



TOP 5 TMC QUESTIONS

Asked and Answered



1. Do I need a TMC?

Overall, it would be very difficult to manage a travel program without partnering with a travel management company (TMC). If your travel spend is over \$250,000 annually and/or large enough to negotiate with airlines and hotels, your program will likely benefit from retaining the services of a TMC.

2. What value does a TMC bring to my travel program?

TMCs can add value to your travel program in a number of important ways. Data tracking and spend reporting provides a better understanding of the volume of business conducted with each supplier, giving you greater leverage at the negotiating table. When TMCs manage preferred booking channels, agents know when tickets are booked and reservations are made. This allows for the value of unused tickets or missed reservations to be reclaimed and for travelers to have a direct line to assistance should travel mishaps or changes occur. TMCs also help travel managers stay informed of industry trends by providing access to resources and education to ensure company policies fully address the needs of their travelers.

3. How much savings can I expect from using a TMC?

A TMC can help save organizations anywhere from 5% to 50% of its travel spend, depending on the starting maturity of your travel program and the volume of your travel. Partnering with a TMC can help travel managers steer travelers to preferred vendors offering pre-negotiated rates. Though programs just starting out have a greater potential for savings, a TMC can still help a more mature program reign in out-of-policy travelers and save money. Using TMC-captured data on traveler behavior enables you to offer more accurate volume projections and negotiate lower rates with suppliers. It is important to keep your company's culture in mind when bringing on a TMC — getting stakeholder support and clearly communicating the logic behind new practices to your travelers is paramount. Compared to travel programs with mere guidelines, those with fully-mandated travel policies report greater success and savings.

4. How much will it cost to retain the services of a TMC?

While some companies pay TMCs a flat monthly management fee assessed on a case-by-case basis, by far, the most common fee structure for a TMC is per transaction. These transaction fees vary widely (e.g. \$5 for hotel and car reservations made online to \$35 for an international flight made by calling an agent). Typically, airline bookings are more expensive than hotel or ground transportation reservations, international flights are more expensive than domestic, and calling an agent is more expensive than booking through a TMC's online channel. Travel managers should clearly communicate these differences to travelers in order to minimize superfluous expenses, like calling an agent to make a simple reservation when a booking online would suffice. While it is tempting to balk at the expense of a fee tacked on to every transaction, it is important to remember this charge covers all the services the TMC provides, not just the single transaction.

5. There are a lot of TMCs; how do I pick the right one for my program?

The first step in choosing a TMC is to internally determine your top five or ten goals for your travel program, like increasing traveler tracking and security, better capturing spend data, or securing better-negotiated rates with suppliers. Once you have defined your goals, start having conversations with TMCs, explain your programmatic objectives, and listen to their plans for helping you achieve them. Be sure to include TMCs of different sizes and scopes in these initial discussions — these factors can play a role in the strategy they develop for you. For example, if your organization does a lot of international travel, you may want to look for a global TMC or a TMC with many global partners. While a large TMC may have many partners, a smaller TMC may be able to be more nimble to accommodate your specific needs and goals. Based on the information gathered, narrow the field down to five or fewer candidates and continue with more detailed discussions. A relationship with a TMC should be based on transparency. Any TMC worth working with should walk you through their customized roadmap for your program and thoroughly explain the logic behind their recommendations, including what each party stands to gain or lose. Each side must be honest and realistic with the other about their goals and abilities in order to foster a successful, mutually beneficial partnership.