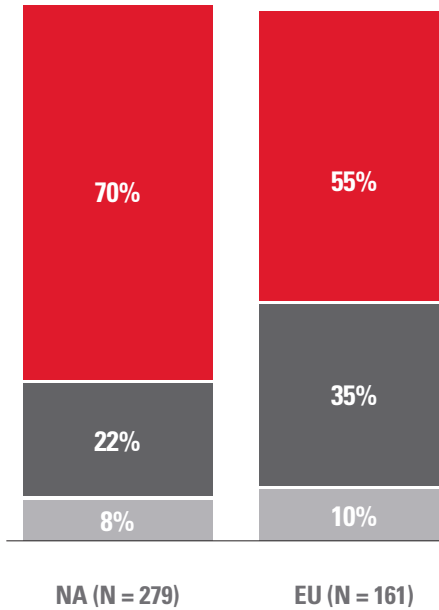
CHALLENGE 2

COSTS

The travel manager's experience: **growing expectations to accurately track savings and evaluate clearly the value of the travel program in the face of rising prices and potential leakages.**

With budgets under constant pressure, travel managers need to rely on a combination of outsourced services, suppliers and technologies to provide the most cost-effective program. This can make calculating savings more complex. That's why the survey showed that not every respondent was able to run metrics to calculate the savings from managed travel programs. On the flip side, a worrying proportion (30% NA and 45% EU) said either they don't know or are not entirely sure how much money their company saves each year. With such limited visibility to those metrics, it can prove challenging to clearly articulate the value of the travel program to the organization at board level.

TMCs are well placed to provide robust, timely and accurate measurement of travel programs that complement existing metrics. They can also help travel managers link costs to KPIs for a holistic view of cost-benefits.

Calculating Savings from Managed Travel Programs

70% 55%

22% 35%

8% 10%

NA (N = 279)   EU (N = 161)

Yes   No   Not sure

CHALLENGE 3
GLOBALIZATION

The travel manager's experience: **difficulties in globalizing travel management companies, aligning processes globally and managing cultural differences.**

Our research identifies that roughly half of the respondents' companies have a global reach, while a large proportion of those organizations have travel programs that are globally managed. Of course, globalization isn't for everyone, and some areas of a travel program are best left to regional and local travel managers. This highlights the opportunities for TMCs with global capabilities to provide centralized travel management services and tools, while also providing local presence and support. TMCs can deliver economies of scale, a unified view across global programs and help to simplify travel supplier relationships as a one-stop shop.

CHALLENGE 4
RESOURCES

The travel manager's experience: **balancing the many responsibilities involved in travel management without sufficient staff support.**

Perhaps one of the main reasons why travel managers are so busy with day-to-day tasks is simply down to time and competing priorities. That's where a broader set of services and skillsets from a TMC can be a lifeline. Technology plays an important role – it's not just about offloading work to a TMC partner – the efficiencies it delivers can enable travel managers to focus on more strategic activities. TMCs plus technology can plug the many gaps that organizations are experiencing.

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A BROADER SET OF SERVICES AND SKILL SETS FROM A TMC CAN BE A LIFELINE

One explanation for inadequate staff support could be a lack of communication with and buy-in from senior leadership. Travel managers don't occupy a consistent presence in corporate structures, and tend to operate 'a department led by another department'.

A deeper dialogue between travel manager and senior leaders is long overdue. The research illustrates that conversations between them are often operationally-driven. And those metrics which are great for running an efficient program are often not the same as those which demonstrate value to senior leaders. Travel managers need to elevate the dialogue to a strategic level by driving home the links between the value of travel programs and business objectives. For instance, having a conversation with the company's Senior Executive for HR on travel's impact on staff retention and recruitment, or with the CFO on the impact of the travel program's

savings on earnings per share. These are just two ways to better link the value of the travel program to the business.

There is a further dynamic that makes outsourcing support from TMCs even more vital. The skills necessary to be a successful travel manager a decade or even five years ago are different from the skills required to be successful today, and will differ even more five years from now. According to the research, a large proportion of programs are becoming part of the procurement function inside their companies. In the past, this was not the case.

As a result, more and more new travel managers are coming from backgrounds in other buying categories or even other parts of the organization. As organizations seek to apply more standardized procurement processes and metrics, there is less emphasis placed today on having someone in the role that has 'grown up' in travel.

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A DEEPER DIALOGUE BETWEEN TRAVEL MANAGER AND SENIOR LEADER IS LONG OVERDUE

With the shift of travel moving from an independent, dedicated department to being one that's more procurement-led, the list of new skills a travel manager is expected to possess is longer than ever. Typically, this now includes data and analytics, technology and a broader perspective from their experience in other buying categories beyond travel.

As partners, TMCs can help travel managers quantify and prove their worth. Freeing up their time would help promote better communications between travel managers and the higher echelons of management.

CHALLENGE 5
DATA

The travel manager's experience: **difficulties in getting reliable, comprehensive data and consolidating data across global operations.**

Without reliable, accurate and timely data about how their travel programs are performing, travel managers will always struggle to elevate the importance of corporate travel. That's why it's crucial to have the right data for measuring and improving the performance of their program and that will matter to their senior leaders.
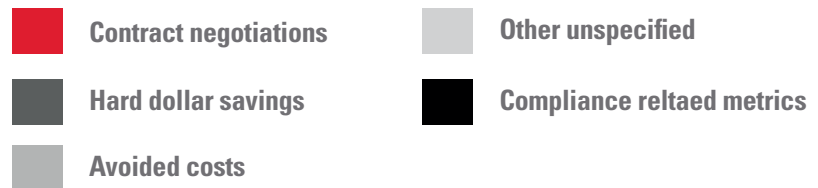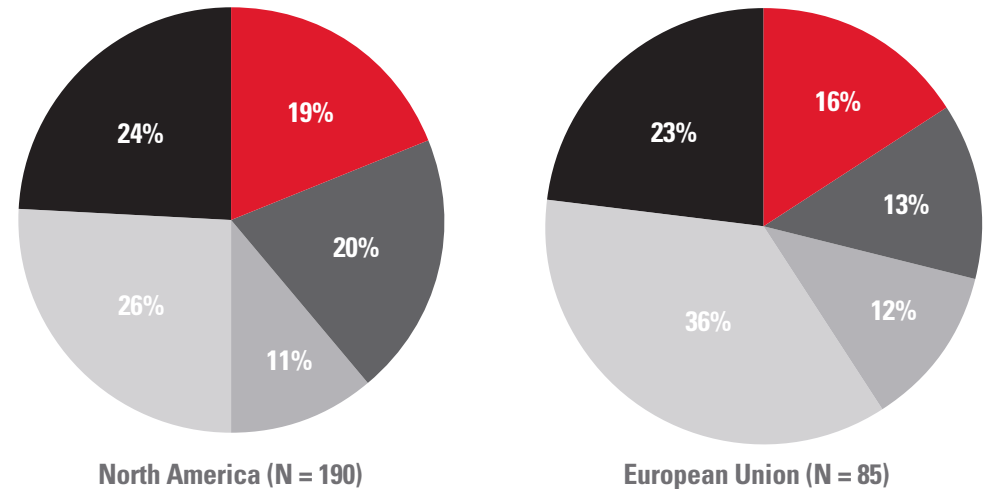
According to the research, travel managers today are mostly measuring the same things – and these aren't necessarily what senior executives want or need. The challenge for travel managers is to shift conversation away from the tactical data and metrics, instead focusing on those metrics that matter most to their senior executives.

To identify those metrics, travel managers should be working with their senior leaders (and other closely aligned departments, such as finance and HR) to identify the right data and metrics. Understanding this can help travel managers better position the travel program within the organization, and address executive priorities.

Financial metrics are just one area of data collection, storage, processing and analysis that TMCs can help remedy a shortfall in. With data analytics becoming ever-more sophisticated, it is increasingly difficult for travel managers to keep up with the latest performance measurement innovations without specialist expertise.

Data analysis tools cover all stages of the travel program – whether the journey is sourced, booked, fulfilled or expensed – and generate real-time reports on dashboards. Within data, there are hidden insights and metrics. For example, how the travel program relates to employee attrition. These linkages and patterns are keys to deeper insights that business analysts and strategists in TMCs could help buyers uncover. With the exponential increase in mobile data and big data, this is a rapidly evolving area that travel managers need help navigating. And what they really need are actionable insights – definite steps they can take to generate business results and demonstrate their value.

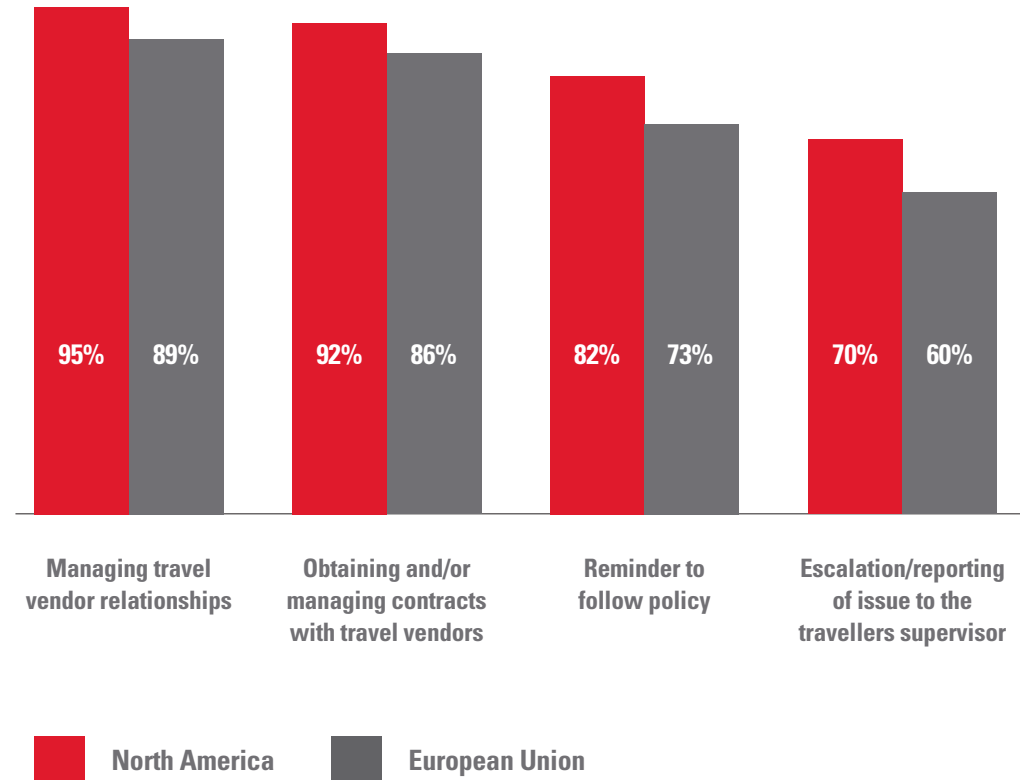**Average Percent of Total 2013 Savings (among those who calculate savings)**

North America (N = 190)

European Union (N = 85)

- **Contract negotiations**
- **Hard dollar savings**
- **Avoided costs**
- **Other unspecified**
- **Compliance reltaed metrics**

CHALLENGE 6
COMPLIANCE

The travel manager's experience: **trouble with non-compliant travelers and unmandated, unenforced policies.**

As the research states, creating and enforcing travel policies is one of a travel managers' key areas of responsibility. Travel policies, after all, help in a number of areas including duty of care, traveler convenience, and ensuring that preferred suppliers and other cost management objectives are met.

The research results indicate that travel managers are spending a lot of their time communicating, educating and reminding, plus reporting and escalating non-compliance with travel policies. However, when it comes to enforcing these policies, the research suggests that the travel manager either lacks the tools or doesn't get the full support of senior managers to mete out the consequences of non-compliance. Having the right tools in place and gaining support from senior leaders are critical to ensuring that the hard work in creating travel policies is rewarded.

Travel Managers compliance-related tasks and activities

Managing travel vendor relationships	Obtaining and/or managing contracts with travel vendors	Reminder to follow policy	Escalation/reporting of issue to the travellers supervisor
95% / 89%	92% / 86%	82% / 73%	70% / 60%

■ North America ■ European Union

CHALLENGE 7
SENIOR LEADERSHIP

The travel manager's experience: **undervalued by senior leadership and a lack of support received from leadership, especially in enforcing policy.**

A recurring theme among respondents is their distant relationship with senior leadership. It's possibly their most pressing challenge. It indicates a catch-22 situation for the travel manager – not only do they find it difficult to break out of the daily routine, the tasks they're wrapped up in tend to reinforce their lack of influence with leaders. In other words, they need to deliver more value and strategic influence, and get more recognition by leaders for doing so. This could be achieved by proactively discussing the travel needs of each business unit and putting programmes in place that meet differing objectives across the organisation to meet corporate objectives.

For travel managers, operational challenges and tactical tasks tend to account for the majority of their time, and the research highlights that only a minority are involved in activities that create the opportunity for strategic conversations that engage senior leaders. Strategic sourcing plans and procurement structures are other less common responsibilities, as reported by 50% or fewer travel managers.

TMCs can free up time for travel managers, enabling them to focus on the tasks and responsibilities that have a clear link to the objectives of these different line of business executives. In turn, this will further raise the profile of travel managers with leaders and allow them to spend more time on strategic activities.

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A CATCH-22 SITUATION FOR THE TRAVEL MANAGER

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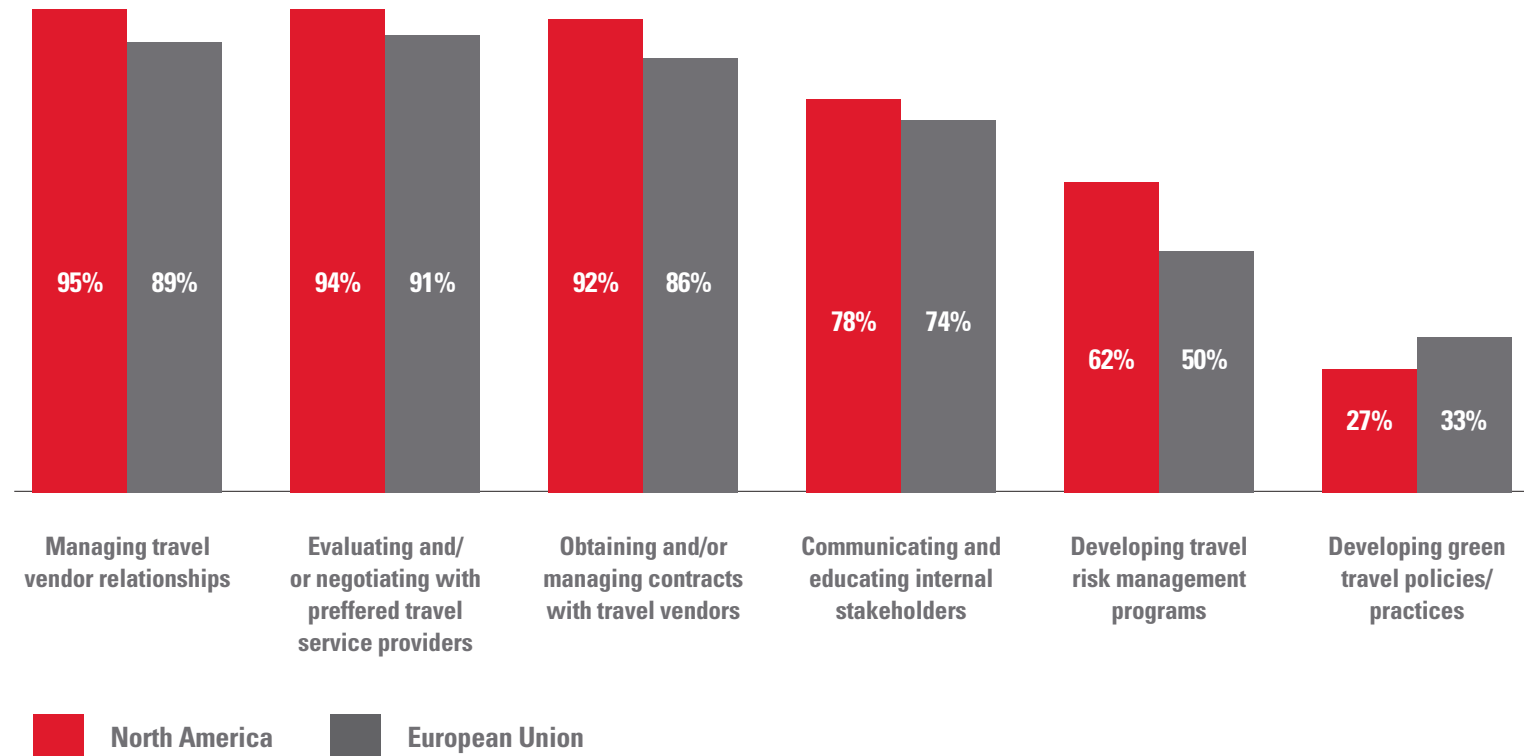**A DAY IN THE LIFE
OF A TRAVEL MANAGER**

WHAT'S KEEPING TRAVEL MANAGERS BUSY?

Our research looks at the evolving world of corporate travel from the travel manager's perspective. To do this, it asked fundamental questions about what constitutes the average day. Similar patterns emerged across both NA and EU, with the former generally scoring higher across the range of responsibilities.

Globally, travel managers cite vendor-related responsibilities including managing TMC relationships, evaluating and negotiating with preferred travel service providers, and obtaining or managing contracts with their providers as their top responsibilities.

As noted in Section 1, 8 out of 10 travel managers say they are involved with technology solutions. Similarly, a high percentage cite other responsibilities such as developing and aligning strategic travel program goals with overall organizational objectives as well as managing various internal and external stakeholder relationships.

Travel Managers responsibilites

Responsibility	North America	European Union
Managing travel vendor relationships	95%	89%
Evaluating and/or negotiating with preffered travel service providers	94%	91%
Obtaining and/or managing contracts with travel vendors	92%	86%
Communicating and educating internal stakeholders	78%	74%
Developing travel risk management programs	62%	50%
Developing green travel policies/practices	27%	33%

North America   European Union

HOW DO TRAVEL MANAGERS SEE THEIR DISTRIBUTION OF TASKS CHANGING?

In short, not by much. This could be crucial, because it appears to contradict other findings from the research that show travel managers are aware of the potential for transformation of the travel landscape. However, respondents said they expect to be managing roughly the same distribution of responsibilities in three to five years' time.

This suggests a reality gap. They see changes on the horizon, but travel managers are uncertain about how they should respond and how it will impact them.

There's also the possibility that they're underestimating the added value that TMCs can offer. If they communicate this message effectively, TMCs can create new opportunities for supporting travel managers and their programs.

Interestingly, the biggest regional divergence (85% NA and 70% EU) in the results around roles and responsibilities is the proportion of travel managers who "develop and align strategic travel program goals with overall organizational objectives". This 15% difference could indicate that North American travel managers are responding faster to business change than their European counterparts.

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THEY SEE CHANGES ON THE HORIZON, BUT TRAVEL MANAGERS ARE UNCERTAIN ABOUT HOW THEY SHOULD RESPOND AND HOW IT WILL IMPACT THEM

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ON THE ROAD TO ADDING VALUE
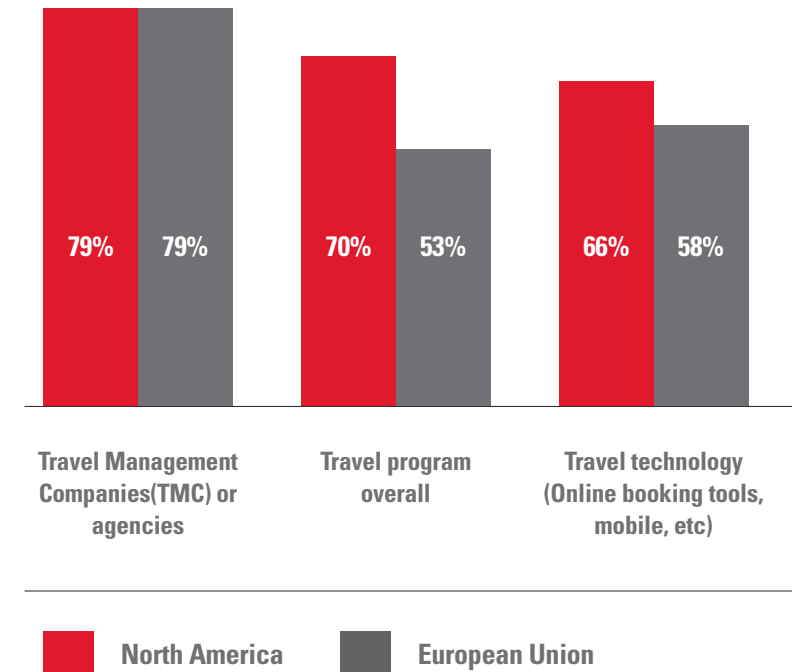
STRENGTHENING SUCCESSFUL RELATIONSHIPS

Much of our research looked at travel program savings and metrics. The majority of travel managers report that they measure the performance of their overall program (70% NA and 53% EU). The most common methodologies are benchmarking with TMCs or third parties, satisfaction surveys and qualitative interviews.

These results are good news for TMCs – their performance is even more likely to be measured (79% in both NA and EU). Better still, TMCs receive either excellent or very good ratings from a majority of travel managers (60% NA and 57% EU).

These are higher than the performance scores achieved by airlines, travel technologies (such as online booking tools and mobile apps) and hotels. This is a strong foundation to build an even closer relationship – although clearly there's room for improvement. TMCs already contribute to the overall success of travel programs, but they're not yet providing all the skills, technologies, tools and cost-efficiencies that respondents say they need.

A majority (70% NA and 55% EU) of travel managers calculate the amount of money their company saves each year. However, when asked to provide the percentage breakdown of savings by category, between a quarter and a third of the responses, on average, fell under 'other' or 'unspecified'. This aside, the savings were spread across the remaining categories, with the largest percentage (nearly 25%) attributed to compliance-related metrics. With wider experience of analysing such data TMCs can add further value to travel managers, further strengthening the long-term relationship.

What do Travel Managers currently measure?

Travel Management Companies(TMC) or agencies	Travel program overall	Travel technology (Online booking tools, mobile, etc)
79% 79%	70% 53%	66% 58%

■ **North America**   ■ **European Union**

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SIGNPOSTING THE FUTURE OF CORPORATE TRAVEL

A CHANGING ROLE IN A FAST-MOVING WORLD

When forecasting their responsibilities in the next three to five years, travel managers gave roughly the same allocations. Although these findings indicate no impending changes, when asked to explain how they expect their role to change, their comments tell a different story.

Of course, this reality gap is not unique to travel managers. Five years ago, if you had asked a cross-section of people how different their jobs would be in 2015, many would not have foreseen the far-reaching impacts of digital and mobile technologies or the growing bring your own device (BYOD) trend. Perhaps the pace of change makes roles and responsibilities simply too difficult to predict and we're increasingly living in a world of 'unknown unknowns'.

Sabre's dialogue with travel managers and TMCs often leads to discussions about the future – and readiness for how far and fast corporate travel is changing. The respondents echoed these conversations and five – not unexpected topics – scored highly in terms of changes to the travel manager role.

CHANGE 1. ADVANCING TECHNOLOGY
Keeping up with technology advances for travel requires specialist expertise. Without the right skills and knowledge, travel managers will struggle to meet travelers' expectations on the use of online and mobile technologies. Millennial workers, in particular, want greater control of their journey and a more streamlined travel experience.

CHANGE 2. DATA AND REPORTING
Using data to inform decision-making is a key goal for many travel managers. This means travel managers need to gain more control of, and insights from, travel-related data. This will help them communicate their value through sophisticated, joined-up reporting, which shows the financial and non-financial benefits of a managed travel program.

CHANGE 3. INCREASED GLOBALIZATION
As companies expand their reach, it creates problems in terms of monitoring and managing a global travel program while keeping costs down. Global growth can create complex supplier and vendor relationships across different jurisdictions – and increases the burden on compliance.

CHANGE 4. MORE STRATEGIC
For many travel managers, this is a catch-22 situation. The more time they spend on operational issues, the less they can devote to strategies that would streamline the travel program. For example, by far the most problematic area mentioned by travel managers is compliance. They spend too much time ensuring and enforcing travelers are compliant, while they lack the time and influence to align travel programs with organisational objectives, and get senior leadership to support them or sponsor travel policies.

CHANGE 5. SAFETY AND SECURITY
Risk management programs are areas where travel managers – with the support of senior management – could make a significant contribution to rising concerns over traveler safety and duty of care. In an unpredictable world, travel managers look to TMCs to help them navigate these challenges.

Again, these expected changes all point to the need for stronger relationships with travel managers as a defining factor in the success of TMCs.

> THIS REALITY GAP IS NOT UNIQUE TO TRAVEL MANAGERS... WE ARE INCREASINGLY LIVING IN A WORLD OF 'UNKNOWN UNKNOWNS'

BECOMING A TRUSTED ADVISER

It's important for TMCs to continue to adapt to the individual needs of the travel manager. If they respond in the right ways and demonstrate they're indispensable in a world of change, then travel managers will see them as a trusted adviser.

As technology drives more change, TMCs need to continue to evolve their consultative capabilities. A starting point could be to simplify the technology choices travel managers face. TMCs are in a great position to offer this advice, adding clarity to choosing, implementing or applying these new technologies. But only if they can provide all the skills and experience required – from systems integration to project management.

This approach builds on strengths that TMCs already have. After all, TMCs are accustomed to providing a 'high-touch' service to travel managers. In the future, the conversation will move from functional order-taking to being the human face of technology for travel managers.

So if TMCs are to increase trust, technology and consulting expertise need to be at the heart of a stronger relationship with travel managers. Some examples of added-value services include expense management integration, online booking tools, compliance automation and tracking, mobile traveler support, plus real-time data analysis and reporting.

If TMCs respond to these new demands, they can differentiate their business from the competition. If they're slow to respond, they risk losing out to an increasing number of rivals.

CONCLUSION

The changing travel landscape is a potential win-win situation for travel managers and TMCs. Technology holds the key, but it's the strength of relationships and the trust they share that will define success. The TMC can increase profitability by becoming the human face of technology and a more trusted adviser for the long term. At the same time, the travel manager can bring strategic, data-driven and actionable insights to their organization – specifically to decision-makers. Ultimately, TMCs and travel managers need to work together to elevate the view of corporate travel managers in the boardroom.

> TECHNOLOGY HOLDS THE KEY, BUT IT'S THE STRENGTH OF RELATIONSHIPS AND THE TRUST THEY SHARE THAT WILL DEFINE SUCCESS

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APPENDIX

RESEARCH GOALS AND METHODOLOGY

RESEARCH GOALS

In October 2014, the GBTA in partnership with Sabre conducted a two-phase research study about the role of the travel manager and the value of their managed travel programs. The main goals of the research were:

1. To explore day-to-day tasks performed by travel managers.

2. To show the financial and non-financial savings they bring to their organizations.

3. To understand the metrics and key performance indicators (KPIs) used to measure the success of their corporate travel programs.

RESEARCH METHODOLOGY

An initial phase of in-depth phone interviews with 11 travel buyers (five in North America and six in Europe) with a minimum of 10 years' experience at companies that spend US$5 million or more per year on travel. The second phase was a quantitative survey to participants in North America (NA) and Europe (EU) responsibilities including airlines, hotels, vendor management, and travel technology. There were 341 survey respondents from NA and 226 from EU.

Sabre

Sabre is an innovative technology company that leads the travel industry by helping our customers succeed.