



Bespoke model

Tailoring a business travel service to a small or medium-size enterprise can be very rewarding

By **MARK FRARY**

WHEN YOU ARE SMALL BUT BEAUTIFUL – as a company that is – it usually makes sense to concentrate on what you do well. If you are a bakery with five staff, you would happily outsource the bits that might not be considered core to your business – cleaning the shop, doing the accounts, and so on.

When it comes to business travel, small and medium-size enterprises (SMEs) have not always felt the same need. Booking travel, even if it is for business rather than leisure, is usually perceived as a task that doesn't really require external expertise.

However, Kate Roe, American Express GBT's head of marketing for EMEA and APAC, says outsourcing business travel is no different from outsourcing other functions, such as payroll or accounting. "How much do you want to take on yourself before it becomes more cost-effective and more professional to have that managed and let you return to your core business?" she asks.

But Steve Banks, director of business development at Capita Travel and Events, says there has to be a trigger for SMEs to start using an agent.

"They may start off having unsophisticated requirements and doing it themselves. It might be that it takes up too much of



somebody's time, billing becomes too complicated or they are using multiple sources so there is no trip continuity. Duty-of-care comes into it, too. Sometimes there is an incident and companies don't know where their people are."

Roe says: "Staff are more conscious of the risk of business travel and, if they happen to be in a country where something is going off, they want their employer to have something in place to take care of them."

"It might also be spend," says Banks. "They know they are spending a lot but have no management information to authenticate it."

Sarah Smith, who heads up Clarity Travel Management's Hub, a dedicated service for SMEs, says: "One of the main things SMEs are looking for is data consolidation. They want full visibility and want to know how they improve buying behaviour."

Even with one of the triggers above, one of the biggest challenges for TMCs in getting an SME to move from an unmanaged environment to a more managed one is that they will now have to pay to book their business travel in the form of transaction fees.

DO SMEs GET IT?

Regarding paying transaction fees, Norad Travel Management's commercial director Bob Govan says: "Some get it, some do not; there's still a regular need to explain our business model, and in so doing we clearly tie the true value of our fee to the M for management service aspects and benefits, rather than the T for travel [booking] in our industry nomenclature."

Andy Hegley, general manager of Corporate Traveller, the dedicated SME division of FCM, says: "The actual fee is a very small percentage of the total – less than 5 per cent of the travel spend – we provide reporting year-on-year and can show the value is there."

The company targets SMEs spending between £50k and £2 million on travel and has around 4,000 of these on its books, including 2,500 that travel on a regular

basis. "Within that spend category, we have dedicated account managers with blended technology called Your.CT. Some companies only require some profile management, but as they grow they need to track spend on their reports, which requires an online booking tool. Then we introduce FCM."

Clarity's Sarah Smith adds: "If someone asks me why they should pay a fee, I show ..."

"One of the main things SMEs are looking for is data consolidation"



Healthy relationship

ESSENTIA, A SPECIALIST CONSULTANCY that helps public and private sector organisations maximise the value of their built assets, is typical of the nearly 6 million SMEs that drive the British economy.

Essentia is owned by Guy's and St Thomas's NHS Foundation Trust and comprises more than 70 experts covering healthcare planning, property, capital development, sustainability and technology.

The company spends between £80k and £100k each year on business travel, mainly in the UK, visiting client sites and meeting potential new customers.

"We also travel to the Middle East quite a bit as our services are in demand there. Doha has been the most popular of the overseas destinations recently," says the company's head of marketing John Hughes.

When the company first started in 2013, it did not use a TMC. "In the early days we used the internet and booked trips as we went along. It was OK when the business was small

but we have had rapid growth as a consultancy," he says.

Growth meant that the company needed help and it turned to Corporate Traveller, FCM's specialist SME arm.

"We were looking for a company that could support us when we needed help with getting the best value and often turning around some detailed travel plans under pressure. We also wanted to work with a professional company that would add value by suggesting other options that might save us money and time in the long run," says Hughes.

CLUBBING TOGETHER

them all the airlines we have negotiated rates with. You might book a £100 fare on BA but we would negotiate it to £80 and pass it on to you with a £10 fee – you pay £90 where you would have paid £100.”

Steve Banks of Capita Travel and Events, around half of whose clients spend less than £1 million on travel, says that often the transaction fee barrier is jumped by showing small companies how they can get commissions back on hotel and rail transactions.

Capita’s free of charge CTE Navigator offers a predominantly online service with offline support and telephone account management as well as management information and duty-of-care. Companies that require more sophisticated offline service are passed over to teams dedicated to SMEs.

WHAT DO SMEs WANT?

A survey by TMC Egencia of its SME clients in December 2017 showed that “increased cost savings” was one of the three most important areas for the year ahead. Of those, 60 per cent believed it was the most important. The other top two areas were both closely linked to efficiency, with “increased productivity for the traveller” at 50 per cent, and “improved transparency on travel expenses” at 40 per cent.

Savings are uppermost in SME minds then? Perhaps not. “They say they want cost savings because they feel they should,” says Clarity’s Sarah Smith. “But if we can reduce the number of people booking last minute or show them a cheaper option first and ask them to give a reason if they take a more expensive flight, it might slowly start to change buyer behaviour.”

Roe says SMEs are looking for “savings on air and hotels, good choice in the market, a booking engine, an approval workflow and basic reporting”.

She says: “That is the ABC of managed business travel so we have put all of that together and worked out a price based on a transaction model, with two different options depending on whether the company wants a heavy offline or an online model.”

Amex GBT launched its Business Travel Made Simple proposition at the 2018 Busi-

SMEs ARE RECOGNISING that they do not necessarily need permanent office and meeting space, and are turning to flexible working spaces and business clubs.

The Clubhouse in London was founded in 2012 by Adam Blaskey and now has four locations across the capital: Mayfair, St James’s, Bank and Holborn.

It offers members everything they need to run their business in central London without the costs typically associated with prime office locations: flexible meeting areas, hot desks, dedicated desks and a range of meeting rooms, boardrooms and presentation suites as well as the usual range of business services including couriers, printing and copying.

The Clubhouse works with TMCs and hotel booking agencies such as American Express GBT, Banks Sadler and Grass Roots and has many SMEs who like the “space as a service” concept that it offers.



Hudson Walker International is a small executive search business focusing on the luxury sector and uses three of the club’s locations. Co-founder Pauline Hudson-Evans (pictured)

ness Travel Show to allow “someone with simple requirements to benefit from buying power, best practices and the savings we can offer large customers”, says Roe. “We don’t want to crush a small company with an implementation that takes ten months. They are looking for something off-the-shelf.”

Roe says the company can offer SMEs discounts of up to 35 per cent at some hotels, for example, but can also negotiate free breakfast, wifi or last-room availability.

Capita, however, sees savings as an important offering. “SMEs also have access to a programme called Collection which



Events space at The Clubhouse in London's Mayfair



The Clubhouse roof terrace, Bank, London

says: “We were in a leased office in Dover Street for 20 years but in a changing business landscape we no longer needed a dedicated space with all the associated costs and frustrations. I saw the benefits of on-demand office space: flexibility, freedom from having to deal with landlords, cleaners, utilities, etc.”

“These benefits, combined with much lower running costs, have improved our cash flow and mean that more of my time can now be spent focusing on our core business.”

comprises independent hotels with negotiated rates that tend to lend themselves well to the SME market,” says Steve Banks. “We have also negotiated fares with 40 airlines; if the company doesn’t have any volume to negotiate with, they can piggyback off us.”

It is not just about savings. Capita’s Traveller First service offers travellers discounts and other benefits irrespective of the SME’s spend. On Great Western Trains, for example, the company can offer free tea or coffee, or free car parking.

“Assistance in the creation and effective dissemination of an effective travel ♦♦♦

policy is often of interest to SMEs as are ancillary services, such as VAT reclaim and staff welfare benefits, including access to our leisure travel service expertise," says Norad's Bob Govan.

What many SMEs are looking for from TMCs is 24-hour support, meaning that the PA/travel booker no longer has to be constantly available and at the beck and call of the company's travellers.

Clarity's Sarah Smith says 24/7 service is one of the big three requirements of SMEs, along with data and cost savings. Hegley agrees: "If someone is stuck overseas at two in the morning, we can change things for them very quickly on the phone. Giving smaller businesses peace of mind is very valuable to them," he says.

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"Quite often, an SME won't have a policy so we take responsibility designing that with them," points out Corporate Traveller's Andy Hegley.

"Our 24-hour service comes into play in the level of support we give to the traveller," says Capita's Banks. "It is there to ensure the traveller doesn't feel isolated."

Roe adds: "If there is anything we can learn from the small business market it is, keep it simple. Business travel can get complicated, so we need to simplify it to be successful in that segment of the market." ♦

Gauging the gig economy

A RECENT REPORT for the Department for Business, Energy and Industrial Strategy estimated that 4.4 per cent of the UK population – some 2.8 million people – had worked in the so-called "gig economy" in the last 12 months. It defined the gig economy as "involving the exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment-by-task basis".

The gig economy is perhaps best characterised by companies such as Uber and Deliveroo whose drivers are paid for each job they do and are flexible about when they work, although on the understanding that they get no employee safety net that a traditional company would provide.

Most of the companies in the gig economy are involved in "last-mile" operations, delivering food from restaurants or parcels from businesses, within local areas.

While the majority of these workers will never travel on business,

collectively they may represent an opportunity for TMCs as their rights become more recognised and their "employee" status enhanced.

Uber, for example, has more than 40,000 drivers in the UK. In May it announced it would provide a range of insurance coverage for its European drivers, including sickness, following its defeat last November at an Employment Appeal Tribunal, which found drivers are not self-employed.

Jill Palmer, chief executive, Click Travel, says because these types of organisations are "forward-thinking companies that use cutting-edge technology to disrupt the status quo", they would be more likely to embrace "app-driven applications that offer an innovative, ultra-efficient, cost-saving solution". Palmer adds that Click's own "travel.cloud" tool is designed for the individual business user: "It sits neatly within the gig economy bracket," she says.

