



Travel is one of several responsibilities for **Lynne Brown, Ph.D., Sr. Program Manager, Nikon Precision.**

Nikon Precision, located in Belmont, California, provides sales, service and customer support for Nikon photolithography systems.

Nikon Precision's annual travel spend is approximately \$2.8 million – \$900,000 in air spend, \$450,000 in car rental, \$1.1 million in hotel bookings, and \$250,000 in special requests.

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Best Practice Case Study

Bringing the Bottom-Line to Top of Mind for Nikon Precision

One year into managing Nikon Precision's travel program using Egencia, Lynne Brown saw an opportunity to better manage costs by helping travelers make the connection between travel costs and the company's bottom-line.

From 2004 through 2006, as a result of focused communication, travelers started **opting for the 'lowest logical airfaire' nearly 100 percent of the time** and Nikon's per trip spending remained essentially flat although travel prices rose significantly across the industry.

Taking Nikon's Travel Program to the Next Level

A year after launching their mandated program with EgenciaTM, Lynne and the executive team at Nikon Precision had a baseline of travel spend data and much **improved visibility** into their employees' travel spend patterns.

They were pleased with what they saw, but not completely satisfied. There was still room for improvement in managing Nikon Precision's travel spend. Lynne felt that many employees simply didn't realize the financial impact of their travel purchase decisions but if they did, they would likely make better choices in the future.

She saw an opportunity to improve Nikon's travel spend management by helping employees **"make the connection between travel costs and the bottom-line."**

Steps to Success

Take a Per-Trip Approach to Cost-Management

Knowing that Nikon employees were already only traveling when it made business sense, Lynne thought in terms of 'shaving expenses' off each trip. **If every employee could shave \$20 to \$50 per trip it would add up to significant savings overall.**

Provide a Reasonable Travel Policy

Nikon was also not interested in forcing travelers to always take the least expensive option – employees needed the **flexibility** to be able to do their jobs. Revisions were made to the travel policy to reflect the company's message of 'management vs. control'.

Identifying Travel Program Goals

Nikon Precision's top goals for managing travel costs were:

- **Promote Employee Self-Management**

Although Nikon used a pre-trip approval model, they wanted their employees to manage themselves by thinking about the impact of their travel spend before submitting their purchase approval requests.

- **Make the Connection to the 'Bottom-Line'**

A crucial step managing the bottom line is for all employees to be fully aware of how their travel decisions impact the company's revenues and how, in turn, that affects them as individuals.

- **Deliver Long-Term, Sustainable Results**

Nikon was not looking for a 'quick fix', such as a contest that would deliver results only as long as it lasted. Rather the goal was to create a new mindset amongst employees that would deliver results on an ongoing basis.

Organize Travelers By Department

From the start Lynne wanted to have a clear picture of travel expenses by department. Each traveler profile was assigned to their department code and policy groups were aligned by department. This process made it easier to track and manage department spend.

Create the 'Bottom-line' Message for Employees

The next step was defining the message used to help employees understand the impact of travel costs:

"Travel is our #1 controllable expense," Lynne says. "As soon as you buy a ticket the cost hits Nikon's bottom-line, just like your personal travel hits your bank account. Our travel policies have a lot of built in flexibility based on the assumption Nikon travelers will thoughtfully balance efficient travel and travel cost. There are numerous opportunities for travelers to reduce their cost without sacrificing either comfort or efficiency. As little as \$30 saved per trip can make a difference. Collectively, travelers consistently making good travel decisions can positively impact Nikon's bottom line."

Relate Travel Cost Saving to Employee Benefits

To show that cost-management was in their own best interest, employees were reminded that the bottom-line, where Nikon's travel dollars come from, was also the source of employee bonuses, raises and benefits. **Many employees had never looked at travel costs from that perspective before.**

Communicate the Message to Travelers

Nikon communicated their 'travel impacts the bottom-line' message to employees through e-mails, the company newsletter, Nikon's Intranet, and live presentations. Line management was briefed to make sure the message was heard from several sources and was consistent.

Explain Pre-Trip Approval Process

Nikon used Egencia[™]'s **TripController[™]** module to refine their pre-trip approval process to be much faster and more effective. As part of the communication plan, Lynne made sure all employees understood how the pre-trip approval process works and that their travel decisions were visible to their immediate line management.

Keep the Message 'Top of Mind'

Employees are periodically reminded of the 'bottom-line message,' with updates on the travel program using 'The Intelligent Traveler', Lynne's column in Nikon's newsletter and occasionally during All Employee Quarterly meetings. There also is a Corporate Travel Portal on Nikon's Intranet linking to reinforcing messages and to all the travel program info, forms, and the external links travelers need.

Reach All New Employees

Key Online Reports used by Nikon Precision

- **Air Bookings Summary**
To review average air ticket price
- **Hotel Bookings Summary**
To review average nightly rate
- **Car Bookings Summary**
To review average daily rate
- **Air Savings Detail**
Sort by Missed Savings to catch over expenditures
- **Top Travelers Summary**
To review who's traveling the most and spot any problems
- **Air Pre-Trip Detail Report**
To forecast future air expenditures
- **Advance Purchase Summary**
To monitor how far in advance employees are making air reservations

As part of Nikon's new hire orientation, employees hear the 'bottom-line' message and receive training in using the company's Egenicia account to find the best travel options available to them.

Empower Managers with Information

Senior level management has had access to Egenicia reports to help them manage travel costs for some time. With the implementation of allowing department-level reporting to individual managers in a recent Egenicia upgrade, Lynne is working on rolling out access to departmental reports to first line managers.

Monitor Results

On a regular basis, Lynne monitors Nikon's average air ticket price, nightly hotel rate and daily car rate using the online summary reports. She also sorts her Air Savings Detail report using the Missed Savings column to catch any extreme over expenditures and checks who's traveled the most using her Top Travelers Summary report.

Quarterly, she compares her spend against the previous three quarters to spot any trends and provide input into budget planning.

Recognize Employees

Lynne frequently looks for employees that have been particularly diligent in their cost-management efforts and recognizes them by sending small, but significant travel benefits such as car upgrades and letters of appreciation.

The Post-Implementation Results

Since helping employees make the connection between travel costs and the bottom-line, Nikon has seen some tremendous results.

Employees Are Making the Connection

There has been a definite mind shift amongst Nikon Precision employees when it comes to booking travel:

- Requests for out-of-policy trips are now almost exclusively as a result of a justified business reason
- In an average month, all the Travel Coordinators receive multiple calls from employees seeking advice on how to reduce their trip costs
- Lynne has noticed that employees, overall, are proud of having saved Nikon money by selecting lower-priced travel options, and are quick to point out new opportunities where they believe additional money can be saved.

Nikon also has some serious quantitative evidence to demonstrate that travelers are acting on the bottom line message:

Average Domestic Economy Ticket Price Unchanged

Nikon's average domestic economy ticket price has increased just 0.63 percent from 2004 to 2006 while industry averages have climbed 4.4 percent (source: *Topaz National Database Average Ticket Prices 2004 and 2006*).

Maximized Air Savings

In the past 2 years, Nikon's Air Missed Savings have been equal to less than 5 percent of their total air spend. Travelers are selecting the lowest logical fare according to Nikon's policy nearly 100 percent of the time.

Negotiated Air Ticket Increase

Use of Nikon's negotiated domestic air rates have increased from 7 percent to over 30 percent since 2004 indicating travelers understand the importance of supporting the company's negotiated air program.

Hotel Average Nightly Rate Well Below Industry Average

In 2006, Nikon Precision's average hotel rate was just \$109 compared to \$164 across the industry (source: *BTN 2006 Corporate Travel Index*).

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Nikon Precision Baseline Policy

Air

Preferred Airlines	United is the preferred airline (globally) Non-preferred carriers are in policy
Class of service	All non-coach classes out of policy
Advance Purchase settings	14 days minimum 365 days maximum
Lowest fare tolerance	Up to \$100.00 more than lowest logical fare
Web Fare	In policy, no tolerance
Reasonable Flight	+/- 120 minutes departure time window
Parameters	60 minutes longer is reasonable Maximum of 1 connection

Hotel

Hotel Per Diems	Domestic = none International = none 42 city specific per diems range from \$71 to \$191
Negotiated Rate Policy	Non-negotiated rates are in policy
Negotiated Rates	79 Individual properties have negotiated rates

Car

Preferred Vendors	Avis and Budget
Car Class Policy	Economy, Compact, Midsize allowed
Car Search Results	Display rates from all vendors

Central Billing

Card(s)	94 separate direct bill numbers, one for each dept.
TripController – Pre-Trip Approval	
Approver Selection	Structured - travelers can request approval from authorized approvers only Approvers are the direct manager or supervisor & one other
Default Approver	Sr. Program Manager
Out of Policy	All out-of-policy bookings require approval before booking
In policy	All in policy bookings require approval before booking
Special Requests	Require approval for reimbursement
Price Controls	All domestic and International fares require approval
Last Minute Booking Exception	Items requested within 24 hours of travel can be booked without pre-trip approval, but email approval required
Custom Reason Codes Added	
CM	Customer Meeting Schedule Requires Out of Policy Flight
CP	Changed Plan in Mid Trip
RE	Relocation Requirement
TO	Matching Travel Schedules With Other Employees