



## The SME's Guide to Procuring Travel Management Services

GUIDE

## Introduction

Lots of businesses start small, some grow rapidly, others at a steadier pace, but in the excitement of building a successful business, putting business travel processes in place probably isn't usually at the top of a new business owner's to do list. In reality, this is likely to be fine when there are only a handful of employees, each in regular contact about their activities, but what happens when the number of employees grows? All of a sudden, you've got lots of employees travelling on business and no visibility of your people and no control over your business travel spend.

If you're a small or medium sized business or company of any size with a 'do it yourself' or 'unmanaged' approach to business travel, this detailed guide will help you decide if now is the right time to start using a Travel Management Company (TMC), and how you can source the right TMC partner for your business.

## Does your business need a TMC?

Business travel is usually one of an organisation's largest controllable expenses, but it's also a large factor when it comes to employee safety and well-being, along with employee engagement and retention. Trying to balance all these things can be difficult to do in-house, especially if the resource with adequate time and experience isn't available.

Instead of trying to handle everything on top of existing responsibilities, it often makes sense to outsource this to a professional travel management company. But how do you know if it's right for your business? If you're responsible for business travel within your organisation and you're not happy with your answers to the following questions, it might be time to partner with a travel management company.

- Do you know how much your company spends on business travel per year?
- Is it difficult to keep track of business traveller locations?
- Do you struggle to enforce your business travel policy?
- Do you have accurate data on your business travel activity?

### **Question: Do you know how much your company spends on business travel per year?**

There are lots of companies out there who don't actively manage their business travel expenditure; this often happens as businesses grow. As the number of employees and business trips increase, it gets more difficult to keep on top of everything. If you don't know what you're spending and how you're spending it, how can you tell if you're paying too much? Monitoring and analysing travel expenditure is essential for realising cost-cutting opportunities and having a proactive travel management company manage this on your behalf will provide measurable financial benefits. Your TMC will use this data to show you how your business travel programme is performing and they will make recommendations on changes you could make that will have a positive impact on your company's bottom line, traveller experience or employee productivity.

### **Question: Is it difficult to keep track of business traveller locations?**

If you need to locate your business travellers instantly, how do you do it? For example, if there is an incident, you'll want to check if any of your travellers were in the area at the time. If it's not easy to find this information, a travel management company could provide the solution. A good TMC should provide management

information that shows who is travelling where and when, they may also provide traveller tracking software that shows you this data in real time. In the absence of a TMC, it's important that you keep your own business travel records so you can locate travellers when you need to.

**Question: Do you struggle to enforce your business travel policy?**

If you have a corporate travel policy, how do you know if it's being adhered to? If you're not sure, it could be a sign that you need some help in keeping your business travel spend under control. Having a business travel policy in place is a great place to start if you want to control what, where and why your employees are booking business travel, but it's almost pointless if you have no way of checking your employees are following the rules. A travel management company can help you with this by making sure every booking follows the rules. They'll provide you with reports, so you know exactly how compliant your bookings are, and they'll offer guidance on how the business travel policy can be improved.

If you're responsible for business travel on top of other responsibilities, partnering with a travel management company should simplify your job, reduce the time you spend managing travel and ensure your travel programme is operating as efficiently as possible.

**Question: Do you have accurate data on your business travel activity?**

It's not just important to know what you're spending on business travel; you need to understand it too. Do you know which suppliers you use most frequently or which are your top 10 destinations or who your most regular travellers are? To keep a check on traveller well-being, you need to know who your real road warriors are, to make sure you're getting the best value hotel rates, you need to know in which locations your employees spend the most time. A travel management company will provide valuable insight into your business travel activity. Not only will this let you know what you're spending, with which suppliers and why, but it will also help you leverage this data to identify opportunities for improvement within your travel programme.

## Preparing to source a TMC.

Before you start speaking to potential suppliers, it's worth dedicating some time to working out exactly what you need. What problems do you want your chosen TMC to solve?

The best way to work out what these are is to speak to the people within your company who are affected by business travel.

- Who are your stakeholders?
- How much time does it take your company to research and arrange travel?
- What does your company spend on business travel each year?
- What are your strategic objectives?
- What are your essential requirements?

## Why Trial a TMC

Try before you buy, or so the old saying goes... and it doesn't just relate to trying the wine before you purchase the full bottle, it also relates to your travel management company too. Even though many businesses are currently not travelling due to restrictions with Covid-19, some key industry sectors still are, as well as many others making plans for a safe return to business travel once restrictions ease. If you fall into either of those categories, it isn't always easy to make the right choice first time. However, most travel management companies (TMC's) will arrange for a 3-month trial period, leaving you to decide for yourselves whether the TMC on trial is a good fit for your organisation.

Not only should you check out a TMC's case studies (these are a great indication of how they work with their current client's and their areas of skill and expertise) but here's why we think you should trial your next TMC before you make that all-important decision.

- **Travellers:** People who travel on company business
- **Bookers:** People who book travel for others

- **Managers:** People who approve business trips
- **Human Resources (HR):** Responsible for staff retention, training, engagement and well-being
- **Procurement:** Responsible for purchasing and managing suppliers
- **Finance:** Interested in travel budgets, savings and cost-reduction opportunities
- **Accounts:** Responsible for processing expense claims and payments
- **Risk & Security:** Responsible for risk management, safety and security

**Question: Who are your stakeholders?**

You'll have stakeholders throughout your organisation, all with different needs and opinions when it comes to business travel. Travel evokes emotion so be prepared to listen to lots of different thoughts on what may be right for the business. Understanding the full picture of your company's business travel requirements will help you balance these different needs into a well-rounded travel programme.

You'll probably find that some people respond better to different types of communication so try to mix your methods up a bit. If you have an internal company blog, this can be a good place to inform everyone that you're looking into improving the company's approach to business travel. Invite employees to share their thoughts with you via an online survey, meeting, webinar, email or forum. Speaking with your stakeholders will help you understand the challenges they face when it comes to business travel and also what they like about the existing process.

Creating a group of stakeholders from across the business will be invaluable to you as you compile your requirements, meet with suppliers and evaluate solutions. Their involvement throughout the process will also make their support of your appointed TMC much more likely.

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**Question: What does your company spend on business travel?**

If your business operates an ad-hoc system for booking travel, it's likely you have little information on your overall travel spend. This is typical of most companies booking travel themselves, however, when you start speaking with TMCs, they'll need to understand your travel booking patterns to help them establish what transaction fees to charge and also to identify what opportunities there are to reduce business travel costs.

This can be frustrating for many people sourcing a TMC for the first time, as this information isn't usually easy to find, but it's wise to provide as much detail as you can because it will help you secure the best deal for your business. Hopefully, you'll have access to corporate credit card spend and expense claims - this is where you should be able to extract the relevant travel figures. If you're not sure what to look for, here are some key metrics to consider when analysing your business travel costs.

**Total Spend:** Your total travel spend includes the cost of flights, train tickets, hotels, hire cars or other transport and travel expenses, gives an overall picture of your corporate travel spend and comparisons with previous periods can show you trends and patterns in spending.

**Average Cost of a Trip:** Take the overall travel cost and divide it by the total number of business trips taken during the period to find the average cost of a business trip. This can be refined into average hotel, flight, train ticket and spend per trip, allowing you to see if average trip costs are rising.

**Supplier Metrics:** Look at which suppliers you're spending money with to gain an understanding of which airlines, hotels and train operating companies you use the most. A TMC can use this information to identify areas where alternatives would provide comparable services at reduced costs.

**Traveller Metrics:** Don't forget to monitor which employees are travelling and if their needs are being considered. Keeping an eye on who your top travellers are, where they're going, how they're travelling and what they're spending, will help you assess the impact travel is having on their well-being. You could combine these figures with HR data to see if there are any links to regular travellers and high staff turnover rates for example.

If getting this information is just not possible, an alternative approach is to start using a TMC without the data and agree to renegotiate the contract terms after six months when they should have collected enough data on your company's habits.

**Question: What are your strategic objectives?**

Before you speak to any potential TMCs, give some thought to what you want to achieve from the partnership. Are you looking to reduce your company's spend on business travel, do you want to lessen the amount of time spent managing travel or do you want a TMC to help you implement and enforce your first corporate travel policy?

Having a clear understanding of your expectations ensures your chosen travel partner understands your expectations for success and can then build your travel programme to deliver these goals.

When thinking about your strategic objectives, remember these aren't the basic requirements that your company may need but the areas where a TMC's expertise can make a big difference to your business. Good TMCs will be proactive in understanding your corporate objectives, so they can identify how your approach to business travel can support them. For example, if your business objective is to increase profit margin, a reduction in average transaction values can help this. If your business objective is to reduce staff turnover, reducing traveller friction may help, and so on.

As you go through the process of procuring a travel management company and you've started working with your preferred supplier, it's good practice to revisit your objectives on a regular basis. Every quarter is a good time to review achievements so far and set new targets to achieve over the next few months. Once objective setting and measuring become a habit, your business travel programme will continually improve, and you'll have lots of evidence to show the board about all the value you're delivering by properly managing business travel.

**Question: What are your essential requirements?**

Use the information obtained from working with your stakeholders to complete a business needs analysis for your company and rank your top priorities before engaging with suppliers. This is where you'll define your business travel must haves and nice to haves. Here are some examples to help you get started:

- ✓ 24-hour emergency service
- ✓ Travel policy enforcement
- ✓ Traveller tracking
- ✓ Crisis management
- ✓ Personal travel team



- ✓ Online booking tool
- ✓ Mobile app
- ✓ Flexible payment options
- ✓ Consolidated and individual invoicing
- ✓ Supplier negotiation
- ✓ Account management
- ✓ Detailed management information
- ✓ Web fare/rate content
- ✓ Discounted fares/rates
- ✓ Travel disruption / risk alerts
- ✓ Insurance Reporting

**Once you have a high-level summary, try to break each category down into more specific needs. For example:**

- Some TMCs offer real time traveller tracking tools, but others only offer this as a manual report that will be emailed to you when you request it.
- Within the online booking tool's features, do you want to access content from the Internet like laterooms.com and low-cost airlines? Not all TMCs offer the same features so it's important to determine which features are important to you.
- Some TMCs provide a personal Travel Team with named contacts you'll build a rapport with, others use call centres where you could speak to a different person every time.

By drilling down into the finer detail of what you need, you'll have a clear set of requirements that you can explicitly communicate to potential suppliers, and it'll make it much easier for you to evaluate their solutions than if you leave everything open to interpretation.

Understanding how TMCs charge for their services

TMCs usually charge for their services by charging a Transaction Fee or a Management Fee.

## Management Fee

Although not as common as they used to be, a management fee involves the client paying the TMC a fixed cost per year to cover costs and profit. Typically, any commissions received during the contract will be returned to the customer or deducted from the management fee payable.

## Transaction Fees

Transaction fees are the most popular pricing strategy for most travel management contracts and simply charge a fee for each transaction. Services such as account management, management information and 24-hour services may be included within the transaction fees agreed or could be charged for separately depending on the terms agreed with your TMC. Any commission the TMC may earn will either be retained by the TMC (in exchange for lower fees) or returned to the customer, however, in this case, expect your transaction fees to be a little higher.

## What happened to commission?

Instead of customers paying a fee to use a TMC, travel suppliers like airlines, hotels and rail companies used to pay TMCs a handsome commission. This is how they made their money – and it also meant the customer didn't have to pay a fee for their service.

Quite a few years ago now, the majority of commission payments disappeared, and that left TMCs with a hole to fill, and that's when transaction fees were introduced. There are still some commission payments around today, the most generous being from hotels (but not all of them!), however, with commission levels being much lower than ever before or non-existent in some cases, there isn't usually enough commission to warrant providing a 'free' service.

## Understanding how TMCs measure performance

Promises of an excellent service are always nice to hear; however, you need to make sure your chosen TMC will be held accountable to those promises. TMCs will typically measure performance against a service level agreement and key performance indicators.

### Service Level Agreement

A Service Level Agreement (SLA) defines the minimum service level you should expect from your chosen travel management company and becomes a benchmark by which to measure their performance. Most reputable travel management companies consider it best practice to have an SLA in place but do confirm that this will be the case when speaking with potential suppliers.

### Example SLA criteria

- ✓ Number of options provided on travel quotes
- ✓ Accuracy of documentation
- ✓ Customer complaints procedure
- ✓ Fare/pricing competitiveness
- ✓ Online booking tool availability
- ✓ 24 hour service availability
- ✓ Frequency of account review meetings
- ✓ Availability of management information reports

It is vital you agree at the contract negotiation stage exactly how the SLA will be measured, what data will be captured and how, and also how performance will be reported on. Ask your prospective TMCs for examples of existing agreements and performance reports that they provide to their current customers so you can make sure these are in line with your expectations. As well as reports on performance, service levels should regularly be reviewed at meetings with your dedicated Account Manager.

## Key Performance Indicators

Key performance indicators (KPIs) are a set of defined measurements on which you can assess how successful your travel management company is at managing your travel spend. KPIs are different to a Service Level Agreement (SLA) as they're not a measure of the service they provide but a measure of how they are performing in achieving specific goals agreed with the customer.

As every customer will have different goals they wish to achieve, KPIs will usually be different for each client. From a single KPI to a list of many, KPIs ensure travel management companies are accountable for helping customers achieve their objectives, they also provide a transparent way of measuring this success.

Any KPIs you agree with your TMC should follow the SMART criteria in that it should have a Specific purpose for the customer, it should be Measurable and Achievable, Relevant to the particular purpose or goal set by the client and it should be monitored over a period of Time.

## Examples KPIs

- Lowering average hotel rates
- Reducing the number of trips booked outside of the contract with the TMC
- Increasing online adoption of the self-booking tool
- Increasing the number of days travel is booked in advance
- Reducing CO2 emissions from travel booked
- Reduction in average rail ticket prices

When agreeing on KPIs with your TMC, we recommend having between 5 and 8 KPIs, so it's easy to assess the data and results. It's also important to remember that KPIs should not be fixed for an extended period, they should be flexible so you can adapt to changes in the industry or within your business. For example, some KPIs may only be relevant for a few months to measure a change in policy or to deal with an industry related trend or challenge.

Setting, measuring and regularly reassessing KPIs will ensure your travel programme remains relevant and produces positive results. Your TMC should work closely with you to ensure this is the case.

## Understanding how to pay for TMC services.

If you're used to your staff booking travel themselves, managing the administration of paying for business travel can be a time-consuming process, especially when travellers are paying via different methods and claiming costs back via expenses. To make this easier, travel management companies offer their customers a range of payment solutions so they can spend less time reconciling and more time doing something more productive.

Most business travel agencies will offer you some or all of the following options, and you should be able to mix and match these methods for different booking types to meet your requirements.

- Credit Account
- Credit Cards
- Lodge Card

If you're not sure which payment option is best suited to your organisation, your TMC should be able to advise you on the best solution, whether it's a single option or a combination of all of the above. Once you've decided on your preferred method of payment, make sure you detail this in your business travel policy, so travellers are familiar with the process.

### Credit Account

Credit accounts have been a staple of most travel management companies for years. With a credit account, you can purchase all travel services without having to worry about individual credit cards and expense claims because all travel purchases will be automatically charged to your account and paid for by direct debit.

- ✓ A number of days interest-free credit (this will vary by TMC)
- ✓ A consolidated invoice to help you keep track of your spending
- ✓ Detailed data for each transaction to ensure smooth processing through your financial systems

## Credit Card

As well as credit accounts and lodge cards, most travel management companies will also accept standard credit cards. Your travellers may have their own company credit cards, and most TMCs will be able to accommodate multiple credit cards if this your preferred method of payment.

## Lodge card/account

A lodge card is a credit card exclusively used for corporate travel expenditure. All business travel transactions will be charged to your lodge account and paid by BACS or direct debit.

- ✓ Up to 56 days' interest-free credit which gives you more time to reconcile expense information
- ✓ Online statement account information with booking and payment information already reconciled
- ✓ All information needed to process the expense is attached to each charge, such as cost centre, reason for travel, project number, etc.
- ✓ The statement is easy to download and import into your expense systems, making data capture quicker and easy.

Remember if using any kind of card solution is that merchant fees may apply to your credit card or lodge card payments.

Ask your travel management company to explain when merchant charges will apply and what the charges will be.

## Identifying TMCs that are right for your business.

If looking for a TMC is completely new to you, aside from an Internet search, you may not know where to start, but thankfully there are plenty of resources available to you for tracking them down. There are quite a lot of them though, so you'll need to create a short list!

### Buying Business Travel's – Leading 50 TMCs

Buying Business Travel (BBT) is one of the industry's leading magazines and features the leading 50 TMCs every 12 months, usually in the May/June issue. You can read digital editions of Buying Business Travel online by viewing their previous magazines by clicking this link.

The feature ranks TMCs by their turnover, so it's important to remember the ranking is not necessarily a reflection of the service they provide, but they do provide some interesting stats like the average length of service and industry experience of their employees, which can be a good indication of expertise and company culture.

### The Business Travel Magazine – Extended Guide to TMCs

The Business Travel Magazine (TBTM) is another leading business travel magazine, and every year it publishes a very detailed guide to TMCs, usually in the December/January issue. As well as lots of information on best practice, the 'TMCs: Who Does What' feature includes a list of the UK's leading TMCs including any specialist sectors the TMCs specialise in. Pay particular attention to the TMCs that specialise in SME customers.

You can view the latest issues of The Business Travel Magazine by clicking this link.

### Utilise Business Travel Networks

The business travel industry has lots of events and conferences throughout the year to learn about managing business travel, meet suppliers and network with like-

mindful professionals. Check out these organisations to find out more about business travel and share experiences with like-minded professionals. There's nothing better than a personal recommendation from someone who's currently using a TMC.

## Research the TMCs to make your shortlist

Once you know who the TMCs are, you can start researching them to find out which ones might be right for you. As a small/medium sized business, consider what kind of company is likely to deliver the service you want.

- If personal service is important to you, you may be better using a smaller TMC. If they consider themselves an SME, it's likely they'll relate to the needs of an SME better than a large corporation would, we're all familiar with the analogy - big fish, small pond.
- If you want an innovative self-booking tool, check what systems the TMC offers to make sure they have the features you're looking for.
- If you need a global solution, check the TMC has offices in the locations you need through their global network.
- If it's expertise you're after, find out the length of service and industry expertise of the TMC's staff, how long have they been in business?

A critical element of a successful TMC partnership is the relationship between your two companies and the people involved. Look into the company culture of the TMC to make sure it's aligned with your own. What are their company values, how do they treat their employees? This information can be a good indicator of what they're like to do business with.

The best insight you can get into a potential supplier is by speaking to their existing customers. Ask for case studies that demonstrate how they have helped businesses similar to yours and talk to their clients directly to find out about their experience.



## How to issue a travel management tender

It is common for large companies to issue invitations to tender when procuring a travel management service, especially when they have established procurement processes in place. But for many SMEs, which don't have the luxury of a procurement department to help them, issuing a tender for travel management services can seem a bit daunting! The truth is it doesn't have to be, and while you don't have to do it, issuing a tender can be a good way to bring structure to your procurement process. Of course, if you'd prefer you can just meet informally with your suppliers but even an informal tender process can make the process run more smoothly, and it'll keep you focused on your objectives.

### Don't rely on an out of date template

There are lots of templates and sample tenders available in the business travel industry that companies recycle as a basis for their Invitation to Tender (ITT). And, while this may seem like a good time-saving exercise (and they can be useful) don't let them stop you from inserting your own objectives, requirements and specific questions into your ITT. Remember some of them have been doing the rounds for years and aren't up to date with today's marketplace.

### Keep it simple

Tenders or Requests for Proposals (RFP) don't have to be lengthy documents. Just including the following will be ample information for TMCs to put forward a bid for your business, and for many, a tender that gets straight to the point and doesn't take weeks to respond to will be a welcome change from the norm.

- ✓ A short introduction about your company
- ✓ Business travel profile (the data you've collected on your travel spend)
- ✓ 'Essential requirements' a TMC MUST deliver
- ✓ 'Nice to have requirements', the things you'd like but could live without
- ✓ Any questions you want your TMC to answer (anything from company culture to their ideas on how you can improve your approach to business travel)
- ✓ Request for quote/charging structure such as transaction fees
- ✓ Exact instructions on how the TMC should respond
- ✓ How you will evaluate TMCs responses
- ✓ Response deadline and timelines for the process

## Only ask questions that are relevant to your requirements

If you are going to ask the TMCs to answer specific questions rather than sending their own proposal, think about what you're going to base your decision on. It's pointless asking a question when the answer will have no influence on your decision, so only ask the questions that are important to you.

## Be open to innovation

Don't be too prescriptive with your requirements. The business travel market is a rapidly changing one, technology is changing all the time and with that come innovations. Give your potential TMCs the opportunity to make recommendations on how they think you should approach business travel. This is a great way of identifying the TMCs that will be proactive and innovative to work with.

## Don't invite too many TMCs to bid

We recommend you ask no more than six companies to submit a tender and short-list three to go through to the next stage, which is typically an in person presentation. If you're struggling to narrow it down to six suppliers, consider getting references before the tender process to help you choose the final six. While this typically goes against the guidance of getting references at the last stage in the process, moving it to the beginning means you'll only be considering reliable suppliers, rather than being let down at the final hurdle.

## Give TMCs ample time to create a quality response

Speak to any TMC, and they'll tell you they are hardly ever given enough time to respond to tenders. Any good TMC will often be responding to several travel management tenders at the same time, so asking them to send their response in a week's time, will mean they won't have a chance to bid at all, or they won't have sufficient time to put a quality response together. We recommend allowing a minimum of 3 weeks to respond, but be flexible on the deadline if any mitigating circumstances will prevent anyone for bidding.

## What topics should we ask them about?

The service offerings of TMCs can often appear quite similar so it can be difficult for you to differentiate one from another, but you can use your ITT to allow suppliers to showcase what makes them stand out from the crowd. This information will make it much easier to see which TMC is the right fit for your business, after all, no two businesses are the same, and one TMC is never going to be perfect for everyone.

Here are five topics you should consider including in your business travel tender to help you see which TMC you'd like to work with.

### #1 Values and Culture

The culture and values of a business can give you a great insight into what they're like to work with, and it's important you look into this before you meet with a prospective supplier. Look into things like company structure, ownership and the knowledge and experience of the people within the business. Don't forget to check their approach to social responsibility too; this can be an excellent indicator of an organisation's culture, particularly the level of engagement in the local community.

Similarly, the TMCs you have on your shortlist should be asking the same questions to you so they can provide a proposal tailored to you and your company's needs, rather than a standard one size fits all solution. A good TMC will take the time to understand your business goals and priorities for managing travel, and this should show in the solutions they put forward when submitting a proposal or presenting to you.

A good cultural fit between two companies working together can make a huge difference to the success of the partnership. Moreover, knowing that your chosen TMC partner understands and cares about the needs of your business helps to build trust right from the beginning. Check out their case studies and ask them to provide relevant customer references so you can speak to their customers directly about their experience.

### #2 Service and Commitment

Ask your TMCs how they will provide and configure the service. For example, will you deal with a small team or a large call centre, will a single point of contact be able to handle all travel enquiries or will you have to speak to different departments for different needs? Some TMCs have multi-skilled teams, where they can book anything you may require, others have hotel departments, air departments and so on, so you have to speak to multiple departments just to book a single itinerary. How

does the online booking tool work? Can you book everything in one system with a single login or do you have to log in to multiple websites? Questioning the finer details will give you a better insight into the customer experience.

To test their commitment, ask them for their proposed service level agreement along with reports they provide to measure performance. Back this up with references from their customers to check they deliver what they promise.

### #3 Knowledge and Experience

Understanding a potential TMC's expertise is crucial in appointing a TMC you can trust and rely on. Naturally, you need to know that the people dealing with your travel bookings or tasked with saving you money are experts in their field, so it is important you take the time to conduct some due diligence. How many years experience do their business travel consultants have on average? How experienced is their proposed Account Manager? Do they invest in their people with travel-related training and career development? Is their staff turnover below or above average? How many other clients will the proposed travel team look after?

We recommend asking for the CVs of the proposed people who will work on your account including the Travel Consultants and Account Manager as part of their tender response, and ask to meet them before you award the contract. It's good practice for customers to meet their proposed Account Manager before a contract commences to make sure there's a good personality fit as well as having the necessary skills to be innovative in the management of their corporate travel needs.

### #4 Size

You only have to glance at the 'Top 50 Travel Management Companies List' in Buying Business Travel Magazine to see that TMCs come in all shapes and sizes and no single TMC is right for every type of customer. Which one is the best choice for your business, will depend on the level of service and support you need.

Let's say your company spends £300k per year on business travel and your TMC turns over £400m each year, you'll probably feel like a small fish a huge pond! Which clients are going to get the most attention? The larger ones of course. If you moved your £300k of travel spend to a TMC who has a turnover of just £20m, it is likely you will be considered a much more valuable customer and get the time and attention you require. Buying power often comes up when discussing topics such as this, and it is worth remembering that most reputable smaller TMCs are members of large global networks that means their customers benefit from tremendous buying power as a result.

For multinational businesses, there is the question of whether to use a global, regional or local travel management company? Most of the larger TMCs offer a branded global solution; however, many smaller TMCs can also provide a global solution through networks such as Uniglobe bringing the best of both worlds.

## #5 Value

During your evaluation, you will need to understand the TMCs' pricing structures. However, it is critical that you have a thorough grasp of what they're going to do in exchange for these charges. While TMC fees are typically transactional, the services they provide go way beyond the transaction itself, and this is where a good TMC delivers value.

- How will they help streamline the process of booking travel and processing expenses?
- How will they assist in ensuring the safety and well-being of your employees?
- How will they reduce the total cost of business travel?
- Will they be available to support your travellers 24 hours a day?
- How will they work with you to continually improve your business strategy?

As you evaluate your potential suppliers, ask for examples of how they have delivered value to similar businesses or companies that have a similar travel spend profile to yours. Their track record will speak volumes and give you the assurance you need that you've found the right partner.

## How to evaluate tender responses

It's only fair to tell your invited TMCs how you'll assess their responses before they start. Typically most businesses will weight their evaluation criteria between quality and price; the weighting depends on which is more important to them. This is known as Most Economically Advantageous Tender (MEAT). Price is the transaction fees the TMC will charge. Quality relates to the TMC's written response to your questions.

Be careful when considering weighting a tender evaluation heavily on price, because a low transaction fee could indicate the TMC won't dedicate as much time and effort to reducing your overall costs. Our experience shows us that quality should come first, and many SMEs opt to go with 70% quality and 30% price, this way they get a competitive price (but not always the cheapest) and high quality. On the other hand, if money's no object, you could choose to go with the highest quality score as the winning bidder.

### Evaluating Price

Typically, the price is scored relative to the average price submitted (weighted averages). For example:

- Lowest price = the highest score
- Highest price = the lowest score
- Other bids that fall in between are scored in relation to how close or far they are from the lowest price

## Evaluating Quality

Quality evaluation criteria will usually be split into categories, such as:

- Technical
- Service Delivery
- Quality
- Environment
- Social Value

Assign your questions into one of these categories and then give each category a percentage weighting based on the importance of the requirement to your business. So if the quality score is 70%, technical may make up 20%, Service Delivery 15%, Quality 15%, Environment 10% and Social Value 10%. You can score each section as a whole or split the section up into the individual questions, so if there are four questions in technical, they may each account for 5% of the score.

**To determine what score to give to each response, you can use guidelines such as these:**

ASSESSMENT	DESCRIPTION	SCORE
<b>Excellent Response</b>	Exceeds the required standard. Response answers the question with precise details and relevant examples. Includes improvement through innovation/added value.	5
<b>Good Response</b>	Meets the required standard. Comprehensive response with precise details and relevant examples.	4
<b>Satisfactory Response</b>	Meets the required standard in most areas but fails in some aspects. Acceptable level of detail.	3

<b>Limited Response</b>	Fails the required standard in most areas but meets some.	2
<b>Unsatisfactory Response</b>	Significantly fails to meet the standard. Inadequate detail and not relevant to the question.	1

Including these details within your ITT helps potential suppliers understand what is important to you and will increase the likelihood of you receiving high-quality responses. It also means you can evaluate all suppliers fairly and give them valuable feedback on their response so they can improve in the future.

## How to plan successful supplier presentations

So by this point, you should have shortlisted three TMCs to present their solution to you. Typically, TMCs will visit your offices; however, this is an excellent opportunity to visit the TMC's office and get a feel for their company and working environment. Ideally, you'll be able to meet the proposed team who will work with your business too.

There are often stories of a supplier being the front runner during a tender process, even after the presentation, only for it all to fall apart when the client sees their operation for the first time, so an opportunity to see this for yourself at the same time as a supplier presentation is invaluable. Most TMCs will be happy to accommodate this request, and if they're not, it should ring alarm bells.

When considering the format of the presentations, go for 45 minutes on set topics (indicated by you), 15 minutes for an online booking tool demonstration (if required), and 30 minutes Q&A. This avoids the TMC doing a standard 'sales pitch' and concentrates on the topics that are most important to you. Rather than just meeting a sales person, request that the proposed Account Manager and Team Leader be present during the presentation as these are the individuals who will be accountable once the contract has been awarded.

When you invite the shortlisted suppliers to present make sure it's clear what you expect. Ensure they all have a copy of the agenda which should outline the format, what you want them to cover and the technology available for them to use.



It's good practice to use the same scoring method as when you evaluated the written tender response. You may find that some scores go up or down once you've been able to clarify certain details.

## How to negotiate your travel management contract

Once you've selected your preferred TMC, you need to get over the final hurdle, and that's negotiating the contract. Rather than leave it until the last minute, if possible, include your preferred terms and conditions at the beginning of the tender process, this way you can avoid surprises at the end. If you don't have a contract to include within your ITT, ask suppliers to send you their contract with their tender response. This gives you a chance to review the terms and run it past your legal team and then clarify any issues during the supplier negotiation and clarification stages.

The business travel contract should outline the services to be provided by the TMC and all associated terms and conditions such as the contract duration, payment terms and transaction fees. Before signing any contract with your TMC, review it carefully to make sure everything in there is what has been negotiated. Here are a few areas to watch out for.

### #1 Fees

All the fees should have been presented to you during the tender process. However, it's also worth double checking no additional charges have found their way into the contract. Make sure all fees are as agreed and look out for fees that may be additional to the transaction fees such as implementation costs, charges for management information reports or traveller tracking for example.

### #2 Payment Terms

Make sure the payment terms are as agreed. The industry standard for TMCs is 14 days as this is in line with the terms TMCs have with airlines. If you need extended payment terms, speak to your TMC about alternative payment solutions such as credit cards and lodge cards which offer longer periods of credit.

### #3 Service Description

Don't forget to make sure the description of the services your TMC will provide to you are in the contract. This is the basis of you choosing your TMC over and above their competitors, and it's important that the service they've promised to deliver is detailed in the legally binding agreement between your two companies.

#### #4 Service Level Agreement (SLA)

The SLA is another important part of the contract that can sometimes be forgotten. You've taken the time to negotiate the service levels you require, so it's crucial that the TMC is held accountable to deliver them. Do make sure they find their way into the contract.

## #5 Price Increase Clauses

Watch out for any price increase terms that you haven't already agreed to. Lots of TMCs will increase their fees based on the Retail Price Index (RPI), but if you've negotiated fixed fees for the term of your contract, this clause shouldn't be in there.

## #6 Termination

Of course, we all hope our supplier relationships are going to be perfect, but unfortunately, it isn't always the reality. For this reason, you need to know how you can terminate the contract if things go wrong.

## #7 Change in ownership clause

Acquisitions and mergers frequently happen in the travel management industry, and for this reason, it's wise to include a clause in the contract which gives you the right to terminate if your TMC merges or is acquired by another TMC. Of course, any new owner could bring many benefits, but if you're not happy with the change, you'll want to know you can move your business to a different supplier without any hassle.

## How to build a solid relationship with your TMC

You only need to speak to a handful of people responsible for travel within their business to understand that their experiences with corporate travel agencies are a thoroughly mixed response. While some enjoy a fantastic relationship with their preferred travel management company, some are at the end of their tether, with unfulfilled promises, poor service levels and a general feeling of dissatisfaction. So now that you've chosen a TMC, how can set your partnership up for success?

### #1 Agree on expectations at the beginning.

Make sure you and your TMC understand your roles in the partnership right from the start. How many times have you disagreed with someone because they haven't met your expectations, but they didn't know what they were? The same applies to business partnerships; every party involved needs to understand their role and what they need to deliver as well as how their performance will be measured.

### #2 Define processes for the unexpected

There will always be unavoidable circumstances that cause change, whether you like it or not. The key to not letting these events derail your partnership is to know in advance how you will handle them. For example, in the December 2016 issue of The Business Travel Magazine, an anonymous buyer shared their frustration about their account manager being changed far too regularly, with little say in who their replacement will be. Agree on a process for this exact scenario, if the Account Manager must change, agree how many years experience their replacement must have, will you have a say in the decision? Can you meet them before they're appointed? Preempting scenarios such as this one will go some way to avoiding the frustrations of situations that feel like they're out of your control.

### #3 Get to know each other

Business relationships aren't supposed to be clinical, we all know relationships are at their best when we understand, like and respect each other. Make an effort to get to know your TMC's employees at all levels. Introducing your bookers and travellers to the TMC's operational team can really help establish rapport, and a good personality fit with your Account Manager is as equally important as them having the right skills to advise you properly. Good business travel partnerships are based on trust, and trust, openness and honesty between a company and its TMC are crucial. Once

you've established that, you'll have a reliable partner, who listens to your business' needs and helps you achieve your objectives.

#### #4 Ensure value is easily visible

If you're considering using a TMC, it's an absolute must that you can see the value they deliver. This goes way beyond booking your travel for you; it's about working with you to achieve your objectives, whatever they may be. Whether it's saving money, improving the traveller's experience or increasing productivity, your TMC should find ways to help you hit your targets, but their work and its results need to be visible and measurable. Agree exactly how value will be measured whenever you set a new objective, because if you don't, how will you quantify if your TMC is adding any? If you're going to pay a TMC for their professional services, you must be able to see a return on that investment.

When it comes to building a solid relationship with your TMC, remember it's not all about products, solutions, data and statistics. Of course, they help, but it's people that make the real difference to a great partnership. Working with people that have a thorough understanding of your business, culture and values can be incredibly rewarding.