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GetThere

Emerson's Million-Dollar Question

How Does A Multinational Firm Consolidate Travel In Challenging Latin American Region?

By David Jonas

Manufacturing and technology giant Emerson has been expanding quickly in Latin America. By 2011, it fielded 16,000 employees in the region and generated revenues of $1.3 billion there. With expanding operations come growing travel needs. But in relying on a patchwork of at least 25 travel agencies, the company had poor visibility into its regional travel spending, few cost controls and few meaningful supplier programs. Enter Mike Million, armed with a mandate—something the company normally avoids.

After more than 20 years on the travel management company side, Million in May 2010 was hired as Emerson's global travel manager, responsible for travel and card programs in 46 countries, filling a role that had not previously been handled by a full-time employee. By March 2011, the company's president of Latin America tasked Million with implementing a consolidated regional program.

"We had to do that expeditiously because Emerson was and is still growing very rapidly in that region," Million said. "We needed to know how to quantify negotiations" with travel suppliers.

Doing so meant first gaining a deeper understanding of the region's cultures, language barriers and other idiosyncrasies. To aid that effort, St. Louis-based Emerson early in the process "spotted a travel supervisor in Costa Rica who would be our Latin America travel champion," as well as individuals in each country—whether managers or representatives from finance departments—to serve as local-market champions, Million explained.

The selection process for a single TMC to serve Latin America came down to a choice between American Express and Carlson Wagonlit Travel, the two agencies used globally by Emerson. In making the decision, the company had to "align resources and philosophies, get support and buy-in from senior managers, and get that all into one cohesive, agreed-on agency," Million said. "The biggest factor for us in that area was a consolidated approach to rolling out the online booking tool. At the same time we were rolling out the agency, we wanted to roll out the online booking tool. We needed someone to support that tool within each country." Emerson also sought standardized TMC pricing throughout a region in which billing and rebating practices can vary. It opted to award the business to American Express.

According to Gerardo Tejado, American Express Global Business Travel's Latin America vice president and general manager, "We worked both with our proprietary markets and alongside our partner network, and this helped to set a single regional price, taking into consideration that every country has its own local requirements and different operating expenses."

For online booking, Emerson did more than roll out Sabre's GetThere in the key markets of Latin America, which hardly are bastions of self-service; it used the technology to communicate travel policies, integrate an approvals process and create a mandate. "Here at Emerson, the word 'mandate' is one that we don't typically use," Million said. "However, within Latin America, since there were so many fluid components—25-plus different agencies—it was decided to mandate the program there. This senior leadership direction in Latin America was the backbone for success."

To maximize benefits, Emerson implemented a policy under which "travel would not be approved within the region unless it went through the online booking tool—with some exceptions. That really helped rein in those adoption levels."

Tejado confirmed that "mandate strategies are quite uncommon in the region."

He also explained that Amex's "implementation, deployment, sales, client management and service delivery teams" worked

MIKE MILLION

closely with GetThere and local Emerson personnel on "subsites' configuration and conducted tests and validated" Emerson's electronic booking process.

But first, Emerson conducted a "kickoff" call with Amex and GetThere to secure support from country leaders. "Knowing that we had a very aggressive goal to meet for our customer, the first thing we did was host an overview of the adoption rollout plan for all countries involved," according to GetThere customer success manager Susan Edstrom. "We conducted weekly calls and were launching sites while at the same time conducting the next discovery. We also recognized early on that there may be some hesitancy locally to answer questions due to language differences. We added a resource to the team that conducted the calls in local languages, and it contributed greatly to the timely completion of discovery, build and rollout."

Within nine months of launching the program, Emerson had deployed the newly consolidated program in eight key markets—Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Venezuela—and racked up some impressive results. The average online booking adoption rate hit 76 percent across the region, including 70 percent in Brazil, 88 percent in Peru, 92 percent in Costa Rica, 98 percent in Argentina and 100 percent in Chile. The company also realized a 22 percent average savings on its agency service fees.

According to Rodolfo Silva, GetThere's managing director in Latin America, the average client adoption rate in the region is 68 percent. "Emerson countries are all above the average," he explained, noting how a couple of "standout items" contributed to that success: "first and foremost, a concentrated plan that determined site set-up for the region with minor changes or uniqueness in-country; second, a local champion who led the program for Emerson."

By tightening the program—including a switch to one corporate card, Amex—Emerson established the leverage necessary for new supplier deals. For example, a global program with National Car Rental "was just rolled out to Brazil," Million said. "And this year, for the first time, we negotiated air programs with the larger carriers down there: alliance agreements and regional carriers. We needed visibility to negotiate and we finally have it."