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corporate travel

BEST PRACTICES
by Susan Avery

Mitre engineers savings with travel gurus, employee training and online booking tool

AS TRAVEL MANAGER at the Mitre Corp., Stefanie Tretola knows that it's important to communicate well and often with internal customers. She also has a good understanding of the capabilities of the suppliers that provide the organization with travel services and technology tools.

Three years ago, she helped create a group of travel arrangers called travel gurus that support and train the 3,000 engineers and scientists who travel for Mitre. In turn, the travel gurus provide Tretola with suggestions from the travelers that help to improve the organization's managed travel program.

As a result, Mitre now has an 82% user adoption rate to its online booking tool provided by Southlake, Texas-based GetThere. The more travelers use an online booking tool, the more likely they are to comply with travel policy and purchase travel services through the organization's preferred suppliers (airlines, hotels, car rental companies). Such compliance helps to reduce travel services costs, especially key in this economic environment.

Tretola says her data show that travelers are booking trips with airfares that are about 26% less than if they had used other offline booking methods. Use of the tool also has helped reduce transaction costs by about \$1 million. Mitre spends \$15 million annually on airfare.

Of these benefits, she says: "We want our travelers contained to one program that provides all the data we need to go out and negotiate with our travel suppliers. And equally important is having that data for security purposes. If there was ever an incident, we'd have all the travel data in one source."

Tretola, who has 20 years of experience working in the travel industry with the past eight at Mitre, is responsible for the organization's managed travel program. She reports to its business and employee services division (which houses its procurement operation) and is based in Bedford, Mass.

In addition to the facility in Massachusetts, Mitre also has a principal location in McLean, Va., as well as other sites in the



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U.S. and around the world. A not-for-profit organization, Mitre operates three federally funded research and development centers supporting the U.S. government with systems engineering and information technology. Its customers, or sponsors, are the U.S. Department of Defense, the Federal Aviation Administration, the Internal Revenue Service and Department of Veteran's Affairs. Mitre employs 6,800 scientists, engineers and support specialists, about half of whom travel with government sponsors to work on projects in the U.S. and abroad.

HOW THEY BUY. Mitre's procurement strategy for travel is to secure the lowest rates from suppliers and provide internal customers with the latest technology. The strategy closely

WHAT IT MEANS TO BUYERS

- One of travel buyers' biggest challenges for 2009 is managing surcharges and fees tacked onto fares by the airlines. Car rental companies also have added new fees recently.
- A recommended course of action: Consolidate the supply base, negotiate competitive pricing and strongly recommend in travel policy that travelers use preferred suppliers. Online booking tools help make it easy for travelers to comply.
- Communicate well and often with travelers and understand capabilities of preferred suppliers. Mitre's travel manager uses a core group of travel arrangers called travel gurus for this purpose.

aligns with the organization's overall strategy to manage its infrastructure (information technology and other service areas) as efficiently as possible.

To that end, Tretola has consolidated the organization's supplier base to a few preferred suppliers and works through the travel gurus to ensure that the travelers' desktop booking tool has features that make it easy to arrange trips that comply with travel policy. Because Mitre operates federally funded R&D centers, there are constraints on its travel program. One is that travelers have a daily allowance or per diem for hotel stay determined by location. When booking a trip, travelers must secure the set rate or a figure below it. "To manage this, first we reduced the number of suppliers in our hotel program," Tretola says. "Then we negotiated strongly with the hotels and said that bottom line we need last room availability." Last room availability guarantees the negotiated rate.

Negotiating with airlines presents other challenges, but Tretola is able to leverage her organization's relationships with the suppliers. As Mitre's travelers typically fly with sponsors, she negotiates with the airlines based on volume for specific city pairs. But fuel surcharges and new fees on everything from baggage to seating to meals add up. "We have great relationships with the suppliers we use so we are able to continually negotiate with them," she says. "It helps our program."

Tretola also has worked to consolidate the number of car rental companies that do business with Mitre. As with the airlines, negotiating with the suppliers is challenging of late because of additional new fees, many of which are imposed by the airports.

To select suppliers of travel services, Tretola's group works closely with the organization's travel management company (TMC). Among criteria important to Mitre are service, global scope and reasonable cost.

Mitre has a formal process for measuring supplier performance. Working with the TMC, Tretola's group rates suppliers monthly on cost and other metrics contained in service level agreements (SLA). She routinely shares the data with internal customers.

TRAVEL GURUS. Information on preferred suppliers and negotiated rates is readily available to travelers who use the online booking tool. One role of the travel arrangers who serve as Mitre's travel gurus (in addition to arranging travel for, in some cases, up to 60 employees) is to provide travelers with training on use of the booking and other tools and keep them updated on new features and functions. The gurus help employees to obtain corporate (T&E) cards and with completing and filing expense reports. Mitre uses an internally developed expense report tool. They also work to maintain and improve compliance to policy and preferred suppliers.

Tretola started the group with slightly fewer than 60 travel arrangers in 2005 and it's since grown to number 80; they are located at Mitre facilities in the U.S. and Germany. The gurus meet monthly via teleconference. They also provide feedback from internal customers to Tretola which helps her to enhance the travel program.

At their monthly meetings, the gurus attend webcasts, and roundtable sessions. Occasionally, Tretola invites guest speakers to address travel-related issues. Often, these guest speakers are providers of travel services who discuss program features or new services.

Looking ahead, she is watching for enhancements to the online booking tool, specifically a new unused (airline) ticket bank that GetThere is currently developing for its customers. This, she says, should help to better manage costs in 2009. The company expects it to be available in the first quarter.

• 2009 FORECAST

Costs to rise, but travelers still will take to the skies

AT YEAR END, travel management companies and other sources publish forecasts for travel buyers to consult when planning budgets for the following 12 months.

One, the 2009 Business Travel Overview and Cost Forecast by the National Business Travel Association in Alexandria, Va., shows U.S. travel costs to rise on average 3-5% in 2009. To prepare its forecast, NBTA uses online buyer surveys and analyzes data from the Bureau of Transportation, the International Air Transport Association, Smith Research and other sources.

NBTA's research, along with results of surveys conducted late last year by the TMCs, shows that while buyers expect travelers at their companies to take roughly the same number of trips this year, they are keeping a close eye on costs and working to improve compliance to travel policy and procurement's preferred suppliers.

That's because this year, for the most part, companies hesitate to cut back on travel. Travel is part of overall corporate strategy, they say, and key to meeting goals and staying one step ahead of the competition.

Here is a look at forecasts for air, hotel, car rental and meetings and events planning for 2009:

- **Air.** NBTA sees fares rising 7-10% or about \$140-\$175 per trip. Still-pricey jet fuel and reduced seat capacity are contributing to the increases. New airline ancillary fees add up to 5% more.

- **Hotels.** The group also expects hotel room rates to rise, though not as much as airfare. The forecast is for increases of 1-4%. It estimates an average rate of \$130, up from \$129 a year ago.

- **Car rental.** NBTA sees car rental rates rising 1-3%. Average corporate car rental rate in the U.S. for 2008 is \$44, an increase of 4% from the previous year.

- **Meetings and events.** Results of buyer surveys are about evenly split: 38% expect meetings spend to remain flat with 2008, 31% project a reduction in spend and 32% foresee an increase.

Top 10 cost-cutting measures

1. Reduce non-essential travel.
2. Reduce number of meetings/events.
3. Ramp up policy mandates.
4. Reduce number of employees traveling to conferences/events.
5. Implement e-folio hotel data.
6. Renegotiate corporate rates.
7. Bid travel management company (TMC) contract.
8. Reduce number of individual travelers.
9. Centralize meetings management/implement strategic meetings management program.
10. Reduce luxury hotels bookings in favor of mid-priced hotels.

Source: NBTA 2009 Forecast survey

