



Wanda Foster, Manager of Corporate Travel: With twelve years of corporate travel experience, Wanda is responsible for the day to day management of CSX's travel program,

including their corporate card and extensive negotiated supplier programs.



Suzie Hutto, Analyst Corporate Performance: Suzie supports CSX's Human Resources department from a cost and budget standpoint, with a goal of driving cost

savings within the organization.

CSX Corporation, based in Jacksonville, Fla., owns companies providing rail, intermodal and rail-to-truck transload services that are among the nation's leading transportation companies, connecting more than 70 river, ocean and lake ports, as well as more than 200 short line railroads.

CSX's annual travel spend is approximately \$5.5 million in air spend, \$750,000 in car rental, and \$1 million in hotel bookings.

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Best Practice Case Study

Reducing Air Expenses by Increasing Advanced Purchases at CSX

With over three years of success running a very well-managed travel program, CSX was looking for new opportunities to reduce its travel expenses. Learn how the company is encouraging travelers to make air ticket purchases further in advance, and is already seeing significant results in less than six months!

Taking CSX's Travel Program to the Next Level

When CSX first launched their travel program with Egencia in 2004, the company wanted to minimize its service fees and increase its online adoption. After achieving those initial goals, CSX expanded its base of negotiated rates and increased policy compliance to reduce its average travel expenses. Now, the company's purchasing department was looking for a new cost savings opportunity to continue their success.

With the help of their Egencia Account Manager, Jennifer De Palm, CSX's purchasing department concluded that reducing the number of air tickets purchased close to the departure date was the next challenge to tackle.

Identifying Travel Program Goals

According to Wanda Foster, CSX Manager of Corporate Travel, "After looking at our average ticket prices in 2007, we knew if we could shift our bookings further out from the departure date there could be a very large dollar amount saved."

In particular, they felt that air purchases made between zero and six days of departure were prime candidates for being purchased further in advance.

Steps To Success:

Previous to this effort, CSX had e-mailed travelers recommending that air tickets be purchased in advance but the effort was too broad and results were not being achieved. The decision was made to be more specific in terms of the potential savings and more direct in their communications with fellow employees.

Quantify the Opportunity

To start, Wanda and Jennifer used the results of CSX's 2007 Annual Business Travel Review to determine that:

- 31% of all domestic air tickets were purchased within six days or less of the departure date.
- The average ticket price of tickets purchased three to six days in advance was 24% higher than those purchased 7 to 13 days in advance, and 47% higher than those purchased 14 to 20 days in advance.

If CSX were to shift 25% of the tickets purchased six days or less in advance to being purchased seven days or more in advance, the company could save over \$90,000 annually.

Engage Corporate Finance

With the potential savings now determined, the purchasing department realized that the support of CSX's corporate finance team was critical if they were going to create a change in traveler purchase behavior. They developed a compelling presentation to share the advance purchase data and the potential savings with the finance team in a face-to-face meeting. The meeting was truly an eye-opening event that left all attendees convinced that they should support this new cost savings effort.

Educate Divisional Senior Executives

After the meeting, Suzie Hutto, Analyst Corporate Performance within the Corporate Finance group became involved in the project. She first met with the HR division as well as seven other groups to educate them about the project and garner their support for promoting advanced air purchases among their employees. Suzie also stressed the importance of consolidating travel purchases through CSX's designated agency, and used the Egencia Flight Price Guarantee to assure them that they would have access to the lowest available fares.

In addition, Suzie motivated her fellow analysts who work with CSX's Commercial, Law & Public Affairs, and Finance divisions, to talk about the project with senior executives and finance staff from those groups. Securing the support of so many divisions was a key driver of the project's success.

Talk Directly to CSX travelers

Once Suzie and her colleagues had met with a division's senior executives, Wanda would follow up by talking directly to the divisional employees during their staff meetings about the importance of purchasing air travel in advance.

In some cases, Wanda ran a report to compare that division's advanced purchase behavior

CSX Baseline Policy at a Glance

Air

- **Class of Service:** Business class allowed for international travel only
- **Advance Purchase settings:** 7-day advance purchase policy
- **Lowest Fare Tolerance:** Up to \$100 above lowest logical fare is in policy
- **Web Fare:** In policy
- **Reasonable Flight Parameters:** ±120 minutes in departure window, Up to 120 minutes longer, Maximum of 1 connection

Air

- **Hotel Per Diems:** One city-specific per diem specified
- **Negotiated Rate Policy:** Non-negotiated rates are out-of-policy
- **Negotiated Rates:** 353 property-specific rates

Car

- **Car Class Policy:** Economy, compact and mid-size are in policy
- **Car Search Results:** Negotiated and preferred rates only displayed on first page

to the company's overall figures and shared the results during the meeting. The reaction was usually one of great surprise. According to Wanda, "Our travelers are very cost conscious when selecting from several flight options at the time of purchase, but many had no idea that purchasing in further in advance could make such a difference to the average ticket price." With both senior executives and travelers aware of the savings initiative, the likelihood of success increased significantly.

Revise Travel and Expense Policy

Simultaneous to this effort, the controllers group within CSX revised the company's travel and expense policy and increased the monitoring of employee expense reports. Travelers became much more aware of the policy and now understand that they may be contacted by the group if they make out-of-policy purchases. This increased focus on compliance helped with increasing advance purchase behavior as well.

Communicate and Enforce Policy with Egencia

To match the company policy, CSX set their air advance purchase policy parameter within their Egencia account to seven days or more. Travelers attempting to purchase travel within six days or less of the departure are clearly shown that they are breaking company policy.



If the traveler continues to make the out-of-policy purchase, they are required to provide a reason code to justify why the travel purchase is required. Wanda tracks out-of-policy purchases using the Egencia reason code reports to look for repeat offenders.

CSX also uses the travel pages within the company's intranet to communicate the advance purchase policy.

The Post-Implementation Results

With the project underway for just a few months, CSX has already seen some significant improvement in their advanced purchase behavior.

Fewer Purchases Made on Short Notice

Since launching the project, the percent of domestic air travel purchases purchased within 6 days or less has trended downward from the 2007 average of 31%. In July, just 26% of purchases were made within six days, representing a 16% reduction in this figure.

CSX is already well on its way to achieving its goal of a 25% decrease in 0-6 day purchases for 2008

Domestic Air Purchases within 6 Day or Less





Average Domestic Air Ticket Prices Holds Steady

As air ticket prices rose significantly across the industry in the first half of 2008, CSX was actually able to hold their average air ticket prices relatively steady, partly due to the improvement in advance purchase behavior.

“We don’t want to claim complete success yet, as we feel the opportunity for savings is even greater still, but the initial results are very encouraging,” said Wanda.

Next Steps

As the project is still underway, CSX has further plans to help change advanced purchase behavior

Create One Page Program Overview

Wanda and Egencia, have designed a one-page overview of CSX’s key travel program metrics that they will begin sending to finance and senior executives on a quarterly basis to keep them informed of the program’s progress towards its goals. They both feel this effort will help them maintain the internal support required to reach their goal of a 25% reduction in last-minute purchases, as well as other key program goals.

Focus on Repeat Offenders

Up to this point, the purchasing department has concentrated on educating groups of travelers. In the coming months, they will begin to reach out directly to travelers who have repeatedly made purchases within six days or less to change that behavior if it is not justified by a business imperative.

Key Online Reports Used By CSX

The reports utilized by CSX were Advance Purchase Summary and Air Advance Purchase Detail reports sorted by departments and traveler groups. Those reports show the difference in average air ticket prices based on how far in advance tickets are purchased. CSX could clearly see that tickets purchased 3-6 days in advance were far more expensive than those purchased 7-13 days or 14-20 days in advance. The detail report allows CSX to drill down by specific routings for a clearer, more accurate picture of price differentials. By sorting the reports by traveler groups CSX can pinpoint which areas of the organization require more focus.

A Few Words of Advice from CSX:

“When undertaking a project like ours, it is very important to secure the support of several key players within your company who can help you to change traveler behavior. Showing them statistics about the potential savings available is an excellent way of securing that support.”

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