

White paper

Smarter working





Foreword

Business travel enables companies to do business. It's a valuable activity for organisations in almost every industry and size. Whether it's doing new deals, increasing revenue or growing the customer base, employee travel has always been seen as a force for good, and therefore to be encouraged. *Quis doloreped moluptiur as audic temosam, quo blandicil mos aruntio.*

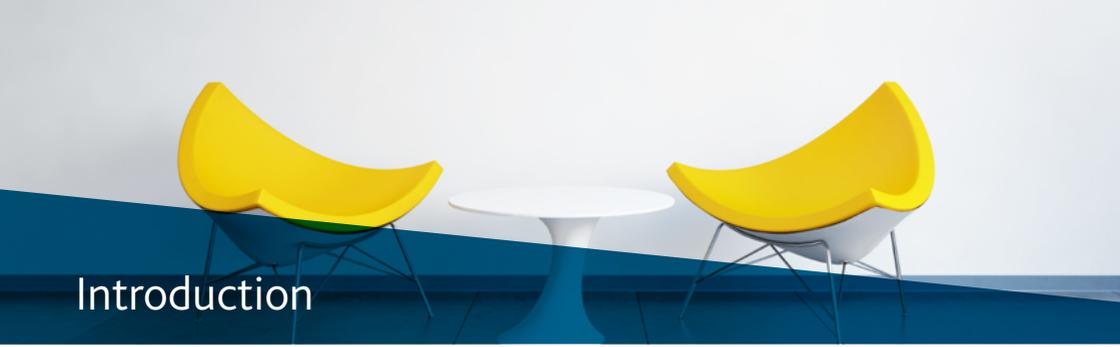
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Kind regards,

Neal Poole
Director of Marketing
Capita Travel and Events



Introduction

Business travel enables companies to do business. It's a valuable activity for organisations in almost every industry and size. Whether it's doing new deals, increasing revenue or growing the customer base, employee travel has always been seen as a force for good, and therefore to be encouraged.

As a result, many travel policies and tools do not place the employee first, instead prioritising savings over employee satisfaction and convenience. Meanwhile, the business traveller community has changed. By 2020 the millennial generation will dominate the workplace, with Generation Z hard on their heels. Newer entrants are no less likely to deviate from travel policy than their predecessors, but they are less likely to put up with policies and programmes that do not meet their needs or expectations.

Talent retention

Another unintended consequence is the negative impact of some business travel programmes on talent retention. 90% of employees may view business travel as a perk of the job¹ but when travel policy's primary objective is cost reduction instead of employee satisfaction, the perk can become a problem. 2018 research found that a lack of flexibility to prioritise personal travel preferences is business travellers second most-frequent complaint about company travel policy.²

Health and wellbeing

Companies are increasingly forced to deal with the effect of business travel on employees' health. A 2018 study by Columbia University's School of Public Health found that travellers spending 14 or more nights away from home every month were more obese, did little to no exercise, and showed symptoms of mental health problems such as anxiety, depression and alcohol dependence.³ In 2017, time lost to ill health and presenteeism cost British business £77.5 billion.⁴

14+ days

Spent on the road a month contributed to ill health



£77.5bn

Cost to British businesses due to ill health in 2017



Endnotes

- 1 <https://skift.com/2018/09/26/the-future-of-business-travel-is-about-putting-people-not-policy-first/>
- 2 Ibid
- 3 www.sciencedaily.com/releases/2018/01/180108121550.htm
- 4 VitalityHealth



A productive workforce

The business case for a fresh approach to business travel is strong. Annual growth in economic output per hour of work slumped to 0.2% in the third quarter of 2018, down from 1.6% in the second quarter and the weakest period since Q3 of 2016.⁵ While unemployment in the UK is at its lowest level since the mid-1970s, the rate of growth in productivity is around one-tenth of the average before the 2008 crash.

Although British workers' productivity fell to a two-year low in the third quarter of 2018, lagging well behind that of other countries, too many employers fail to address the link between employee well-being and productivity.⁶ That despite 80% of companies accepting productivity is a reason for investing in well-being and that, by doing so, productivity could be increased by 10 - 17%.⁷

A healthy work-life balance

More than 80% of millennials say they seriously consider how a position will affect their work-life balance,⁸ whilst overwork is the second most-cited reason that employees leave their jobs.⁹ The impact of well-being and satisfaction on talent retention alone should justify a new approach to business travel. After all, the average employee costs £11,000 to recruit.¹⁰

1.6%

Decrease in economic output per hour from 2016 to 2018.



10-17%

Increase in productivity if companies invest in well-being.



£11k

Recruitment costs of an average employee.



5 www.ons.gov.uk/

6 Unlocking Employee Productivity - EEF/Westfield Health

7 www.personneltoday.com/hr

8 www.flexjobs.com

9 <https://globenewswire.com/news-release/2018/10/25/1627089/0/en/Yoh-Survey-Lack-of-Respect-Broken-Promises-and-Overworking-Employees-are-Top-Issues-With-Managers-That-Would-Make-Employed-Americans-Consider-New-Jobs.htm>

10 Society For Human Resource management (SHRM) 2018



A new approach

So, what is this new approach to business travel? At Capita Travel and Events, we've taken a new approach, and it's called 'Smarter working'. Smarter working helps travellers, bookers and organisations think and choose better.

Smarter working - what is the decision?



Smarter Working is an approach that uses combined data sources, analytics and insight led behavioural change to enable organisations to reduce or avoid unnecessary travel and meetings spend, achieve best value and optimise traveller well-being for any necessary travel.

The future of business travel

Smarter Working represents the future of business travel because it focusses on helping travellers and bookers to think and choose better.

As Trevor Elwood, Chief Commercial Officer, Capita Travel and Events, says: "Procurement has reaped the benefits of the traditional approach to travel management. Policies have been modified and supplier agreements leveraged to the extent that only limited further gains can be made, without impacting traveller safety, well-being and employer reputation.

"Too often, decision making is done in silos with limited data insight. Procurement, infrastructure planners and HR don't seamlessly interact.

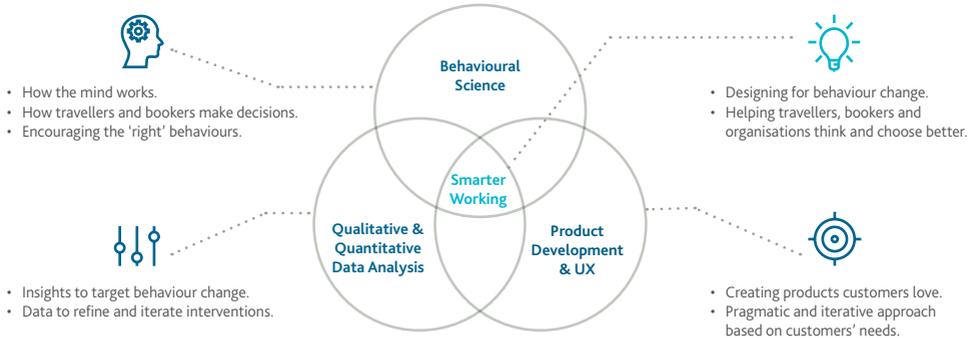
"Pro-active and effective influence over booking behaviours is left wanting, resulting in ineffective employee communications based on anecdotal scenarios.

"Smarter Working will enable companies of all sizes to benefit from multi-source data analytics and insight, qualitative research to understand why people make certain travel and meetings decisions, and the organisational impact of such decisions on people, bottom line and infrastructure planning.

"Behavioural psychology expertise, applied to Capita Travel and Events' Iris technology, allows our customers to challenge the need to travel, communicate and educate with relevance through the most effective channel. Smarter Working can lead to transformational change that addresses the human impact of travel and meetings, and the desired outcomes of all stakeholders. It's a game changing approach to the traditional travel and meetings management."

"Smarter Working can lead to transformational change that addresses the human impact of travel and meetings, and the desired outcomes of all stakeholders."

Psychological impact of smarter working



At the core of Smarter Working lies the principles of behavioural science. We were the first specialist provider in the UK to employ a full-time Head of Behavioural Science. In this role, Jonti Dalal-Small helps design and implement behavioural change initiatives and extract business value from behavioural insight.

Today, behavioural science is mainstream, but attempts to influence behaviour are not new – especially in business travel. As Jonti says:

“After all, what’s is a travel policy if not an attempt to try and get people to behave in a compliant way? Behavioural science is about understanding how the mind decides, how and why behave and how to harness these insights.”

Jonti Dalal-Small, Head of Behavioural Science.

An effective business model

A good example of how the travel sector has harnessed the power of behavioural science is the Online Travel Agent (OTA). Brands such as Booking.com and Expedia do not own or operate hotel rooms, yet they take 25% commission – significantly more than traditional travel agencies who employ human travel agents. They do so because they have created an effective business model by understanding the nature of online attention and offline decision-making.

Why hasn't this been considered in travel or meetings before? “To me, it's obvious,” says Jonti. “Much of industry is focussed on the transactional nature of business travel. It is very process focussed, so inevitably you reach a point at which costs cannot be screwed down any further without a negative impact on well-being and safety. Smarter Working is about business psychology and changing behaviour. We are approaching travel from the perspective of objectives and behaviour, that thinking hasn't been there.”



A holistic view

The rise of behavioural science in business has coincided with HR gaining in influence upon determining travel policy. Other non-financial stakeholders such as security and IT are also getting involved in the conversation and, unlike procurement, their perspectives are not restricted to cost savings. But are some corporates more receptive to this new thinking than others, and is Smarter Working the preserve of corporates spending multi-millions on international travel and meetings?

“Over the past few years, we’ve noticed increased expectations from Travel Buyers within SMEs. They want their TMCs to add value and expect detailed reports, in-depth spend analysis and a positive ROI. Although cost savings is their top priority, increasing traveller productivity is a close second. The more traditional focus areas are now in the shadows for SMEs.”

Trevor Elswood, Chief Commercial Officer.

A smart approach

However, Jonti Dalal-Small agrees that not every company is ready for Smart Working – yet “and neither should they be because they still have lots of benefit to be leveraged from smarter buying through preferred programmes before moving onto Smarter Working which is about behaviour change. Smarter working is also driving personalisation, which is making corporates more receptive.”

There are three principles of Smarter Working: - reducing travel, reducing costs, improving well-being and safety. “Only the degree of interest businesses has in each element differs. One barrier to overcome is that some organisations have yet to deploy smarter buying; another is that it is all too easy to regard Smarter Working as a silver bullet.”

“For specialists like us, it is about behavioural science, data and technology. TMCs need experts in each of these silos. Then the behavioural science mindset has to flow through account managers and other client-facing teams.”

Corporates, on the other hand, don’t need to do anything. The onus is on the service providers to deliver the skills. It’s the very fact corporates cannot do this themselves that creates the proposition for the provider.

“All corporates need to do is think about travel in a way other than cost. Smarter Working will become one of those outcomes because Capita Travel and Events will have evolved business travel beyond a purely transactional process,” Jonti declares.



Travel, meetings and Smarter working

Back in 2017 we started to look at the work being done by organisations in other sectors to harness the benefits of behavioural insights. Our objective was to seek out transferable solutions to travel and meetings to address these common problems.

- 1 Procurement had driven savings through smart sourcing and supplier leverage, robust enforcing and policing of travel policy compliance. Savings had been achieved but at the cost of the traveller experience, leading to friction.
- 2 By adopting a top-down, one-size-fits-all approach, procurement and the wider organisation were struggling to communicate with travellers.
- 3 Travel spend, employee expense and mileage data sat in separate business silos. Transient travel and meeting-related travel spend were often separated; Travel spend was categorised by travel mode (e.g. air or rail) instead of by trip.
- 4 There was no understanding of the wider implications of travel on absenteeism and performance. Senior management thinking around the impact of travel and meetings on the bottom line was not joined up. They needed to be brought together with common goals.
- 5 Commercial models were not consistent with organisations' objectives. For example, TMCs were remunerated on travel transactions whereas organisations want to reduce travel demand. The interests of customer and supplier were diametrically opposed.

“We looked outside travel for answers and saw some really powerful innovation. Data Insight was being used to identify and quantify opportunities and issues. Behavioural science was being used to nudge people into making the right decisions and achieve the right outcomes. We saw how service design could simplify the complex and make life easier. So, we applied all of that learning into smarter working.”

Trevor Elswood, Chief Commercial Officer.



Spectrum of thinking - range of decision making



Very familiar
No thinking



Habits



Intuitive responses
and assessments



Semi familiar
Limited thinking



Intuitive check of
self-concept



Heuristics



Unfamiliar
Intensive thinking



Conscious, cost-
benefit calculations

Principles of Smarter working

Smarter working is based on these principles.

- 1 Reducing or avoiding unnecessary travel and meetings.
- 2 Enabling people to make conscious decisions about how they meet and the best way to travel to and from those meetings.
- 3 If travel is necessary, promote decisions that are based on cost and value, with safety and well-being at the centre of all decisions.

Cost reduction

Smarter Working aligns agendas by making sure that money invested in travel and meetings represents the right investment by reducing unnecessary expenditure and focussing the remains spend appropriately.

Enabling better decisions

By educating stakeholders at every level, they are encouraged to challenge existing practices and instead make conscious decisions around meetings and travel planning. The question posed to meeting hosts and travellers alike is whether they, or others, have to travel to fulfil the purpose of the meeting.



Roadmap to Smarter working

At Capita Travel and Events, we apply the principles of Smarter Working to each organisation's travel and meetings spend through a structured process.

Since we embarked on their Smarter Working journey, we have also overcome a series of technology-related challenges. Significant investment has enabled us to create the following Smarter Working roadmap.



Disparate data sources are brought together. This involves consolidating and cleansing large data files to create the necessary visibility around expense and mileage data.



Having a data scientist in the team enables the data to be brought to life, making the complex simple and shaping it into actionable insight.



The organisation is benchmarked against its peers in terms of size, profile, sector and culture, the opportunities for transformative change identified and valued. These opportunities become the priority for solutions that meet pre-agreed objectives.



After identifying these issues and opportunities, they are turned into solutions for traveller, meeting host and meeting attendee engagement using ultra-powerful, market-leading communication tools. These tools enable the messages with the right content and tone to appear at the right time for the traveller and the business.



Avoiding messaging overload; making messages relevant, timely and tonally appropriate to organisation culture make this such a powerful tool of change.



Messaging is critical. Anyone can issue an instruction, but for that instruction to be acted upon demands behavioural insight. Linking that with service design expertise makes Smarter Working a winning formula.



The process for designing nudges



Understand the target audience

What's the behavioural change?

Map the decision making process.



Select the nudge

What's the best intervention to encourage the customer to behave in the desired way?



Identify right levers

What can be implemented?

Work within constraints.



Experiment and iterate

Is it working?

How can it be improved?

Refine for impact.

Pro-active communications

Key to those solutions are communication – explaining what the organisation is seeking to achieve and why – and education – showing employees how to meet those objectives by giving them the tools and confidence to make the necessary changes.

“We ‘nudge’ travellers, bookers and planners from start to finish at the right points of the decision process to encourage the right behaviours and celebrate the success of that change” explains Trevor Elsworth, “monitoring, refining and reporting at every stage so that we are fully accountable.”



Reaping the benefits

The organisational benefits of Smarter Working are three-fold:

- 1 Reduced travel and meetings spend through effective demand management.
- 2 Reduced cost per trip and per meeting due to greater awareness of the impact of booking channel, lead time, travel time and best fit of travel supplier.
- 3 Improved employee well-being and productivity, ultimately helping retain talent.

The proposition

Wrapped around these benefits is an innovative commercial proposition that aligns our objectives with those of the client organisation. This model moves the agency remuneration model away from performance based upon transaction volumes and towards a risk/reward model in which we accept the risk of not achieving pre-agreed outcomes.

A focus on the goal

In this new model, we stay focused on achieving clearly stated outcomes. “We are making travel and meetings category owners look great within their businesses,” says Trevor. “There is a very different set of stakeholders at the table nowadays. They are bringing a more rounded perspective to discussions around meetings and travel policies and are supporting category managers.”

“Within the supply chain, innovators are thinking through how to add value to experience and safety to the traveller by identifying the optimal point in the travel cycle to deliver different messages.”

Trevor Elswood, Chief Commercial Officer.



Why Capita Travel and Events?

The creation of better outcomes is Capita plc's mission statement. This expertise in bringing transformative change to big business has provided us with access to the expertise unavailable to traditional TMCs that underpins Smarter Working.

As Trevor Elswood says, "we saw the key connection between meetings and travel. Meeting host behaviours cause the majority of travel costs because the medium chosen for the meeting determines how far delegates need to travel. The cost of the meeting is then determined by the lead time, time and day of the meeting and the location because each impacts the cost of travel to the meeting.

"Many TMCs are not ideally suited to managing meetings, but our specialist approach means we are perfectly placed to turn things on their head by putting meetings at the heart of travel. When you do that, travel can be managed differently and more effectively. Only Capita Travel and Events can deliver this level of competency in meetings and travel."

Next steps

Want to know more about how we can help you implement a Smarter working programme within your organisation? Speak to a member of our team:

travevents@capita.co.uk

0330 3900 340

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