

CAPITA

Success story

Transformational change and significant travel savings

Transformational change of Capita plc's business travel programme led to significant savings, counteracting its historical 15% year-on-year travel spend increase.



£560m

Savings in first two years via average room rates reductions and increase in online bookings from 70% to 85%.



20%

Reduction in average room rate outside London, and 15% inside London

"With 75,000 people at over 500 sites, Capita plc's travel spend has grown with the group. By 2013, an average annual 15% increase in spend led to a renewed appetite for transformation of its business travel programme."

Procurement, **Capita plc**

The group began with a concentration on hotels, the biggest annual spend area at over £20m per year.

"The company's hotel policy was historically traveller led, with employees having their pick of hotels. To increase its duty of care to travellers, and save around £1m per year Capita plc needed a mandated negotiated preferred hotel programme, improved buying behaviour, compliance to a firmer policy and reduced 'leakage' of bookings being made directly with hotels."

Account Manager,
Capita Travel and Events

A three-step solution

1. Business case was submitted to the group's board to affirm:

- the mandated use of a single supplier for all hotel bookings
- a mandated preferred supplier list (PSL); anyone wishing to book outside of the list needs approval from a divisional financial director
- online as the default booking method.

The business case detailed the benefits of change, including savings and duty of care, the opportunity cost if no action was taken, and a plan of how to reach goals and track performance.

2. Engagement was an ongoing strategy. Approved plans were re-shared with teams including group finance, expense, HR and marketing. An implementation plan detailed responsibilities to facilitate success. Senior level sponsorship was a critical success factor and so a launch communication was sent from Capita's group Finance Director.

3. Driving and influencing change after the launch meant travellers were more engaged. Experts supported the change by professionally managing relationships with bookers, reaffirming that the mandate was for reasons including their own safety. Educational initiatives, including informative webinar sessions with top bookers, assisted in driving results. Progress against targets is tracked through detailed divisional dashboards, allowing peer comparisons which create further motivation for pro-active support at divisional level.

Outstanding results

The initial transformation project resulted in £4m savings in the first two years. This was based on impressive average room rate reductions of 15% in London and 20% elsewhere, and increasing online booking from 70% to 85%.

Further savings benefits came from process efficiencies through reduced expense claims on items such as hotel WiFi, breakfast, dinner, parking etc; these were included at the point of negotiating the PSL. Policy benchmarking with peers also led to the removal of £5 incidentals allowance with an estimated annual saving potential of £142k.

Travel

With a mature travel programme, savings through negotiations with air and rail suppliers are also being maximised for Capita plc. Initiatives already having a £500k impact on savings are a mandate of a single airline on key routes, a standard class rail policy and the introduction of a season ticket approval process.

Over the coming years, there will be a significant focus on behavioural change initiatives

that encourage smarter buying decisions to positively impact traveller welfare and spend.

Important opinion

“Between 2014 and 2015, annual spend was reduced by 2 per cent to £55.5m. That’s compared with historical annual average year-on-year increases of 15 per cent.”

Procurement, **Capita plc**

Highlights

- Transformation of Capita plc's travel programme led to over £4m savings in first two years.
- Senior board buy-in through strong business case.
- Negotiated preferred hotel programme with mandated use.
- Further savings benefits from process efficiencies through reduced expense claims on items included in preferred hotel programme.
- Engagement and implementation campaign.
- Driving and influencing change through educational activities.
- Mature travel programme savings still maximised through policy and process improvements.
- Forthcoming focus on behavioural change initiatives that encourage smarter buying decisions to benefit costs and traveller welfare.

“To increase its duty of care, and save around £1m per year Capita plc needed a mandated negotiated preferred hotel programme and improved buying behaviour.”

Procurement, Capita plc

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