

Making the model work

Trevor Elswood-BSI Group
Managing Director

Trust Me – Global Bank

The Profile:

£9.2M Accommodation -32,600 TRX

£4.4M Day Meetings – 5,890 TRX

£1.5M 24 hrs conference and events – 147 TRX

£3M Incentives – 12 TRX

Procurement

What is the focus:

- Transparency – visibility of costs and income
- Cost reduction/ value generation from spend
- Compliance
- Dedicated and bespoke service team

Considerations

The Mechanics:

- Understanding future demand
- Barriers to compliance
- Online hunger and cultural fit
- How to motivate cost reductions
- Cost avoidance
- Maturity of Preferred Programme

What's the best model fit

Management fee

- Direct costs – the service
 - a) Flexed reservation costs
 - b) Fixed fee costs – account mgt/
programme mgt/ event mgt support
- Indirect costs – the support
- Agency Profit

Flexed or Fixed Mgt Fee

The Options:

- Mgt fee costs of central indirect and direct reservation costs flexes with transactional levels
- The Mgt fee cost is set for defined period
- Commission incomes are returned
Performance incentives & risk models used to stimulate performance excellence

Why not a commission only or rebate model?

1. Hidden agenda's: spend more = greater agency reward
2. Innovation and change in process who gains?
3. Shifts in commission income