MasterCard
Travel and Entertainment

Best Practices Guide

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.: Introduction

The challenges and opportunities for businesses continue to change. The Internet revolution has enabled automation and personalized customer contact that far surpasses what the industry has known in the past. This revolution has also created a smaller world by enhancing communications and forcing every business to think globally. These advances are affecting both the needs and demands of corporate travelers and the entire travel process from planning travel to allocating corporate expenses.

In order to adapt to and use these changes, travel managers are expected to have increased knowledge of systems, technology, budgeting, and negotiation. On average, T&E is the third largest corporate expense (after payroll and systems/data processing) for large corporations.

MasterCard Worldwide developed this guide as a solutions tool for travel managers of the MasterCard Corporate Card®, to provide insight into current industry best practices and show how these best practices are enhancing corporate travel policies and procedures. In this version, additional best practices on Meetings and Events have been added to address the emphasis organizations have placed on this significant area of travel-related activity.

This guide will address industry changes that have enabled efficiencies throughout the travel management process associated with the MasterCard Corporate Card, which could positively affect a company's bottom line. The Internet has enabled many opportunities to significantly reduce administrative expenses. The surge of travel-technology product offerings, such as online reporting software, online travel booking, electronic ticketing, and online tracking are valuable automation tools for the travel manager and employees will be addressed in this guide.

The identified best practices are described in six key areas of the corporate travel program:
1. Travel Policy and Management
2. Travel Planning and Booking
3. Payment and Billing
4. Expense Reporting
5. Data Warehousing and Analysis
6. Compliance Monitoring and Vendor Management.

The roles of each within a typical corporate travel program are described below.

Best Practice Segment	Concepts Explored
Travel Policy and Management	Underscores the importance of an enforceable, well-defined travel policy and the organizational challenges of effective management
Travel Planning and Booking	Highlights the importance and attributes of a designated travel management company (agency) and the technology available to support and enhance the function
Payment and Billing	Illustrates the features to be incorporated in a well-controlled corporate payment program and the options available to enhance both convenience and control
Expense Reporting	Presents innovations in expense capturing and reporting that streamline the process, improve data capture, and provide convenience to the employees
Data Warehousing and Analysis	Describes the compelling case for consolidation of data and use of reporting tools in leading corporations
	Monitoring Compliance and Highlights the use of reporting tools and the availability of consolidated data Vendor Management to monitor policy compliance and use for productive supplier negotiations

.: Travel Policy and Management

Best Practice #1

There Should Be an Enterprise-wide Travel Policy

The Travel Policy is the foundation upon which the entire travel program of an organization is built. In order to optimize the management of travel and entertainment activities, an enterprise-wide and comprehensive travel policy should be in place along with the other critical policies that provide the guidelines and controls for any well-managed company.

A travel policy incorporates rules and guidelines regarding

:. WHY travel is necessary

:. WHO should travel

:. WHEN employees should travel

:. HOW employees should travel

:. WHAT are the prescribed methods for payment and reporting travel expenses

The tone of the policy should be consistent with the culture of the organization, reflecting its philosophy and objectives. A travel policy that is inconsistent with the culture will send mixed signals, be misunderstood, and ultimately be ineffective.

Because a large organization has an enterprise-wide policy does not mean that regional and cultural differences across a company can't be accommodated. Particularly in the case of multinational corporations, business practices and cultural differences may require the policy to be tailored. Recognition of these nuances will serve to provide a strong and pragmatic policy without compromise to the overall management process.

Key Success Factors	Methods of Achievement
Unambiguous and clear	Be specific; provide examples and test with representative audiences.
Comprehensive	Should reflect end-to-end process
	Should be updated on a regular basis
	Incorporate FAQs
Meaningful across enterprise	Tailored to reflect cultural and business practice differences

Benefits Realized

A well-defined and comprehensive policy can:

:. Improve compliance

:. Assist in increasing usage of preferred suppliers

:. Improve quality of data capture

:. Increase employee satisfaction

Best Practice #2

The Travel Policy Must Be Effectively Communicated

The benefits of a well-written and comprehensive travel policy will not be realized unless the policy is effectively communicated and easily accessible. The large three-ring binder filled with company policies is a thing of the past and not a very effective means of communicating an important message. For most employees, knowledge of the travel policy is extremely important and eliminates indecision or potentially embarrassing situations with respect to appropriate choices, while traveling or entertaining on company business. New employees want to know what is expected of them and veterans need to be aware of policy changes and have access to the guidelines, should questions arise.

In today's electronic age, there are a great many options for the dissemination of information. Whether e-mail, intranet sites, Internet Web sites, or through other methods, the flexibility exists to reach employees wherever they are without relying on paper. The company needs to decide which communication vehicle works best for their organizational structure, physical locations, and culture. Whichever approach is chosen, it is important that the travel policy be communicated in a manner that is acceptable to the enterprise. Key considerations include the ability to uniformly update and incorporate alerts for immediate attention and the ease of access for users. In addition to the importance of communicating the policy and revisions to employees, the Travel Policy must be incorporated into the information repository of the travel agency and within the online booking system.

Key Success Factors	Methods of Achievement
Ease of access	Online availability through intranet site or company Internet homepage
	Provide alerts to indicate revisions
New employee orientation	Incorporate Travel Policy and procedures within company's orientation
Educational seminars	Periodic seminars to review travel process, policy, and issues. Typically for administrative assistants
Agency and booking systems	Policy integrated within systems used by travel agency and online booking

Benefits Realized

Effective communication of the Travel Policy can result in:

:. Improved compliance

:. Employee satisfaction

:. Increased usage of preferred suppliers

.: Travel Policy and Management

Best Practice #3

The Importance of Travel Policy Enforcement

With advances in management reporting, program managers, employees, and employees' managers have access to information regarding employee compliance with corporate policies and can often quantify losses. Some companies recognize policy compliance as a performance measurement and create rewards and penalties based on employees' compliance. In order to reinforce a corporate culture, some corporations publish an employee code of conduct in addition to the company mission statement. Conduct with respect to travel and related expenses should be a part of that code and included in the travel policy, as well.

Travel policy compliance can be integrated into an employee's and their manager's annual performance reviews and business units may be charged a fee for quantified losses. Card programs with rewards may only reward those purchases that are in compliance. These practices place the accountability into the hands of the employees and their managers, rewarding those who comply and discouraging those who do not. Regardless of the mechanism used to identify and report non-compliance or reward compliance, sustained and visible attention to compliance performance by senior management is a critical component of the travel management program.

Key Success Factors	Methods of Achievement
Accountability	Travel policy document should be reviewed and signed by the employee before receiving their corporate T&E card
Senior management support	Travel-related behavior should be included in company code of conduct and referenced in policy
	Visible and sustained support of the policy and compliance
	Provide management with a report, quantifying the financial impact of non-compliance and employee exceptions
	Non-compliance must be highlighted and actions taken
	Extraordinary compliance should be rewarded

Benefits Realized

By imposing penalties for non-compliance with travel policies, companies can:

:. Reinforce the importance of policy compliance

:. Reduce the economic impact of non-compliance

:. Deter fraudulent use

Best Practice #4

A Mandated Travel Policy

Travel policies may be strong and enforced with the full commitment of senior management or may only be a set of casual guidelines to be followed at the discretion of the traveler. The trend has been toward policies with the full support of management which mandate the rules set forth in the document with the strong implication that action will be taken for non-compliance. Particularly during an economic downturn, "best-in-class" companies use stronger language than may have been used previously. Experience has indicated that a mandated policy improves compliance without significant traveler repercussion. Employees want to know what the rules are and having a policy that is loosely worded can be uncomfortable.

Key Success Factors	Methods of Achievement
Language indicating mandate	Use of unambiguous language defining process, procedures, and expectations
	Language will mirror culture, so will vary from company to company
Senior management support	Introduction to policy written by C-level executive, delivered by video conference, Web communication, or other means to associate management with policy

Benefits Realized

Mandating the travel policy can assist an organization by:

:. Improving compliance

:. Clarifying expectations

.: Travel Policy and Management

Best Practice #5

Enterprise-wide Consolidation of Travel Management

The Corporate Travel Management Function for the entire enterprise should be consolidated, including the responsibility for domestic and overseas operations.

With many companies operating both domestically and abroad, it makes strategic sense to centralize responsibility for corporate travel and operations in one location. Travel activity for a multinational company is global and supplier relationships tend to be as well. By managing the function centrally, with continued sensitivity to regional differences, maximum leverage can be applied to assure the optimum mix of supplier relationships and attractive contract terms. Additionally, consolidation of the function should provide some administrative economies and provide clarity of focus for both the company and its suppliers.

Centralization of these functions, however, is very dependent on the corporate culture of an organization. Some multinational corporations have a corporate headquarters that exerts significant controls over regional offices; however, some corporations have regional offices acting almost as separate businesses. This culture will determine how much centralization of travel functions is possible. Centralization of the responsibility does not necessarily mean that Travel Management will not have a local presence. To the contrary, major operating locations will typically continue to have a regional travel manager to deal with local issues and provide input to central travel management.

Key Success Factors	Methods of Achievement
Transcontinental systems capabilities	An infrastructure capable of managing both domestic and international groups
Senior management support and regional management buy-in	Support of and adherence by home and regional offices Accountability for performance
Consolidated reporting	Travel-related data needs to be consolidated globally Performance reporting for compliance and vendor management is required both globally and regionally

Benefits Realized

Companies consolidate travel management to:

:. Maximize leverage with suppliers

:. Centrally monitor a global activity

:. Reduce administrative expenses

:. In some cases, mirror the management of other corporate functions

Best Practice #6 – Meetings

Enterprise-wide Consolidation of Meetings and Events Management

Consolidating the management of corporate meetings, events, and incentive programs can result in significant economies and improved controls.

Meetings and events may comprise as much as one-third of the total T&E expense in a major organization; yet, in many companies, this activity is not nearly as well controlled as transient business travel. As a result, "best-in-class" companies are consolidating the meeting management function in order to leverage buying power and impose spending controls. The responsibility for meetings may be incorporated 1) within travel management, 2) as a separate function within the travel management group, or 3) as independent departments reporting to the same senior manager or function.

By consolidating the overall management of the Meetings function, companies will have the opportunity to capture costs, understand the types of meetings held throughout the organization, and recognize the differences and similarities between requirements. By having a central view of all meeting activities and their characteristics, economies, controls, and quality improvements will result. Although the skills required for effective meeting planning and execution are different from those required to transact business travel, they both share common suppliers. These include airlines, hotels, and car rental companies. Understanding all the related activities and spend with these suppliers will lead to greater leverage and resulting economies.

Consolidation of the Meetings function does not mean that all meetings look and feel alike nor does it necessarily mean that all the meeting planners need be in a central department. The personality of each operating unit can be preserved and, if desirable, business units may have captive meeting planners. The overall management of the planning function, capturing information, utilizing common service providers and venues provides significant economies whether or not meeting planning is centralized.

Key Success Factors	Methods of Achievement
Senior management support	Policy communication with rationale
Divisional/Regional buy-in	Effective performance measurement and reporting
	Communication of benefits
Meeting and event quality standards	Collaborate with business units
	Assign planners familiar with requirements
	Recognize cultural and business drivers
Quality of information	Systems and process to collect data
	Ease of access to data, as needed

Benefits Realized

Consolidation of meeting and event management can:

- Capture all meeting-related activity and expense information resulting in improved financial control and economies

- Allow development of strong supplier relationships and improved pricing, without compromising quality

- Provide for sharing of experiences with venues, suppliers, and activities to improve quality and effectiveness of meetings and events

- Enable consistent contract terms and conditions with suppliers

Best Practice #7

Selection of a Designated Travel Management Company

The selection of a travel management company (agency), as the designated provider to be used by an organization (either regionally or globally), should provide economies, consistency of service, and employee satisfaction.

A travel management company performs several valuable services depending on the requirements of the client:

:. Assistance with booking travel

:. Selecting technology

:. Supplier relationship management and negotiations

:. Security considerations

:. Data capture, reporting, and other services

The level of service and demands on the agency will vary reflecting the in-house capability and resources of each client company, particularly with the industry issues experienced in recent years.

The selection of a single designated agency, which is the right fit for the culture and requirements of a company, is a key component of an effective travel management program. Consistency of service, reliance on timely and accurate data, and the ability to meet company and traveler expectations underscore the importance. Although it might appear that choosing a single agency worldwide is therefore ideal, this is not always the case. There are occasions when "best-in-class" companies choose to optimize their programs with different agencies for a few areas of the world based on experience and the local needs. This is compatible with the Best Practice, as long as it does not compromise the principal elements mentioned above and the relationships are not too cumbersome to manage effectively.

Key Success Factors	Methods of Achievement
Selecting the right agency	Develop detailed requirements
	Use a cross-functional selection team
	Issue comprehensive Request for Proposal (RFP) online
	Determine critical success factors
Monitor performance	Set performance standards
	Link performance to contract terms
	Survey employees and agency
	Conduct formal reviews

Benefits Realized

Selection of a designated travel management company can assist the company to:

:. Provide consistent service at an economic cost

:. Use the technology available to enhance service, assure security considerations are dealt with, and provide valuable data

:. Serve traveler needs wherever and whenever required

:. Offer competencies necessary to manage expense and deliver services required to support travel activities of the organization

:. Consolidate data providing a consistent experience for travelers

Best Practice #8

Mandating the Use of the Designated Travel Management Company

The benefits realized by selecting an appropriate travel management partner will be optimized if senior management mandates its use.

These benefits, which include cost reduction, data collection, security, and consistency of service delivery, depend on having ALL of the company's travelers utilize the designated agency. Compromise will reduce, or even eliminate the benefit to the organization. A mandate by senior management is the most effective means of attaining compliance.

Travelers, historically, have had favorite agencies or preferred methods of making travel arrangements. In today's environment, the issue is exacerbated by the proliferation of Internet travel sites that appear to offer extraordinary opportunities. Although they are effective booking tools, they compromise a corporate travel program and, in almost all cases, do not offer economies beyond those available through the designated agency.

Key Success Factors	Methods of Achievement
Sustained senior management support	Strong and unambiguous policy statement
	Ongoing communication regarding success of relationship and importance of policy
Visible enforcement	Use of exception reporting for non-compliance
	Incorporate non-compliance in reviews
Reward compliance	Communicate success stories, reward groups with high compliance, and publicize

Benefits Realized

Mandating the use of the designated agency can:

:. Maximize the financial benefits of using the agency

:. Improve security for company travelers

:. Improve overall travel policy compliance

Best Practice #9

Optimizing the Use of Online Booking and Automated Fulfillment

The adoption rate for online booking systems is increasing rapidly as the systems have become more intuitive for the user and companies have recognized the significant cost-saving opportunities.

Online booking can save money for a corporation while increasing employee satisfaction. Online booking can be a fast, flexible, and convenient alternative to contacting an agent via telephone. Corporate online booking systems provide the ability to integrate a corporation's travel policy into the system, highlight preferred suppliers, and even eliminate non-preferred suppliers from the screen, if desired by management. The system can automatically identify transactions that conflict with the policy and deny the request. Online booking systems can, therefore, be extremely valuable in ensuring policy compliance.

Both the company and traveler benefit from these corporate self-booking systems. First, they are integrated with the travel management company designated by the company so there is no break between the control, service, and data capture provided by the chosen agency. The company will benefit by a lower transaction cost charged by the agency for its services since significant labor is removed from the process. Some studies have demonstrated that bookings made through online systems result in lower fares being chosen and thus additional savings to the company. This may be a combination of some lower fares available in the systems and behavior that tends to choose the lower fare, when displayed on a screen in front of the traveler or even the executive assistant.

The traveler benefits as the online booking systems are now user friendly, can replicate frequently taken trips with just a change of date and can be accessed on a 24/7 basis. Since electronic tickets are now a common practice the requirement for ticketing is no longer a factor.

For most transactions, the agency remains involved in the quality control and finishing stages of the process. It is not a good practice to allow employees to use a self-booking tool other than the one designated by the company and interfaced with the agency. However, total automation is available from the large travel management companies so that automated fulfillment can be used to further reduce transaction cost. Adoption rates of this fully automated approach lag behind the former, as many companies are evaluating this option. In the future it is probable that agency labor will only be involved with the most complex transactions, i.e., international tickets and full automation will be used for the majority.

Best Practice #9 (cont'd)

Key Success Factors	Methods of Achievement
PC Access	Ensure employees have computer access via Internet or organization intranet
Online booking capability	Provide online booking on either your organization's intranet Web site, or a designated page on the travel agency's Web site
	Develop detailed requirements and evaluate all options
	Consider choosing vendor that offers automated fulfillment
Adoption	Mandate use for frequently flown city domestic pairs
	Monitor use and enforce compliance
	Highlight success and financial impact
	Sustain senior management support

Benefits Realized

Companies recognize the benefits of providing online travel booking because it:

:. Provides convenient booking option to the employees

:. Reduces transaction cost

:. Assists with policy compliance and usage of preferred suppliers

:. May lead to full automation and additional savings

:. Has demonstrated, in some cases, that lower fares are chosen with this method

Best Practice #10

Mandate the Use of E-tickets and E-mail Distribution of Itineraries

The use of e-tickets has now been perfected to the point that there are no valid reasons not to use them and strong rationale in their favor. Electronic tickets can be generated by a reservation made through the travel agency or the designated corporate online booking tool. Most major airlines have incorporated the technology to access these bookings from airlines other than their own, thus interlining (interchangeability of tickets between different airlines) is now possible with electronic tickets and a change from airline to airline doesn't require a trip to the original airline's counter. The carriers generally charge a fee for a paper ticket, if requested by the traveler, so that a company will incur higher costs if its employees insist on paper tickets.

Electronic tickets are easy to use at the airport and remove the necessity to physically receive a document and remember to carry it. To receive the required boarding pass at the airline terminal, the traveler either goes to the counter and provides identification or uses a credit card or the airline's frequent flyer card with the airline's ATM. The latter is very easy with a sufficient number of kiosks or ATMs available to avoid waiting in line. The touch screen ATM provides the boarding pass, selection or change of seat, baggage check-in (at selected terminals), a receipt, and information about the gate and departure time. The boarding pass or an itinerary is necessary to pass through security and, in an increasing number of airports, only the boarding pass is accepted. Some airlines now enable the traveler to print a boarding pass prior to arrival at the airport, typically within 12 hours of departure.

Itineraries may be required by many traveling employees for their own or family's convenience. These can be easily transmitted by e-mail to the employee, who can print or forward it. Distribution of paper itineraries is costly, cumbersome, and does not assure that they are received on time.

Taking paper out of the travel management process provides economies, convenience, and process improvement. Mandating the use of e-tickets and the eliminating of paper itineraries by using e-mail will assure that the benefits are fully enjoyed by the company and the employees.

Key Success Factors	Methods of Achievement
Senior management mandate	Policy communicated by senior management with clear and compelling rationale
Internet and e-mail access for travel agency and employees	Have the agency e-mail the travel itinerary to employee or designee indicated in profile
	Make access available to all employees through common terminals or administrative assistants, if no personal PC access available
Awareness of benefits	Clear and comprehensive policy with description of process and benefits
Maximize compliance	Indicate performance through use of exception reports
	Highlight and communicate violators and successes

Benefits Realized

Companies recognize the benefits of this best practice because it:

:. Eliminates cost associated with processing and distribution of paper ticket

:. Saves cost of airline charge for paper tickets

:. Eliminates need to travel with document or arrange for its receipt

:. Provides for easy access to itinerary, if needed

Best Practice #11

Provide Enterprise-wide Education and Relevant Information for Security Issues and Travel Practices

The ability to educate travelers, to communicate to employees at a moment's notice and gain access to security-related information are critical components of a travel management program. In many "best-in-class" companies, these attributes are integrated with the activities of the Security Department and the Chief Security Officer's responsibility. The heightened focus on security reflects the impact of terrorist events, infectious diseases, and the global reach of most large corporations.

The tragic events of September 11, 2001 introduced new security precautions, which have become integral parts of company policy and practices. Companies found that it was difficult to identify who was traveling, where they were traveling, and how they could be reached or contacted. As a result of these events, lessons were learned, new policies and procedures implemented, and enabling technology deployed.

Access to information regarding travel plans has become a very important component of a company's travel management program and ties directly into their security procedures. Third-party software enables the collection and distribution of travel plans (Passenger Name Record or "PNR") to designated persons. Technology is now available to broadcast messages to all employees or a sub-set through the communication vehicle of choice; i.e., voice mail, cell phone, PDA, e-mail. Additionally, companies can subscribe to third-party services that provide State Department alerts and other travel-related information to minimize risk for traveling employees.

It has always been a good practice to provide training with respect to the company travel policy and recommended practices. It is now imperative that training be provided and access to information available to all who may have occasion to travel. For example, compliance with the use of the designated travel agency or online booking tool will assure that travel plans are captured and available. Booking travel plans outside of the system could result in a significant security breach and put employees at risk.

The growth of global business has also increased the need for education. In order to be more effective, international business people need to understand the local culture and business practices of the regions visited. Providing access to information regarding foreign travel and business practices will enhance the experience and help to avoid unnecessary difficulties.

The approach and communication vehicles utilized for education vary among companies. The trend is toward electronic communication and away from the classroom and/or distribution of paper. Web-based training and e-mail have become the tools for many companies who have succeeded in implementing widespread education and security programs.

.: Travel Planning and Booking

Best Practice #11 (cont'd)

Key Success Factor	Methods of Achievement
Easy access	Assure access to Internet for all employees
	Update traveler profiles regularly
Widespread participation and compliance	Senior management support
	Mandate policies
	Communicate messages that are meaningful and clear
	Use communication methods acceptable to culture

Benefits Realized

Companies provide global travel and security information to:

:. Ensure employees are well prepared for international travel

:. Be prepared for emergency situations

:. Prepare employees on many facets (social, cultural, economic, political) of conducting business in a particular country

Best Practice #12

Capturing Pre-travel Information for Personal and Company Security

Corporate security concerns necessitate the continuous review of policies, procedures, and the supporting technology necessary to address issues that threaten the security and well-being of employees.

A central issue is the location of all company employees at the time of an emergency or significant need. This may be of the proportions of 9/11 or specific to a personal event related to an individual. In either case, the ability to know where every employee is and be able to communicate with that person is crucial.

It has become a "Best Practice" for companies to either develop or employ systems that can provide timely and accurate information regarding the travel plans of employees and then broadcast messages via the favored method of communication. In some companies, the same approach is used to provide the travel itinerary to managers for approvals and require a return e-mail or other communication prior to ticketing. This is not considered a best practice and may be costly and cumbersome. However, it is a good practice to forward travel plans for information purposes only and critical that such information is available in case of emergency.

Key Success Factors	Methods of Achievement
Availability of accurate information	Systems that access the PNR from the agency reservations system
Compliance with policy	Mandating use of designated agency and/or booking tool
	Enforcement of policy

Benefits Realized

The ability to know the travel plans of all employees can:

:. Enable action planning in the case of emergency

:. Provide opportunity to communicate with employees in case of emergency

Best Practice #13

Track and Report Expenses for Non-employee Travel

Most companies have occasion to authorize and pay for the travel of a recruit, consultant, invited guest, and other non-employees. The need to track and provide controls for these expenses is the same as for employees but he or she does not have individual corporate charge cards nor a unique employee identification number. In these cases, the card account to which these transactions are charged is an account associated with an organizational unit and not a specific person with a physical plastic card. This type of account is commonly known as a ghost card.

A control solution with ghost cards is to issue a unique authorization number to each non-employee traveler and have this number distinguish his or her transactions and expense documents from others. It also provides the ability to capture and report expenses for a period of time associated with a given individual. The Travel Authorization Number is incorporated in the Passenger Name Record (PNR) and in the reference field of the charge card account used to pay for his or her air ticket.

Another approach to providing a controlled spending vehicle to infrequent travelers or consultants is the use of the per diem cards. These cards limit spending to a specific amount and can pre-set the funds available by day and limit access to certain types of merchants. At the discretion of the company, cardholders may be allowed access to unused funds as a cash advance through ATMs.

Key Success Factors	Methods of Achievement
Policy compliance	Incorporate non-employee travel as part of travel policy
	Procedures that prevent an agency from issuing tickets without authorization numbers
Use of ghost cards	Issue ghost card accounts to departments, such as HR, that may incur non-employee travel
Use of per diem cards	Issue per diem cards to infrequent travelers or non-employees such as consultants

Benefits Realized

The use of Travel Authorization Numbers can:

:. Provide a tracking mechanism for non-employee travel expenses and, therefore, improve controls

:. Enable the incorporation of non-employee data for analysis and supplier negotiation

:. Increase spend on the corporate card to enhance data capture and identify financial opportunities for negotiation with suppliers

Best Practice #14 – Meetings

Use of Technological Solutions for Meeting Planning, Registration, and Budgeting

Similar to the impact that technology has had on transient business travel, there have been innovations that provide process improvement and controls related to corporate meetings.

"Best practice" companies are using the latest technology to assist in the planning of meetings and events, provide for electronic registration of attendees, and incorporate budgeting software to track expenses and capture meeting-related data. Additionally, the software interfaces with the travel booking systems so that complete integration of the travel and meeting process is accommodated. New payment approaches are also available to provide additional control and reporting features. These include the use of meeting cards and stored value cards (See Best Practice #21.)

Software is available from third-party software providers, as well as some of the larger travel management companies.

Key Success Factor	Methods of Achievement
Consolidation of meeting management	Senior management support for policy
Choice of appropriate software	Detailed requirements review
	Thorough evaluation of options
Effective implementation	Communications and training
	Monitoring performance

Benefits Realized

The use of available technology to assist with corporate meetings can:

:. Allow meeting planners to devote more time to strategic issues and supplier management

:. Provide easy registration for attendees and eliminate paper

:. Eliminate errors due to transcription and use of paper

:. Improve ability to plan and track expenses

:. Reduce time devoted to planning and managing process for attendees, planners, and staff

.: Payment and Billing

Best Practice #15

Select and Mandate the Use of a Single Corporate Card Program for Travel & Entertainment (T&E)

Mandating the use of a single corporate card program will improve compliance and control, capture valuable data for supplier negotiations, focus administration costs and processes, and enhance the financial arrangement with the card issuer. Additionally, eliminating the use of personal cards will reduce administrative costs. Card program management may reduce the processing time for the accounting manager.[1]

Best-in-class organizations mandate the use of a designated travel management company (agency) and that agency will have incorporated the corporate card account number for each traveler in their profiles. The travel policy will mandate the use of the selected card and the agency will have access to the card number in their system to ensure that ALL air tickets for company business will be charged to the card.

In the case of companies with automated expense reporting systems that accept card feeds, additional benefits accrue to both the employees and the company. The use of a corporate card and pre-population of its transactions eliminates most of the manual entries required in an expense report. The company benefits by capturing primary data from the electronic transmission of T&E charges, eliminating possible transcription errors and relying on manual entry for only a small volume of incidentals.

Key Success Factors	Methods of Achievement
Mandated card program	Senior management endorsement of the Corporate Card program mandating its use for all T&E expenses
	Effective communication of rationale and benefits to all
	Monitor and enforce compliance
	Broad acceptance of the card is a requirement to sustain user support with global acceptance critical to international travelers
Comprehensive selection process	Use cross-functional team
	Develop detailed requirements
	Evaluate all options

Benefits Realized

Companies using this best practice recognize it can:

- Simplify administration and maximize financial benefits of the program
- Increase process efficiency in reporting and billing
- Capture valuable T&E purchase data for all employees
- Maximize the size of the T&E card program

[1] Travel Expense Comparative Practice Analysis – Gunn Partners Inc.

Best Practice #16

Eliminate Personal Use of the Corporate Card

It is a best practice to mandate that a Corporate Card be used by an employee for business-related T&E expenses only. Separating personal receipts can be an administrative challenge for both the employee and the receiver of expense reports. A significant portion of the total process time of managing the program is related to auditing expenses. Elimination of personal usage on the card increases efficiency in the auditing process.

Likewise, this guide will later address the use of online, automated expense reports, which are pre-populated with charge card data. If the card is used for personal expenses, then these charges will need to be extracted from the pre-populated reports, possibly creating confusion and additional administrative effort from employees and expense report auditors. By prohibiting the use of the card for personal charges, the report process can be made more efficient.

Furthermore, by eliminating personal expenses on the card program, the integrity of card data for management reporting is more relevant, making it a useful tool for budgeting and managing expenses.

Key Success Factors	Methods of Achievement
Policy mandates	Corporate Card usage should be limited to company T&E charges only
	Monitor and enforce compliance
Management support	Secure management's support—ensure mandates are communicated

Benefits Realized

Elimination of personal use on the card is a best practice because it:

:. Saves time—greatly reduces receipt tracking, reporting, and reconciliation

:. Decreases risk of potential fraudulent use

:. Ensures efficient expense reporting

:. Removes issues related to data protection, privacy, and integrity

Best Practice #17

Eliminate Company Disbursement of Cash Advances for T&E

Employees will always need to use some amount of cash when traveling to pay for expenses on the rare occasion where the Corporate Card is not accepted, and for incidentals such as gratuities and taxis. Methods of obtaining cash advances include company disbursements, ATMs, traveler's checks, per diem cards, and use of personal funds.

The least expensive means of providing cash advances is to promote the use of personal funds. In most cases, this is not a hardship or inconvenience, since the amount of cash is typically very small. Many companies have eliminated traditional cash advances through cashier disbursement concurrent with the distribution of a selected corporate card and a mandate for its use.

In cases where the culture will not permit total elimination of advances or where there is a need to have access to cash during travel beyond incidentals, alternative solutions should be made available. The use of company disbursements is generally viewed as the most expensive means of distributing cash, which has resulted in increased popularity of ATMs, producing lower average costs for corporations to process travel advances. However, finance charges and ATM fees charged to employees using ATMs not owned by their credit card issuers can make this method expensive. Therefore, employees should be instructed to limit ATM cash advances to those designated by their credit card issuer. For companies requiring cash availability for traveling employees, access to ATMs can be granted for a specific trip based on need.

To track cash advances, appropriate procedures should be included in the travel policy and expense reconciliation processes. Companies should review their cash reconciliation procedures with their internal tax department to determine the most efficient reconciliation policies available for the company that are consistent with applicable tax regulations and requirements.

Key Success Factors	Methods of Achievement
Policy mandates	Eliminate company cash disbursements
	Limit ATM use to issuing bank ATMs only
	Review cash reconciliation procedures
	Monitor usage and abuse
Management support	Secure management's support—ensure mandates are communicated

Benefits Realized

Elimination of company cash disbursements:

- Reduces processing costs, as the administrative procedures associated with company cash advances are an expensive means to distribute cash to employees
- Reduces incidence of fraud

Best Practice #18

Use a Single Issuer for the Corporate Card and Other Commercial Card Requirements

Companies will experience several benefits if they select a single issuer for all their commercial card requirements including T&E (Corporate Card), non-T&E indirect expenses (Purchasing Card), and Fleet.

There is a trend for companies to review their commercial card requirements collectively and evaluate their options under a single Request For Proposal (RFP). Previously, Travel Management, with input from Finance, addressed the corporate card needs, and Finance and Purchasing reviewed those of the purchasing card with the decisions made independently. By using the same issuer, only a single relationship needs to be managed, data consolidation is easier to accommodate, it may be possible to utilize a common reporting system, and the financial arrangement can be optimized.

Some companies have gone a step further. They are combining all commercial spending on a single card. In some cases, this replaces the use of multiple cards, and in others it is the result of adding spend for additional categories on an existing card program. Doing so enables simplicity for the cardholders, a single program to manage for administration, and, most important, collects data into a single database utilizing one reporting tool.

The advantages of the one card approach will vary in degree from company to company and, in great measure, depend on the overlap between those employees requiring T&E cards versus those requiring multiple cards. Other issues include the handling of liability and billing/payment options.

Merchant category codes (MCC) can also be used to divert transactions for central vs. individual bill charges, corporate vs. individual liability, rewards qualification, and diversion of T&E charges into expense reporting software.

By combining card programs (purchasing, travel & entertainment, and fleet), the company can save on administrative efforts. With fewer cards to manage, a consistent reporting platform across all programs, and one accounting process, all concerned parties will have consistent data, in the same time frame, and be able to make better management decisions. The ease of use for the cardholder is also a benefit. Instead of having multiple cards and potentially using the wrong card for the wrong purpose, the cardholder has one card and one process to follow for all transactions he or she needs to make to fulfill his or her job responsibilities.

Key Success Factors	Methods of Achievement
Management support	Get management buy-in for fleet and purchasing card programs
Cost/benefit analysis	Provide cost/benefit analysis of using a single issuer
	Provide cost/benefit analysis of using one card

Benefits Realized

Companies use a single issuer because they:

:. Can simplify card management and administration

:. Can consolidate data more easily

:. Optimize the financial arrangement with the issuer

:. May be able to use a single reporting tool

:. Desire a "one-card" solution to provide increased simplicity and data management opportunities

.: Payment and Billing

Best Practice #19

Selection of the Central Billing/Payment Options for a Corporate Card Program

Selecting the central billing (receiving one bill online for all employee charges) and central payment (sending one payment via electronic funds transfer to the credit card issuer for all employee charges) features greatly reduces post-trip processing procedures for program managers.

The rewards of central payment lie in three areas: processing efficiency, financial management, and employee satisfaction. An organization benefits from processing efficiency as it only requires a single disbursement to its card issuer instead of a large number of reimbursements to individual cardholders, who then forward funds to the issuer. The financial management savings are derived from the control over negotiation of payment terms and disbursement. The corporation now has the ability to manage the float of funds and ensure prompt payments, eliminating or minimizing late fees and finance charges. This can result in significant savings for the corporation and enhance their financial relationship with the issuer.

Employees' satisfaction increases due to the ease of central payment and assurance that the account will always be current and credit will be available. Employees need only to account for their expenses and don't need to be concerned with issuing checks to the bank.

Some companies are proceeding beyond central billing and payment and agreeing to corporate liability for their T&E card programs. In this case, the company takes full responsibility for charges on the cards of employees and benefits from a stronger financial arrangement with the issuer and the elimination of individual credit reviews which may limit distribution of cards and appropriate spending limits for traveling employees. Historically, individual liability has been the most widely used approach and considered the best practice among large corporations. This stems from the concern that individuals with corporate cards may use them for the spending. With current practices in reporting and control, this concern should be mitigated as more companies shift from individual to corporate liability, given an attractive proposition by the issuer.

Key Success Factors	Methods of Achievement
Central billing/payment features	Negotiate this functionality with Corporate Card issuer
	Establish an e-mail notification to the employee that expenses have been processed
	Eliminate personal purchase usage on all mandated Corporate Cards
Timely expense reporting	A culture that supports and rewards policy compliance
	Systems, like pre-populated automated expense reporting, that simplify process

Benefits Realized

Companies use this best practice because it:

:. Decreases payment administration costs, and minimizes potential for late fees and finance charges

:. Simplifies account reconciliation

:. Improves employee satisfaction

:. Doesn't rely on individuals to be current on their accounts

Best Practice #20

Use Special Purpose Cards for Infrequent and Non-employee Travelers

Most companies have occasion to authorize and pay for the travel of a recruit, consultant, invited guest, and other non-employees. Special purpose cards provide a company the ability to pay for the travel expenses of infrequent travelers who don't have corporate cards, or non-employees who can't be issued cards, and have these transactions billed on an account that can be tracked and consolidated with the other corporate card transactions.

Two examples of cards that are used for this purpose are the ghost card and the per diem card. The ghost card is an account that is set up by the issuing bank, without the need for a piece of plastic, which is assigned to a specific expense center or an individual with responsibility for its use. When an airline ticket is required, the agency is notified and the ticket is booked and issued with the charge assigned to the appropriate card account. Each month, the account is reconciled to assure that each ticket is properly accounted for as flown, refunded, or outstanding, and open issues are then followed to assure compliance. The use of authorization numbers enhances this process and is described in Best Practice #13 of this document. Reconciliation software is available, when the numbers of transactions are significant and control is cumbersome.

The best practice use of ghost cards is for infrequent and non-employee travel. Some companies continue to use these accounts for all air travel. The number of transactions on a single account makes this more difficult to control and reconcile, and other options will provide the desired result in a more efficient manner. If the desire of the company is to remove the need for a cardholder to pay for air tickets billed to an individual card, then the easier approach is to choose the strip bill feature of the card program. This allows flights, or any other selected MCC, to appear on the individual's statement, but to be billed for central pay.

The per diem card is a convenient and highly controlled means to allow infrequent travelers and non-employee contractors or consultants to charge travel expenses on a charge card. Purchases are limited to travel categories and pre-set travel allowances assure that spending limits are never exceeded. This is a convenience to the traveler and benefit to the company as it captures and consolidates the data with all of the company's T&E card information, eliminates the need to process expense reports for reimbursement, and increases the spend on the card program.

Key Success Factor	Methods of Achievement
Control	Limit number of accounts
	Communicate policy and procedures
	Assure travel agency compliance
	Monitor usage and compliance

Benefits Realized

:. Eliminates need for recruits and other invited persons to use personal funds or credit to purchase tickets

:. Consolidates data with other T&E spend of the company for improved analysis and vendor management activities

:. Improves control for travel activities of non-employees contracted by company

:. Beneficial financial impact through increased spend on the card program

.: Payment and Billing

Best Practice #21 – Meetings

The Use of Meeting Cards for Common Charges at Meetings and Events

The ability to use a commercial card for the various services provided at a company event or meeting offers benefits to the company, the meeting planners, and the service providers.

In the past, services such as catering, audio/visual production, and equipment and entertainment, among others were invoiced directly to the company subsequent to the event. This resulted in paper processing, time-consuming approval cycles, manual input for appropriate accounting distribution and payment terms that may be unacceptable to the supplier.
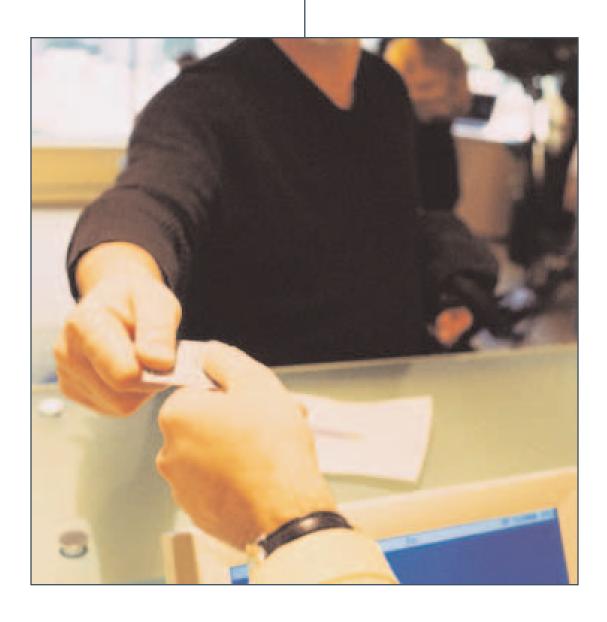
A meeting card is a corporate liability, central pay charge card assigned to meeting planners or other administrators involved with the planning and execution of meetings and events. Its use provides several benefits, similar to other commercial cards, in the areas of process improvement, vendor management and employee satisfaction. As companies wish to manage their meeting expenses, the use of a Meeting Card offers the advantage of capturing information related to meetings and assuring that it is assigned to an appropriate accounting code and responsibility center for accounting and future analysis. Reporting software provides the cardholder the ability to distribute costs, as needed. Suppliers are pleased with its use, as they are now paid immediately and do not have to issue invoices and wait for payment.

Payment terms are negotiated with the issuer, and the use of the card may add considerable volume to the commercial card program. Very importantly, the company now has a total picture of all travel-related spending in a single database so that negotiations with suppliers can incorporate a true representation of historical spending by project on a consolidated basis.

Key Success Factors	Methods of Achievement
Supplier acceptance	Identify non-accepting suppliers
	Work with issuer to sign, providing compelling rationale
Maximize use	Consolidate meeting and event management
	Communicate benefits
	Monitor usage and compliance

Benefits Realized

:. Enhanced data for meetings and event activities for budgeting, supplier negotiations, and control

:. Improved supplier relationships through faster payment and elimination of invoice process

:. Improved A/P processing

:. Increased spend on card program

.: Expense Reporting

Best Practice #22

Utilize an Automated Expense Reporting (AER) System

T&E expense reports have long been—and continue to be—a necessary element of the travel management process. The transition to automated expense reporting systems for "best practice" companies has made this reporting requirement easier for the employee, while improving process and control for the company.

Historically, expense reports were time-consuming, completed by hand, and provided little information for the company. They have passed though several stages with the current best-of-breed software offering significant benefits to both the company and the employees. These Web-based systems are global, include workflow and robust rules, which mirror the travel and expense policies of the company.

Previously, expense reports required that employees input all card and cash purchases. Now, the online expense reporting system is automatically pre-populated with card data. Each transaction can be automatically linked to a general ledger code based on the type of merchant from which the purchase was made. To complete the process, the cardholder simply verifies the transactions and the accounting codes, and adds cash transactions to complete the process. For hotel expenses, the cardholder may be required to split the transaction into different categories to address the portion of the expense that was spent on meals, lodging, and meeting expenses. The company's tax department should review the process to ensure the capture of all necessary information in order to support tax-deductible expenses.

Based on the business rules set in the program, reports can automatically be routed to managers or auditors for approval, or may only require approval if certain business parameters are exceeded. The cardholder is usually required to submit receipts to complete the process and reimbursement is made to the cardholder or the corporate card issuer, depending on the billing/payment option chosen. For global companies, some of the software companies offer systems that are localized for multiple countries. The system will be adapted for the local language, currency, tax regulations, and business practices.

Integration with the other enterprise-wide systems of the company is important, and the interface between the AER and both the HR and Financial System can be accommodated.
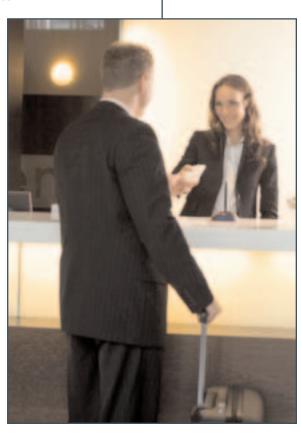
Best Practice #22 (cont'd)

Key Success Factors	Methods of Achievement
Automation	Complete detailed requirements review followed by a thorough evaluation of software options
	Use a cross-functional team for selection
Online capabilities	Select and configure software compatible with current company systems and culture
Employee adoption and satisfaction	Develop comprehensive communications and training program
	Execute detailed implementation plan, monitor experience, and revise as needed

Benefits Realized

Companies use an automated expense reporting system because it:

- Decreases/eliminates manual processing, giving a significant savings in time and money

- Facilitates tax compliance (with pre-populated report fields)

- Significantly reduces expense reporting errors as a result of the pre-population of fields, and subsequently, export data into accounting systems without manual re-keying

- Increases employee satisfaction—they spend less time completing reports

- Improves compliance without manual audit requirements

- Provides for an excellent data base of all approved T&E expenses

.: Expense Reporting

Best Practice #23

Notification of Employee Reimbursements Via E-mail

Employees who travel frequently are often overwhelmed with the number of expense reports they need to submit, and when reimbursement for cash or incidental expenses is received, employees often don't know what expense report it's related to. An e-mail notification of the reimbursement amount, and its associated expense report, will save the employee time in researching and reconciling their reimbursements. Some automated expense reporting systems have this as a built-in feature. The following sample notification could be sent to an employee:

To:	(Name of Employee)
From:	(Name of Program Manager)
Re:	Expense report #243
	Expense report #243, submitted by you on 12/12/00, was processed on 12/13/00. Reimbursed amount of $72.99 was sent to payroll, and will be included in your 12/22/00 paycheck.

Key Success Factors	Methods of Achievement
Automated expense reporting system	Secure an automated expense reporting system with an e-mail notification of reimbursement feature
E-mail access to all employees	Have the automated expense reporting system e-mail the reimbursement notification message to employees

Benefits Realized

Companies notify employees of reimbursements via e-mail because it:

:. Increases employee satisfaction

:. Decreases/eliminates unnecessary expense report reconciliation for the employee

:. Eliminates employee calls to program managers regarding the status of reimbursements

Best Practice #24

Conduct Random Audits

Auditing expense reports can be a time-consuming task for the Finance Department of a corporation. Audits are generally conducted to ensure compliance with current tax authority requirements, identify employee misuse, correct expense category or accounting code errors, and ensure policy compliance. Changing technology can ease audit requirements through the use of management reports and the rules incorporated in expense reporting systems.

Management reports can highlight employee misuse and policy exceptions when employees exceed the business parameters defined by the organization. These systematic control features can be used at any point in the travel management cycle. Instances of accounting code errors are substantially diminished with the use of an expense management package that maps to a GL or AP system. As previously discussed in the expense reporting section, the rules provided for in the automated systems can force compliance, limit opportunities for policy violations, and facilitate spot audits. Often a company's reporting requirements exceed those of the taxing authorities. A review and synchronization of these requirements may ease the necessity for auditing.

Selective auditing will still be required. The Finance Department should follow up on employees documented in policy exception or other types of employee misuse reports. Also, the Finance Department should conduct spot audits of the remaining employee population. The spot audits should be carried out using a statistical sample of the total population. These spot audits should expose any employee misuse that exists.

Key Success Factors	Methods of Achievement
Automation	Implement an automated expense reporting system
Comprehensive audit procedure	Complete audits based upon statistical sample (for example, audit every 30th report)
	Continue to conduct audits for those employees who are high risk for potential fraudulent use
	Conduct selective audits triggered by:
	— dollar parameters
	— a letter of a last name
	— a certain department
	— a type of expense

Benefits Realized

Companies conduct random audits because it:

:. Capitalizes on the investment in reporting technologies by highlighting employees exceeding defined business parameters

:. Saves time and money by catching employee misuse through statistical sampling and automation

Best Practice #25

Eliminate the Need to Retain Paper from the Travel Management Process

As the use of technology to process and store information increases, a natural outcome is the reduction or elimination of paper throughout corporate processes. The collection, handling, and storage of paper documents are cumbersome and expensive. The electronic counterpart eliminates the physical requirements of paper and provides for easy access to information.

Paper has been eliminated throughout the end-to-end travel management process with the exception of the requirement to retain receipts for T&E expenditures that exceed the threshold prescribed by taxation authorities.

The U.S. Internal Revenue Service (IRS) has ruled that electronic receipts for T&E substantiation are acceptable, as long as the same detail is provided as on the paper receipts. A similar situation has occurred in Europe with invoices for Value Added Tax (VAT). The European Union has issued a directive, effective July 2003, which allows electronic invoices for VAT, as long as they incorporate specific data elements. These are two examples of regulatory authorities providing for the elimination of paper by utilizing an electronic substitute.

With one major exception, T&E charge card transactions incorporate sufficient detail to satisfy the IRS. The major exception is credit card receipts for hotel stays, as they do not provide all the hotel folio data that define the nature of individual charges during the stay such as room charge, tax, meals, and parking among others.
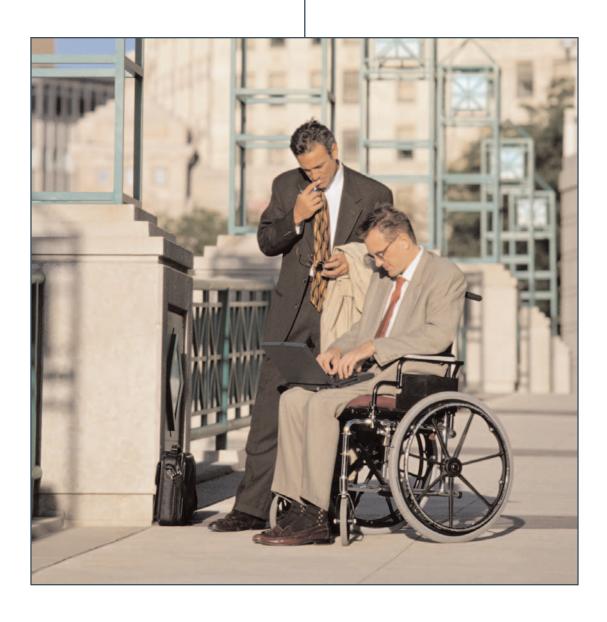
Companies recognize the significant opportunity inherent in the elimination of all paper from the travel management process and are striving to arrive at a solution for the hotel folio issue. Card companies, hotel chains, and corporations are working together to solve the problem in a manner acceptable to the regulatory authorities.

Key Success Factors	Methods of Achievement
Electronic hotel folio data	Collaboration between hotels, issuers, and corporations
Regulatory approval	Demonstrate level of detail and integrity of data

Benefits Realized

Companies that eliminate the need to retain paper can:

:. Reduce need for storage facilities or services

:. Reduce labor cost by streamlining information retention process

:. Enhance access to information

.: Data Warehousing and Analysis

Best Practice #26

Consolidation of Travel Data

The ability to consolidate all travel data into a single database provides a significant opportunity to optimize supplier management, improve compliance, and provide access to data for planning and analysis.

Travel is a function within a large corporation that should be managed for the entire organization, not regionally, as it is an activity that depends on national or global supplier relationships and policy compliance. The consolidation of data is required to adequately support the function. This has been the case large national companies. It is now equally critical for multinational companies to recognize the benefit of global data consolidation.

Global consolidation of travel data should be considered on two levels. First, designation of a single travel management company (Best Practice #7 and #8) will give the company the ability to consolidate all the booking information on a global scale. There are occasions when two or more agencies are selected for different parts of the world. In this case, one should be designated as the consolidator for the others. Secondly, the selection of a single corporate card for T&E (Best Practice #15) should allow for the consolidation of global corporate card transactions.

Being able to access global booking information and corporate card transactions will provide the Travel Management department, or function, the ability to access the information necessary for strategic supplier analysis and corporate budgeting, while the regional managers will be able to access the information necessary to address compliance and regional supplier issues.

Whether restricted to operating within one country or globally, consolidation of T&E data is necessary to adequately manage this expense.

Key Success Factors	Methods of Achievement
Consolidation of booking data	Select a single agency or a few with one as consolidator
	Enforce compliance
Consolidation of card data	Select a card that can provide consolidated data
	Enforce compliance

Benefits Realized

Companies that consolidate travel data globally can benefit by:

:. Being able to maximize their negotiating power with suppliers

:. Having the information necessary to analyze and plan for the total corporation

:. Benchmarking opportunities across the organization

Best Practice #27

Provide Management Reporting through Online Access to a Consolidated Data Warehouse

Information is a very powerful tool—particularly when it's timely and readily available for use. A corporation can collaborate with its card issuer and expense reporting software vendor to have access to a variety of management reports to meet the needs of multiple internal constituents. Reports can be provided to assist with the administration of card programs, provide transaction information, identify policy compliance exceptions, conduct financial analysis, and assist with vendor negotiations. Based on the type of the report, it may be used by card program managers, senior finance executives, purchasing managers, cardholders, and their superiors.

The merits of a consolidated database have been addressed in Best Practice #26. Widespread and practical usage depends on the ease of access and the security of the system. It is important that those who require information be able to access it to the exclusion of others.

Web-based reporting tools offer ease of access and flexibility, which allows enterprise-wide use by all functional areas requiring information. Entry into the system is accommodated from wherever the user can gain access to the Internet and the monthly distribution of paper has been eliminated.

Key Success Factors	Methods of Achievement
Online availability	Before selecting agency, card, or AER, evaluate the online reporting capabilities of each
	Select reporting tools that provide online access
	Establish access protocol
Adoption and user satisfaction	Develop effective communication and a training program
	Monitor usage and satisfaction

Benefits Realized

Companies use online management reporting because it:

:. Provides important data on how and where dollars are spent

:. Provides important data for use during vendor negotiations, audits, and the monitoring of spend category trends

:. Can be accessed anywhere

:. Eliminates paper

.: Data Warehousing and Analysis

Best Practice #28 - Meetings

Consolidate Meeting and Events Data across the Enterprise

Companies that manage their meetings and events centrally need to have access to meaningful information to monitor compliance with policies, negotiate effectively with suppliers, and be able to report performance to senior management.

Historically, collecting meaningful information that reflected meeting activities throughout a company has been very difficult. Meetings tended to be fragmented across the enterprise and managed by a myriad of staff in different organizational units. Many meetings take place without the knowledge of the Travel Department or others booking meetings with whom economies may be generated. Recently, the recognition that meetings and events represent up to one-third of the travel-related expenses has prompted companies to focus on methods of managing this activity more effectively (see Best Practice #6).

Once a meeting management program is initiated, one of the first tasks is to define what constitutes a "meeting." Companies define a meeting by the number of employees going to the same destination for the same purpose. The number will vary from 10 travelers for some to 20 or 25 for others and this will depend on the nature and size of the business. Once that threshold is established, policies are put in place requiring that all travel fitting those parameters must be reported to the Meeting Planning Department or the specific planner assigned to that business unit. Depending on the nature of the meeting or event, more or less assistance will be provided for the planning and execution of the meeting. In any case, identification of the meeting will trigger the need to capture the data associated with the event. Software is available to assist in the planning and budgeting of meetings with the resulting information available for ongoing analysis and supplier negotiations.

A difference between the information captured for meetings management and transient business travel is that large meetings are planned well in advance. That is several months if not two or three years in advance for events such as large incentive groups or annual sales meetings. Consolidating the schedules, size, type, and history provides a database, which may result in significant economies for a large company. Leverage with suppliers is available, back-to-back meetings at the same venue may be planned, zone fares negotiated, and the sharing of production services may result in significant discounts. These are issues specific to meetings which can only be appreciated if the required information is available.
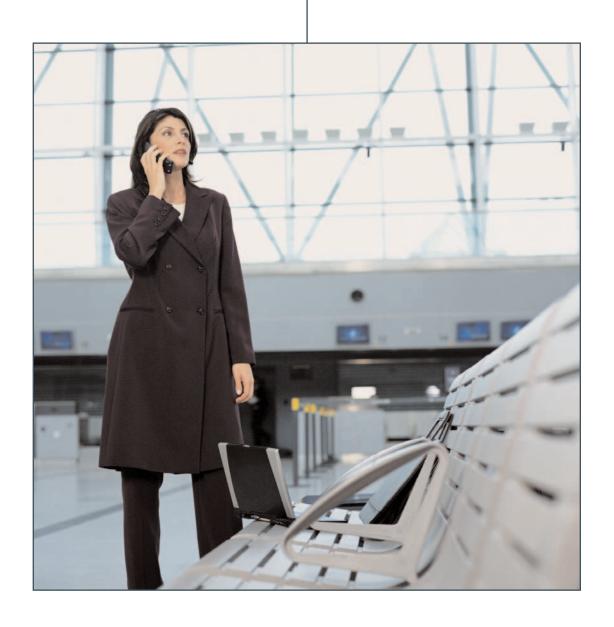
Best Practice #28 (cont'd)

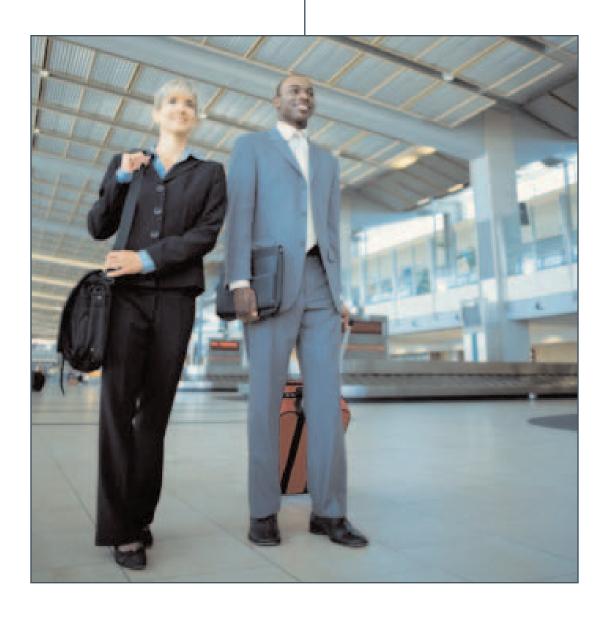| Key Success Factor	Methods of Achievement
Consolidated meeting management	Business case to management
	Senior management support
Comprehensive database of meetings data	Policy compliance with meetings procedures
	Select software for meeting planning, budgeting, and reporting

Benefits Realized

Companies have consolidated meeting and event data will have the advantage of:

:. Using common needs to gain economies

:. Greater negotiating power with suppliers

:. Benchmarking service quality between events and venues

:. Learning from the experience of others

.: Compliance Monitoring and Vendor Management

Best Practice #29

Use Exception Reports to Monitor Compliance with Policy and Preferred Suppliers

The most effective travel management programs use best practice concepts, take advantage of enabling technology, and continually monitor performance. An integral part of the performance measurement activity is to monitor compliance with policies and the use of the company's preferred suppliers. A program with the best intentions will not generate benefits if the employees don't adopt the practices prescribed by the policies and procedures and neglect to use the preferred suppliers.

It is possible to integrate such a high level of restrictions in the travel process, through mandates and technology, that most out-of-policy activity will be filtered out early in the trip planning stage. Flights and non-preferred suppliers may be blocked from the agency offerings and online booking software and an automated expense reporting system may have rules so restrictive that only in-policy travel expense will be approved for reimbursement. This level of discipline is an extreme and not acceptable in most cultures. A more acceptable alternative is to have the ability to flag out-of-policy activity and generate exception reports to identify whom, and how frequently a violation occurs.

Exception reporting is available at several points in the travel management process and all are valuable and serve slightly different purposes. These reports may be run after booking and before ticketing, they may be generated from the corporate card transactions and from the database provided by expense reporting systems. Additionally, many companies use third-party fare audit firms to review airline bookings, prior to ticketing, and are able to review all the various reasons for exceptions to the lowest applicable fare within the parameters of the policy.

The company will deal with exceptions to policy and the use of preferred suppliers in different ways and levels of severity, depending up on the magnitude of the violation and frequency of occurrence. The objective is not to punish employees but to improve compliance and thus the overall bottom line impact of the travel management program. Most importantly, enforcement of the program by using the information in the exception reports will send a strong signal to the employees that the company is serious about the issues and is monitoring performance.

Negative use of exception reporting is not the only approach. Highlighting excellence and rewarding compliance is extremely meaningful, particularly if this impacts performance reviews.

Key Success Factors	Methods of Achievement
Comprehensive data capture	Mandated use of agency and corporate card
	Consolidation of data
Reporting capability	Selection of robust reporting tools
Enforcement	Senior management support
	Visible communication of program
	Impact on performance reviews

Benefits Realized

Companies that effectively use exception reporting can benefit by:

:. Continually improving the travel management program

:. Improving supplier relationships by demonstrating proactive effort

:. Reducing cost through compliance and superior supplier deals

Best Practice #30

Use Online Reporting Tools to Provide Usage Data for Negotiations

Having access to valuable data through the use of online reporting tools offers a powerful tool when negotiating with suppliers.

The value of a global database of information (Best Practice #26) can be extraordinary, but its use is further enhanced with the use of data mining and Web-based reporting tools. Supplier negotiations have become more complex as options for the traveler are greater and companies take a global perspective on travel management and sourcing. The key to negotiations with suppliers is no longer "How much did we spend last year?" but "how much, where, when, how, and the market share?". Needs are different throughout the world, service varies, and a balance is required to optimize deals.

The online reporting tools available provide companies with the ability to slice and dice data in a manner that enables them to answer the tough questions posed by suppliers and demonstrate the value of their organizations to those providing the travel services. In some cases, additional software is used to model activity and test various scenarios but the reporting tools assist in providing the data for that analysis.

Not only are online tools a powerful asset during supplier negotiations, they have the additional benefit of being accessible anywhere an Internet connection is available.

Key Success Factors	Methods of Achievement
Comprehensive data capture	Mandated use of agency and corporate card
	Consolidation of data
Reporting capability	Selection of robust reporting tools

Benefits Realized

The use of online reporting tools to access supplier usage information offers:

:. Opportunity to access information at any location with an Internet connection

:. The ability to analyze usage from all perspectives

:. A source of information for immediate response to supplier challenges or propositions

:. A significant improvement over carrying paper, which may be outdated by the time the meeting takes place

.: Compliance Monitoring and Vendor Management

Best Practice #31

Use Analytical Tools to Optimize Airline Contract Negotiations and Compliance

Analytical tools are available to assist large organizations in negotiating contracts with airlines and then monitoring their performance against those agreements.

The nature of the relationship between major airlines and corporations has changed significantly since deregulation in 1978. In the highly regulated environment, fares were simply First or Coach for most business travel and discounting did not exist. Since deregulation, fares became very complex with thousands of changes per day and increased interest from the corporations in leveraging size for lower fares or discounts. This pressure initially resulted in back-end rebates through agencies (corporations were forbidden to negotiate directly with airlines) and has progressed to free-market negotiations with airlines for discounts from published fares. Most of the airline contracts, which tend to be very confidential, are based on a company's ability to shift share beyond the natural share it would command, based on a given airline's presence into a specific market. When considering the complexity of the fares and route structure along with the number of cities a company flies to from possibly a similar number of destinations (city-pairs), it is clear how complicated an analysis this could be in a global travel program.

Software providers are addressing this need with systems that assist the company in making airline contract decisions. They may also help to monitor how well the company is doing in their effort to meet contract performance metrics in order to maximize their ultimate financial gain. There are several factors in a company's strategy to maximize cost savings and this type of software will indicate when travelers should be shifted to a given airline for a specific city pair with the answer possibly changing over the period of the contracts.

Key Success Factors	Methods of Achievement
Comprehensive data capture	Mandated use of agency and corporate card
	Consolidation of data
Policy compliance	Senior management support
	Agency involvement
Analytical tool selection	Develop detailed requirements
	Evaluate objectivity
	Review references for similar requirements

Benefits Realized

Companies that use third-party analytical tools for airline negotiations and contract monitoring can benefit by:

:. Being able to evaluate extremely complex options with significant financial implications

:. Having a tool that removes any emotion from the choice of airlines

:. The ability to monitor performance and adjust behavior

Best Practice #32 - Meetings

Meetings and Events: Use Budgeting and Reporting Tools to Track Spend and Negotiate with Venues and Suppliers

Companies that effectively manage their meeting and event activities and expense (Best Practice #6 and #28) use reporting tools to track spend and assist in negotiating with suppliers.

Managing the meeting and event activity and developing a database of information related to historical performance and planned events offers significant cost saving and performance enhancement opportunities. Best practice companies that are in a position to do this use reporting tools to generate the information necessary to effectively negotiate with suppliers for planned meetings and events.

Although conceptually similar to transient travel, the number of variables involved in a large corporate meeting requires access to detailed data in order to negotiate with hotel management at the various venues being considered. Demonstration that the company captures this information, has access to it, and uses it to budget and evaluate options will place the planner in a strong position to negotiate a preferred deal. It is also in the supplier's best interest to know that their customers will monitor performance and favor providers who have been partners in successful meetings.

Third-party software is available (Best Practice #14) to provide end-to-end integration and data capture throughout the meeting planning and execution process. A reporting tool, preferably Web-based, that can access the data prior to and during supplier negotiations will make a major contribution to the success of the meetings and events program. Complementing this technology is the use of specialized payment solutions, such as meeting cards (Best Practice #21), for payment of meeting expenses and the provision of allocating expense data to the reporting tools.

Key Success Factors	Methods of Achievement
Consolidated database for meetings data	Consolidate meetings management
	Technology to capture data
Policy compliance	Senior management support and enforcement
	Communication of policy and benefits

Benefits Realized

Companies that use reporting tools to access information for supplier negotiations can:

:. Demonstrate their knowledge to suppliers and improve long-term relationships

:. Reduce meeting costs and supplier pricing

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