

Case Study

Focus: Cost Reduction



corporate travel
management

Client: Resources Sector

Background

'Company A' is the parent company for six divisions operating across the Mining, Engineering, Consulting, Corporate and Rail industries, with over 6500 registered traveller profiles and 200 travel coordinators. CTM was appointed as the company's travel management provider in 2009.

Objectives

Company A conducted an in-depth review of its travel program in 2007, being dissatisfied with their low level of online adoption and increasing overall travel expenditure.

Their key objectives in going to tender were:

- to increase online usage to a minimum benchmark of 40%
- to drive cost reduction strategies through the implementation of a strategic travel policy

To drive cost reductions through increased online uptake and improved travel policy compliance

Road Blocks

The size of Company A's travelling workforce posed a number of challenges to successfully achieving the company's cost saving objectives.

These included:

- A low level of staff knowledge relating to the benefits of using an Online Booking Tool
- Transferring 6500 traveller profiles efficiently and accurately into a new booking system
- No existing robust travel policy in place that represented all divisions - some divisions had no travel policy in place at all



Solution

Due to the scale of the project, CTM dedicated two experienced Client Value Managers to the implementation and training process. This ensured the company's objectives were reached and exceeded in the most efficient way to deliver maximum return on investment.

CTM achieved this by:

- developing and implementing a **new tailored travel policy** and **booking system** focused on **cost saving practices**, including the utilisation of Best Fare of the Day and Tickets on Hold (stored credit), advanced booking practices and promoting preferred supplier programs
- conducting a **national road show of small group, on-site training sessions** across Australia. Sessions included comprehensive training on the Online Booking Tool to enforce the benefits of online vs offline bookings, plus a detailed introduction to the new travel policy to ensure stringent adherence to best practice procedures. The training program was then reviewed after three months, with additional regional training sessions conducted as needed
- forming **strong relationships and building confidence** between Company A's staff and CTM's consulting and management team through regular consultation and ongoing face to face training

This solution was implemented and completed within 8 weeks of CTM's appointment, with the results delivering beyond the client's original objectives.

Results

Total travel spend down by \$5.4 Million

In the first year of implementation, Company A's domestic travel spend was reduced by 22% (\$3.2M) and international travel spend by 32% (\$2.2M).

These expense reductions were achieved despite substantial increases in the number of sectors booked. Changes to booking behaviour also enabled substantial reductions to Average Sector Prices. In total, **over 20% total cost reductions** were achieved.

online uptake increase of 40%

Online Booking Tool usage **increased from 20% to 60%** in the first week of CTM's new travel policy implementation and now sits consistently at this level or above.

These significant cost reductions were achieved through changes to booking behaviour and increased policy compliance which together contributed to over \$5.4M in savings for the company.

CTM demonstrated an ability to drive cost reductions through tailored policy management and fostering behavioural change