

Corporate Travel Management innovates

By Mike Sullivan

THE rise of Corporate Travel Management from a small Brisbane booking agency for business travellers to one of the world's leading travel management companies is remarkable.

But it is also understandable, when you consider the relentless approach to measuring performance, assessment of customer expectations and the sheer delight in innovation that has been bred at Corporate Travel Management (CTM).

The company that was one of the first to develop its own mobile 'apps' – to assist customers while travelling – has little fear of changing things to go a better way. That is in the DNA of a corporate travel company that specialises in doing just that – finding better ways – day in, day out.

Jamie Pherous, a chartered accountant for Arthur Anderson at the time (now EY), founded CTM in 1994 as he realised that many business travellers, like him, were not happy with the way travel arrangements were made more complex and, at that stage, more expensive than what retail travel offered.

He travelled a lot with Arthur Anderson – frequently orbiting Dubai, Chicago and cities in Asia – and experienced how poorly organised that travel was, with few options and little accountability.

"So, at age 23, I left Andersons to form my own corporate travel business," Mr Pherous said. "I was young and had no strategy ... but did it anyway. I had no brand plan. We just did what the name said we did."

It was a two-man start-up, headquartered in his home town of Brisbane. CTM searched from day one for more efficient and economical ways to manage corporate travel.

"It was tough to start with, proving to companies that we could save them money by organising their entire corporate travel program," Mr Pherous said. "We plugged away and tried not to get too disheartened by knockbacks and early setbacks. I even used to go the long way to work, just so I would not have to see the big Flight Centre



Corporate Travel Management managing director Jamie Pherous is an advocate for creating new technologies to make business travel more effective and efficient.

billboard offering \$1499 return airfares to Europe."

CTM's early days were all about word-of-mouth promotion and, eventually, the firm started to make headway by focusing on clients making up to \$10 million in travel bookings a year.

At that pre-internet time, the major airlines and big hotel brands dominated with their business travel offerings; or, instead, business travellers could look to card-based program organisers such as American Express and Diners Club. Big retail travel groups such as Flight Centre were only just coming to grips with the business travel market, launching The Corporate Traveller and Flight Centre Corporate out of a legacy retail travel system.

Mr Pherous knew from his own experiences, and chatting with other frequent travellers, that all these approaches were missing the mark.

Corporate travellers, he believed, were spending too much time, money and resources on their trips. They lacked vital flexibility and speed in organising and re-organising their travel itineraries, and they were desperate to reduce the personal toll of business travel on both their private lives and their work efficiencies. CTM had to demonstrate the bargaining position their client companies were in, by properly organising their travel budgets.

Importantly, Mr Pherous realised there was a successful international

business to be made, if he could get the formula right.

Little did he realise at the time how successful it would become – the largest privately-owned travel management company in Australia went on to list in December 2010 and today employs more than 1800 staff globally operating out of 46 cities in 23 countries including Australia, New Zealand, the US, Asia and lately eight European countries.

DOWN TO BUSINESS

The CTM business scoreboard is an impressive one for any industry – but within the tumultuous travel and tourism sector it seems almost miraculous.

It is a company that has grown in every single one of its 20 years of existence. It has gone from a baseline of about \$1 million in annual revenues to more than \$2 billion today. Its Australian Securities Exchange (ASX) list share price in 2010 was \$1 and the shares today trade at over \$9. That growth, along with an astute company shareholding incentive scheme, has already created over 20 millionaires among CTM staff.

For the past nine out of eleven years, CTM has been voted the best national travel management company in the Australian Federation of Travel Agents National Travel Industry Awards.

In 2013, Mr Pherous told a Queensland Leaders graduation event that CTM would "double in size over the next two years" – and if anything he



CTM's headquarters in the Brisbane CBD (above) may need more space to house its awards. At right is Jamie Pherous accepting the 2014 AFTA Best National Travel Management Company Award from Qantas executive manager Steve Limbrick.



is ahead of schedule. Mr Pherous has over the past decade made something of an art form of identifying, collaborating with and often purchasing symbiotic travel management companies in Australia and internationally.

That growth goal was cemented in early December 2014 when CTM purchased corporate travel agencies in the UK and the US at a combined purchase price of \$52.6 million.

Mr Pherous said the acquisitions of multi-award-winning UK travel management company Chambers Travel and respected Diplomat Travel – both companies CTM has worked with extensively in the past – are in line with CTM's strategic plan to establish a strong base in the UK and European markets and continue to expand in North America.

Chambers Travel is headquartered in London, with operations in England, Scotland, France, Germany, The Netherlands, Switzerland, Sweden and the Czech Republic. Mr Pherous said this expansion for CTM establishes an immediate and mature scalable presence in eight countries in Europe, the last key region in the company's global strategy.

"It makes CTM even more competitive in the global/regional client segment, estimated at US\$200 billion," Mr Pherous said, noting that Chambers Travel services clients in 10 European languages, giving CTM an additional competitive advantage.

FINANCING GROWTH

Mr Pherous readily admits that CTM's transition from steady private growth

company to a fast-moving international strategic acquisition-driven growth multi-national was precipitated by the company's IPO in late 2010.

He also cautions business leaders about the choice to list, insisting it must be for the right reasons, for IPOs bring their own particular challenges that can make or break an organisation.

"It can be a good experience – but it has to be for the right reasons ... for example, access to capital for growth overseas," Mr Pherous told a Queensland Leaders gathering last year. CTM was one of the first companies to go through the Queensland Leaders system and it was through several organisations underpinning Queensland Leaders – particularly stockbrokers Morgans – that CTM was shaped for listing success.

In fact, CTM was the first IPO to come out of the Queensland Leaders system – it is a private collaborative organisation helping to develop and mentor the next generation of great companies and their leaders based in Queensland – and has led the way for several others. In fact, Mr Pherous credits Queensland Leaders' support as being instrumental in the pace of CTM's growth and he has joined the organisation's advisory board to encourage other Queensland companies through to success.

Mr Pherous happily points out the challenges of an IPO along with the upside.

"Listing helps you to become a better business," Mr Pherous said.

"But being a public company brings with it a level of scrutiny, which you must embrace.

"My advice, for anyone looking at an IPO, is to talk to people who have been through it – talk to as many as possible.

"In our experience, it has been great for staff and it encourages longevity – we now have a significant number of our staff that have taken ownership in CTM. That's very satisfying.

"Board selection is critical. You have to find directors who will add diversity to your business and, I would suggest, not only those used to an IPO and operating a public company, but members that can bring some extra experience to your business from outside your industry.

"You also have to get experienced advisors. I would say you also should be someone who enjoys investor relations – as I do – for this is critical to your success," he said.

"Finally, don't be greedy with pricing at the IPO – I've seen that it goes well, if priced right for investors."

INNOVATION IMPERATIVE

Jamie Pherous credits CTM's focus on innovation and adaptability as qualities that have helped it thrive in the international public company environment. He points out, however, that this innovation imperative developed out of a time of crisis – a near-death experience in the formative years of the company.

Continued next page...

He counts as his worst moment in business the day a \$5 million client walked away from CTM in the early days of expansion.

"I had a few tears about that, I admit," Mr Pherous said. "It looked disastrous for us. It was a huge loss and brought home the warning: don't put all your eggs in one basket."

"But I knew I had lost that client because we had not invested in the technology we needed to maintain their business."

He learned from that huge loss. It was a turning point as CTM re-organised to never again be behind the game in technology.

Instead, Mr Pherous vowed to lead with technology to improve the customer experience. "It was a blessing, as innovation is now in the Corporate Travel Management DNA."

In fact, clients help CTM to design products, as opportunities come through from CTM's rigorous client satisfaction survey regime. CTM also moved to hiring key technology expertise from outside the company and often outside the travel industry, "like an army needs external support services".

Mr Pherous said the constant innovation touchstone – and everyone in the company understands it – is understanding and meeting the needs of CTM clients.

"Client-staff surveys are the cornerstone of our business," Mr Pherous said. "This practice has helped us to not only constantly improve our business relationships, it has helped us to identify opportunities and understand the key drivers of our business."

MANAGEMENT-LEARNING SYSTEM INNOVATION

Constantly listening to clients, passing on those insights throughout the company, and using client feedback as a baseline for change is the trigger for CTM's constant innovation.

Mr Pherous realised many years ago that CTM needed momentum driven by constant growth.

"You have to grow and the best organisations do it regardless of the economy," Mr Pherous said. He found CTM was winning lots of market share – but he had to navigate from the focal point of a small business to large.

"I was a control freak. I always paid great attention to detail," he admitted, "but that in itself can be a problem for empowering people to take up

the load for growth. We all had to change."

The first problem he encountered was that the flat structures that had made the company nimble were now slowing growth.

"When you are growing continuously, it is easy to lose your way – we were not nimble enough," Mr Pherous said. "You need experts in their roles and with clear responsibilities," he warned. "It has to become like a beehive, where every manager has a responsibility that all others can unconditionally rely upon."

It brought on a particularly challenging period some years ago when some key people found they could not adapt and grow with the business and Mr Pherous realised that some people reach a glass ceiling.

"I had to change the people," he said.

"These are awful things to deal with at the time – in fact I had to replace one of our most dedicated people in a key role that was, at the time, holding the company back – but that is the kind of decision that has to be made, if you are in charge of a high-growth organisation like this. The managing director has to lead by example and cannot shirk what is best in the long run for the company and the team. But it was tough for me, personally."

Mr Pherous said out of the re-organisation came a very clear focus for all staff, energised by a rigorous business system.

"Every business has four or five key drivers," Mr Pherous said. "In CTM's case the drivers are win (business), retain (business), profit per person, client satisfaction and staff engagement."

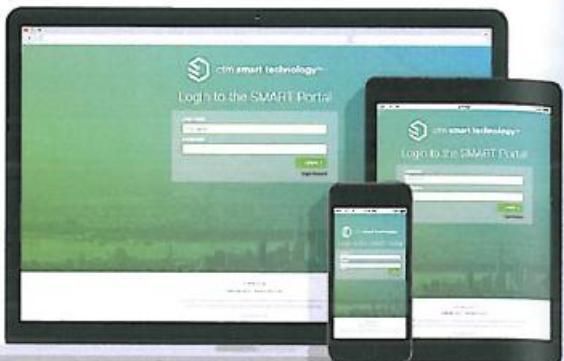
"At CTM, everyone knows the key drivers. Everyone will do something to meet them. Everyone reports on them."

"The litmus test is to ask staff, 'What are the key drivers of our business and how are you contributing to them?' That is how we improve constantly."

REWARDING REAL VALUES

It also explained why CTM focused on what Mr Pherous called "remuneration alignment" – a large part of his bonus, for example, is tied to staff engagement and client retention outcomes – not just profit.

"Values are really important," Mr Pherous said, "client service values that we cherish – and we reward those



Using CTM's SMART Suite is easy and it runs across all mobile devices.

via remuneration – some of which are teamwork and going the extra mile.

"CTM manages by exception," Mr Pherous said, "for instance, we spend the majority of our time focusing upon the key drivers and metrics that are not quite going to plan. We look at those exceptions and solve them, not the 80-odd percent of the time that things are going fine."

He said the CTM approach was to look at reasons "not why we can't do it, but what will it take to achieve something".

So-called 'cancers' identified in any growing business include 'project creep', communication rhythms, slow decision making, and understanding the fact that these are symptoms of a lack of accountability or people not tied to the key goals of the business.

Succession planning is a key challenge for CTM. Mr Pherous said there were more than 1800 staff now and CTM had already identified 17 people with skills to run a state or a country.

This forward-looking approach has already produced several successes as a result of early identification of those with the right attitude, training and knowledge drivers.

"The number one fear we have every year," Mr Pherous said, "is that we are getting too big. However, staff engagement scores continue to rate highly in empowerment and connectivity to the business goals, all of which suggest we are staying true to our values."

"We have to strive to continue to be the very best. We want people to say, oh, now it's CTM pitching against us. That's our litmus test."

CTM, it seems, is going for world corporate travel domination, one country at a time.

"I am not the biggest fan of global companies, unless of course it is us." ■

CTM's technology smarts hit the suite spot

CORPORATE Travel Management (CTM) is well known in the travel industry for being "ahead of the game" when it comes to information and communication technology (ICT) services for customers.

The technological tools CTM has developed – which is referred to as the SMART Suite, including the Smart Portal, Smart Taxi, Smart Approve, Smart Alerts and Smart Data – have become an integral part of the positive customer experience in two distinct ways: the way customers use these intelligent tools while travelling, and also in the data that is provided to both the client company and the CTM travel consultant.

According to CTM managing director Jamie Pherous, the CTM business case for developing its own technology was simple: the online tools help with both customer retention and customer attraction – and the data generated in real time helps both the traveller and the travel consultant to manage the right outcomes.

A challenge CTM's developers had to overcome was that different air travel and accommodation booking systems – the industry calls them Global Distribution Systems – dominate in different regions. The CTM SMART Suite and other tools had to seamlessly deliver information to the customer no matter what region they were travelling in, so they had to integrate with whatever systems are best of breed in any region.

"We think it is unlikely that one provider is likely to have the best booking tool in every single market," Mr Pherous said.

"So we've made a conscious choice to build our own platform – a smart platform – that gives the client the same look and feel and the same tools, but behind the scenes it can then link to the best booking engine. But to the customer, it looks and feels the same, whether it is in North America, Europe, Asia or Australia," he said.

CTM's travel consultants and technology development teams constantly look at the data and use it to refine the technologies it can offer to clients.

"So the idea is not just to have best tools in market, but also best innovations within our SMART Suite that is

going to be relevant to that market," Mr Pherous said.

"That's where we believe we can get it right, because we believe within any region we have local ownership and local supply knowledge and, by using the best local tools, we can pull that together."

This approach has often taken CTM out of the strict travel realm as customer surveys bring through new ideas for better service.

"An example is our taxi-share service," he said. "This came from a client who said to us they were sick and tired of going to head office and seeing 50 people who have come from other cities and they probably used 50 different taxis to get there. Now, through e-mails and text, they are able to contact each other to share transport into the office and back.

"Another one is what we call the Travel Tracker. You can go onto a screen, whether it is on an Apple (phone or tablet) or your (PC) desktop and see where all your people are. We found that clients are using that in very innovative ways."

TECHNOLOGY DRIVE

CTM uses a range of developers for its products, with an internal team leading the projects but accessing the best talent available externally. Typically, an app might take two years of development and proving before it would be released.

"We've got a bit investment in IT development. That whole group is a very important part of our business," Mr Pherous said.

"If we look now at our global objectives, how we win and retain business is pretty critical and so is the technology solutions in both reporting suites – for clients and internally – as well as the client tools and apps that we want to roll out globally."

Technology was moving to use data in real time, Mr Pherous said, and CTM was at the cutting edge of that trend.

"I think reporting has had a big move in the past 24 months," he said. "Getting reports historically doesn't really help. The idea of our reports,



and indeed our whole SMART Suite of apps, is there to identify things before travel is taken. So the reports are more interactive, to show what-if scenarios.

"As well as the apps, another example is one of our tools for clients that allows them to look forward 14-21 days for booking discretionary travel," Mr Pherous said.

"Often what people don't realise is that they can get the cheap airfare (weeks out) but there may be a conference, say, in Melbourne at the same time which means the rooms rates are \$500 a night. Our clients are able to, in a one screen view, look forward and say, you know what, if I go on Thursday or Friday it is going to be \$200 a night, on average, versus \$500 a night if I go Monday-Tuesday."

"These are tools that are doing two things: they are helping clients make better decisions and more effective travel, and as well it is freeing up our staff to get down into the stuff that really matters," Mr Pherous said.

"We want to use technology to leave our people free for the really difficult itineraries. We believe the industry has dropped the ball on that. We know that having an expert travel adviser can make the difference between having a \$10,000 and a \$20,000 ticket, when it comes to complex itineraries."

"Free the travel organiser up though technology ... but also make the travel more interactive between the traveller and the travel organiser." ■