

Case Study: PROCESS EFFICIENCIES



*Diners Club® Corporate
Customer's Travel Department
Lowers Costs with Consolidated
Vendor Management*

Diners Club® Group Event System Streamlines Meeting Payment Process; Saves \$50,000 in Administrative Costs Annually

SITUATION

As part of an overall effort to increase business efficiency and reduce operating costs, a large North American company sought to reduce the number of preferred vendors supplying the company with goods and services.

The travel management department, with hundreds of vendors helping to execute 300 meetings and events worldwide each year, was certainly on the radar for process improvement opportunities. Just consolidating expense data for reporting and analyzing procurement activity was a time-intensive manual process. The cost of generating checks and the time involved for manager approvals made direct billing of hundreds of vendors an expensive process.

The department considered a number of solutions for streamlining the payment process for goods and services from its many destination management companies, trade show operators, media firms and other vendors. Asking managers to use a personal credit card and reimbursing against these charges was not a viable option. With a \$4 million dollar monthly budget, meeting and event charges often exceeded card-imposed spending limits.

To find a solution that would help the overall efficiency goals while delivering value back to the travel department, the company turned to its long time partner in corporate expense management — Diners Club.

SOLUTION

The Diners Club Account Manager immediately suggested consolidating meeting and event charges on the Diners Club Group Event System. This would reduce countless monthly invoices into just one while allowing the travel department to continue to benefit from the many important vendor relationships it had fostered over the years.

Diners Club worked with the company's travel manager and meeting and events director to establish a customized Group Event System program. With the flexibility built into the Diners Club system, they were able



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to design a program that accommodated the company's decentralized meeting and event function. To do this, they simply created an account structure with a sub-group for each business unit under the main company account. This gave each business unit autonomy and the ability to generate their own reports.

At the same time, this structure gave the two directors centralized control over the procurement process. Global Vision®, Diners Club's online tool for managing expense data, allows them to track and report on meeting and event expenses by supplier, business unit and more. This tool provides valuable information for monitoring meeting and event expenses and related policies and procedures — in particular the mandate for using the Diners Club Group Event System Card for all charges.

The team worked with the company's vendors to ensure uniform acceptance of Diners Club as a preferred form of payment over checks. Vendors readily accepted this choice for the speed and convenience of payments received.

RESULT

The team's implementation of the Diners Club Group Event System program yielded impressive results for the travel department. The company eliminated more than 100 vendors from the accounts payable system and strengthened relationships with the remaining vendors by offering near-immediate payments electronically. Late-payment charges became a thing of the past.

The new program also provided benefits to the company overall. With card charges and electronic billing, the company shifted a full-time position out of the accounts payable function and slashed the costs of vendor administration and check issuance by an estimated \$50 per invoice. Over the course of a year, this adds up to \$50,000.

The new program also raised the value of the company's partnership with Diners Club. The increase in volume charges through the Group Event System Card and the simplicity of making a single, on-time payment to Diners Club have boosted revenue-sharing incentives.

With this new simplified and automated process for managing vendors, the company gained the control over meeting and event expenses it needed to realize efficiencies and lower costs.

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