



ULTIMATE GUIDE TO
A GPO CAR RENTAL PROGRAM

OMNIA
PARTNERS

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1. INTRODUCTION

Why Should I Read the Ultimate Guide to a GPO Car Rental Program?

Each day, I am exposed to the value that a group purchasing organization (GPO) can bring an organization. While saving money is a major factor to any GPO-driven program, there are a lot of other benefits that these types of groups can bring your organization, especially when it comes to car rental.

Car Rental Industry Changes

With the consolidation of the car rental industry and supplier base, comes less room for negotiation of costs and employee benefits. This makes it even more important to look at the whole picture for car rental.

As a procurement professional or travel manager, you may have some experience going through sourcing exercises and RFPs, but it can still be hard to make sure

your organization gets the best contract and program that meets the needs of all employees.

GPOs bring a new perspective to car rental to not only improve upfront selection of a provider, but to also apply category management principles and ongoing account management.

Let's Get Started

In this guide you will learn about key issues businesses face when going at car rental alone, what a GPO-managed solution looks like and the benefits your organization can see with a managed program. We will discuss:

- Different types of GPOs
- Why using a GPO for car rental makes sense
- Program strategy development

With this guide, I hope you are able to not only realize the benefit that a GPO can bring to you and your organization, but also learn how to gather the necessary information in order to build a successful car rental program.



*Katie Virtue, Director , Partner
Development - OMNIA Partners*

2. GROUP PURCHASING ORGANIZATIONS DEFINED

GPOs use the purchasing power of their members to negotiate market-leading programs with their supplier partners.

According to “The Hackett Group’s 2016 GPO Report,” a group purchasing organization (GPO) is defined as an entity that is created to leverage the purchasing power of a group of businesses in order to obtain discounts from suppliers, based on the collective buying power of its members.

This allows members to save money, save time and save resources so they can concentrate on the projects that are most important to their organizations.

Types of GPOs

There are several types of GPOs, but for the purpose of this guide we will discuss vertical and horizontal GPOs.

Vertical GPOs are industry specific such as healthcare, food/grocery and government, and the programs they provide relate directly to the core business and products of their members.

On the other hand, horizontal GPOs, or indirect GPOs, intersect numerous industries and support goods and services that indirectly impact the business, such as office supplies, industrial supplies or, as you may have guessed, car rental. Also, most members find that their businesses can benefit from a large number of the indirect GPO’s programs.

Where Does a GPO Fit With My Role?

Before we get much further, let’s take the time to state, re-state and reiterate... A GPO does not take over your job as a travel and procurement professional, and never will. A partnership with a GPO simply helps you do your job better, and gives you some additional time in your very busy schedule to focus on managing your numerous other categories and more strategic parts of your role.

3. GPOs & CAR RENTAL: A PERFECT MATCH

GPOs offer volume and insight to a car rental program, which are key factors when trying to develop a best-in-class solution.

Companies spend over \$71 billion on travel each year, and after airline and hotel costs, car rental is a main area of focus where companies look for potential savings. It is also an area that hits home with travelers who develop loyalty and particular preferences. But, it can also become an area of major missed opportunities.

With only a handful of key players in the car rental supplier space, it is difficult for individual organizations to:

- Have the power to get the best rates.
- Know that they are getting the best rates.

That's where a GPO can help. In terms of car rental, GPOs offer two, key benefits:

- Volume
- Insight

Pure Volume

Car rental is a category where the more you are spending, the more aggressive your discounted rates will be. So, when you are grouping together with other organizations, like you do in a GPO, you will get access to different pricing tiers that aren't reachable on your own.

This benefits the suppliers too, making them more willing to work with you and make sure your needs are met. For example, a larger group of diverse organizations presents the supplier with a lower overall risk, which is especially impactful in the car rental space. There will be more distributed demand, which means more cities, business sizes and car types are needed from the car rental supplier,

giving them a balanced customer portfolio over a certain region.

Insight & Transparency

If you try to source this category on your own, do you really have the necessary insight into the different cost components that make up a complete car rental offering? There are a lot of hidden fees, such as one day surcharges, energy recovery fees and late return fees that can really impact your budget.

You can also lean on a GPO to take a deeper dive into how all of those different cost charges play out at your organization, and how they should help to define your car rental program moving forward.

A Car Rental Program With a GPO

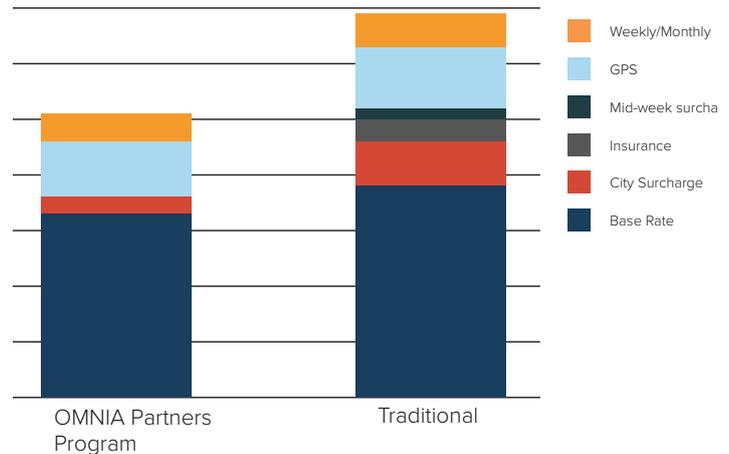
To sum it up, a car rental program with a GPO can take on a lot of different forms, is highly customizable and offers the buying power and leverage organizations need to get the best possible prices and service levels.

Plus, you still have the power to choose among a variety of options, such as:

- City surcharge allocation based on travel patterns
- Dedicated account management team
- Delivery services (in certain markets)

Additionally, a GPO adds a layer of service, offering a point of escalation when needed and making sure that contract terms are being adhered to.

CAR RENTAL COST COMPONENTS



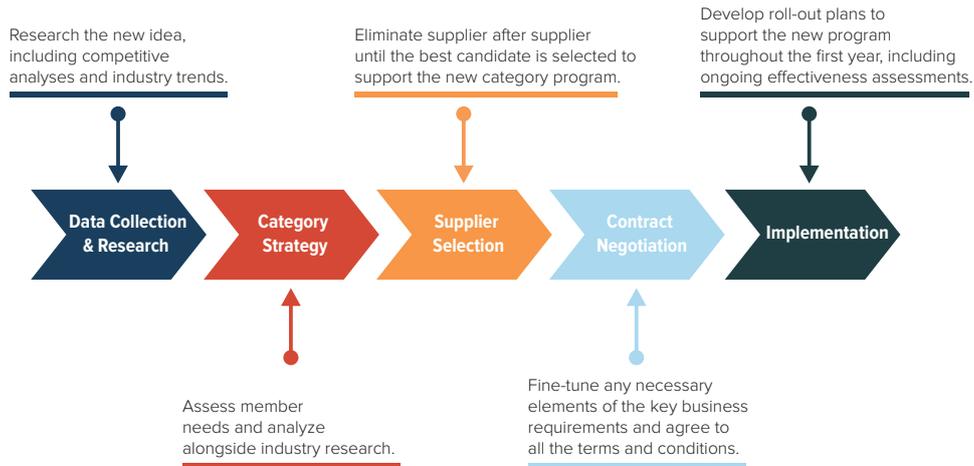
4. SOURCING DONE RIGHT

GPOs depend on a rigorous sourcing process for all programs, and car rental is no different.

Any new category offering a GPO looks to add to their business portfolio follows a rigorous sourcing process, because let's be honest – a poorly developed category doesn't help anyone – the member company is left unsatisfied with lackluster results and in turn the GPO doesn't make money due to lack of program compliance from their member organizations.

GPO Sourcing Process

Depending on the GPO and its specialties, a sourcing process can take on a lot of different forms and be more in depth in certain areas, but below is a fairly typical example of what this workflow will look like:



GENERALIZED SCORECARD

MEASUREMENT	PROVIDER 1	PROVIDER 2	PROVIDER 3
BASE RATES	1	3	2
MARKET SHARE	35.10%	26.5%	32.40%
INSURANCE	1	3	2
ENERGY SURCHARGE	1	2	3

Scorecards are often used during the sourcing process to compare the capabilities of potential supplier partners. In car rental, the scorecard should cover cost, service, financial strength, global capabilities and fleet. Each area should also receive appropriate weighting. Third party resources like **Auto Rental News** and **Global Business Travel Association** are great places to start when creating a scorecard and gathering information.

5. DEVELOPING YOUR CAR RENTAL STRATEGY

Before you jump into program development, it is important to research organizational needs and expectations for your new car rental program.

Now that you understand the processes a GPO employs to invest in a new category and why it makes sense to work with one for car rental, let's discuss what this process could look like for your organization and all of the factors that you will need to consider.

Questions to Ask When Getting Your Car Rental Program Started

It is going to sound like a lot of work, and it is. The good news is that a GPO that engages with you for the lifecycle of your program will support you every step of the way.

Here is a set of questions that can serve as a guide when you start talking with a GPO and internal stakeholders about your car rental program.

QUESTIONS TO ASK WHEN GETTING YOUR CAR RENTAL PROGRAM STARTED	
<input type="checkbox"/> TOTAL COST OF OWNERSHIP	Have you considered all of the different cost components that make up car rental and how they impact your total bill?
<input type="checkbox"/> CUSTOMIZATION & FLEXIBILITY	What car rental processes are specific to your company?
<input type="checkbox"/> CUSTOMER SERVICE & TRAVELER EXPERIENCE	Do you have ongoing reviews planned to ensure there is long-term value for your program and that the contract is adhered to?
<input type="checkbox"/> CONTRACT MANAGEMENT	What milestones and reviews do you need to make sure your program is performing optimally?
<input type="checkbox"/> GATHERING INTERNAL FEEDBACK	Do you have an employee satisfaction survey in place, and do you have some employee advocates in mind that can help evangelize the program?

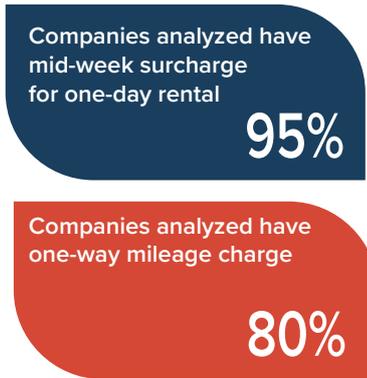
Print this checklist and take it to your discovery meetings so that your new car rental program starts off strong.

Total Cost of Ownership

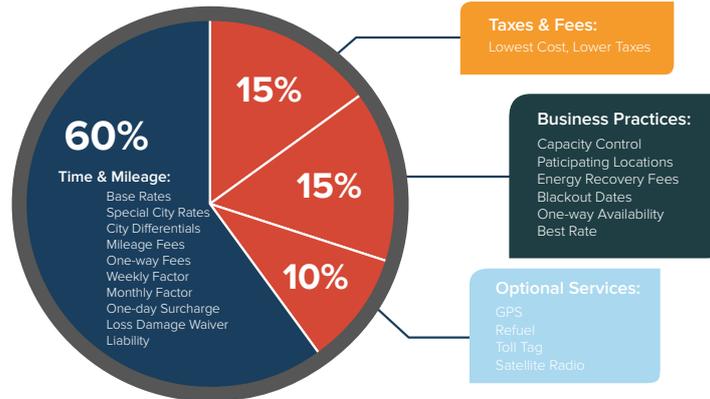
When determining the different elements that make up a car rental program, there are a lot of cost components that you need to consider: base rate, city surcharge, energy fee, fuel, GPS, insurance, one-way mileage charge, weekday surcharge, weekly & monthly factor.

Companies might only end up comparing 60% of total costs when reviewing providers, which in turn leaves a lot of fees on the table. In fact, we see over 80% of companies charged a mileage rate for one-way rental and almost every company we look at has a surcharge mid-week for one-day rentals.

The way an agreement is structured around these components is also very important. A lot of times contract language allows providers to increase rates after just a year. Do you want to have to negotiate to at least keep rates flat every year?



COST BREAKDOWN



Customization & Flexibility

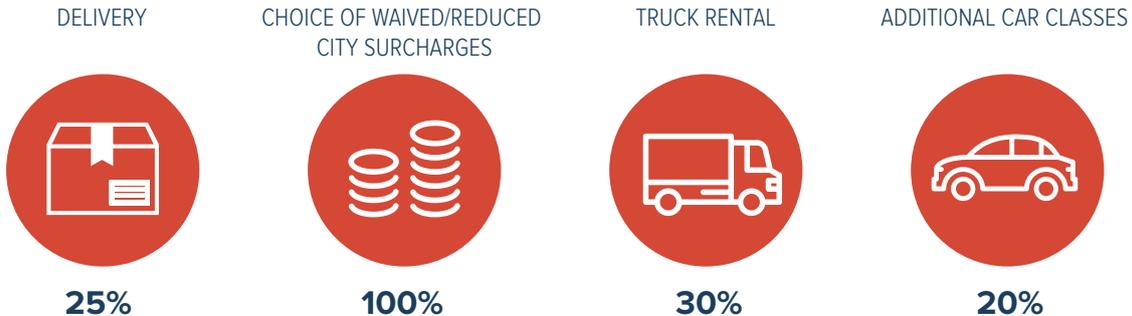
Most companies require a high amount of flexibility with their car rental programs, and your organization probably is no different. Companies might have certain travel patterns, several locations and different business rental needs, such as for sales calls or transporting customers.

Also, companies might travel in areas with harsher weather conditions requiring better-equipped vehicles, or they might

make consistent one-way trips to remote facilities. Employees may need to make frequent transfers to private airports where a company jet is used. And finally, billing needs and reconciliation support often differ from company to company.

These situations all require flexibility by the provider and the option to customize certain areas of the contract and program.

HOW OFTEN DO OMNIA PARTNERS MEMBERS CUSTOMIZE THEIR PROGRAMS:



CITY SURCHARGES

Flexibility and customization are key for a car rental program. Customizing city surcharges based on company's travel pattern is one way to do this. Other areas can include insurance, traveler rewards, delivery service and billing.

Customer Service & Traveler Experience

You can't overlook the personal component that is closely connected to travel and car rental. Employees have their preferences, likes and dislikes, and they also expect a great customer experience. Travelers want to be able to choose newer cars in good condition, and blackout dates or sold-out situations reflect poorly on the provider.

In fact, traveler friction and poor customer service can affect employee job satisfaction and overall performance. So, companies are focused on providing their workforce with an optimal traveler experience, which in turn keeps everyone happy. In car rental, this correlates to:



Car rental satisfaction also involves no issues during rental and status matching, especially where executives receive enhanced service and more employees are brought onto loyalty clubs at elevated levels.

And, overall car rental service relies heavily on the provider's fleet management. A company with poor financials might struggle to buy new inventory and might be squeezed during the week when rental activity is highest. Knowledge of the following capabilities for your provider will impact your experience:

- Fleet age
- Fleet size
- Number of locations

Contract & Program Management

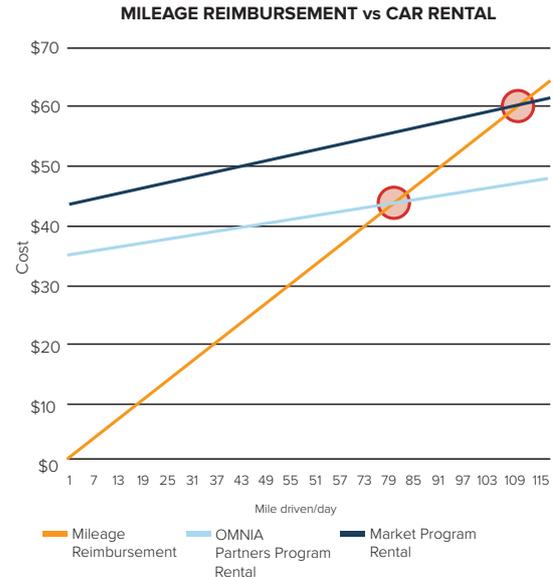
Once the contract is signed and car rental program is in place, there are still a lot of activities that need to be completed to make sure your program is performing optimally:

- Comparing savings to previous contract prices
- Completing price checks
- Ensuring travelers are part of the loyalty program and preference in the booking tool
- Reviewing who is not fueling up before returning
- Surveying GPS usage
- Tallying savings through compliance
- Viewing car classes being charged, breakdown of fees (such as late return)

Mileage Reimbursement

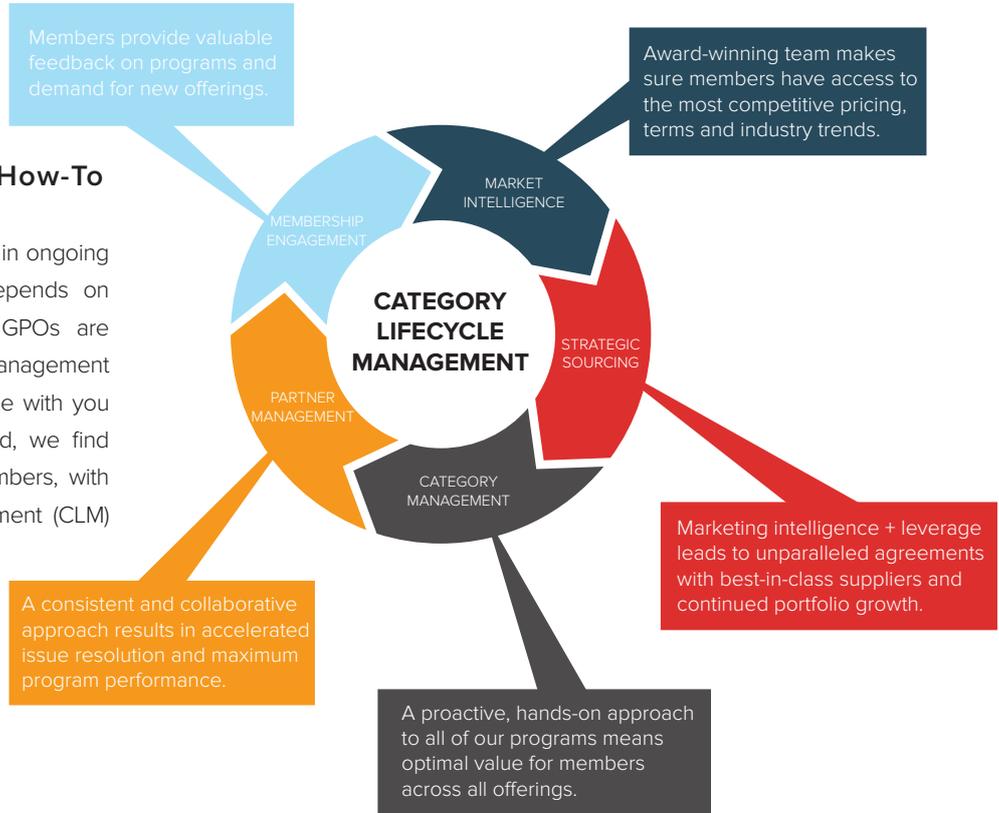
Another area to find savings is by calculating the break-even point for when a car should be rented vs. employees being reimbursed for miles driven in their own vehicles.

Using a company's travel profile, the break-even point is calculated to determine when employees should rent a car vs. reimbursing for miles driven.



Contract Management How-To

The role your GPO partner takes in ongoing program management really depends on the GPO you choose. Some GPOs are active participants in ongoing management efforts, while others won't engage with you during this process. On our end, we find more success, and happier members, with our Category Lifecycle Management (CLM) approach.



Gathering Internal Feedback

As with any type of change management activity, the success of your car rental program really comes down to the internal stakeholders and employees that are directly impacted.

So, you will want to keep close tabs on their satisfaction and overall use of the program to uncover any issues that need to be resolved and program enhancements that need to be made.

Some key areas to observe and document include:

availability, cost, ease of booking, service, and types of cars.

This also gives you a great opportunity to understand employee perceptions of the program. If they seem misinformed you will be able to educate them, and can also make sure they know the leisure perks of the program, if applicable.

An even better idea? Gain a few advocates who will help sell the program internally to others while you go through this process.

EMPLOYEE SATISFACTION SURVEY

EMPLOYEE SATISFACTION SURVEY	Poor	Fair	Neither Good nor Bad	Good	Excellent
1. How would you rate your experience picking up your rental car?	<input type="radio"/>				
2. How would you describe the condition of the vehicle, including the level of fuel, cosmetic appearance and features?	<input type="radio"/>				
3. How would you describe the competence, courtesy and friendliness of the employees at your pick-up location?	<input type="radio"/>				
4. How would you rate your experience returning the vehicle?	<input type="radio"/>				
5. How would you rate your overall experience?	<input type="radio"/>				

Here's an example of a survey that can be shared with employees to help gauge overall program performance. You can also ask your provider if they conduct surveys and can provide these results for your travelers.

6. CONCLUSION

Finding savings will always be a goal for procurement teams, while overall employee experience is important to travel managers. Using a managed car rental program can accomplish both.

As businesses continue to pressure their procurement, HR and Travel teams to bring home cost savings, it is not enough to just have a car rental program. You need to have the best car rental program for your company.

The fastest way to get there? By partnering with a GPO.

Using the buying power of the entire group, members instantly become customers of choice with the supplier partner, get access to exclusive reporting and program oversight, and most importantly, get pricing that is not available through a direct deal.

With the right partners, process and car rental program, your organization will realize optimal traveler experience and increased cost savings.

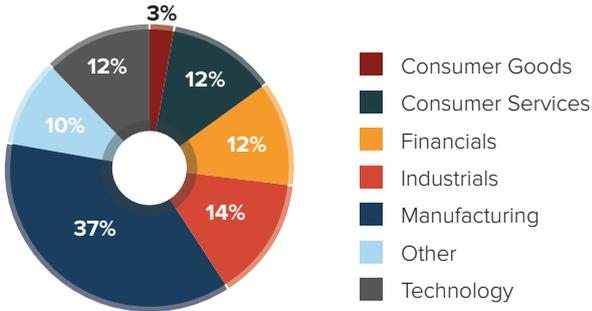
7. METHODOLOGY & DEMOGRAPHICS

The Ultimate Guide to a GPO Car Rental Program was produced by the travel & procurement experts at OMNIA Partners.

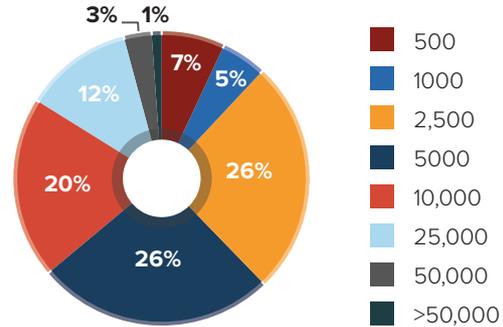
The results and data for this report are compiled from OMNIA Partners Member companies, which include more than 350 organizations across a full range of industries.

We thank Enterprise Rent-A-Car and National Car Rental for their contributions.

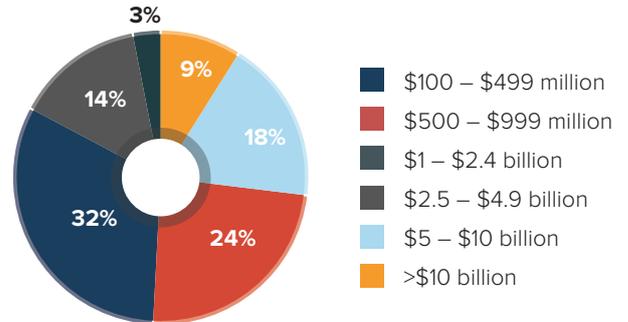
MEMBER INDUSTRIES



SIZE OF MEMBER COMPANY



MEMBER COMPANY REVENUE



ABOUT



OMNIA Partners is a shared services organization composed of four subsidiaries: National IPA, Prime Advantage, Corporate United, and US Communities. OMNIA Partners is shaping the future of group purchasing, both in the public and private sectors, delivering unparalleled scale, experience, and expertise. Through further organic growth and strategic acquisitions, OMNIA Partners will continue to drive economies of scale to execute more contracts, in more verticals, with transparent, value-driven pricing.

We are dedicated to helping our members and suppliers soar past every growth goal and marker of success. Together we are going well beyond what procurement previously knew to be possible.

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