

Best Practice Case Study

A Pre-Trip Approval, Pre-Paid Travel Program at Cavalier Telephone

In late 2005, Sherry Brown of Cavalier Telephone implemented a new travel program that incorporated pre-trip approval to gain control of the company's travel spend and emphasized pre-payment of travel expenses to minimize the expense burden on Cavalier's traveling employees.

The result? In 2006, Cavalier achieved an average air ticket price of just **\$364** and a average hotel nightly rate of just **\$91**, all while shifting 90% of travel purchases to her company's centrally billed accounts.

Looking for a travel program solution

In the fall of 2005, Brown was asked to take over Cavalier's travel program.

Travel spend visibility was low and there was a sense that the company was not getting the most value from their travel budget. In addition, many employees who traveled frequently were carrying sizeable expenses on their personal cards while waiting for reimbursement from the company.

Brown quickly realized that she wanted to revise the program to **efficiently control the company's spend** and **reduce the expense burden** on Cavalier's employees.

Steps to Success

Set Up Department Codes and Traveler Groups

Prior to announcing the launch with Expedia® Corporate Travel, Brown set up Cavalier's account to reflect the company's organization including:

- Nine Traveler Groups for customized policy control
- Individual department codes for accurate spend tracking and reporting



Sherry Brown,
Corporate
Travel Manager
and Executive
Assistant to
the Executive
Chairman, is
responsible for all company travel.



Cavalier Telephone is based in Richmond, Virginia with offices in 17 states. Cavalier provides advanced Voice, DSL & internet-based TV (IPTV) services to business and residential customers.

Cavalier's estimated 2007 travel spend will be \$600,000 - \$200,000 in air spend, \$50,000 in car rental, and \$350,000 in hotel bookings.



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Create Profiles for All Travelers

Brown entered profile information for all Cavalier travelers and assigned them to the appropriate Traveler Group and Department Code. Since launch, Brown has created a form for new travelers to complete when they need to request that a new profile be created for them.

Set Up Policy Controls

Default air, car and hotel policy settings were specified and then customized by Traveler Group, as required. Brown opted to mark any flight above the lowest logical fare as out-of-policy, making it easy for her to identify travelers who did and did not select the lowest fare in their purchase approval. It also clearly communicated the 'cost savings' message to travelers during the search process.

Turn on Pre-Trip Approval

Brown configured the TripController module to have all travel bookings e-mailed to her for approval prior to purchase. She finds this process gives her the efficient control she needs to ensure travelers are:

- Selecting the most cost-effective options
- Selecting Cavalier's preferred suppliers
- Electing pre-paid options whenever possible
- Using the company's central bill card

Install Central Billing Card

Cavalier uses a single central bill card in their account for all air and hotel purchases made through Expedia® Corporate Travel where pre-payment is allowed.

Negotiate Direct Billing for Car Rentals

Brown negotiated with Enterprise to be able to offer direct billing for all car rentals with that supplier. Travelers can reserve cars with Enterprise through Expedia and have their rental charge billed directly to Cavalier.

Arrange for 3rd Party Authorization with Negotiated Rate Hotels

For hotels where Cavalier has a negotiated rate, Brown has arranged for her travelers to be able to charge their stay against Cavalier's central bill card upon checkout.

Arrange for Central Billing of Special Requests

For special request bookings with suppliers such as Amtrak, once the traveler has called an Expedia® Corporate Travel agent to make the reservation, Brown has arranged for the agent to contact her to complete the purchase using the company's central bill card.

Encourage Use of Expedia Rate Hotels

In locations where Cavalier does not have a negotiated rate, Brown uses the Broadcast Messaging feature to encourage travelers to select

Identifying travel program goals

Brown had **four key goals** she wanted to achieve with Cavalier's new program:

Complete Visibility

Brown wanted access to reports that would allow her to know exactly what is spent, where it is spent, by whom, and by individual department

Greater Spend Control

In combination with her visibility goal, Brown needed greater control over how her travelers were spending the company's travel budget

Streamlined Processes

Brown knew if she could consolidate all air, car and hotel expenses through her Expedia® Corporate Travel account, the efficiency of her program would be greatly improved.

Maximize Pre-Payment

To make it easier on traveling employees, Brown wanted to maximize the percentage of travel expenses that could be paid for by the company in advance.

After reviewing several travel management companies, Brown elected to launch her new program with Expedia® Corporate Travel due to its **low cost** and the **visibility offered** by integrated on-demand reporting.

an Expedia® Corporate Rate or Expedia® Special Rate hotel, as they can easily be charged to the company's central bill card.

Implementing Hotel Per Diems

Brown set a default domestic per diem of \$100 and then added an additional 24 city-specific per diems where rates tend to be higher. She monitors what hotels and rates are being requested and modifies these city-specific rates as needed to allow travelers to continue to access quality hotels.

Ongoing Pre-Trip Approval Process

Travelers are instructed to make all travel requests by 4 pm. Brown processes requests as she receives them, typically in less than one minute per request.

99% of the time, Brown will automatically purchase the travel once she's approved it (or found an in-policy alternative) to minimize the chance of a fare no longer being available. Brown has trained an additional five approvers to handle approvals should she not be available.

Monthly Report Monitoring

Each month, Brown exports a series of detail reports into Excel and extracts the specific spend information (e.g. by department) she requires. Relevant spend reports are circulated to Cavalier's executives for their review.

The post-implementation results

Complete Visibility

98% of Cavalier Telephone's total air, car and travel purchases are made through their Expedia® Corporate Travel account. Combined with her organizing of profiles by department code, and the detailed reports available, Brown now has complete visibility over her company's travel spend. She can:

- Track spending trends by departments or locations
- Ensure travelers are maximizing the use of negotiated rates
- Report on savings both realized and missed
- Easily reconcile the company's central bill card against their travel purchases

Exceptional Spend Control

Cavalier Baseline Policy at a Glance

Air

Class of service	Business Class allowed for domestic and international
Advance Purchase settings	10 days minimum 365 days maximum
Lowest fare tolerance	No tolerance – anything above lowest fare is flagged out-of-policy
Web Fare	In policy, no tolerance
Reasonable Flight Parameters	Any time is reasonable Any duration is reasonable Any number of connections is reasonable

Hotel

Hotel Per Diems	Domestic = \$100 International = none 24 city specific per diems
Negotiated Rate Policy	Non-negotiated rates are in policy
Expedia Merchant Hotel Inventory	Merchant hotels are in-policy
Negotiated Rates	9 Individual properties have negotiated rates

Car

Preferred Vendors	Enterprise
Car Class Policy	Economy, Compact, Midsize and Standard allowed
Car Search Results	Display rates from all vendors

Central Billing

Card(s)	Single central bill card available to all active traveler groups Can be used for air, car and hotel purchases
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TripController – Pre-Trip Approval

Approver Selection	Structured – travelers can request approval from authorized approvers only.
Default Approver	Corporate Travel Manager
Out of Policy	All out-of-policy bookings require approval before booking
In policy	All in policy bookings require approval before booking
Special Requests	Require approval for reimbursement
Price Controls	Domestic and international fares greater than \$500 require approval before booking
Last Minute Booking Exception	Items requested within 12 hours of travel can be booked without pre-trip approval

Cavalier's consolidation of spend and the pre-trip approval process has given Brown the maximum level of spend control, while minimizing her time demands. As evidence of her ability to rein in Cavalier's travel spend, the company achieved a:

- 2006 Average domestic air ticket price of just \$364 vs. an industry average of \$470 (source: *Topaz National Database Average Ticket Prices 2006*)
- 2006 Average hotel nightly rate slightly under \$91. The industry average according to the Corporate Travel Index was \$164.

Streamlined Processes

In late 2006, over 200 new travelers joined Cavalier's travel program as a result of the Talk America acquisition. Brown's program is so intuitive and efficient that this expansion required no additional resources to manage. Talk America employees immediately grasped the value of Brown's program and participated enthusiastically. Even after expanding, online adoption remains above 89% for the program.

90% Pre-payment

Approximately 90% of Cavalier's travel spend is now pre-paid at the point of purchase, removing the need for travelers to carry several hundred thousand dollars worth of expenses on personal cards in 2006. Cavalier's pre-payment focus allowed Brown to remove the need for nearly all of the corporate cards once used by Cavalier and Talk America employees.

Key Online Reports Used by Cavalier Telephone

Brown is a frequent user of these detailed itinerary reports and leverages the ability to export the data into Excel for additional manipulation:

- Air Booking Detail
- Hotel Bookings Detail
- Car Reservations Detail
- Special Request Detail reports (Air, Lodging, Ground)

Brown reconciles all of the expenses and circulates the information to finance and the executive committee for their review.



Discuss the steps for success in your travel program

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