

# Mapping strategy to KPI's for travel management

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Many of the KPIs I have seen for travel management are just service levels. Often there is a singular focus on cost reduction and a struggle to work out how to deal with other issues such as staff satisfaction or the needs of the divisions. Without clarity in travel strategy and a means of measuring progress you are at risk of wasting focus and being seen as not adding value by management and stakeholders.

While there are probably numerous ways of capturing a strategy and resultant KPIs, outlined below is an example four step process.

## Step 1 – discovery

I could have included here the old SWOT analysis which is one legitimate way of commencing the journey of strategy development. However, our preferred approach is as follows:

- understand the current arrangements including current policy and processes.
- benchmark your current arrangements against the market and other companies. This doesn't necessarily need to be extensive but will help understand where there are opportunities for improvement.
- engage with the divisions and consumers of travel services and understand what are their travel needs to support their business. You may find for example, that the service needs to differ between divisions. A workshop may be all that is needed to obtain a good understanding.
- obtain senior management's view of the organisational imperatives for travel. This may include speaking to the CFO and/or CEO. You may be surprised how interested they are in travel as a service and a line of expense.
- contrast the current arrangements with what you now understand from the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> points above identifying where there are differences from best practice, divisional needs or organisational imperatives. This is often referred to as gap analysis.

## Step 2 – develop the strategy

Here you should be able to document what you perceive are the objectives of the service for the foreseeable future. Examples can include:

- reducing costs
- improved duty of care for travelers
- reduced environmental footprint

- improved quality of service to travelers (staff)
- minimizing lost productivity
- contributing to driving regional sales.

Next define what factors will be critical to achieving the objectives (dare I say 'critical success factors'). These can be ongoing or project/initiative based.

For example, reducing costs may require:

- obtaining increased visibility of travel spend and consumption (travel data and reporting)
- benchmarking of costs
- development or rewriting of policy
- increasing compliance with policy
- increasing online booking uptake (reducing TMC fees)
- renegotiating or market testing supplier deals
- improved management of group travel.

An objective to minimise lost productivity might involve:

- increased use of video conferencing as an alternative
- relaxation of policy on BFOD
- obtaining access to lounges for working space for travelers.

Put all of these together and start setting priorities. As you will see from the simplistic examples above, all of the objectives and critical success factors need to be seen in conjunction with one another.

Now you are ready to go back and start seeking management endorsement for your draft strategy – a critical step. Note that you might need some business case details here for some of your initiatives – particularly where costs are to be incurred or unpopular changes are to be made. Also remember that travel is highly emotive and your influencing skills will be tested to the limit where you are recommending an unpopular change that is sought by management.

The strategy will also need to be articulated in terms of the actions, timelines and responsibilities (the 'plan') either prior to or post management endorsement.

Some useful tips:

- when determining objectives, try to think how your stakeholders would characterise success, or even more importantly failure, of the service or your impact on the service in say three years time.
- keep the objectives and critical success factors to as few as possible – only include what is important to your stakeholders.
- always approach senior management first as you don't want to set expectations with staff that subsequently can't be met.
- don't overcomplicate it. Excluding the business case details, the strategy could be as little as 2 pages.

### Step 3 – define the KPIs

The important point here is to try and articulate a measure for achievement against each objective or critical success factor. Far too often there is an over reliance on cost as it is easy to measure. Staff satisfaction is also often used but with little thought in terms of linkage to strategy (objectives and critical success factors). We often see service levels being reported as KPIs, such as % availability of the OBT, which might bear no relationship to strategy.

Cost can and perhaps should be measured in most cases. There are obviously numerous measures depending on where you are focusing. Staff (traveler) satisfaction may also be relevant where maintaining or improving this is part of your strategy. Other objectives often tend to be overlooked or are too hard. A couple of simple methods are outlined below to make this a little easier.

Achievement against deliverables or implementation of initiatives is a simple measure with reporting conducted on a status basis until complete.

Expert opinion is an under valued way of obtaining valid, indicative performance information across a range of areas. When combined with comparisons to previous periods (trends) it can be particularly useful. Examples might include:

- survey travel arrangers on the compliance of the TMC with their SLA (would require educating them on the contents of the SLA)
- survey managers on whether traveler productivity has improved, deteriorated or remained the same.

Tip: don't over survey your staff. Combine into one survey and do it perhaps on a sample basis say six monthly. Always seek their approval to participate before, it will improve perceptions and response rate.

### Step 4 – measure and monitor

This should be self evident. Monitor what the results mean and respond accordingly to ensure your strategy is delivered and you keep your stakeholders informed and on-side. If you find you can't measure them, delete them or change them.

## Application to your TMC contract

When applying KPIs to your travel management provider you need to consider their ability to control those things that influence the results. Where they don't have full control over the outcome (eg. compliance to policy) perhaps trend measures are better such as % reduction in non compliance.

When linking incentives to KPIs some suggestions include:

- don't just withhold money (penalise) where they don't have an opportunity to factor this risk into their fees, ie. ask them to nominate an amount at risk in their fees where only penalties are intended
- consider bonuses for performance above expectations as well as sanctions
- wherever performance is linked to dollars the arrangements need to be well developed and implemented to avoid souring the relationship. Linking performance (hurdles) to extension options of the contract is another methodology less prone to dispute.
- consider having the provider attach a component of their fee (again at risk) to promises such as implementing key parts of their service or achievement of milestones or other commitments

## Conclusion

Following the above process will ensure your strategy isn't driven by perceptions or what might be relevant to other organisations. It will also avoid being trapped in operational issues at the expense of what is important for your organisation.

To ensure the strategy is successful into the future some final tips include:

- set in place a process to review the strategy and KPIs annually
- reward achievement against the KPIs, including good behaviour of travelers, results delivered by your TMC or even rewards for you and your travel management staff for seeing it through.