



# ONE SMALL STEP

More and more travel management companies are catering for smaller businesses – so should you be using one? **Rose Dykins reports**

*TMCs can help flyers at crucial times – be it a natural disaster or a traffic jam on the way to the airport*

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A year ago, a client flew by helicopter off an oil rig and missed his connection at a Norwegian airport," recounts Tim Fitzgerald, business travel counsellor at Travel Counsellors, a travel management company (TMC). "The airline told him he would have to buy a new ticket [but] because he called me, we were able to change the date of it for £60 rather than pay £800 for a new one. The client was over the moon. All I had to do was phone up and ask if we could change it on the agent line."

The services of TMCs can be invaluable if you're forced to change your plans at the last minute. Their ability to access the "back office" of the travel industry and help flyers at crucial times – be it a natural disaster or a traffic jam on the way to the airport – has been outlined on these pages many times.

However, according to our 2012 reader survey, in 2011-12 only 16 per cent of respondents used a TMC to arrange their flights, while 62 per cent booked for themselves (13 per cent had their flights booked by their secretary, and 9 per cent by their company's travel department). The survey also revealed that 50 per cent of readers belonged to an SME (small or medium sized enterprise) with up to 100 employees in their company.

A smaller workforce means SMEs are more likely to book their own travel rather than outsource the job to a travel management company, as many multinationals do. The TMC model has not traditionally lent itself to the tighter budgets and particular needs of small companies.

That said, over the past few years an increasing number of TMCs have tailored their services to smaller firms as well as bigger businesses. This is perhaps down to the realisation by travel management companies that the SME market in the UK is vast. The Department for Business, Innovation and Skills (BIS) revealed at the start of 2012 that there were 4.8 million private sector companies in the UK, 99.9 per

cent of which were SMEs. Even if those firms are spending between £5,000 and £25,000 a year on travel – compared with the millions of pounds that multinationals spend – the sheer number of them represents huge potential.

BIS classifies companies with ten to 49 employees as small businesses, while those with 50 to 249 staff are considered medium-sized. TMCs, however, tend to view SMEs in terms of their spend rather than their size, and have different ideas about what constitutes a small or medium-sized travel spend.

David Bishop, senior vice-president of global sales at Portman Travel, says: "We categorise the SME market as people spending up to £1 million a year on business travel." For Fitzgerald, the figure is smaller: "All my clients are SMEs, and my largest account is £300,000-£400,000," he says. "Some accounts are £20,000."

## CASE STUDY: AN SME USING A TMC

**Stephanie Holman is executive assistant for Equiteq, an international investment firm for management consultancies. Equiteq uses Travel Counsellors as its TMC.**

"Within the business there are seven secure members of staff, four of whom travel to wherever the client would want them to be, so we are usually looking at travel at a month's notice if we're lucky, but a few weeks is usual. Our costs can be quite high. Flights to Canada booked two weeks beforehand can cost £6,000 – my partners always travel business class.

"For me, there is just no comparison between using a TMC and booking travel for myself. I've got a plethora of other things I should be doing rather than trying to find the best prices online. Tim at Travel Counsellors will tell our travellers how they can use their loyalty points, he's got inside knowledge [and] travelling experience so can make recommendations and access all the databases. My partners can phone him at any time and he'll help them out.

"With a TMC, we prefer to have one person to go to rather than some sprawling business where it could be anyone that picks up the phone."

If you belong to an SME and have a routine travel pattern, you may feel you are best placed to book your own trips, and that your method of searching for cheap rates online serves you well. But you could still be paying more than you need to – an advantage of booking through a TMC is that they can

*Only 16 per cent of our readers used a TMC to arrange flights in 2011-12*

use their bargaining power in the industry to acquire discounted flight and hotel rates for their clients.

The Connect Now service from Carlson Wagonlit Travel (CWT) is designed to give SMEs access to these deals. It's essentially an online booking tool that allows users to take advantage of CWT's negotiated rates, which, when booking, say, a long-haul business class ticket, can be up to 30 per cent cheaper than booking independently, the TMC says. "It works well for SME customers who want an off-the-shelf booking service and an online tool," says Nigel Turner, CWT's director of programme management and business development in the UK and Ireland.

Portman Travel has also adapted to accommodate the needs of SMEs – it introduced Portman Club in November 2011 for companies spending less than £100,000 a year. Portman Club promises to assign no more than two employees to the client, and to know their needs and preferences in depth.

Some TMCs, such as Business Travel Direct, offer the same options it would for larger firms but on a more personal level. "We break down our business into lots of small teams so people feel well treated and important, and we provide the same level of strategic advice and account management [as for a multinational]," says Peter Nixon, commercial manager for Business Travel Direct.



But are SMEs signing up to such services? And if they are, is it working for them? FormerlyDoS, a poster on our online forum ([businessstraveller.com/discussion](http://businessstraveller.com/discussion)), writes: "I have not yet found a TMC that can put together some of the trips I need, even with better access to some of the systems, without a lot of toing and froing, so I prefer to look after myself."

Fellow poster SimonS1 says: "We are a ten-person business and have a travel management arrangement with a major UK operator; however, most point-to-point travel and hotels are booked by the traveller. Various tests indicated that the TMC was not cost-effective as, more often than not, they came up with the same fares as we did but with a fee on top."

***'We break down our business into small teams so people feel important'***

Each time a flight or hotel stay is booked with a TMC, they'll charge for carrying out the service. "I charge £25 for booking a long-haul flight in economy or premium economy and £50 for business or first," Fitzgerald says. CWT's Connect Now fees range from £9 for all flights booked online to £35 for visa or passport assistance. Such charges might not sound huge but will mount up for small companies operating under tight margins.

It is on longer flights that SMEs are more likely to benefit. "Generally, our CWT fares apply more to long-haul than short-haul flights," Turner says. "On domestic or European routes, it's such a competitive market that we don't tend to have discounted rates on those."

Fitzgerald echoes this: "I'll always say to a client that if they're booking a no-frills flight to Europe, they're not going to get any value from me. Where a TMC can save money is on long-haul travel, especially when booked at the last minute. If, say, you're looking to go to New York next Monday and fly back on Wednesday, I could probably save you a few hundred pounds."

And it's not all about the ticket price. Fitzgerald says: "There will be times when we're cheaper than booking online and times when we're not. What people forget is that you may pay more with a TMC, not necessarily much

**WHAT THE TMCs OFFER**

Options for SMEs offered by the top five TMCs in the UK, according to *Buying Business Travel* magazine (ranked by total UK sales in 2011):

**CARLSON WAGONLIT**

The Connect Now service allows SMEs to book travel for themselves (online or over the phone) with access to CWT's discounted rates and advice.

[carlsonwagonlit.co.uk](http://carlsonwagonlit.co.uk)

**HOGG ROBINSON GROUP**

The Simply HRG service offers SMEs an online or phone booking tool with special rates, plus traveller tracking.

[hrgworldwide.com](http://hrgworldwide.com)

**AMERICAN EXPRESS**

Axcent is the company's service for SMEs – it tailors AMEX's offering to each business and cuts down on travel expenses by offering expertise.

[americanexpress.co.uk](http://americanexpress.co.uk)

**BCD TRAVEL**

BCD Travel Business Online provides SMEs with an online portal that can be integrated into companies' intranet systems. It provides access to BCD's rates and allows employers to enforce a travel booking policy.

[bcdtravel.co.uk](http://bcdtravel.co.uk)

**FCM TRAVEL SOLUTIONS**

Corporate Traveller is the TMC's sister company dedicated to SMEs. It offers "personalised service" with travel consultants who offer expertise.

[uk.fcm.travel](http://uk.fcm.travel)

more, but you get a whole lot of experience with that. I manage my clients' air miles, I arrange their upgrades and I let them know if there's a good deal that they may want to take advantage of."

Nixon at Business Travel Direct adds that people often fail to see the added value behind TMC fees until

their travel plans are disrupted. "The perception that booking direct is cheaper than going through a TMC is not coherent," he argues. "While an agency charges £20 to £30 each time, you'll probably get that back ten times over through gaining a cheaper rate that saves you hundreds, or by avoiding having to pay a cancellation fee."

Turner, meanwhile, highlights the consultation services CWT can provide. "It's a generalisation, but SMEs may have a less-developed travel policy [than larger companies]," he says. "It's advisable to have one that tells employees how they should be booking their travel – as an organisation, would you allow every individual to go off and buy their own chair? You wouldn't – everyone would pay a different amount and come back with a product of different quality."

TMCs can also provide the kind of information you need to manage your travel budget more efficiently. By analysing your data and feeding it back to you, you can find out exactly where your money is going and whether it would make

***'I manage clients' air miles, arrange upgrades and let them know if there is a good deal'***

sense to consolidate that spend to negotiate greater discounts.

Dixon says: "Currently, you may allow employees to stay at any hotel, paying, say, £150 a night, because you have no idea of what is a reasonable figure [for that destination]. We can benchmark against our other clients and

achieve a three-star average room rate of, say, £90. So you can put a cap in place of £100 and know that it is a reasonably acceptable rate."

It seems that some of the services included in travel management fees, or that cost a little extra, could certainly benefit SMEs who don't have these resources in-house. That said, no two SMEs are the same, and neither are their needs.

If a small company uses a TMC purely for cheaper travel, they may expect them to offer the cheapest option available for each transaction they make. Others may feel that while a TMC's rates may not always be the cheapest, the expertise they provide could save them money in the long run.

It's a case of each to their own, but it may be worth finding out if there's one out there that could work for you. ■



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