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Travel at the Treasury

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sustainability for Majeke*

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Travel at the Treasury



National Treasury CFO, Dalu Majeke

PICS SHANNON VAN ZYL

Travel Buyer spoke with National Treasury chief financial officer, **Dalu Majeke**, about how the department – which manages South Africa's national government finances – approaches its travel spend. By **Kim Cochrane**.

A RECENT report released by Minister in The Presidency for Performance Monitoring and Evaluation, **Collins Chabane**, states that 80% of government departments do not comply with service delivery requirements. The report, which measures management practices in the public service over the past (2012/13) financial year, includes an assessment of all 156 national and provincial government departments.

Yet the fact that the National Treasury was commended in this report as one of the top five national departments in terms of management performance assessment scores, along with the Departments of Science and Technology, Trade and Industry, Environmental Affairs and Mineral Resources, is an achievement of which National Treasury chief financial officer (CFO), **Dalu Majeke**, is particularly proud. Departments' management practices are assessed against generic management standards covering, among other criteria, supply chain management as well as procurement and expenditure management.

It is all about budget and expenditure at the National Treasury and the procurement of travel is no exception, according to Majeke, who is at the helm of a re-engineering process to enhance efficiencies in the managed travel programme.

While he is quick to praise his team for their contributions to the restructuring of travel and the ensuing successes,

suggesting that every person in the department shares accountability for travel, since he took on the position of CFO in 2009, he has championed the implementation of more stringent austerity measures for travel. "Our travel programme is not perfect yet but we introduced the changes at the right time in the economic recession (2009/10), which helped justify the strategy and ensure total buy-in."

The department is working towards an overall saving of 20% across the board and this incorporates travel as well, he adds. "We are not a profit organisation so we work to achieve savings so funds can be reprioritised to other services or priorities as required. Our working environment is fast and goal driven, with clear turnaround times. This environment involves a lot of travelling so we have been trying to enhance efficiencies within our travel programme, which assists travellers and also helps bring down the cost element."

The Constitution of the Republic mandates the National Treasury to ensure transparency, accountability and sound financial controls in the management of public finances, which are values he is entrenching within the travel programme to ensure its sustainability. Furthermore, as mandated by the executive and Parliament, the National Treasury also supports the optimal allocation and utilisation of financial resources in all spheres of government, which in turn



A team effort: Nancy Letlape, National Treasury travel co-ordinator; Kevin Nel, WingsNaledi Travel intermediate travel consultant; Daisy Nyamane, National Treasury director: Supply Chain Management; Dalu Majeke, National Treasury CFO; and Grace Mafa, Magic Travel compliance manager.

underpins the department's selection of travel partners.

Prior to Majeke's involvement in travel, an offsite travel agency was used but today two partners – WingsNaledi Travel and Magic Travel – operate separate inhouse agencies on site in Pretoria. "It is not a case of us versus them; it is us. They are treated as our employees. We did have to work through initial glitches such as poor bandwidth challenges at the inhouses but the partnerships are now bearing fruit. We understand they are SMMEs and our aim is to profile and grow their businesses."

“How we partner is the crux of what is unique about us; we aim to meet our targets without making the travel agents suffer.”

For Majeke, it is clear the key issue – and the key to success – is sustainability. Essential to this objective is effective supplier performance management, which extends beyond just a service level agreement. "Although government legislation stipulates that payment should be within 30 days, one way in which we try to support our travel management suppliers is to pay on average within seven days as soon as we have valid documentation; we recognise that cash flow is a challenge for travel agencies, particularly SMMEs. We've also issued them with a lodge card and implemented stringent payment and governance

measures (including thorough reconciliation). How we partner is the crux of what is unique about us; we aim to meet our targets without making the travel agents suffer."

A sustainable value chain includes feedback, education and awareness, whether this is hosting internal workshops for the travel bookers and business administrators throughout the different business units or working with travel agents to increase their understanding of internal protocols, which they then support by advising travellers.

"We consult frequent travellers to see what they need in terms of activities and flexibilities; they also have a channel to report supplier non-performance. You can't do things for the sake of doing them; we need to know what our people are saying and how we can meet them half way. Will this review management bring added value? Can we pass that added value to the travel agents, suppliers and our travellers to create a win-win situation?"

Supplier management

In his quest to watch margins closely, his unit negotiates directly with suppliers to get better rates and upfront discounts, and travellers have been advised to book as far in advance as possible.

One cost-saving initiative has been to refrain from booking Y-class tickets, usually the highest economy fare offering flexibility in terms of changes and refunds. "If you plan your trip in advance, and dates are fixed, you can get a 20%-25% saving by purchasing a less flexible air ticket. For a fixed

business-class ticket, as an example, you'd pay around R38 000 instead of R75 000 and from that point of view, it's a big saving."

This policy does, however, require close monitoring and from next year, he has requested more detailed travel

management reports from the travel management companies in terms of expenditure, savings and the ideal saving per transaction. "We would like to write to the relevant travellers to acknowledge that they've made a saving for the

► *continues on p10*

Journey to the top

DALU Majeke has grown through the ranks within the National Treasury, which he joined in 2005.

For him it is a service. "It goes well in my heart to be servicing people in a transparent manner, and in a manner that augurs well for the institution. The National Treasury creates an environment for performing and for intellectuals, as it is a fast-learning culture where people are acknowledged for their hard work, passion and commitment." He has also worked for the Department of Rural Development and Land Reform as well as the National Prosecuting Authority, preceded by some experience in the private sector.

He credits mentors who have helped him along the way, sharing knowledge and wisdom. "I'm too inquisitive and I ask a lot of questions." His first mentor was his grandmother whom he lived with as a child. "I wouldn't be who I am without her."

Majeke grew up in a rural setting in Qumbu in the Eastern Cape, and the hard physical work instilled within him a solid work ethic. "You literally had to earn your food.

Nothing comes for free. From that humble beginning I knew I had to work really hard."

From his schooling at St John's College in Mthatha, he moved on to the University of the Western Cape to study a BA - Administration in 1994. From there it was a postgrad in Business Management at the University of Cape Town. He then registered for a BCom Hon Financial Management with Unisa, which he is still pursuing as he has prioritised the Masters programme. His hunger for knowledge led him to register in 2010 for a Masters in Business Leadership with Unisa, which he is currently finalising. He is awaiting the final results for his thesis, which is entitled "An evaluation of how an appropriate project financing model serves as a mechanism for successful infrastructure development in the public health sector in South Africa".

Majeke is also a family man and is married to **Nomgcobo** with three children aged 12, 7 and 3. The family resides in Pretoria and he also makes time in his busy schedule to take care of livestock in his homeland of the Eastern Cape.



“Our travel is policy driven; we develop a lot of policies that we need to workshop and present in Cape Town to Parliament.”

fact file

■ Main preferred partners amongst others: Air - SAA and British Airways. Car rental - Europcar, Hertz. Hotels - Southern Sun, Protea Hotels and African Pride Hotels.

Kedi Maponyane, WingsNaledi Travel ceo, on making the partnership with the National Treasury work: “The biggest challenge when taking over an account (previously serviced by a competitor) is the continuous comparison to your predecessor.” She continues that relationships at different

department – and to encourage them to continue doing so – and to make those who have not complied more aware of better booking options. “This level of reporting will also help the travel consultants to deal with travellers who are not willing to book the recommended options.”

To test the practicability of online bookings, since September this year, the National Treasury has been piloting the corporate travel and expense management solution, Travellinck, at the department’s recently launched travel desk that works in conjunction with the inhouse agencies. “At our travel desk we have a facilitator to assist travellers and we are testing the feasibility of online reservations, in part to support our quest to reduce paperwork. We will see if the mechanism works for our travellers and assess the outcome,” he explains.

The fact that the department has invested in its own travel desk does to some extent represent the importance of travel at the National Treasury. In fact, travel is within the top-five commodities in terms of total procurement spend, he says. The travel spend ranges from R18m-R21m annually including logistics such as venues. “We have a general monthly report that we send to the Minister of Finance, which incorporates travel and savings accrued. Every quarter internal financial statements include spend on travel. Every business unit gets a budget which includes travel as a line item so they are part of the monitoring process (what is the problem, why is there deviation, why is there overspending?).”

According to Majeke, of about 1 258 employees at

levels are a critical factor in any partnership. “Systems, processes and technology can be copied, however, the quality of personnel you employ cannot be easily duplicated. We are constantly striving to exceed client expectations by getting the basics right. Effective and regular client reviews to ensure alignment as

the department, all have the capability to travel although about 60%-75% travel. The main travellers include senior leadership right through to operations staff, mostly into Cape Town and to various international destinations. One of Majeke’s challenges when he turned his eye to travel was to reduce the size of groups travelling together, stipulating that only essential people should travel, especially for international travel. Since he presented his initiatives to senior leaders, everyone downwards from the deputy directors-general now fly in economy for all domestic travel, as another cost-saving initiative.

Events

“Our travel is policy driven; we develop a lot of policies that we need to workshop and present in Cape Town to Parliament. Attending events such as G20 summits, IMF events, or World Economic Forum meetings, are also an important element of what we do.” He says when his office is responsible for arranging events (i.e. World Economic Forum meeting in Cape Town), the business units involved in organising the events do make use of the travel supplier deals negotiated for the National Treasury. “These are separate projects but we use the standard charts of accounts in terms of spend and we know the bottom line of that particular item.”

For this reason, sustainability, believes Majeke, is not dependent on one person. “Yes, it may have started off as an idea of one person but at the end of the day, the whole team works hard. If the travel coordinators were not doing proper work, we

would not be where we are now. Or if senior management had not been receptive to change, we’d not be here. If the travel desk wasn’t in place or if our travel agents were not partnering with us, we would not be in this position. If our suppliers did not come to the party, we would not be where we are. It’s a chain of events and everyone plays a critical role in adding their two cents worth to the chain.”

There are always stumbling blocks, he says, but it’s how you manage those and focus on the positives going forward.

Tips

- Know what you are doing! Talking and negotiating for something you don’t understand is senseless.
- Understand there are some things you can’t do yourself as a department; partner with a supplier who creates value in a sustainable manner.
- Negotiation and change management: agree upfront in terms of service offerings.
- Assess and provide feedback; make sure you get value out of your travel reports.
- Build your SMME partners; create jobs for people and make a small dent in our country’s unemployment.



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