



Is it Time to Rebid or Simply Refine TMC Services?

Selecting a travel management company is among the most consequential decisions to make within a corporate travel program. The chosen TMC will serve as the client's primary travel service provider, so its approach to service, technological capabilities, ability to evolve with the times and its global reach will have a profound effect on the effectiveness of the managed travel program. As such, the TMC selection process is often complex, lengthy and carefully considered, given the gravity of the choice.

Such a process traditionally involves a detailed and protracted request-for-proposals process, with several TMCs invited to bid on a would-be client's business, and ends with the signing of a multiyear contract, often for three or five years but occasion-

ally as many as seven. The RFP process can be quite comprehensive, with bidding TMCs asked for many details about their service, technology and global philosophies and capabilities. The ultimate selection of a TMC often can extend beyond the travel department to involve finance, procurement and other departments, as well as corporate senior management.

This white paper will show, however, that while the traditional methods of TMC selection continue to have value, other approaches can prove just as effective, and a sharp focus on certain key concepts can result in streamlined, less cumbersome tactics regarding RFPs and a more effective matchmaking process between corporate travel program and TMC.

RETHINKING THE PROCESS

In a time when the relationship between the business traveler and the travel management company has changed so quickly and dramatically, with online booking and mobile apps for itinerary management, travel information and booking now standard options and communication channels evolving to include text messaging and even chatbots and predictive intelligence, perhaps it's time for the RFP process to select the TMC to evolve as well.

That's the argument made by Festive Road managing partner Caroline Strachan, speaking on a recent BTN Group webcast sponsored by Egencia.

"If we're all honest, the TMC RFP process has become the thing everyone wanted to complain about," Strachan said, adding that her consultancy has researched buyers' predilections during that process, including why they made the decisions they made.

"Every company is different, so therefore every TMC match is different, and we think that is something not well understood in the industry today," Strachan said.

What Festive Road's research showed, she said, is that the first step to a smoother TMC-selection process from the buyer's perspective is a sharp focus on the three elements of TMC offerings that are most important to many: culture, capabilities and commercial. Of culture, Strachan cautioned that many TMCs will

claim they can mold their behavior to match the corporate culture of a would-be client and suggested such efforts are doomed. "There are only going to be certain TMCs that can match your culture," she said. "When you find a relationship that is a really brilliant cultural fit, you don't have the day-to-day pain of fire-fighting and cultural issues, the relationship just works, so you can fire along and create new value together." Strachan argued that today's TMCs should be assumed to offer a base level of capability, including answering calls and emails quickly, issuing tickets and offering 24/7 servicing. "But there is an enhanced layer of capability, [including] data – how are you going to use data? For supplier negotiations? To manage budgetholder expectations? To link in with your CFO? To manage traveler friction, and link in with HR?" she said. "The way you're going to use data depends on the capability of your TMC, and different TMCs have different levels of capability."

Commercial concerns, she argued, typically won't derail an otherwise good TMC-client fit. "By the time you have gone through a smart process, thinking about the cultural and capability fit, it's almost a done deal," she said, "versus a race to the bottom of who can price the lowest."

Strachan likened the current selection process to dating apps and said TMCs fall into one of the following categories. Given the variances, she advised, "Buyers: be clear on your business requirements. TMCs: be clear on your differentiators."

Current State of Matchmaking

SOURCE: Festive Road managing partner Caroline Strachan



ANYTIME ANYWHERE



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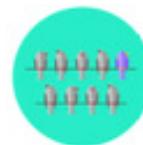
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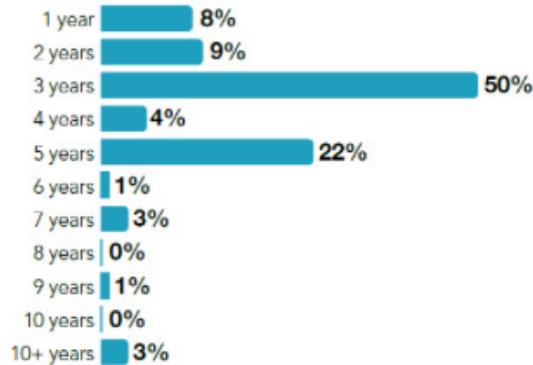
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OPEN HOUSE

Three-Year TMC Deals Are The Most Common

How long is the contract term with your current primary TMC?



SOURCE: *The Beat* survey of 160 corporate travel buyers with at least \$500,000 in annual U.S.-booked air volume, conducted June-August 2016

Total does not add up to 100 due to rounding.

MAKING LEMONADE

Apparel retailer lululemon in its first full RFP process three years ago focused on a few strategic priorities in its search for a TMC, said global travel and events manager Brooke Davis. The company, which has about 2,100 travelers, about \$20 million in annual travel spending and a workforce that generally is young and tech-savvy, focused on bidding TMCs ability to provide good traveler experiences, particularly with the availability of online booking and mobile apps; scalability for global program expansion and visibility in terms of tracking spending, negotiated savings and travelers.

Before the RFP, the program was essentially unmanaged, Davis said. “My mandate was to look at program and understand the opportunities to scale it from a global perspective,” she said. “We did a major focus group exercise rolling various stakeholders—road warriors, administrative assistants, travel arrangers and executives—to get a pulse check of what was working with existing program and what needed to be enhanced, and we found a lot of opportunity there.”

After overhauling lululemon’s travel policy to highlight travelers’ productivity, health and happiness, Davis’ team began its search for a global TMC with interviews with leaders to assess the cultural fit with the retailer.

Lululemon invited five TMCs, including its North American incumbent, into the RFP process. The company hosted working groups of procurement, finance, people and culture, and asset protection teams in the RFP process, she said.

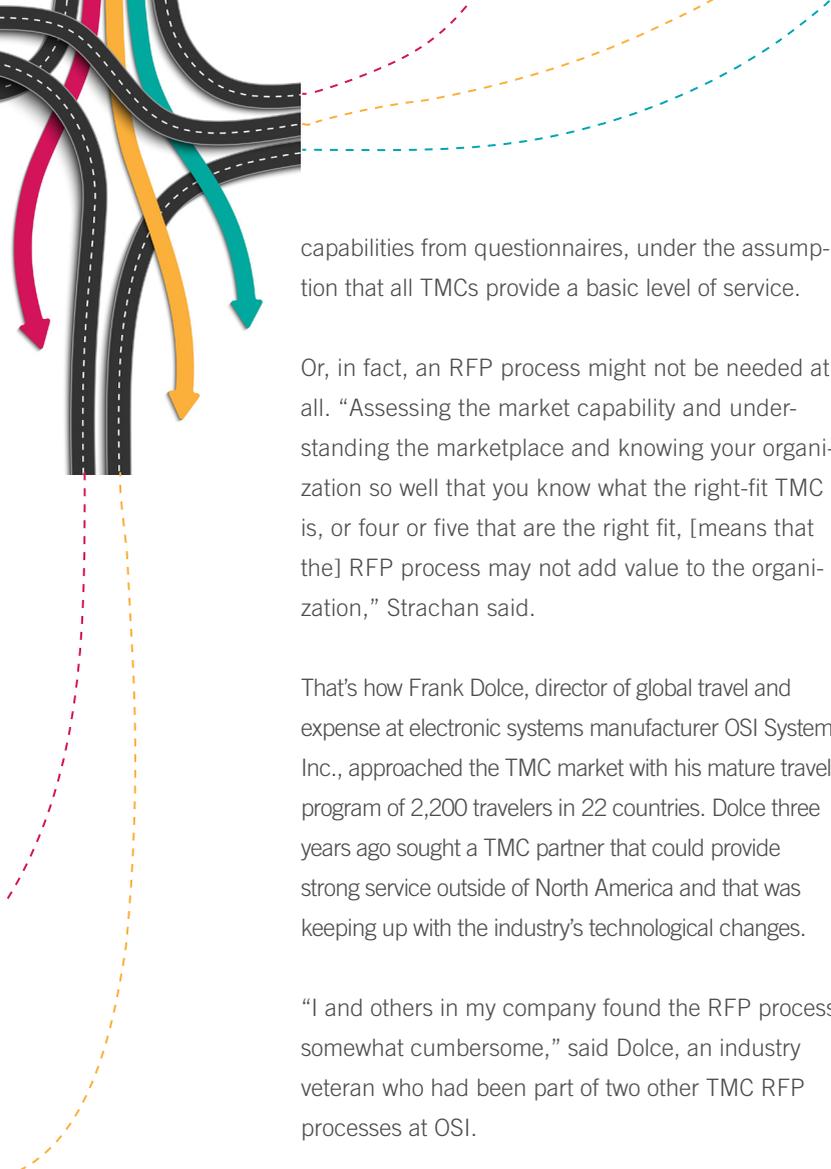
“We developed a robust implementation roadmap and change management strategy, and I think that was the key to success in eventually landing Egencia as our global provider,” Davis said. “We rolled them out globally on the same day.”

Strachan cited lululemon’s clarity about its business and its needs in its search for a TMC. “We suggest auditing the current situation [and] being very clear about where your company and the marketplace is headed,” she said. “Lululemon is a great example of linking business priority into travel program priority into sourcing the right provider.”

Understanding not only the corporate client’s goals and priorities but also an assessment of future needs and the TMC’s ability to meet them are key to an assessment of current TMC performance and potential new TMC evaluation, Strachan said.

DITCHING THE RFP?

A full-blown RFP process, however, may not be the best method for choosing a TMC, once a corporate client determines one is needed or should be considered. Indeed, Strachan said, only in specific cases when a business needs a heavily detailed paper trail for an audit is a comprehensive process required. Instead, Strahan suggested as one possibility a “non-RFP” in which buyers give TMCs “the opportunity to highlight their differentiators,” by removing base



capabilities from questionnaires, under the assumption that all TMCs provide a basic level of service.

Or, in fact, an RFP process might not be needed at all. “Assessing the market capability and understanding the marketplace and knowing your organization so well that you know what the right-fit TMC is, or four or five that are the right fit, [means that the] RFP process may not add value to the organization,” Strachan said.

That’s how Frank Dolce, director of global travel and expense at electronic systems manufacturer OSI Systems Inc., approached the TMC market with his mature travel program of 2,200 travelers in 22 countries. Dolce three years ago sought a TMC partner that could provide strong service outside of North America and that was keeping up with the industry’s technological changes.

“I and others in my company found the RFP process somewhat cumbersome,” said Dolce, an industry veteran who had been part of two other TMC RFP processes at OSI.

“The most recent TMC selection was done more informally through personal research and talking to people, based on my experience in the industry,”

Dolce said. “I’d had my eye on Egencia for many years and watched it evolve, and we decided in 2016 that this was something that we wanted to go to. We needed a global booking tool and a company with a large presence around the world, so we selected them and implemented.”

Dolce’s knowledge of the areas where his company’s travel program could be better served as well as the industry experience to assess the potential of other TMCs helped him to decide to switch and select without the burden of a full RFP process.

CONCLUSION

Determining whether to rebid a TMC contract is a decision best informed by extensive knowledge of the buyer’s corporate culture and weak points within the program as well as market conditions and an assessment of other TMCs’ differentiating capabilities.

A traditional RFP process can be helpful, but may not be necessary, in determining the true capabilities of TMCs and how they can address a buyer’s overall travel program needs and anticipated future needs. Assessing whether the incumbent TMC is best prepared to meet those needs can be the determining factor in a decision to rebid the contract. ■

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