

# Case Study: **VENDOR MANAGEMENT**

*Diners Club® Corporate Customer  
Saves \$3 Million in Four Years with  
Preferred Vendor Program*

## **Global Vision® Delivers the Data to Back Up Rate Negotiations with Preferred Hotels**

### **SITUATION**

As with many organizations, this large North American company spends a significant portion of its budget on lodging each year. The company knew that within its current hotel program were opportunities to reduce lodging costs by focusing more closely on hotel selection and spending. To gain more control over these expenditures, the company launched an initiative to structure and refine the hotel program.

A key to the success of the program would be negotiating fixed rates with preferred hotels. However, the company's travel manager anticipated a major obstacle early on: trying to gather the information that would demonstrate to the hotels the extent of the company's spending on lodging — both overall and with key hotel chains.

The company's travel agency provided some data, but not the highly credible data needed for effective negotiations with hotels. For example, the travel agency frequently books hotel stays for employees using a rate negotiated in the agency's name, so the data does not show the name of the company. Also, the travel agency derived its data from booked reservations, not actual transactions. The incompleteness of the data did not accurately represent the company's actual spending.

The travel manager quickly overcame this data obstacle working with the company's Diners Club® account manager and Global Vision®.

### **SOLUTION**

The travel manager understood the power of Global Vision quite well. The company was already using this web-based reporting tool for managing overall travel and entertainment expenses and policies. Together, the company travel manager and the Diners Club account manager began generating reports that provided reliable documentation on the company's hotel spending.



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The data reported with the Global Vision tool provided the company with actual charge transactions — highly credible data from the hotel's perspective. Global Vision data is highly granular and can be sorted in numerous ways, such as by brand, hotel chain, geographical area and by date ranges. Taking advantage of this capability, the travel manager and account manager created detailed reports that helped to identify those markets and hotel properties where most of its lodging dollars were spent. Next, the travel manager determined the room-rate the company was willing to pay at these hotel properties and, armed with clear, credible data, negotiated contracts for these rates.

Global Vision data also helped to shape the guidelines for the new hotel program and reinforce employee compliance with the guidelines. A new travel policy strongly encouraged employees to use the preferred hotels or find a rate at an alternative hotel at or below the company's negotiated rate. Reports in Global Vision allow the travel manager to monitor employees who use non-preferred hotels and pay rates at these hotels above the negotiated rates. Reminders help to move these employees back in line.

To ensure that all hotel spending data is captured in one place, the company began reinforcing the need to use the Diners Club Corporate Card for payment, going so far as to say that employees would not be reimbursed for charges not on the card. Employees were reminded of this via an internal website and email blasts, and the travel agency was given the authority to enforce the policy.

### RESULT

Diners Club's Global Vision tool delivered the detailed information the company needed to dramatically lower hotel rates and overall expenses. The initiative was so successful in the first year with just ten markets that over the next few years the company increased its scope to 50 markets and then 80. The company has achieved preferred partner status with select hotel properties, giving employees a number of added services and incentives to garner their support for the program. The new approach has been so successful in boosting employee compliance that 99 percent of bookings are at preferred hotels.

The financial results are astounding. The negotiated rates are as much as 30 percent lower among preferred properties in the company's top 80 travel cities. Over four years, this has added up to more than \$3 million in savings. With the increase in compliance, the company is looking forward to future negotiations armed with even more robust spending data easily gathered with Global Vision.

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