

How to... CUT COSTS WITH FFPs

Follow our step-by-step guide to saving money with frequent flyer programmes which, contrary to popular belief, can easily be utilised by SMEs



Ravindra Bhagwanani

GLOBAL FLIGHT
Ravindra is the founder and managing director of Global Flight (www.globalfight.net), which claims to be Europe's only company focused on the FFPs. Since 1996, he's been assisting companies with the use of FFPs on a corporate level and to realise savings. His experience embraces the consulting of airlines in the FFP field, that allows him to understand all issues from a holistic perspective, much to the benefit of his customers.

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COMPANIES may use frequent flyer programmes (FFPs) to accumulate miles from business trips then use them towards the payment of future business trips.

In this way, companies can save some ten per cent of their annual air travel costs, on top of any other savings, including those realised through corporate loyalty programmes offered to SMEs.

The internal processes and culture of SMEs often make this potential rather easy to exploit, says Ravindra Bhagwanani of Global Flight. Read on for his explanation.

Step 1 Take a clear decision, backed by your management, whether you want to use frequent flyer programmes on a corporate level. The main argument you have for doing so is the potential cost savings, usually in the area of ten to 15 per cent of air travel costs. Get HR on board as well.

Step 2 Set up the project and prepare it thoroughly in advance. You may require outside help. Ensure that your partners have experience in the FFP area and that their pricing fits to the overall picture. As general guideline, you should not pay more than one per cent of your annual air travel costs for the initial set-up and one per cent for ongoing operational tasks. These values are also the benchmark to decide between in-house and external solutions.

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Step 3 Select the programmes. There are 180 highly different FFPs available and airlines participate in up to 25 programmes simultaneously. For instance, an Executive Club member requires ten round trips on British Airways in Business

Class to New York before getting a free flight. The same British Airways flights credited to the Finnair programme would realise eight roundtrips.

Another example is travelling on Kuwait Airways and using its Oasis Club: that gets you a free flight after just five flights.

Differences also apply between programmes in terms of flexibility of using awards, such as minimum booking lead times.

Work actively with the transferability of awards between travellers – less frequent travellers tend to be more flexible to use award flights!

Plan the strategic use of awards (which routes, which periods, which travellers?) as the basis to achieve maximum savings and consider the issue of separating personal and corporate miles. Don't tackle operational tasks before having resolved these strategic basic issues.

Step 4 Set up the internal processes. They primarily consist of tracking the miles your travellers accrue over the programme websites and making award bookings directly with the programme operators.

Coordinate these processes with your travel management company and consider frequent flyer programme administration software for maximum transparency, such as FFP Manager (see www.ffpmanager.com for details) in this context.

Step 5 Implement the changes and inform your travellers. Anticipate a three-month interim period between project start and implementation.

Step 6 Manage the project on an ongoing basis: control the execution, review your programme selection on an annual basis – or even more frequently – and monitor the savings you have made. In addition, prepare for appraisal from your boss.

JARGON BUSTER

➔ **ACRONYMS:** regrettably they're unavoidable in the cut and thrust world of business travel. To give you a head start, we've listed some of the most commonly used ones below, just so you don't get your Global Distribution Systems confused with the Geriatric Depression Scale.

ACFO	Association of Car Fleet Operators
ACTE	Association of Corporate Travel Executives
ADR	average daily room rate
APIS	Advanced Passenger Information System
ATOC	Association of Train Operating Companies
BAPCO	British Association of Professional Conference Organisers
BAR	best available rate
BTA	business travel agent
BTC	business travel centre
CDW	collision damage waiver
CRM	customer relationship management
CRO	central reservation office
CRS	central reservation system
CSR	corporate social responsibility
DDR	daily delegate rate
ETES	end-to-end solution
FFP	frequent flyer programme
GDS	global distribution system
GTMC	Guild of Travel Management Companies
HBA	hotel booking agent
HBAA	Hotel Bookings Agents Association
IATA	International Air Transport Association
ITM	Institute of Travel Management
KPI	key performance indicators
LRA	last room availability
MI	management information
MIA	Meetings Industry Association
MPI	Meetings Professionals International
OTM	online travel management
PNR	passenger name records
RFP	request for proposal
ROI	return on investment
SBT	self-booking tools
SLA	service level agreement
SME	small and/or medium-sized business/es
TEM	travel and expense management
TMC	travel management company