

Creating the Vision

A Perspective on the Future of the Small-to-Medium
Travel Management Company (TMC)



Engage. Create. Deliver.



Advantage
Business Travel

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Foreword



In times of change within an industry there are also windows of opportunity. The business travel industry is experiencing dramatic, fast-paced change and those placed at the heart

of travel management as a practice, the Travel Management Companies (TMCs), have an opportunity to enhance their place in the value chain. As an intermediary, they service two customers – on the one side, the suppliers who want to create more meaningful relationships with corporations that travel and, on the other, the buyers and travellers from those corporations.

At Advantage we know that we, too, need to create value to both our TMC members and our business partners: the suppliers who partner with our members.

This paper is therefore part of our ongoing, collaborative work to help the small-to-medium TMCs in the UK to continue to develop their proposition, so that they will thrive in the evolving travel management landscape of the future.

All of us at Advantage hope you enjoy reading it.



Sonia Michaels
Head of Business Travel
Advantage Travel Partnership



Having started my business travel career with small-to-medium TMCs in the UK, I personally recognise their ability to focus sharply on the customer and nimbly develop services to meet their needs. It is

my belief that those attributes, applied with industry perspective, set the members of Advantage on a course to deliver even more value to their customers of the future.

At Festive Road, we create environments to ensure that the necessary dialogue happens to help companies see clearly. We are proud to have supported Advantage to deliver the business travel sessions at their annual conferences to do just that: to see clearly. So, we are also proud to be helping Advantage to develop this paper as a natural follow-on from those events. It is intended to summarise the key learnings from the spring 2016 conference and the autumn Symposium and, essentially, provide some perspective for small-to-medium TMC development in the future.

I applaud Advantage for producing this paper and hope that it will help the small-to-medium TMC focus more clearly on its future strategy.



Paul Tilstone
Managing partner
Festive Road

Executive Summary

In 2016 the Advantage Travel Partnership team set about creating a vision for their business travel members at their annual conference. Their goal was to draft a template for the future shape of a small-to-medium travel management company based on research and collaborative work with members and business partners. This project was designed to continually challenge the Advantage business travel members to review their proposition to maximise the value they can bring to their customers of the future.

This paper is designed to be a recap of what emerged from that April conference exercise, with additional output from a follow-up event in September 2016, which focused on taking the vision to reality.

The project initially started in May 2015, where the conference of that year focused on exploring the landscape of change within the business travel industry. Upon that landscape of change, the principle of creating a vision of the small-to-medium TMC of the future was born and in the conference of the following year the initial draft template to illustrate that vision was created. It was termed the 'TMC Acuity Scale' in reference to the need to establish a clear vision.

For the exercise to create a vision, the services for focus were split into six broad areas for delegates to consider. These six areas encompass the vast majority of value provided to both corporate travel buyers and the suppliers in the industry, namely airlines, hotels, rail companies, etc.

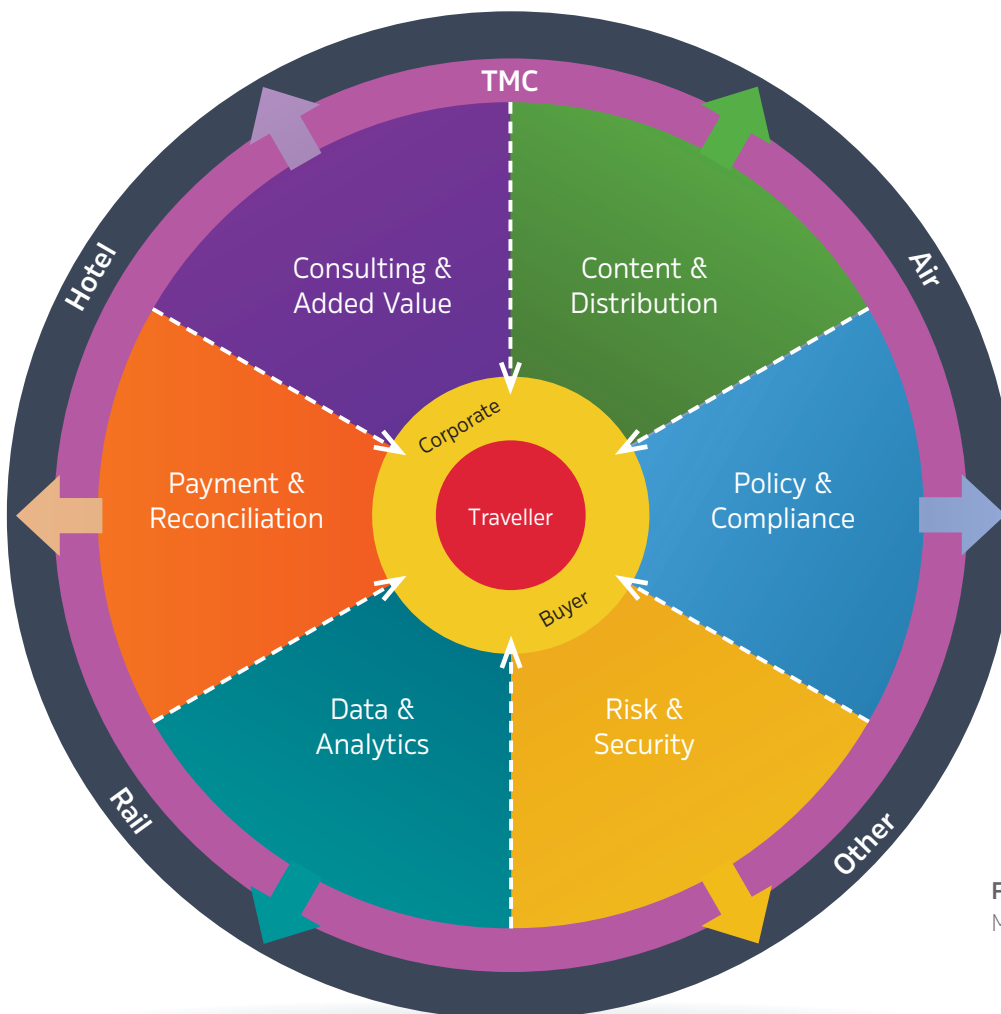


Figure 1: The six areas of Travel Management Company (TMC) value

Advantage set about creating a vision, or TMC Acuity Scale, based on these six areas with quantifiable scores. They did this through research across the Institute of Travel Management (ITM) buyer members and working groups during the conference. During this process the members collaborated on reviewing scores and reaching agreed metrics through consensus.

Opportunity Abound

The net result is the TMC Acuity Scale within this paper, which surprisingly shows a consensus that there's more opportunity to create value for the supplier community across most of the areas than there is for the buyers. The sole exception to this is in the area of Risk & Security, where there appeared to be opinion that there was a disjoint between the suppliers and the TMC when it came to crisis management. The group were split on whether this presented opportunity or made adding value too difficult. However, the case for greater value in risk and security for the buyer was clear.

What is encouraging, too, is that the Scale also determines a high value within the buyer community for the future TMC to support Content & Distribution and Policy & Compliance.

Consulting & Added Value, Payment & Reconciliation and Data & Analytics all scored relatively lower for buyer value.

We explore the rationale for the scores and illustrate the consensus opinions with statements from delegates who collaborated to bring you this scale.

Whilst all the areas were deemed to be of a reasonably high value to the supplier, two areas in particular stood out as being of the highest importance:

- ▶ Content & Distribution
- ▶ Data & Analytics

When Science Becomes Art

It is important to note that the process to create the TMC Acuity Scale was, of course, neither a highly scientific process nor one which, once created, results in a vision applicable to all. The scores also do not necessarily represent the future ability of the TMC to provide support in these areas, and in some instances scores may be influenced by the TMC's ability to provide what's needed today.

The Scale is, however, an initial indication, developed through a broad collaborative process, to help small-to-medium TMC leaders consider their options on where to focus in order to provide more value in an increasingly challenging market. The results, and this paper, are particularly designed for Advantage's members to disseminate amongst their leadership team, to stimulate debate and help develop a vision of their company's future development.

Creating Value for Your Shareholders Too

In addition to creating value for customers, this paper also touches on the need to focus on value to shareholders. In a dynamically changing market, it's important to have a vision for driving up the long-term value of your business. The need for a clear vision here is just as important.

The Need for a Clear Vision

Advantage considered that the need for a clear vision was important to assist its members to develop their thinking on their future proposition. After a steady period of security for the TMC during the sixties, seventies and eighties, the industry witnessed a dual impact of pressure from both the travel buyers and the suppliers from the nineties onwards.

An influx of procurement influence on the TMC/ corporate buyer relationship came at the same time as a raft of commission cuts from the suppliers and a landscape of changes brought via the arrival of the internet. TMCs have done well to adapt in most cases to this new world but consolidation has naturally occurred in the middle market, leaving TMC servicing predominately at a global level by volume players or at a local level by smaller, niche, service-oriented agencies.

But in an increasingly complex business travel world, with new competition for traveller and corporate buyer servicing, the TMC needs to continually evolve to remain competitive and of value.

Fortunately, the changes in technology, data and evolving traveller and corporation demands also present a wonderful opportunity for those who get it right.

Seeing Clearly

To evolve effectively, businesses of the future must possess at least three traits:

- ▶ A strong customer focus
- ▶ Effective and efficient resources
- ▶ Great organisational capability

Great organisational capability requires flexibility, vision and an impressive leadership. This combination of a need for clear vision, a strong customer focus and an allocation of effective and efficient resources where needed is what underpins this paper.

Our goal was to support the creation of a clear vision, so that the leaders of the Advantage TMC members could maximise the opportunity ahead.

Creating the Vision

To engage the audience in creating the vision, we linked the areas of TMC service value delivery as previously discussed to the Visual Acuity Test undertaken when visiting an optometrist to test sight. In a sense, we were linking the importance of future TMC success to the clarity of their leadership's vision. The Visual

Acuity Test measures vision over a distance of 6 metres, or 20 feet in non-metric terms hence the term 20/20 vision. So the value score for each of the six areas was therefore determined at a maximum of six, to mirror the measurement of vision used in the sight test.

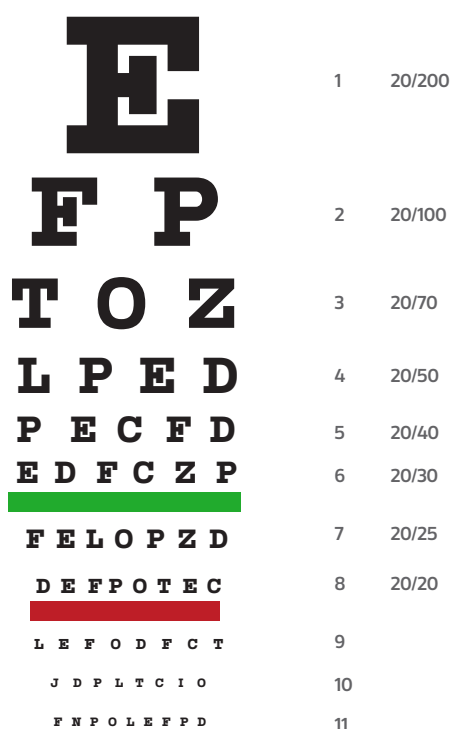


Figure 2: A visual acuity test

Developing the TMC Acuity Scale

In order to create the vision for the future small-to-medium TMC, and represent this in a measurable scale, the following methodology was employed.

To create the buyer scale across the six key areas:

- ▶ A series of ranking and scoring questions were asked of the travel buyer membership of the Institute of Travel Management (ITM). The [full results](#) are available for Advantage members to view.
- ▶ This provided Advantage with an initial set of scores for the scale. During the Advantage Conference 2016 these scores were then debated by three travel buyers on stage led by a moderator with considerable buyer and TMC experience
- ▶ At the end of the debate the panelists then moved the score up or down accordingly to a fixed point of consensus

To create the supplier scale across the six key areas:

- ▶ The 132 delegates of the conference were split into 12 groups comprising Advantage TMC members and the supplier delegates in attendance
- ▶ Each of the groups was allocated one of the six areas of value to debate and, after an amount of time, each group fed back to the room their assessment of the value the TMC could bring to that area and their 'Acuity Scale' score out of six
- ▶ As two groups were allocated to each subject, an average of the scores from both groups was taken and then the full audience was asked to vote to move the score up or down until consensus was reached

These two methodologies resulted in the creation of the TMC Acuity Scale as pictured below.

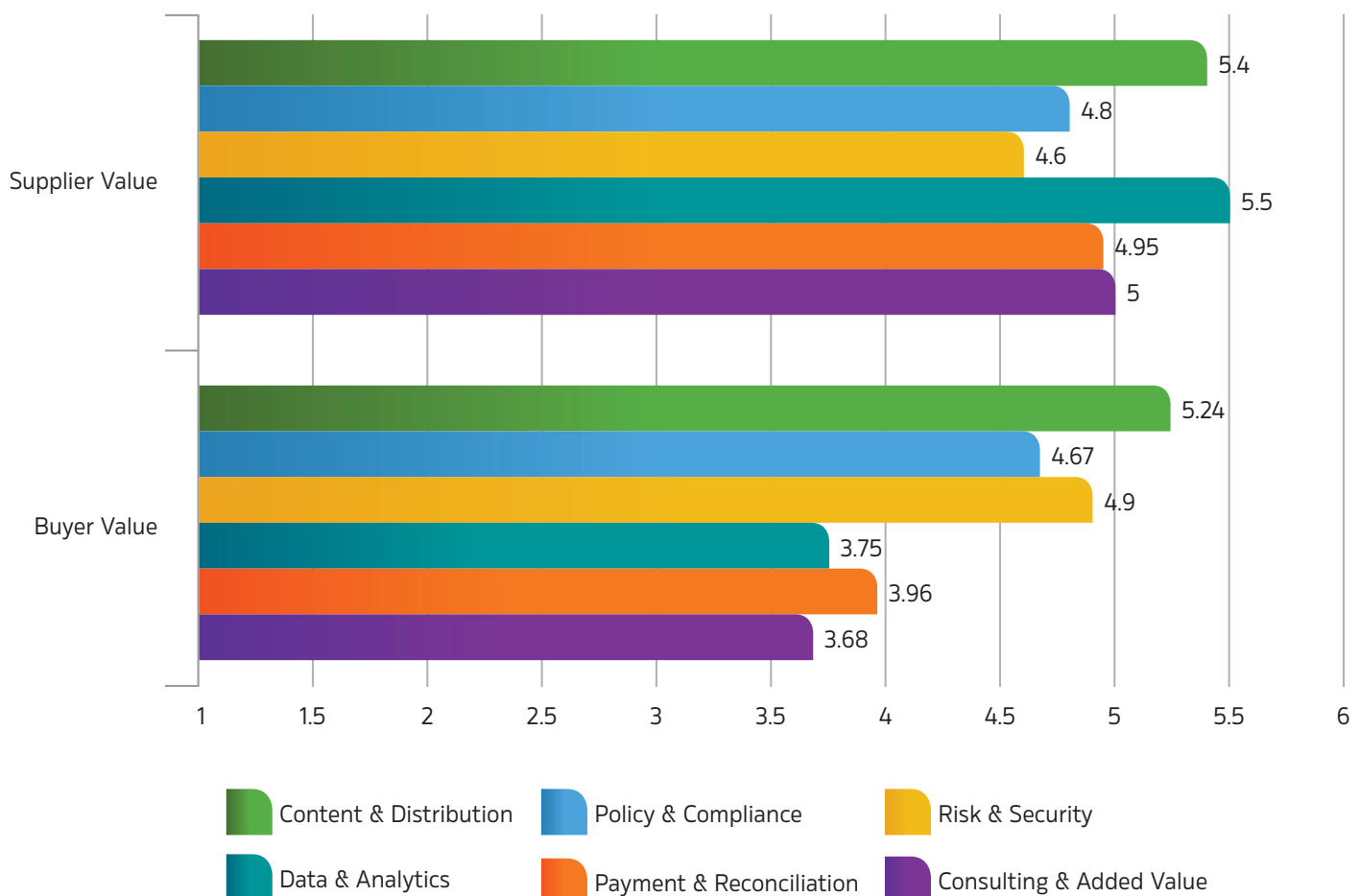


Figure 3: TMC Acuity Scale as output from the Advantage Conference 2016

These scores can be applied to an alternative graph format to clearly show the variance between buyer and supplier value across each of the six areas.

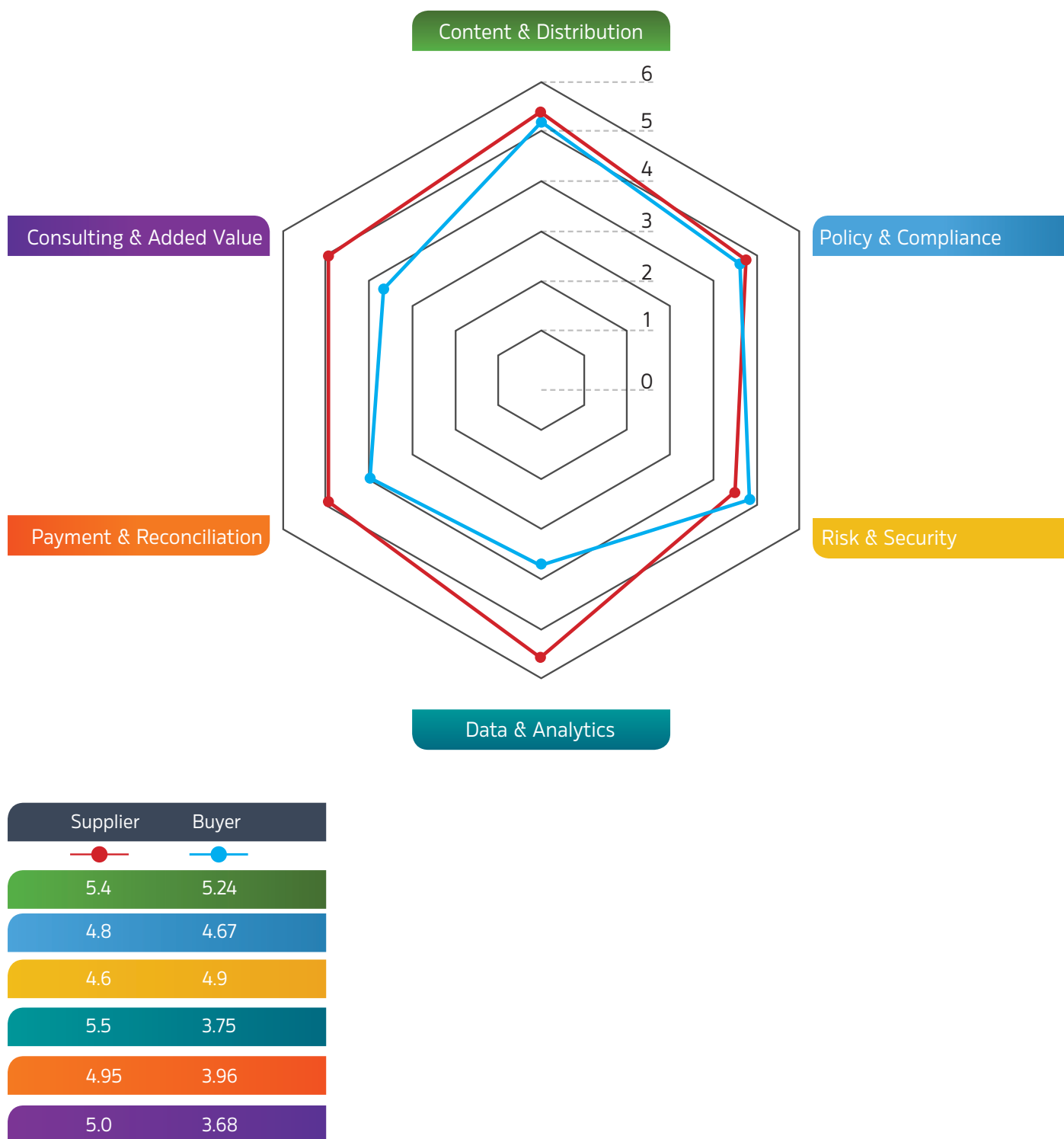


Figure 4: Radar graphic of TMC Acuity Scale to illustrate variance in value between buyers and suppliers

Six Areas for Client Value

In the section that follows we consider each of the six areas in turn and the variance between buyer and supplier value.

Where There's a Will There's a Caveat

It is important to note that the collaborative groups at the Advantage conference did identify that none of the six areas of value sit in isolation from each other and therefore the acuity scores are to act as a guide for prioritisation of development rather than a definitive template for areas a TMC should offer and others that it should not. For example, the ability to provide value across payment and reconciliation requires effective data services. The ability to provide highly valuable policy and compliance services requires a solid approach to content and distribution.

The views expressed in this report are the aggregated views of delegates in attendance at the Advantage Conference 2016. They do not necessarily represent the views of the authors or Advantage Travel Partnership. The following is also not intended to justify the Acuity Scale scores, but merely act as supplementary commentary provided throughout the process.



SUPPLIER



BUYER



Supplier Perspectives

Suppliers tend to see this area as one ripe for innovation and adding more value. They are increasingly focused on ensuring they can get their content effectively into and enhance the TMC workflow and processes.

“Efficiencies rather than monetary gain should be a priority.”

Advantage Conference
2016 Delegate

There are two areas of distribution that suppliers value from the TMC.

1 At the broad level, suppliers tend to have small sales teams to develop relationships and create the demand from travel buyers. They see the TMC as an efficient B2B sales channel to the business travel market

2 At the detailed level, suppliers see lots more opportunity for the TMC to personalise sales for each journey and sell ancillary services

“We are all becoming digital retailers.”

Jason Nash, Travelport at
the Advantage Business
Travel Symposium 2016

On the whole, and despite increasing challenges in fragmented distribution, suppliers see the small-to-medium TMC as an *“...effective channel & well positioned with the customer”*.



[Watch Video](#)

“My travellers shouldn’t have to worry about whether the information is coming via an API or through a GDS; they only want to be able to book quickly and have the same content available to them that they can find when they look for their leisure travel.” Advantage Conference 2016 Delegate



Buyer Perspectives

Buyers have high expectations from the TMC to be an aggregator of content. To some extent, their expectations are fulfilled but TMCs need to become quicker and smarter at getting content to their clients, and challenges exist.

The buyers would like to see more flexible online solutions helping travellers make smarter choices, ancillaries at the time of booking and, if travellers book through other channels, the uploading of trips into a tracking system. New developments like Chatbot technology offer alternative forms of distribution, which interests the buyer community and heightens the focus on user experience.

“TMCs should focus on user experience and creating corporate value. The future TMC story is about aggregation using technology and simplification of service.” Dean Forbes, KDS at the Advantage Business Travel Symposium 2016

Essentially, buyers want their TMC to be able to provide the most relevant content in the most cost-effective way. ‘Personalisation’ is the end goal for travel buyers as long as controls are maintained. To make sure this happens, they want to see TMCs looking at new technology options. To illustrate this, one of the travel buyers at the conference talked about how their hotel ‘attachment’ rates increased to 90% by using a new TMC because they had access to new hotel content consistent with leisure travel sites. With many of the big travel technology companies, like Travelport, now running incubation programmes for start-up technology in this space, TMCs who wish to develop their content and distribution capabilities could get more engaged with these programmes.

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Review your technology partner’s distribution and content capabilities and plans
- ▶ Assess the ‘leakage’ experienced by your clients and try and assess if due to content and distribution issues or to their ability to drive compliance
- ▶ Create a plan to future-proof your access to content and effective distribution channels going forward



Supplier Perspectives

Suppliers certainly view the business travel client as mutual, and commented that they see the TMCs as 'gatekeepers' who are there to enforce policy.

But there are also some challenges for TMCs in this area.

- 1** Later in this paper we see the comment that being a gatekeeper is replaceable by technology and undermines long-term value of the TMC
- 2** Plus, there is the potential for conflicts between the preferred supplier arrangements of the corporate client versus those of the TMC
- 3** In addition, suppliers seemed concerned that corporate travel policy which focuses on cost may compete with duty of care or risk objectives of the corporate client, and that TMCs should be aware of and able to articulate this

All-in-all, suppliers appear to recognise the role of TMCs for buyers in this area but seem to suggest that a simple gatekeeper approach doesn't necessarily bring the client (or the supplier partner of course) true value.

"The TMCs link people to products."

Advantage Conference
2016 Delegate



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"Using data and working in a three-way (buyer, TMC, supplier) relationship is key."

Advantage Conference 2016 Delegate



Buyer Perspectives

Buyers in smaller programmes are generally not the ones leading industry change, so small-to-medium (SME) buyer policies and compliance needs are fairly traditional. They generally follow the best practices of others and, in many circumstances, the SME buyer has a focus on ensuring the lowest total cost of ownership of the programme as they manage multiple supply chains. It would be fair to say, therefore, that the opportunity to do something different may at first appear limited. Despite this opinion from delegates, the overall score for buyer value remains strong and this probably reflects the continued importance they place on retaining control in the face of compliance challenges, supply sector changes and traveller demands.

Buyers expect the TMC to be familiar with their policy and guide travellers to book accordingly; however, there are few or no consequences for non-compliance other than the implications for them and their company when things go wrong. And this can be a powerful motivator. The opportunity for development in this area appears to link both to the ability of technology to overlay control on top of more personalised content and to the importance travel buyers place on risk and security. In addition, the implication of policy on traveller well-being, or traveller friction as we often refer to it, could be a valuable focus that the TMC could bring to the buyer. It is across these areas the TMC should perhaps focus.

Interestingly the question of generation Y/Z etc. did not particularly feature in any of the discussions. The industry jury is out on whether these next generation travellers truly have different needs and are far more likely to challenge policy. But, with Generation Ys now firmly in the workplace, this is an area you should watch with interest and assess the changing cultures of your clients' businesses and the resultant impact on their travel programme.

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Consider areas where you can provide services around policy and compliance that are above and beyond your being a simple gatekeeper. Monitor the impact of changing generations on booking behaviour, both at a client level and at an industry level
- ▶ Work out which of your clients has the least 'total cost of ownership' for travel and would therefore be most likely to need/pay for policy and compliance services
- ▶ Consider some quick personalisation wins to help drive better compliance



Supplier Perspectives

The approach to risk and security by TMCs is presently considered disjointed by suppliers. Suppliers tend to have their own processes so they don't look to the TMC to support them in this area. But the suppliers did identify a "massive opportunity for an end-to-end approach", which does not exist today.

The scale and type of response can also vary significantly depending upon the nature of the incident, whether it be a natural disaster, health issue or terrorism. And let's not forget cyber security, too.

One supplier cited how communication to the traveller and corporates by the TMC during the Ash Cloud was key. And gaps in supplier/TMC knowledge were identified as development areas. For example:

- 1 An airline knows the traveller is booked on the flight, but it would be unlikely to know their hotel. The TMC would be far more likely**
- 2 When bookings are made through the GDS, if a traveller changes the booking en-route direct with the supplier, the changes are unlikely to be reflected in the GDS for the TMC to access**

"...think about where your responsibility starts & stops and what the implications of your actions are as a TMC. Taking ownership equals legal risk..." Advantage Conference 2016 Delegate



[Watch Video](#)



Buyer Perspectives

This is the only area where the buyer score exceeded the value score from suppliers, and this is no surprise. Due to the nature of business travel, security is of paramount importance. There are a number of stages in the risk and security process that the TMC should consider from both the traveller and corporation's perspective:



1 pre-trip **2** on-trip **3** post-trip

Many larger buyers partner with internal security teams and work together to track employees via third party traveller tracker technology. In an emergency security situation, processes are in place to notify all department managers of any incidents in order to build a core incident response team (Travel, HR, Security).

The TMC is required to assist with this process and offer proactive traveller care. The corporate team will need accurate information quickly and rely on the information from the TMC. This is an area where many of the larger companies work with third party safety and security companies across their whole security and risk profiles – from pre-trip guidance to repatriation.

Areas where the TMC could add more value to corporate travel buyers appeared to be plentiful and across a diverse range – for example:

- 1** **Guidance and assessment of the risk of supplier choices**
- 2** **Policy and process design for travel risk assessments, booking procedure, security briefings, business/leisure trip etc**

3 **Data tagging to facilitate insurance claims in the face of large-scale events**

During the Advantage Business Travel Symposium, International SOS encouraged TMCs to “...*think about where your responsibility starts & stops and what the implications of your actions are as a TMC. Taking ownership equals legal risk...*”.

What this illustrates is that, whilst there are clearly areas where the TMC can add more value, it is also an area fraught with complexity and risk to a small business and so this should be thought about carefully.

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Consider your ability to provide quality risk and security services in-house and assess the risk of doing so. Do this across pre, during and post trip to highlight areas of strength and weakness
- ▶ Consider whether an external partner may be able to better support your service provision in this area
- ▶ Ensure you know the value of your services and your legal position if you are providing services across this area



Supplier Perspectives

Suppliers stated that lots of important decisions are based on the data TMCs provide – like forecasting for example.

When it comes to the value of data, it is clear that everybody wants it but there aren't many suppliers prepared to pay for data directly. Instead, data appears to feature heavily as a key element in existing preferred supplier agreements between TMCs and suppliers.

TMCs have an opportunity to provide different types of data for different supplier needs (i.e. different departments) and the suppliers perceive that TMCs have access to great quality data.

Good data has a high commercial value. This is particularly important when applied at the detailed level, at the point of sale, with the use of data by TMCs to provide more personalised content to travellers particularly attractive. On a broad level, suppliers said that

“...better data means better service and a better working relationship with suppliers.” Advantage Conference 2016 Delegate

The challenge identified was the increasingly complex data protection legislation and the need for supplier and TMC to work effectively in this area.



[Watch Video](#)



Buyer Perspectives

The buyers also value data highly, but interestingly their expectation of the TMC to provide value in this area in the future is not reflected in the Acuity Scale score, showing the biggest variance between buyer and supplier value.

This could be because buyers often look to multiple data feeds (travel and card) and in many cases, especially in the larger corporations, have invested in the services of an external provider for travel data.

“Data and analytics are extremely important.”

Advantage Conference
2016 Delegate

This could mean that, despite the low score, the opportunity for TMCs to provide effective analytics would be of high value to the TMC if the corporate buyers were to see new developments in this area. One example, referred to earlier, would be if TMCs could use data to demonstrate the impact of policy on traveller friction. Or if travel could be linked to other company data, like the impact on turnover.

The TMC could provide value in bringing together all the complex data, looking at what the client's data objectives are, benchmarking it against others and looking at the future travel programme and what improvements can be made.

If the TMC of the future can raise its data game to these levels, then the conference suggested that the value score would be much higher.

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Assess exactly what data you have access to in your business. Look at hard data (numbers) and soft data (anecdotal, usually gathered in informal communications)
- ▶ Now think about the value of this data to different client types (e.g. different types of buyers and/or suppliers) and what sort of metrics you could create from it
- ▶ Look at additional data you can get free of charge to develop services and help measure your own business success (e.g. MIDT, IATA DDS, etc.)



Supplier Perspectives

Suppliers see payment and reconciliation services as a prerequisite by the TMC to support the supply chain. In addition, they cited that more frequent remittance and the introduction of virtual cards will need supporting by the TMCs.

One supplier stated that they did have a concern that the TMC meant

"...a risk of single point of failure for the supplier."

Advantage Conference
2016 Delegate

But overall the suppliers see this area as pretty valuable – especially as a single point of implementation if change is required.

However, one supplier highlighted that "TMCs don't reconcile for suppliers – they provide data to help suppliers reconcile themselves", so you could question whether payment and reconciliation services are of value or just the data that comes with it.

Interestingly, at the Advantage Business Travel Symposium, all the speakers at the payment panel said that a focus by the TMC in this area could equate to direct savings of 2–3% and up to a 1 in 5 saving in headcount in their administrative teams.

With the high speed of developments in the payment sector, changes afoot for supplier payment terms (such as IATA's BSP changes and NewGen ISS) and such potential savings at stake, it's clear that the TMC of the future should carefully consider reviewing its payment platform. This is amplified by the work the GDSs are doing on mobile and payment, and the opportunity to leverage the relationship TMCs have with their chosen GDS to heighten their offering in this area to corporations could be explored.



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Buyer Perspectives

The buyers considered this as fairly unrelated to the value of the TMC of the future compared to other value areas.

The TMC becomes valuable when payment in some regions cannot be made by card or support is needed. In addition, the delegates cited the value of spend data for the client's own reconciliation purposes.

Third party providers have developed quickly to help solve the pain points of payment for the buyer community, but the data from the TMCs still proves invaluable to facilitate this process. One area for potential development, cited at the Advantage Business Travel Symposium, was the implication of 'Blockchain' on the future travel programme. Whilst this may seem a long way away and delegates couldn't articulate what it was or what the opportunity was, we know that the combination of security and data encryption has the potential to offer a valuable service to the travel and expense space.

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Ensure you are aware of the legalities around the use of different payment forms and any changes to regulations/terms
- ▶ Stay on top of new payment forms as they are developing fast, and assess those which can bring internal efficiencies/cost reduction to your business and those which can help your clients. Consider mobile payments especially and how you can develop services to support the traveller on-trip
- ▶ Consider the impact of reduced credit terms on your business and client base and how to improve your cash flow

"TMCs don't reconcile for suppliers – they provide data to help suppliers reconcile themselves."

Advantage Conference 2016 Delegate



Supplier Perspectives

Suppliers highlighted lots of potential for development in consulting and added value.

But the provision of consulting and added value services by the TMC to the supplier is not particularly developed and this could be what underpins the suppliers' inability during the Advantage Conference to articulate where that value might sit.

The following were broad suggestions as areas for supplier consulting/added value development, but the authors would suggest that there are considerably more areas to explore:

- 1 Risk assessments for suppliers on corporate clients**
- 2 Leveraging data on traveller types to provide customised fares**
- 3 Other forms of data analytics to support business development**
- 4 Communications and engagement to corporations and travellers**



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Buyer Perspectives

It was suggested that, on global, mature programmes, consulting and added value services were highly valued, but for small-to-medium programmes the return on investment was much lower.

In addition, there was a certain expectation for the TMC to be an advisor to the Travel Manager as part of the core offering. The opportunity here may be to carve out the consulting offering from the core service and link price to clear, demonstrable Return On Investment (ROI).

Areas where buyers could see the need for services were across:

- 1** Guidance on trends and technologies in marketplace
- 2** Peer benchmarking and best practice
- 3** Proactive traveller servicing and predictive analysis
- 4** Guidance with new trends such as sharing economy
- 5** Business partner relationships

Key Things To Think About

Based on this output, we make the following recommendations for TMC leaders to consider next.

- ▶ Look at the services you already provide in your drive to go that extra mile and work out whether you could charge for them/develop them into products
- ▶ Study the consulting divisions of the larger TMCs and assess what works and what doesn't so you can learn their lessons and faster develop services that add value
- ▶ Consider a third party consulting partner to develop these services for you if you haven't the time or know-how but want to ensure this is part of your offering

Creating Long-Term Financial Value in Your TMC

During the Advantage Conference, consultant Colin Goldney was interviewed about creating long-term value for shareholders. Mr Goldney has worked across multiple TMC sales and acquisition projects in the last few years and has valuable insights into what creates longer-term value.

The following is a summary of the insights provided through that conversation across some of the areas of value.

Content & Distribution

Clearly an important issue, which the TMC needs to ensure it manages effectively. But the big question here is whether a small-to-medium TMC should choose to invest in proprietary content and distribution technology or partner with available technology on the market? Contrary to expectation, if the TMC chooses to invest, it makes them a less attractive 'buy' option to acquirers. However, some TMCs specifically take the strategy of technology ownership as they don't want to be a buy target.

Policy & Compliance

What's really important when it comes to policy and compliance is to ensure that a TMC is seen as an enabler versus a gatekeeper. The latter can be replaced by technology but the former attracts investment.

Payment & Reconciliation

With continuing changes in IATA's Bank Settlement Plan (BSP) and the latest reduction in credit terms from 15 to 30-day settlement, a TMC could be taking on a big credit line. Some TMCs sell themselves on a longer credit line of up to 60 days, but this creates a short-term win, which will increasingly cause cash flow issues, and makes the TMC far less valuable, or attractive, for sale.

Crucially, third party providers have been attracted to the market to try to replace the TMC in areas of servicing across **Data & Analytics**, **Risk & Security** and **Consulting & Added Value**. Continued evolution along these lines would leave the TMC in the booking phase rather than as a travel management enabler. Many TMCs are obsessed with trading volume and would prefer to be, say, in the top 10 with lower profits than be in the top 50 and make healthy profits. Culturally this means that these TMCs don't address the needs of their customers who aren't producing volume, even if the client's needs provide an opportunity for new revenues.

This is certainly true when it comes to 'Consultancy'. When you look behind the TMC offerings in these areas, when TMCs state that they charge for this service, it is in the most part bundled into the contract in man-days for the biggest customers. The proposition has not developed to the stage where a client requires the TMC to work on a project for three weeks for a specific goal to add value to the programme. This is because the focus for TMCs who do this is to act as a gatekeeper versus an enabler. It's true that some TMCs are making that shift; however, it's a small proportion and at the moment they are in transition and not making enough money from it but this will come.

The Influence of the UK Economy

With 'Brexit' in play, enabling business travel and business growth is going to become far more crucial than being the gatekeeper. In addition, the focus on Small to Medium Enterprise (SME) businesses is going to be key to the future of the UK economy.

Mr Goldney concluded that investors are still investing and there's still consolidation in the TMC market so the good news is that there must be belief that there's a bright future for TMCs.

So What's Your Plan?

What is clear from the TMC Acuity Scale project is that buyers and suppliers see more opportunity for value from the small-to-medium TMC community in the years ahead. The question is, how do you fully interpret and apply that information to create the future shape of your business? In this penultimate section of the paper, we aim to provide you with a short checklist of things to consider to help you plan the future of your small-to-medium TMC business. If you want the more detailed plan, just ask us at Advantage.

Get the Right People Onboard to Create Your Plan

- ▶ Your existing TMC leadership team
- ▶ Other staff you wish to develop/value their opinions

Have Your Team Provide Individual Input

- ▶ Before you plan, ask team members to undertake a SWOT analysis of the company
- ▶ Survey your company as a whole across key areas

Create a Burning Platform

- ▶ Be clear about why the review is so important; state clearly what will happen if nothing changes

Use Internal & External Evidence

- ▶ Survey or interview your business partners
- ▶ Ask the opinions of your clients

Consider an External Facilitator

- ▶ Call on someone externally to support the process and add an independent perspective
- ▶ Ask the Team at Advantage for their support!

Undertake a Structured Planning Session

There are a number of valuable, structured methods for running a strategy workshop that results in a tangible plan. We won't go into them here in detail but there are plenty of books to help you through. The Advantage team are also available to help.

Communicate Effectively

- ▶ Clearly draft your plan in simple language
- ▶ Communicate it to your staff in an engaging way
- ▶ Focus on short-term wins as well as long-term plans so people can see progress

Review & Revise

Once the strategy has been communicated effectively, don't forget to monitor and communicate ongoing progress and spend time reviewing if things have changed.

Summary

This paper is designed to act as a guide for leadership in Advantage's small-to-medium TMC membership to review the areas for value development in the years ahead. In reviewing the paper you should note that:

- ▶ It should not be considered as a template for the TMC of the future but help you to decide where you should focus your time and effort in your review. It is a snapshot, built by consensus over a research exercise, two-day event and follow-up symposium, of where the value of the TMC should be
- ▶ It is important to note that not all value translates automatically into revenue. Alongside the task of value creation sits a review of pricing models and nowhere is this more obvious than in the Consulting & Added Value section for the corporate clients
- ▶ The Acuity Scale process resulted in scores above three out of six across all six areas of value for both the buyers and suppliers

The most interesting aspect of this process was that the suppliers expressed more positive scores on the future value of the small-to-medium TMC than the buyers did, by more than 15%. This could reflect the value they are presently getting or their faith in the TMC as a future business partner.

These two points in themselves provide a positive market perspective on the value of a future small-to-medium TMC, but they also highlight other questions.

- ▶ Is the small-to-medium TMC of the future already almost reaching its full potential with the corporate travel buyer and should the focus therefore be on increasing supplier value?
- ▶ Or does the small-to-medium buyer not see as significant value as their supplier counterparts because they are having difficulty seeing what that vision of value might look like?

Finally, it's important to repeat that Advantage recognises that each of the six areas does not sit in isolation, and that one often depends on one or more of the other areas of value. It is perhaps also significant that 'data' featured significantly in four out of the six areas and this reflects the times in which we operate. Data, they say, is the new oil. So perhaps finding a few explorers to tap into this rich seam would be a great place to start.

Resources & Further Reading

[All About Vision](#) – The Acuity Test Explained

[Business Daily News](#) – 3 Traits of Successful Businesses

[PricewaterhouseCoopers](#) - How leadership must change to meet the future

ITM Research Conducted for Advantage

About this Report

The report was written by [Paul Tilstone](#), Managing Partner of [Festive Road](#), in collaboration with [Sonia Michaels](#), Advantage Travel Partnership.

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 - ▶ [Rosy Burnie](#)

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About The Advantage Travel Partnership

As the UK's largest independent travel agent partnership, the leisure and business travel agents who are part of the group are each independently owned, but as a collective they produce over £3.5bn of travel sales each year, making us experts in every aspect of the travel industry.

With over 200 independent Business Travel locations across the UK and a group turnover in excess of £1.5 billion, Advantage Business Travel is able to secure excellent deals with a range of Business Travel suppliers including flights, hotels, car rental, rail and ancillary services.

Internationally, we are also well connected and are a founding member of WIN, the Worldwide Independent Travel Network, a partnership of likeminded travel agency groups with over 6,000 locations in over 70 countries around the world.

We also develop in-house tools to help those that are arranging travel to have everything at their fingertips, making travel planning and booking easier

If you would like to find out more about Advantage, please call 020 7324 3931 or [email us](#).



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