
The Business of Travel Policy Compliance



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Technology And People To Power Results

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Travel is among the most elusive corporate expenditures to manage successfully. With 25 years of industry experience in centralized travel management, major corporate travel programs are sophisticated and mature. Procurement administrators look for ways to move forward without sacrificing the techniques and institutional goodwill developed with years of effort.

Current world economic challenges make this a business imperative: travel management must change quickly, successfully, and appropriately to deliver cost reductions while protecting business requirements. The need to lower costs will not disappear, and corporate travel managers (and the agencies that serve them) must ensure that they have the tools to deliver.

[Click Here](#) to read the entire article that looks at several current travel policy management developments and cost-containment tools, specifically those enabled by automation. Forthcoming articles in this series will discuss various approaches to policy management and what the future will hold.

Negotiation Isn't the Answer

Even modest corporate travel programs frequently have discounts negotiated with key vendors. Unless a program is markedly deficient, expanding or reopening negotiations is unlikely to deliver travel significant travel cost reductions in 2009.

Suppliers of all types see decreasing revenues and need to protect what they have. Because it is unlikely corporate travel volumes will expand this year, there is little incentive to offer better discounts.

The only way to move corporate travel programs toward lower costs is policy compliance management—making the most effective use of discounts and volumes managers already have.

Policy as Machine

The foundation of successful travel program management has always been some form of policy—whether informal or explicit. Policy compliance rewards corporate buyers with sustainable lower costs. Successful policies combine service and vendor selection, availability, and transaction methods to arrive at a consistent way of conducting business.

Negotiated supplier discounts have always been the central attraction of corporate police, and hence travel management becomes more successful as compliance increases and suppliers are rewarded for the discounts they make available. Travel program managers must simply mandate compliance (or so many believe) in order to generate sustainable and increasing savings.

Nothing is ever as simple as it should be.

There are never-ending papers written to try and understand why travel management fails to deliver this straightforward operation. Partly this is because travel programs need better ways to relate to real-world traveler behavior and business requirements.

The secret is not crafting more rigid mandates, peer benchmarking, or enhanced market share-based vendor negotiations: it is building a policy mechanism that is able to make distinctions and behave accordingly.

Travel policies begin with distinctions. Some situations allow first class travel and others do not. One hotel is appropriate on a particular occasion and not another.

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The challenge is that distinctions quickly overwhelm the policy system, even with companies of modest size. Travelers, who frequently perceive their personal travel objectives to be at variance with policy, may contrive ways to purposely overwhelm the system—frequently these are very inventive and people will often work hard to find ways not to comply.

For example, travelers may come to realize that simply by reserving as late as possible they minimize their exposure to undesirable vendors and services. Policy reviews may not happen simply because there was insufficient time before ticketing or booking deadlines expire.

Travel managers find policies are weakened because the business cost of taking action is simply too great. Well-developed travel programs may have vendor discounts in place. The next cost-cutting steps involve changing traveler behavior.

Many managers are reluctant to pursue these opportunities because they lack specific and actionable information that describes the value of the available savings. Travel policies and programs are almost always abstract plans in that behavior is organized and targets set apart from what happens in the traveler's real world.

Decision-Support

Automation provides the organization and accessibility policy management previously lacked. Current automation tools allow programs and policies to be easily measured and applied to detailed transactions. Travel managers use support tools to make policy compliance decisions as to whether specific trips should be approved as requested or modified.

In contrast to systems previously available, today's policy compliance automation avoids excessive detail and takes advantage of automated fulfillment techniques that allow "touch less" transactions to be processed.

Managers should not necessarily evaluate every travel request—decision support technology allows automatic rules and compliance tests to be applied so that only high-value transactions are flagged for human attention.

Key automated policy compliance attributes include:

1) Timeliness

Systems must provide quick responses based upon real time interaction with booking systems, so that saving opportunities are not lost awaiting approval. Any intervention must also take place prior to ticketing or other final commitment.

2) Simplicity

Travel managers do not necessarily want to review every transaction. Attempting to do so not only introduces delays but creates conditions where some trips are approved to simply move them along. Automation allows distinctions to be made effectively so that high-value savings opportunities and compliance errors are not overwhelmed.

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3) Consistency

Rule-based policy compliance tools apply the same tests and logic to every transaction they touch. Managers can continually evaluate and refine policy with less opportunity for variances caused by individual travel approver management styles and personalities.

4) Measurable

Compliance tools allow the effects of conformity and variance to be clearly measured. Even where management determines that intervention is not justified, the costs of travel policy implementation or failure are clearly seen and can be discussed with department heads.

There is a tendency in travel program administration toward self-delusion, in that travel policies are deemed effective for various reasons unrelated to their success. Some managers describe successful policies as those where no one complains, or where self-booking adoption levels are high (regardless of whether self-booked trips are made correctly).

Policy compliance management tools should take a more sophisticated approach tied to what has happened within a specific reservation, and what measurable savings opportunities may exist.

5) Proportionate Results

Because corporate cultures and departmental mission requirements vary widely and change frequently, there will always be savings opportunities that cannot or should not be captured. Automated tools enable distinctions to be made as to where intervention should take place, but managers usually want to retain final approval.

Recent technological advances both simplify travel policy compliance monitoring and implementation, and transform it into a highly useful, flexible, and specific cost-reduction tool. The implementation of policy control has moved much closer to its promise.

Next in this series: [Policy Management in Action](#)

About Policy Compliance Manager

Cornerstone's Policy Compliance Manager is a highly effective rule-based system that enables appropriate decision and approval support, trip status tracking, tight integration with mid-office and fulfillment tools, and comprehensive reporting. It is a readily available, affordable tool that delivers immediate, actionable results.

Agencies are utilizing PCM as an integral money-maker and competitive differentiator. PCM analysis shows corporations saving money by decreasing unnecessary trips by 50%, increasing advance purchases by 27% and decreasing business/first class bookings 42% by mandating PCM use.

Please contact us at ask@ciswired.com for information as to how Policy Compliance Manager will benefit you or visit our web site at <http://www.ciswired.com/index.html?P=PolicyComplianceManager>

About Cornerstone Information Systems

What if you could do double the work in half the time? This is what Cornerstone Information Systems accomplishes for their customers by handling the technology side of business so their customers can focus all their attention on their core competencies with the passion and drive that leads to success. As a leading professional services company, Cornerstone helps travel management companies, corporate travel departments, airline and global distribution systems work to their fullest and most profitable potential. Founded in 1992, Cornerstone Information Systems is a privately-held company based in Bloomington, Indiana with offices in eight locations worldwide.

About the Author

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