

Loading All Hotel Rates Right

By Michael B. Baker

Since joining the company less than two years ago, Johnson & Johnson global director of travel and meetings services Maria Chevalier boosted first-round hotel rate-loading accuracy from 50 percent to more than 90 percent through targeted communication with hotels along with the introduction of a penalty for noncompliant properties.

Making sure negotiated hotel rates are accurately loaded into global distribution systems has long been a point of frustration for travel managers. Chevalier decided to tackle the problem head-on when she inherited a program of more than 1,600 properties and more than \$300 million in annual hotel spending, particularly when she found only half of Johnson & Johnson's negotiated rates were showing up accurately after the first audit.

"We met with all the key suppliers to get their version of why this was occurring, because it's costing Johnson & Johnson a significant amount of money and effort," Chevalier said. "The hotels have an obligation to do this."

Part of the conversation included agreeing upon the definition of a failed audit, she said, which is when the negotiated rate is not available when the property is not sold out.

To help make the company's case, Chevalier began attaching screen shots with reports to prove instances where travelers did not receive negotiated rates. "We tried to remove all barriers from all sides to make sure it's fair," she said.

Chevalier further increased the hotels' incentive to load rates accurately by introducing a penalty for those that failed to do so. The penalty is progressive: a fine for the first failure, double that fine for the second failure, quadruple the fine for the third failure and eight times the fine for the fourth failure.

Adding a fine was not about bringing in revenue but about recouping the cost to Johnson & Johnson of not receiving that negotiated rate, she said.

"If that rate is not loaded correctly, our travelers are paying more for the room," Chevalier said. "Should we be incurring this cost because hotels failed to do the obligation they had to fulfill?"

After meeting with hotels in advance of first-round audits for 2009 rates, the audits came in with 92 percent accuracy, she said. By the end of the auditing process, accuracy levels were up to 98 percent.

The success was less about the imposed penalties than the renewed communication with hotel partners, Chevalier said. Hotels, by and large, are just as eager as travel managers to correct problems when they arise, as evidenced by the immediate jump to 92 percent accuracy, she said.

"It's not malice that's causing it," Chevalier said. "They want the rates loaded just as much as we do, and I haven't found anyone who isn't willing to be part of the solution."

Despite that, Chevalier said there have been a few incidents in which hotels that continually failed to load rates accurately were removed from the program. "Then, you're also removed from the solicitation list for this year, because what's the point of having them in there if they won't load the rate properly?" she said.

The next step, according to Chevalier, is to further enhance accuracy by creating an end-to-end monitoring process from the time a hotel room is booked to the moment that stay is expensed. Within the next year and a half, the company expects to be able to generate a notification

"If that rate is not loaded correctly, the hotels failed to fulfill an obligation and our travelers are paying more for the room."

MARIA CHEVALIER
JOHNSON & JOHNSON



TOM VIP

immediately when an incorrect rate comes into its IBM expense reporting tool. Johnson & Johnson already can do monthly reporting to determine rate accuracy through the expense tool, but making the notification immediate will help the company reach its true target number for hotel auditing accuracy.

"Until we have 100 percent on the first round, there's more to be done," according to Chevalier. "It should be 100 percent, and we won't be satisfied until the first round shows it." ♦