

Welcome to Adventure Land

Chances and Risks in Internationally Oriented Travel Management

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Phelias Fogg, the protagonist in Jules Verne's "Around the World in Eighty Days", is a master of efficient travel. And it's no wonder, as his trip is simply a means to an end - to keep his fortune out of the hands of his London betting mate. Consequently, Phelias Fogg is a business traveller par excellence. And as such he experiences, much as the business travellers of today, that the world outside his own offers many surprises, unexpected obstacles and all sorts of temptations. Of course, Phelias has the advantage of being a fictional character, dependably striving to achieve his literary purpose - a happy ending. This is not something guaranteed in real life, and particularly not in travel. In fact, travel is the Achilles' heel of many businesses. It is a sort of black hole that irresistibly attracts and subsequently consumes money and resources. And it continues to do such until cost control or management hits it with the "E" question - is it efficient? If the question has not been posed previously, it quickly will be when the company goes international and travel volume and organisational requirements begin to grow. Now is the time for process design; now is the time for travel management.

Travel management goes international. Due to advancing globalisation, the subject is gaining priority not just quantitatively, but also qualitatively. Who should work this field and what tools should they use? What goals should be focused on and where are the starting points? These are questions that many businesses are having trouble answering, often because they lack experience with travel management concepts in their domestic market. Leading businesses from English-speaking countries and other major corporations with the necessary management structures have already approached the subject. It is important to note here that the methods used for internationalising travel management are heavily influenced by the culture of a business's domestic market. American businesses, for example, operate very confidently and with clear directives. European companies tend to operate more cautiously and prefer integrative persuasion methods.

Taming the shrew

Regardless of the culture travel management is based upon, all concepts strive to unify internal and external travel processes beyond national borders. Indeed this is a Herculean task that requires nothing less than consolidation under specific and to the outside observer, often enough, very strange foreign market conditions, which tend to be impervious to order.

Nevertheless, it is worth the effort, if only because the potential for optimisation is substantial. And not just in the international dimension. The benefits businesses gain from optimising travel behaviour in foreign markets also work in their region. The greatest rewards will be reaped in the domestic market.

What are the requirements for achieving internationalisation?

1. National consolidation has precedence

Before international consolidation becomes an item on the agenda, national travel management should be in top form. Only when efficient processes have been established in the domestic market and cost reduction potential therein exhausted, is it recommendable to start looking across national boundaries. A respectable showcase and a good success story are critical to be convincing beyond the border.

2. Identify responsibilities

Few businesses have the international network structures required to unify processes. There is a simple reason for this: travel management has varying organisational foundations in individual markets. For example, in Germany, travel management is often the responsibility of the purchasing or human resources department - that may not be the case in France or Brazil. This means that international consolidation will first require that those responsible for the topic be ascertained for each market and business, in order to acquire the necessary information about the current state of travel management in a particular country.

3. Never without a clear mandate

The most important requirement for national and international process optimisation is a flexible mandate from company management. Consolidation cannot be accomplished without this mandate - neither at home nor abroad. Unfortunately, this

aspect is frequently underestimated, even by project representatives. When asked at travel manager workshops what their mandate and commission are, project representatives are often unable to provide a spontaneous answer. This leads one to conclude that the commission is not official, but, rather accepted. It is often confirmed that a flexible mandate does not exist. This means that the business has not thoroughly defined the field of responsibility. What does the business expect from travel management? The answer to this question should be as clearly formed as possible if travel management is to have any chance for success. When in doubt, the travel manager should pick up the commission and start asking important questions. What does my employer expect me to accomplish? What are my goals and what room for manoeuvre does travel management have?

The chiefs need to be convinced

Internationalising travel management is a multifaceted task as exciting as globalisation itself. It is a task that offers substantial optimisation potential, but also involves risks that cannot be ignored.

One of these risks is encountered by every travel manager in the form of powerful regional leadership. If travel management is not equipped with a resilient mandate, conflicts are bound to arise. The pack leader assumes an ostentatious pose and tells management at home that they will not accept any intrusion into their area of responsibility and that everything is functioning fine anyway. Should support from the chiefs still be withheld, the project will die before it ever gets started. Conclusion: internationalisation should be based upon a success story in the domestic market and have the blessing of the highest levels of leadership.

Internationalisation is not a desk job

After the mandate is secured, the commission is defined and those currently responsible for the field have been identified in each market it is time for the first analysis. This usually entails transparency of costs and processes for the market in question, for example, by using a process-check form that enquires about volumes and transactions by category, travel guidelines, process flows and supplier contracts, thus providing first indications about the status of travel management in a given country. The groundwork is concluded with a raw concept that, above all else, prioritises the countries in question.

Internationalisation cannot be accomplished from behind a desk. Travel management must be achieved within the individual markets, in order to gain the acceptance and participation of the people affected. This is the only way to create any leeway for the arrangements that are made - particularly in countries with a different cultural background. It is very important that the project representative, their supervisor and the managing director of the market in question all participate in the first meetings. Ultimately, it will come down to the meat of the matter - mediation of the commission, strategy, validation and supplementation of the elevated market status, identification of market specifics and, of course, solidification of approach methods. Naturally, a detailed protocol of this kick-off meeting will be created and passed on to the participants and management.

Obviously, consolidation will require constant contact with the individual markets. Quarterly reports and status reports are suitable media to integrate the people responsible at location into the project and to commit them to success.

The reality check

The potentials of internationalising travel management can be seen more clearly by observing real world travel. Following the creed "nothing is impossible" tickets are rebooked on location for an airline other than the one prescribed, a different hotel is checked into - naturally at the employer's cost - and a down day is squeezed in, because flying business class is so strenuous. Travel life is fun and, for example, switching to an unauthorised hotel to collect incentives, such as bonus miles, it is not uncommon. Hotels report regularly about how travellers pressure reception desk personnel into giving them a room upgrade. And, of course, commercial exchanges during business trips often include the oldest trade in the world and the discretion proffered is almost never kept. Particularly in China conflicts often arise when travellers escorting prostitutes to their rooms disregard that prostitution is illegal in China. In short, bending or even breaking the rules of travel is commonplace and not just when travelling abroad. Since everyone simply does what they want, travel management remains, in reality, often just an illusion.

The behaviour of many travellers is not just questionable from a moral standpoint, but also directly influences travel management efficiency. For example, when negotiating hotel rates the reputation of a business always plays a deciding role. Or, put differently: companies whose employees know how to conduct themselves have a definite advantage.

Accordingly, sustainable travel management requires facing unpleasant, and often enough unsavoury, facts. Only those who know how it is can determine what and how it should be. It will quickly become clear that the conduct of travellers directly reflects upon the current state of travel management. The system will be abused wherever it can be.

The discrepancy between requirements and reality, i.e. between a standing policy and the actual practice, can only be resolved when the guidelines are thoroughly communicated and enforced. Travellers must be included in a network, in which qualified information is provided centrally and is easily accessible. The advantage is self-evident. Unified process control, easy access and transparency all have immediate impacts on cost-effectiveness.

Establish structures

In order to define valid guidelines for all markets, to install uniform processes and establish an efficient communications infrastructure, resources will need to be pooled. The travel office's account management plays a deciding role in this. The best proven systems so far are those in which a key accountant in the domestic market manages communication with the diverse travel office partners worldwide, gathers relevant data from the markets and establishes quality control. The strong position that a business usually has with its domestic partners can be an effective tool in this process. Their position can also be useful in international activities as sales volumes in core markets can make for a good argument when negotiating preferable conditions in foreign markets. Additionally, the goal of minimising process, travel office and primary travel costs is incumbent upon travel management.

Who is allowed what - service standards

The idea that everyone is the same is an illusion that will confront travel management no later than when the question of developing uniform service standards arises. If for no other reason than simplicity, it would be desirable to treat all employees equally, regardless of varying origins or hierarchy levels. However, service standards will be opposed by the varying cultural customs of the markets - or even the, more or less clear, expectations of the business's management body. This may lead to expecting Chinese or Indian co-workers to fly economy class on long-distance flights even if business class is the only way to fly in the domestic market. A hotel below the envisioned standard will be reserved for an Asian colleague or

colleagues travelling together will be allowed to book separate hotels of higher or lower quality based on "social status" - in reality an absolute "no-go".

The decision as to how differentiated the travel guidelines should be, will be made by the business's management body based upon cultural, social and political considerations. Of course, travel management, with its expertise and grasp for local conditions and emotional compositions can and should take part in this difficult discussion on company policy.

Ultimately, the main task for travel management will be to convert specifications - no matter how problematic they might be - into binding standards, to clearly communicate the rules and to oversee their enforcement.

It is important to note that uniform service standards do not necessarily reduce costs. Polishing estates is not the main concern. What is important is the establishment of a transparent, comprehensible and balanced policy as a fundamental component of optimised, controllable and therewith overall more cost-effective processes.

Standards in this form can even become a burden, as the pack leaders will quickly point out if they feel their profit shares are in danger. All-in-all, at least at the international level, travel managers must negotiate a minefield. Travel managers require diplomatic skills, compelling arguments and the necessary support of their superiors.

Do good and spread the word

Those that issue the mandate are often impatient and want to be kept happy. Thanks to a consolidated database, efficient process designs and a well conceived and communicated policy there should be no reason for a travel manager to need to hide in a corner. Quite the opposite is true. They should be telling upper-management what they want to hear, for example, that the travel budget can be cut by 25 per cent within a foreseeable period.

Intensive reporting based on consolidated data makes travel management operations transparent and provides the department with standing that is above and beyond the mandate and cannot be ignored by change management.

Intelligent travel

Any company that has ventured into globalisation has, more or less painfully, learned about foreign worlds. The ability to adapt is critical. Travel management can often play a key role

in providing the required adaptation. Ideally, travel management will be able to make use of local features and turn disadvantages to their favour - an example:

Tickets for flights within India can, for some time now, no longer be purchased with a foreign credit card over the internet. This is because Indian officials decreed such in an unfathomable resolution. Well developed travel management would have a remedy. They would have already acquired a long standing relationship with a travel office in India that could book the tickets locally and then forward the electronic tickets to the domestic office. It is a simple arrangement that will save a traveller the hassle of finding their airline's ticket counter in the Delhi Airport late at night, in order to pick up tickets to their destination.

Or, another example - this time with a direct cost effect: An internationally based business has its American headquarters in Boston and its German centre in Heidelberg. Communication between the American and German travel offices functions smoothly. And the travel office representative in Boston knows that they are better off buying tickets in Germany, since the price difference between the USA and Germany is striking. Considerable cost advantages can be realised in this manner.

Lost in action

Since the conditions in foreign markets are sometimes drastically different than those at home, travel management often provides a form preventive crisis management. Travellers are constantly being confronted with problematic conditions in their destination countries. It is important to be prepared for all contingencies ahead of time and to structure plans in such a way as to ensure that the company does not neglect their responsibilities towards their employees. The traveller must be given clear guidelines as to how they are to conduct themselves and who is to be their contact, for example, in case of an unplanned change of location or a medical emergency. The worst case scenario is one in which the company loses contact with the employee. This will almost certainly occur whenever a traveller books flights on their own without consulting the company. Solid supplier relationships in the markets, corresponding access to data and clearly defined conduct guidelines are essential to ensure that this kind of situation does not arise and that the company can respond appropriately in case of an emergency.

Many settings, many risks

Risks for internationally based travel management wait in very different settings - at the very least because globalisation has yet to lead to harmony in technical processes or judicial standards. Even those that work with international providers will quickly run into obstacles that will require, among other things, a degree of improvisation skills to overcome. An example with travel offices: agencies in the individual markets work with very different GDS systems - in Germany with Amadeus, in the USA with Sabre and in Russia and China with many varying and not inter-compatible systems. In China alone there are at least four GDS systems currently being used by airlines. The systems we are accustomed to are not allowed to be used there. This creates a problem for travel management back in the domestic market, as reporting is largely based on system data. The only available option is improvisation. The data can be entered manually in the domestic system and then deleted in the original. This is, however, not exactly a model for efficiency.

Travel management in Russia can also be particularly troublesome. There are currently five reservation systems in use in Russia and none of them go by the name of Amadeus, Sabre or Galileo. A majority of the travel offices are run by franchise businesses that are seldom accessible for warranty claims. Due to the completely different conditions in Russia, it is all but impossible to maintain a desirable quality of uniform reporting.

Another similar problem in Russia involves the subject "back office". Russian travel offices commonly provide just one ticket copy, much to the joy of accounting. Or a credit receipt will arrive in which the line "Invoice" has been struck through and replaced with "Refund" - of course, with the original receipt number and a positive sum. Again, accounting is thrilled while the travel manager attempts to explain the basics of western European accounting standards to the Russian travel office representative.

In general, no other country has as many bizarre surprises in store as Russia does. Anyone who has ever dealt with Russian airlines will have some sense of this. Take an illustrious airline, such as KrasAir. A traveller will find them anything but charming when winter sets in and runways are covered in snow.

Summary: The established quality standards in Western Europe are seldom found in developing countries. India is an exception. The country is in some respects more advanced

than Germany when it comes to the travel office sector, for example, with regard to automation, service and automatic tracking of internet-based visa procurement processes.

Hurdles in reporting

Uniform and substantial reporting lies at the very heart of qualified travel management. It provides the transparency that the mandate issuer expects and is indispensable in regulating provisions. Consistency and quality are deciding factors in reporting. And therein lies the problem. The standards and practices in the various markets will lead to very different outputs. Whereas in one country gross costs are emphasised, a partner in another country may provide ticket data or net costs. If the system is not unified at the lowest common denominator, inconsistencies in the data will lead to a distorted perception and consequently to the wrong conclusions. Anyone who wishes to avoid these stumbling blocks would be well advised to constantly question the processes and data sources.

Create synergies

In every risk there is an opportunity. Of course, this goes without saying. But it is without doubt valid in travel management. Imagine for a second that business "X Worldwide" works together with the globally present travel office chain "Team Travel". The co-workers here book locally, as do those in Canada - good business for the agency. But amazingly Team Travel acts as if there were two distinct companies at play here. For example, if a Canadian colleague flies to China with a stopover in Germany to visit the centre there, the rates negotiated in Germany will not be applicable in Canada as well. This is solely due to lack of communication between the travel office representatives on both sides of the Atlantic and exchange between the markets. The employees in Canada believe that their offered rate between Germany and China is good, even if they pay 5,000 Euros for a business class ticket to China and the current German rate is 2,000 Euros. Communication is key - if only to take advantage of the enormous potential offered by a truly global arrangement. It is necessary to ensure that rates are compared and travel office partners are involved with the key accountant on location.

The human factor

Ultimately, friction for internationally oriented travel management will rest on the shoulders of those involved. Because, even though everyone knows that we now live in a globalised world, local actions are still stuck within the borders of "This is what we have always done."

This holds true for Germany, Canada and particularly for China. In China it is not uncommon that a travel office's account management is responsible only for a certain, very constricted region. Anyone who wishes to get their Chinese partner to cover the entire market will be met with amazed faces, since no one there has yet to contemplate such a notion. In reality, globalisation connects many villages. Not much more has been accomplished yet.

Even within a single culture group there are often enough different uses and habits or simple misunderstandings to provide human challenges to travel management. Speaking to an American partner might take some extra effort before they understand what is expected of them - and there are no assurances that the message will be truly understood. "Yes we can" does not always mean "We will get it done, James."

It should be clear by this point that travel management requires resources - mostly time and money. Telephone conferences and e-mail alone will not suffice to achieve an acceptable result. Those who wish to take full advantage of the enormous cost reduction potential will need to continually immerse themselves in the markets and keep in close contact with the appropriate people.

Sometimes it is better to be lucky than good

Sometimes talking will not get the job done. The only help left is luck. For example, when despite global requirements and escalation, access to the local agencies of global partners is simply not possible or when existing structures exclude the possibility of cooperation. These phenomena are observed time and again when the partners on location are simply franchise participants. This often the case with travel offices and credit card institutes. The total volume indices that inspire businesses will receive nothing more than a tired smile from the franchised dealer, since they don't get anything out of it.

The same difficulties intensify a different problem when working with globally active partners - the problem of dependency. A travel office or credit card partnership that has been implemented at great cost cannot be simply thrown out the window, especially if obstacles in the market against the unification had to be overcome. After all, credibility is at stake here. Of course, the partner knows that. And you are aware that the laboriously constructed international structure is very fragile, particularly in its early stages. When travel

management is still young, and requires extra care and attention, it is almost impossible to switch providers, since a new partner will certainly not be found soon enough. Put plainly: a change of partners in the early phases is suicide.

It is equally important to keep a close eye on the work done by partners and to let the international project grow in the interim until the processes have settled in. After about four or five years the structure should have stabilised and travel management can be expected to have gained standing. At this point a change of partners can be considered, if the benefits are great enough.

Know who is committed

It is important to be careful when selecting partners. Not every provider is prepared to accept domestic market volumes at foreign market rates. In particular American airlines are adamant about this point. Even a good contract in the domestic market as a strong argument might not necessarily help. Companies in America will insist upon their own, high entry volume quotas of up to a half million dollars and will on top that ask for travel management data material in order to estimate expectable volumes - something that it absolutely unheard of in Germany.

So global does not automatically mean cheaper and most definitely not better. Instead of relying on synergies that due to the company politics of the potential partner may never be reached, travel management must balance what and how much should be done with which partner, if for no other reason than to avoid the risk of becoming a victim of globalisation instead of profiting from it.

Real globalisation will require a shift in the awareness of providers that is far from being realised. Nevertheless some are setting examples, such as Air Berlin. The argument "one company, one rate" has run into refreshing good will there; one reason why many businesses are using Air Berlin to fly around the world at uniform rates.

Return of the chief - and his mates

The agenda has been executed, structures have been put in place, the right partner has been found and processes have been communicated. Certainly nothing can go wrong now. Yeah, right! As mentioned from the very start, travel management and its internationalising project will run into obstacles within its own organisation time and again. And in the fight against

change, money is a compelling argument. Thus it may come to pass that the chief in India sends an agitated mail asking why they have to pay part of their flight cost, when they have always flown for free in the past. This is a typical example of an Indian relationship and dependency network against which European cronyism seems almost ideal. Accordingly, the efforts needed to ensure that the agreements met are actually put into operation can be demanding. A one year visa and an appropriate stock of charcoal tablets are definitely worthwhile. On top of everything else, infringement on long-standing relationships is a balancing act that does not make the issue any easier to deal with.

Of course, travel management does have the better arguments: uniformity, transparency, crisis security, cost effectiveness, controllability and equity. The more the person responsible for the project knows about the conventions of the individual markets, the more they understand the dos and don'ts, the better the chances are that the right arguments can have a positive impact even under the most exotic conditions. Exchanges with colleagues that know their way around the jungle of local conditions are of utmost importance. Another way to prepare to work in foreign markets is to visit a relevant country workshop, such as those offered by international commerce chambers.

Often overlooked problems

Travel guidelines are all well and good. They can be real cost killers, as long as they are followed. Travel management would be well advised to close any organisation or communication gaps that could allow travellers to get around the rules. This too cannot be accomplished from behind a desk. For example, when a German co-worker with a mission in Delhi regularly coerces the Indian colleague responsible for booking local hotels into booking outside the guidelines, the only thing that can help is a discussion on location. The goal is to overcome the habitually submissive demeanour that Indians tend to display towards Germans, so that they can say "no" at the deciding moment. After all there is a lot of money at stake. This holds particularly true in India, where the price differences between hotels can be so exorbitant that even executives of large German companies pay close attention to price lists when travelling there.

The coherence of processes can be equally critical in deciding outcomes. Put differently: if there are any hiccups in the system, even the best travel guidelines are useless. They will simply be ignored. A real world example: a travel group is supposed fly from Germany via

Moscow to the Asian part of Russia. Their travel guidelines limit them to economy class for flights within Europe. Business class is allowed for intercontinental flights. The attentive colleagues believe it is to their advantage to book their flight from Moscow over the Urals not in the German travel office, but instead through a representative in Russia. The domestic travel office books the Moscow flight, and in business class at that, since the group will continue on to Asia. As it later turns out, the trip ends in Moscow for our industrious expense account fiddlers. They can only be complimented. And then the search for the error in the system will begin.

In the example above the travel group was only able to release their business-damaging creativity, because the problem with the inner-Russian flight was not covered by the processes. Ideally the appropriate local travel office would have contacted a Russian partner agency for the booking, so that all the strings would lead back to a central point.

Praise for baby steps

One of the most obvious consequences to be derived from "foreseeable" implementation difficulties is that markets should be dealt with successively. In addition to reason of capacity, this approach method is supported by the experience that many problem areas are similar and proven solutions in one market can often be conveyed to other markets.

A further prerequisite for successful implementation in foreign markets is the installation of a single point of contact for the international organisation - one body that is responsible for travel management on-site and can ensure that booking data are available in close to real time by controlling the local provider in coordination with the key account manager. Without a reliable data flow the system will remain impotent and the situations in the markets will remain as chaotic as they were before.

Speaking of data, every travel management solution, whether in the national or international dimension, is, of course, IT-based. The design of the IT architecture is as specific as the corresponding business requirements and the reporting demands. However, there are still a few basic rules that should be taken to heart. One is the principle "no ticket without a project". This means that every trip will be assigned a project number by the travel office. No ticket will go out without one. As trite as this may seem, it drastically relieves the burden

for the entire process, all the way down to finance accounting. Good travel management will always keep process costs in mind.

Always remember people want to be convinced and entrained. It is important that internationally oriented travel management does not come off as a repressive regime, but instead as a cultural project that is useful to everyone and is in line with the company's identity and leadership. Travel management needs to be seen as a project that noticeably improves service quality for travellers, assures maximum personal security in problematic markets and creates transparency where the dark mists of hierarchy and unquestionable privileges once swirled.

When all is said and done, travel management has a highly political dimension, at least when it is internationally oriented. It is completely and fully bound to the spheres of real-world economics. It does not just blow smoke, but instead creates tangible cost advantages - a benefit that companies come to embrace, particularly in difficult times.