

Case Study

Focus: Consolidation



corporate travel
management

Client: Construction Industry

Background

'Company B' is a construction supplies company with various businesses operating under its umbrella. As of April 2007, CTM was the appointed travel management company for one subsidiary.

Objectives

Following the successful management of one of Company B's subsidiary businesses, CTM was engaged to benchmark the entirety of Company B's business operations, with an aim to:

- **consolidate its travel spend**
- **drive behavioural change towards savings optimisation**
- **increase online booking uptake**

To fully integrate a group of independently operated companies into a unified travel management program

Road Blocks

As a group of businesses which are independently operated, Company B presented CTM with a number of challenges upon its appointment as the company's sole travel management provider. These challenges needed to be confronted and dealt with to enable CTM to successfully fulfill its objectives for the group.

These included:

- **A strong resistance to transaction fees**
- **A false perception surrounding direct-selling websites**
- **An overall resistance to change**



Solution

Upon appointment across the Company B group, CTM developed a solid understanding of the company's structure, including conducting a detailed analysis of each individual business. In doing so, CTM was able to identify the unique needs of each business whilst determining the necessary best practice procedures for the group. It was imperative that Company B's key stakeholders fully understood the benefits of a consolidated travel management program and adopted support for the project.

CTM undertook a number of steps to achieve the group's objectives for consolidation. These included:

- Conducting a **benchmarking exercise of all of Company B's businesses**, outlining a clear vision of best practice for the group. This vision was communicated to key stakeholders in each individual business through presentations and consultation, with CTM working to overcome a resistance to change and transaction fees. Above all, it was critical for CTM to increase knowledge and understanding of the travel industry across the company's staff in order to facilitate a change in booking behaviour.
- Implementing direct supplier agreements on behalf of the group in order to achieve and exceed a **savings target of \$1 Million**. Through a transparent and proactive reporting approach, CTM was able to positively influence the company's **purchasing behaviour**, to maximise cost savings through Best Fare adoption and increased advanced bookings.
- A new consolidated travel management program for the entire group was formulated, ensuring that **100% of bookings made were policy compliant** and **driving online usage uptake**, while introducing Quarterly reports to identify **ongoing savings opportunities**.

Results

\$1.8 Million cost savings

Through our consolidated approach to the negotiation of direct supplier agreements, a cost saving of **\$1.8 Million** was achieved, exceeding the \$1 Million target by \$800K.

CTM exhibited its ability to drive savings through consolidation and behavioural change

online uptake increase of 27%

Through the implementation of a **consolidated travel management program**, the purchasing behaviour throughout the Company B group changed significantly with an online uptake **increase of 27%** (from 57% to 85%). Between April 08 and June 09 there was an increase in restrictive fare usage from **80.54% to 93.76%**.

The ability of CTM to initiate, implement and execute a consolidated travel management plan in a deeply fragmented organisation has proved critical for the client.