

# Carry-on confusion

By Allan Leibowitz

SECURITY EXPERTS AREN'T anticipating wide-scale bans on carry-on luggage in the wake of the recent British terrorist crack-down, but closer inspections are probably here to stay.

Among those predicting tighter pre-boarding security is Edouard Maze-Sencier de Brouville, senior travel security consultant with the Control Risks group. "More security means more and better scanners, more trained personnel to man these (and) larger search areas, all of which have financial implications for the airport authorities," he notes.

According to John Thorn, transportation industry analyst with



iJET Intelligent Risk Systems, there are also rumblings in the security community about possible restriction on passengers carrying electronic devices capable of transmitting a signal.

The risk, highlighted by incident at Schipol in August, is that a terrorist could transmit a signal to a bomb planted in checked luggage.

"This situation could end the debate over allowing in-flight cell phone use and lead to a permanent ban," he says.

Whatever measures are adopted, travellers won't escape the finan-

cial impact, according to International SOS regional security director, Tony Ridley.

"Airline companies and airports have successfully passed on an array of increased costs by the addition of line item surcharges (fuel, taxes, administration, Ansett surcharge, security) over the past few years. A similar cost recovery method is likely to be implemented and apportioning the responsibility of the increase to those service elements. The inconvenience is more likely to be borne by travellers," he says.

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# Carry-on confusion

## From front page

Chris McGoey, a director of McGoey Security Consulting, observes that some airports are “reaching the breaking point to through-put all the passengers onto a flight in a timely manner”. “Many airports are poorly designed and don’t have the space for staging all the new and ever-changing security requirements,” he says.

French security analyst, Alain Establier, of Airport Security Consulting, is even more alarmed, believing that “everything could be transformed into an explosive item”. This, he says, means that authorities have to re-examine current detection technology – and, more importantly, the skills of security personnel, many of whom he believes are incapable of accurately reading the scanner images.

Establier fears the worst when terrorists follow the lead of drug smugglers and begin ingesting explosives. He points out that “99.8% of the airports are today unable to detect a piece of Semtex (plastic explosive) carried (on the body)”.

Kevin Mitchell, chairman of the Business Travel Coalition, hopes that the recent scare will lead legislators to more viable, enduring security arrangements. He notes that the mission of the US federal



aviation security policy post-9/11 has been “to prevent another aircraft from ever again being used as a weapon of mass destruction”.

“It could be argued that this mission was accomplished a couple of years ago,” he says. However, Mitchell cites cynics who have criticised the billion-dollar ‘front-of-house’ spending spree as “mere window dressing” and unnecessary.

“The opportunity now is to finally get aviation security right, at the policy level, and in the appropriate overall context,” says Mitchell. However, he notes that security is more like a moving target. “Close one gap and the bad guys exploit another. Box cutters one day, explosives in shoes the next, shoulder-fired rockets, then sports drink containers.”

De Brouville points out that the measures including the ban on carry-on luggage imposed at the height of the British scare were

“not sustainable in the long term, and have since been altered to something close to the previous level”.

“The current size restriction of cabin luggage in the UK does not appear to bring anything in security terms, but is already an improvement on the all-out ban,” he says. “The inevitable knee-jerk reaction will have to be followed by better security, maybe along the lines of passenger profiling already in place in some countries with some high-profile airlines, but this obviously opens a new, contentious human rights debate on how this profiling is undertaken, by whom, following what criteria, and so on.”

The call for passenger profiling is echoed by Establier who also wants to see airports investing in better scanning technology and operators and more rigorous screening of ground staff whom he identifies as the next line of threat.

“We drew a ‘Maginot Line’ in front of boarding while neglecting the back and the sides: catering, ground staff, private security and police forces, connecting flights, etc,” he points out, noting that criminals are already using accomplices with airside access.

If airlines and airport authorities do decide to curb carry-on luggage in the future, this raises →

➔ a number of challenges for business travellers.

Frontier Solutions & Strategies director Paul Hughes points out that while the carry-on ban meant electronic gadgets such as laptops, MP3 players, mobile phones and even cameras were diverted to the hold, typical laptop cases or cabin bags offer little protection from damage or theft.

His company distributes a range of protective cases which can be used as carry-on or check-in luggage. But the risks aren't limited to physical damage. "Our personal data and identity information on our laptops, PDAs and mobile phones are also at risk. However, these can be protected using encryption, biometric fingerprint recognition and passwords so that even if our prized electronic gadget does fall into the wrong hands, our secrets and personal data will not be revealed," he advises. "And of course, keeping copies of the most important information is paramount, whether it is a paper copy or an electronic copy of your data files (from your laptop, PDA, MP3 player or mobile phone) which has been saved to a portable storage device."

While travellers can't do much about the security environment, they can take steps to reduce the inconvenience of some of the heightened measures.

"Ensure all baggage is within air-

line guidelines, minimize carry-on goods such as electrical (items) and toiletries, allow additional time for check-in and monitor news services for any changes to the security and aviation environment," advises SOS's Ridley.

McGoey's advice is to arrive at the airport early. "Maintain a positive and friendly attitude when dealing with airport security protocols," he adds.

According to Establier, this is a good time to compare the security preparedness of various airlines – and "choose the company according to this benchmark". It's also important, he says, to select airports which are able to balance the need for security with efficient baggage handling and traveller processing. And when travelling in Europe, he says, consider rail as an alternative.

"The current climate is difficult, but corporate travellers still need to go about their work, holding meetings, striking deals and winning business," says Control Risks' de Brouville. "It is a good opportunity for companies to review their incident management plans, their travel security and information security policies."

In similar vein, iJET's Thorn says travellers should increase their situational awareness and work toward becoming more security savvy. "Proper preparation is key," he says.

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# Travel still an enabler

AMERICAN EXPRESS COMMERCIAL Card vice president **David Reimer** recently told the Australian Business Travel Association conference that travel should be seen as a key part of the business process. Here is a summary of his address:

Our industry, which has often looked at business travel as an expense, is starting to treat travel as a business enabler – an input that helps a business be more profitable.

Organisations can underestimate the value travel creates, such as driving business growth, generating sales or allowing the transfer of knowledge.

A survey conducted earlier this year by the Association of Corpo-

rate Travel Executives found that nearly 92% of chief financial officers plan to spend the same or more money on travel this year – primarily because they are travelling more often, but also due to the higher costs of business travel. Interestingly, value for money topped the list of travel concerns for these finance executives, and nearly 68% were also worried about the potential for world events to affect the safety of their travellers as employers recognise their duty of care to ensure the health and safety of their employees.

At American Express, we understand how insights such as these can have a massive impact on an organisation – especially in three key areas. These are talent reten-

tion, business efficiency and the bottom line.

## Talent Retention:

Travel is highly emotive. It takes a lot out of people, yet it still carries a degree of prestige. Poor handling of travel can affect key talent and contribute to dissatisfaction, which ultimately impacts business productivity.

Today, the battle to retain talent is fierce enough without the added burden of having to manage travel effectively. As a result, in the area of safety and security, American Express is seeing more interest among prospective clients, including mid-sized businesses, in what we offer by way of insurance for their employees who go on the road. Providing such duty of care is now seen as an integral part of a company's governance programme.

## Business Efficiency:

Another important area of focus for travel is obtaining business efficiencies.

The ability to help staff focus on their core tasks has always been a feature of successful organisations.

One such example is our Global Card Benchmarking tool which utilises data to help our clients identify and →

## Aberdeen survey results now available



A number of BTM readers recently participated in an expense management survey by AberdeenGroup.

In appreciation, the researchers have made their results available online at <http://www.aberdeen.com/link/sponsor.asp?cid=3378>

Get in quick because the link will soon be removed.

➔ evaluate savings opportunities against peer group comparisons. More than 50% of our largest customers have enrolled, and nearly all are receiving reports via their American Express account managers. The improved forecast accuracy and budget planning of the tool helps validate travel policy and investment decisions. And it communicates Travel & Entertainment programme performance more effectively.



### The Bottom Line:

When it comes to money and the bottom line, ask yourself this question: why do people in your organisation travel? The core reason for business travel is to get people meeting face-to-face with colleagues or with clients. Having your people relaxed and ready to perform is an essential product of the travel investment.

The consequences of poor T&E management can damage your bottom line.

As a result, it was no surprise to find that more than half the CFOs American Express polled this year from our corporate base in the US indicated they are focusing on cost-control. Their priority is to get employees behind their spending rules and build buying leverage with airlines, hotels and car rental firms to turn travel into a competitive advantage.

And with more and more organi-

sations seeing the world as their marketplace and ignoring borders to transact globally, it is more important now than ever before that we all continue to examine and demonstrate the relevance of any travel investment – be it domestic or international.

Yes, business travel is emotive. Yes, it can be contentious. But it does not have to be a chore or a financial drain.



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# Lessons from Lebanon

By Ira Russ

THE RECENT WAR between Israel and Hizballah dominated the world's attention, left hundreds of people dead and thousands injured, and trapped thousands of Arab and Western tourists in Lebanon for weeks. But the war's impact on companies operating in the Middle East was minor compared with its geopolitical implications.

Companies operating in Lebanon encountered numerous difficulties but most were able to quickly regroup their personnel and resume operations with only minor setbacks.

Many organisations provide services that can be performed almost anywhere, such as consulting, marketing and publishing. Booz Allen Hamilton, a global strategy and technology consulting firm, evacuated most of its consultants from its Beirut office within five days of the start of the war.

Using information from sources like Overseas Security Advisory Council (OSAC) and iJET Intelligent Risk Systems, Ray Thomas, senior manager for business assurance, was able to help arrange for the evacuation of most employees from Beirut to other locations in the Middle East. Thomas says that with help from other regional offices, dis-



ruption to business was minimal. Booz Allen also arranged for office support personnel to relocate from Beirut to other locations in Lebanon where they could continue to operate normally. Such a minor setback to operations was typical for most companies operating in Lebanon, as the flexible workforce was able to work in other locations in Lebanon and throughout the Middle East.

The war's impact on operations in Israel was also minimal and largely confined to areas north of Haifa. While many companies halted travel to Israel, they allowed employees already in Israel to stay.

Companies with operations in northern Israel were forced to close their local offices for the duration of the war, but many

workers were able to perform their duties elsewhere in the country.

Many manufacturing plants remained open. US-based Limited Brands closed its office in Carmiel – a city 15 km from the Lebanon border that was hit by more than 100 missiles – but the company's factories remained open with only a minor drop in production reported. Limited Brands was also able to shift its shipping from Haifa port to Ashdod port with no negative results. Bill Archer, Limited Brands' global security director, says while the Carmiel office closed for 34 days and some of the workforce relocated to central Israel, he was able to maintain contact with employees and operations continued normally for the most part. Archer leveraged information from iJET →

➔ and local sources to ensure his company leadership was aware of the actions needed to protect employees.

The relocation of his associates to central Israel, however, presented another challenge by exposing them to the risk of suicide bombings - which is not as big a concern in the north of the country.

The war took place during the Northern summer vacation season while many workers were away, which may have lessened the impact on business operations.

Many companies, however - some without operations in Lebanon - were faced with evacuating Lebanese nationals on vacation in Lebanon. Many of these companies could not immediately locate their employees, making evacuation more difficult as road conditions worsened and border crossings closed. A major US technology and manufacturing company with operations in the Persian Gulf region used iJET's Global Guardian service to evacuate a Lebanese employee and his family - including a newborn baby.

Days later, the company discovered that another employee was

still trapped in Lebanon. With assistance from the Garlin Group, an international security consulting firm, the company evacuated the family to Amman in 24 hours. In both cases, senior security managers had to devote significant time and assets to ensure the operation succeeded.

***“You cannot move into the business continuity phase until you have verified that your employees are safe.”***

While the impact of the war on business operations was relatively minor, the conflict presented companies with an opportunity to test and update emergency plans.

Both Ray Thomas and Bill Archer say the crisis served as positive reinforcement that employees were flexible and capable of performing well under pressure.

They also agree that the crisis served as an affirmation that they have the right systems and security providers in place to handle crises.

Another security director says that the key lesson he learned was the need to develop strong relationships with security providers around the world so that they do not have to start looking for help during a crisis.

The war proved to security directors the need for reliable traveller tracking systems, and many companies are now asking employees to include personal travel to high-risk destinations in their profiles so they can be found in case of an emergency.

As Thomas says, you cannot move into the business continuity phase until you have verified that your employees are safe.



***Ira Russ is regional manager, Middle East and Africa, for iJET Intelligent Risk Systems ([www.ijet.com](http://www.ijet.com))***

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TAKE ADVANTAGE

# Commissions and omissions

COMMISSIONS ARE THE other half of the ledger in your TMC fee arrangement. Consultant **Tony O'Connor** argues that the difference between a good deal and a bad deal can be several percent of your entire travel spend. They deserve more attention.

## Down But Not Out

The main thing we hear about commissions these days is that they are falling. The word 'zero' is sometimes heard, as in the "zero airline commission environment" that is meant to prevail in New Zealand. (It doesn't.) Yes. Commissions, money paid by suppliers to travel agents in return for blocks of travellers' business, are falling as suppliers are more able to compete for business directly. But they are still a long way from zero.

The commissions that have fallen most, and most publicly, are the base commissions; those paid by suppliers equally to all agents. In some cases these are now zero. But over-rides and various other payments, while falling, are still mostly at significant levels.

## Why They Should Be Yours

The very spirit and purpose of a fee-for-service arrangement with a TMC is that you should receive all the commission generated by your bookings. That is why fee arrangements replaced rebate deals, so that you could see and measure exactly what you are paying, and so that the TMC is no longer paid by and beholden to suppliers. Hybrid deals, whereby the TMC charges lower fees but retains some commissions, are still unacceptable from a buyer's viewpoint. If a TMC receives *any* of the commissions generated by your bookings,



you have lost control of their fees, and you have lost control of their interests.

## Leakage

There are two types of commission: those that the TMC receives, and those it does not. TMCs do not receive all the commissions generated by all bookings. Non-recovery is higher among hotels, where collection rates from small, remote and offshore properties are lower. Overall hotel commission recovery rates from hotels vary from 70% to 90%. There is also leakage with some airlines. Back when all commission revenue was indisputably the property of the TMC, TMCs naturally made substantial efforts to maximise the recovery. Now that much of the commission revenue is claimable by the buyer, the buyer needs to ensure that recovery efforts are energetic.

Not all commission revenue received by TMCs is passed onto the client. Your contract might specifically exclude certain commission types. (Unfortunate.) More likely, not all commission types are specified as payable. If some but not all commission types are specified in the contract, those not specified might not be claimable. Also,

there can be ambiguity about what is a “commission”. The term is actually becoming a bit of an anachronism. Supplier payments have different names. You should therefore claim “supplier payments”. Make sure your contract has tight wording that is not open to interpretation.

### **Flying Blind**

Most travel buyers receive a monthly lump-sum commission payment. Many receive some sort of breakdown as to how the figure was derived. But I have never seen a breakdown that I regard as adequate. Which commission types, on which airlines, on what routes and fare types, at what levels, applied to what base spends, generated in which month? What amounts are carried over? Ditto for hotels and cars. Yes, it is detailed. But without such detail you are acting on faith, which is not good supplier management. If you are paying fees, you have the right to precise commission reporting.

### **Holes in the Bucket**

We cannot detail all the commission types and levels in an article. There are too many, and there are confidentiality considerations. But to illustrate the situation, let’s consider some of the less explored items. When you fly to Houston or Helsinki, you might use two or three airlines. These inter-line carriers also generate commissions. And when it is a codeshare flight, what commission is applied?

Domestically, what supplier payments do you receive from Virgin Blue and Jetstar? What about incentive payments? Do you purchase insurance? Exactly which and what amount of commissions were not recovered? Why?

### **Qantas**

It is important to note that Qantas commissions are less problematic. For corporate clients with a Qantas deal, Qantas bundles up all the commissions and delivers them directly to the buyer as a point-of-sale discount.

### **A More Transparent Future**

Any commissions that might be retained offset fees charged. And so to receive more commissions could result in an increase in fees. But at least then you would have a clear, measurable and assessable financial position. Discussion of this issue is difficult since it can be taken as criticism of suppliers. It is not. It is an attempt to promote more transparent and assessable financial arrangements. The best arrangement is one in which all commissions generated are accurately reported in sufficient detail. Those that you receive are good revenue that offset fees. Those that are retained are counted as part of the effective fee. Simple.

*•Tony O’Connor is principal of Butler Caroye, a leading independent management consultancy specialising in corporate travel in the Asia Pacific.*

## **Up in the air?**

**Read about all the airline issues in the next edition of Business Travel Monthly, out next month.**

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# Harbouring events ambitions

THE SYDNEY HARBOUR Marriott Hotel has launched a unique events solution which should prove popular with direct corporate business as well as professional conference organisers.

Realising its own in-house conference limitations, the 550-room hotel has linked up with two large nearby venues, the Crystal Palace at Luna Park and the Museum of Contemporary Art for a one-stop events solution dubbed Quay Events by Marriott.

According to Angus Pitkethley, the property's marketing director, "the challenge we faced was that we have a large number of guest rooms, but only enough meeting space for up to 180 people".

In the past, the Circular Quay property had to refer larger events on to rival hotels, but it decided to look for strategic partnerships with its neighbouring events venues.

For clients, one of the key benefits of the Quay Events concept is the single point of contact with Marriott.

Pitkethley explains that the Marriott events booking centre fields enquiries and then co-ordinates with either or both of its partner venues on the client's behalf.

"We'll get the rate, space and technical information and prepare the proposal for the client," he



adds. "So the single touch point is Quay Events by Marriott, through the Sydney Harbour Marriott."

The Quay Events team will also co-ordinate the negotiations with the venues and take the process through to contract stage.

Clients sign individual contracts with each venue and a single contact person is named at each venue to manage the event.

Besides liaising with venues, the QE team can also manage logistics and even transfers between the venues.

At its industry launch, a group was taken from the hotel to Luna Park and on to the MCA by charter yacht.

Billing, at this stage, is handled individually by each venue although the Marriott team is

happy to handle all the initial deposits.

Pitkethley says most meetings professionals are familiar with the facilities in the area, so the concept will be more valuable to direct corporate clients.

He identifies pharmaceutical companies and car companies who do big events as ideal clients for the concept, and has already knocked off one event for Astra-Zeneca.

The Quay Events concept has not been tried anywhere else in the group, and other properties are watching with interest.

Pitkethley says there is also scope to bring on additional partners in the Circular Quay area to "add depth".

"But we're going to walk first before we run," he says.