

## Craigstone Corporation

You work in the headquarters of a fast-growing management consulting firm that now employs roughly 250 people in offices throughout North American and Europe. The company's rapid growth has led to some growing pains, and costs have grown faster than personnel. You are a consultant (but not as yet a partner), and you have been appointed to chair a committee trying to solidify many policies that have, until now, been handled in an ad hoc manner. The partners hope hardening these policies will cut costs and reduce administrative overhead.

For example, up until now, Craigstone Corporation has allowed employees to book airline flights, hotels, and rental cars through whatever airline or travel agent they pleased, as well as to keep their frequent flier miles in their own names. However, your committee has been asked to examine this practice because clients have been complaining about travel costs. You will need to write a recommendation to be sent to all the firm's partners.

### **Your Investigation**

After some initial discussions within the committee and with other consultants in the company, the committee decided that consultants should continue to keep their own frequent flier miles as this is a highly valued perk offered by many of the consulting companies with which you compete. Consolidating your business with a single travel agency, on the other hand, holds promise of substantial savings and seems worth pursuing.

You talked to several large travel agencies and narrowed the field to three that you considered seriously: Thomas Baker International, Canadian Express, and Aquamarine Travel. All three of them offer percentage savings on travel for firms that book at least \$10M worth of business through them. Since your firm's annual travel budget runs around \$15M and is expected to continue growing, limiting your business to one of them would be a good move.

In comparing the three travel agencies, you compile the following facts:

**Thomas Baker International:** Baker offers discounts of 5%, which would result in a current annual savings of \$600K. This agency is widely used and has offices all around the world. Several of the consultants use it regularly. Some complain, however, about its lack of dependable service outside of regular business hours. They say they need to be able to reach the agency and re-book reservations any time of the day or night.

**Canada Express:** CanEx, as it is known, has a charge card business in addition to the travel agency business. The travel agency offers the same 5% discount, but by getting all Craigstone consultants to charge their travel expenses on CanEx credit cards, Craigstone would get an additional 1% reduction on all charged expenses. The main drawback you see is that some consultants, in the past, have had bad experiences with this agency's services when traveling in some of the more remote parts of the world.

**Aquamarine Travel:** This travel agency is smaller than the other two, but it is a local firm known among the consultants for its excellent service. It also offers a 5% discount on large accounts, but you think Craigstone may be able to negotiate an even better rate because of the close relationship between it and some of the partners. It does not, however, have offices in many parts of the world where Craigstone consultants travel.

## The Assignment

Armed with this information and after consulting with many of the partners and your colleagues, your committee decided to recommend that the firm go with **CanEx**, for both travel arrangements and company charge cards. You must write a memo to the partners making this recommendation.

Your group will be assigned one of the three audience scenarios given below. First, analyze the strategic variables in your scenario (audience, purpose, credibility, and context). Then determine whether your memo should be:

- Direct or indirect
- One-sided or two-sided

If there is time, you may be asked to write the introduction to the memo and outline the rest.

**Scenario 1:** The partners think your committee has been doing a good job and like your recommendation.

**Scenario 2:** Some partners prefer the current laissez-faire policy so they can continue to work with their favorite travel agent. They also have mixed feelings about your committee because some of them resent the changes in the old way of doing things. But other partners strongly favor making a deal with a single company in order to cut costs.

**Scenario 3:** Most partners favor a change to a single-agent policy. They view your committee relatively favorably, but are not inclined to rubber stamp your recommendations without careful consideration and much argument. In this case, the opinions on which agency to go with are strong and varied. Some favor Aquamarine Travel because they like its personal service and possibility of an even lower rate. Others favor Baker on the grounds that it has the broadest coverage of service all over the world. Still others favor CanEx, thinking that the extra discount for the CanEx credit card is a deciding factor.

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