



MATTHEW ROPER & JENNY PRESCOTT

DEMARCATIO

SHOULD TRAVEL BE LEFT to purchasers?

If they have the skills, procurement teams should manage travel, says Matthew Roper. Specialists settle deals that work in everyone's interests, responds Jenny Prescott.

YES

**MATTHEW ROPER,
MANAGING DIRECTOR,
BUYING SUPPORT AGENCY**

Let's start the debate about who should manage business travel spending with some brutal honesty: often nobody does it. The person who books the travel is the secretary or the boss's PA.

Surely we can agree the task is best left to a specialist than to chance. This holds true whether you think travel management is a job for purchasing, as I do, or not.

Of course, some organisations have business travel departments to handle these requests. And although there has been a general trend for purchasing departments to take responsibility for business travel, this can be overstated. Some have chosen just to vet expense claim forms, while others consider every aspect from sourcing to managing the supplier from the contract award onwards.

Non-procurement travel specialists claim they have the particular skills and market knowledge to deliver value for money and that, given travel's complexity, it is right that they should manage it.

"What about the emotive aspects of travel?" they contend. "Purchasers are only worried about cost, so how can they obtain the best deal that keeps travelling staff happy too?" The mere suggestion that travel could be passed to purchasing leaves them shaking their heads in disbelief.

And I would agree with them - when the purchasing staff are not skilled enough at managing complex supply chains. But if they had been trained to think strategically, if they have the resource to analyse the markets, if they genuinely seek out the views of the travelling staff (and as purchasers do much of the business travel, it's in their own best interests to take personal considerations into account) and if they are skilled at supplier sourcing and managing partnerships, then I would not be overly worried by purchasing taking on much of the travel expenditure.

Purchasing taking over would mean more control of cost, adherence to corporate social responsibility and consistency of approach across all categories of spend. In short, why should travel managers replicate much of what purchasing staff should be doing anyway?

I accept that travel is different, and that it requires particular market knowledge. And yes, price and demand can vary greatly. But can't you say the same about many other categories of spend that buyers handle every day?

Organisations must decide how they approach travel management. But if they have a specialist team, I would argue that it should be part of purchasing - or at the very least, that the travel manager should have close ties with purchasing to prevent the above benefits being lost.

But beware of simply shifting travel management over to purchasing. It is not always as straightforward as it sounds, and you need to consider both internal and external factors.

I would audit the current purchasing function to assess whether there is enough

resource and skill in there to allow a seamless transfer for travel management.

There is no point moving at all if the costs (including the risks of chaos during transition) outweigh the benefits. How much is spent on travel? What are the estimated savings from asking purchasing to manage the expenditure? And how good is the communication between purchasing, personnel and travellers to ensure that the cheaper travel solution isn't chosen without assessing how this would affect morale?

I would also argue that not all travel spend should be handled by internal purchasing departments. Any low-value commodity spend should be considered for outsourcing in order to leave purchasing free to manage the more strategic, high-value or risky areas of travel spend.

And there is certainly a strong case for individual travellers ordering their own train and flight tickets online - as long as they are adhering to supply channels with contractual arrangements in place and that authority levels are strictly followed.

NO

**JENNY PRESCOTT,
DIRECTOR OF SALES EUROPE, BTI**

There have been some fundamental changes in corporate travel in recent years. These include the move from commission-based payments to client management fees, the development of open-book partnership

agreements with clients and the introduction of new technology.

In today's market for the business traveller, travel management companies (TMC) such as BTI no longer simply process travel arrangements.

We fulfil a consultative role and provide 'best fit' travel to suit clients' needs. In this sense, we assume the role of management consultants with an understanding of clients' cultures and their business environment.

But change has not been confined to our own roles and responsibilities. We have also seen an increased focus on corporate travel as a whole and the travel budget in particular.

With travel now among many companies' largest expenses and decisions often made at board level, it is not surprising that one of the biggest shifts has been a greater role for procurement professionals.

In the 1970s just 15 per cent of the people we encountered in the trav-



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Ultimately, travel is not a commodity. It is a multi-faceted service, meeting the needs of different people in different ways at different times.

el buying process were finance or procurement specialists. Today, it is more than 65 per cent.

These purchasing functions are usually associated with 'saving money' through hard negotiating. And when organisations have outsourced procurement these total cost savings form the basis of the third party's payment.

This savings-focus is another dimension to consider over travel budgets and confirms the need for clear communication between the TMC and its client.

But the keys to getting the most out of your travel spending are balance and combination.

For example, procurement - whether internal or external - works best when, having taken into consideration the company's objectives, it balances

price with value and service.

The combination emerges in the decision-making teams that TMCs are likely to meet, especially for large multinational bids. This team is often led by procurement but includes the travel management function and stakeholders.

This combination, representing all interests in conjunction with each party's understanding of the organisation's objectives, brings a professional approach and structure to the sourcing and policy development processes for business travel.

We ensure all of the parties involved in the travel purchasing process, whether internal or external, understand the benefits that specialist travel companies bring and that true value, combined with high-quality service, is part of this balanced equation.

Ultimately, travel is not a commodity. It is a multi-faceted service, meeting the needs of different people in different ways at different times.

The next few years will see further developments within the business travel industry. These will include an increase in the number of distribution channels available, a variety of suppliers and yet more complexity, including greater use of online auctions and electronic requests for proposals.

It is essential that the in-house travel buying team and its external consultants, the TMC, continue to work in partnership to join up the interests of stakeholders in the corporate travel sourcing process.

Only such a partnership can satisfy both sides and demonstrate the best return on investment for everyone.

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