

Expecting the Unexpected: Successful Crisis Management Strategies for Navigating Travel Disruptions in a Natural Disaster

A natural disaster can be a nightmare for business travel— cancelled flights, sold out hotels, disrupted meetings and events, employees stranded all over the country and/or globe – all contributing to a great deal of stress, inconvenience, and lost revenue. In an infamous example, data from the International Air Transport Association shows that the 2010 Eyjafjallajökull volcano eruption in Iceland caused over 100,000 flights to be cancelled due to complications from the disaster and a six-day ash cloud-induced travel ban, affecting millions of passengers and resulting in innumerable financial and operational damages for businesses worldwide.

And the worst part of dealing with one of these potentially crippling events may be that there is virtually no way of predicting when one may strike.

One thing that is certain however is that what the National Oceanic and Atmospheric Administration calls “extreme” weather, in all its forms, seems to be on the rise. According to a report from the federal agency, this past year was a historic one for extreme weather; 2012 came in second only to 1998 on their extreme weather index, registering 11 disasters that surpassed \$1 billion in losses in the US alone. Those disasters included seven severe weather/tornado events and two tropical storm/hurricane events, all of which are notorious for causing logistical nightmares for businesses and their travelers.

This is more than just an anomaly. According to a recent study by Munich Re, one of the world’s largest reinsurance firms, “weather-related loss events” have quintupled consistently over the last three decades. It seems as if this trend of extreme weather and natural disasters is the new “normal” that travel managers and business leaders need to plan for in their choice of Travel Management Companies (TMCs).

Crisis Management 101: Crisis Management within a corporate travel program

For purposes of clarity, we will define “Crisis Management” as the use of expert managers by a business or government to limit damage or danger from a crisis.

From insurance risks, to business continuity, to company morale, it is absolutely crucial for every travel program to have a comprehensive Crisis Management strategy in place that is capable of delivering timely, effective and actionable information in the event of a crisis like a natural disaster. Furthermore, there are certain key aspects that are extremely important to consider when developing or analyzing this sort of strategy.

The foundation of a successful Crisis Management strategy must include:

- Preparation
- Proactivity
- Accessibility
- Adaptability

Preparation

Being prepared for a travel-related crisis means having clearly defined and well-tested systems in place that empower all necessary parties to mobilize quickly and efficiently in times of crisis. It means having the technology and protocols necessary to locate all affected travelers - be they in the air, already on location in the affected area, or having plans to travel to the affected crisis area in real-time. It means having a worldwide support network that can respond locally and communicate globally, providing on-the-ground support and accurate data to keep all relevant parties informed so that they can best manage the situation.



Proactivity

Once the proper resources are in place, is it essential for travel consultants to be proactive in pushing out the most current and accurate information concerning possible disruptions to travelers and managers so they can react to minimize any potential dangers and begin working with their agent team to make the appropriate changes to their travelers' itineraries.

Knowledge is Power; if there is a major ice storm set to hit the Southeastern US tomorrow, a traveler could choose to proactively postpone their trip to meet a client in Memphis. Providing the manager and the traveler with this information as soon as it is available enables them to make the best and most informed decision possible and avoid the loss of time and revenue due to the disruption of their travel plans.

Accessibility

When a crisis strikes, having access to the information needed to make important decisions is key, but it is equally important for managers and travelers to have access to the people they trust to help them make and execute those important decisions. To this end, effective Crisis Management plans need to have comprehensive communication, backup, and escalation systems in place to ensure that affected travelers and their arrangers are able to reach their travel teams regardless of the time of day or the location they're calling from.

Dedicated consultants and account managers are experts in their field and experts in the travel management of their clients; they know their businesses, they know their travelers, and they know their preferences. In these crisis situations they are uniquely qualified to deliver the most effective response to the situation while providing the affected parties with the efficiency and comfort of dealing with someone they both know and trust.



Adaptability

A crisis by its very definition presents unexpected problems and unforeseen obstacles that need to be overcome. Adding to this is the apparent prevalence of Murphy's Law, which says that anything that can go wrong will eventually go wrong. With this accepted as the baseline operating conditions, a TMC's ability to react nimbly and creatively takes on additional importance regarding its overall ability to effectively respond to and resolve the issues that are impacting the affected travelers wherever they may be. Whether it's being able to leverage valuable relationships or creatively repurpose resources, it is the deep industry knowledge and empowerment of the individual travel consultants to make split second decisions (without the need to seek higher levels of approval) that ultimately enables them to deliver the out of the box solutions required to ensure the safety of the travelers and to minimize any associated costs related to the changes in their travel plans.

In Real Time: Hurricane Sandy - A Success Story

To this point we've merely stated that natural disasters can cause chaos of all types for travelers, and discussed the keystones of a generically successful crisis management plan. But how do these strategies come into play when a real disaster strikes?

In late October 2012, Hurricane Sandy wreaked havoc on the Northeastern United States, causing not only catastrophic destruction for many areas throughout the region, but also a logistical nightmare of epic and unprecedented proportions for business and leisure travelers alike. FlightStats.com reported that the storm contributed to a record number of flight cancellations, with 2.8 percent of scheduled flights in the month of October being cancelled; the highest cancellation rate for an October since airlines began reporting these statistics. According to FlightStats' data, 20,254 flights were cancelled between October 27 and November 1 (the days leading up to the storm through the days following) causing massive disruptions and leaving countless travelers stranded.

Knowing that there are always lessons to be learned through any unique challenge such as was presented by Hurricane Sandy, Ultramar decided to take a look back at how this crisis was handled in order to identify those key elements that enabled the seamless support that was evidenced throughout this crisis period. Ultramar's Senior Vice President of Operations Barbara Yarar was on the front lines for the duration of the disaster and provided an account of what contributed to the company's success by leveraging all four cornerstones of its crisis management strategy.

Preparation

The technology systems Ultramar has in place empowered everyone – from operations teams and travel consultants, to managers and all the way down to the travelers themselves – to be prepared to the utmost degree for the obstacles a disaster like Hurricane Sandy caused.

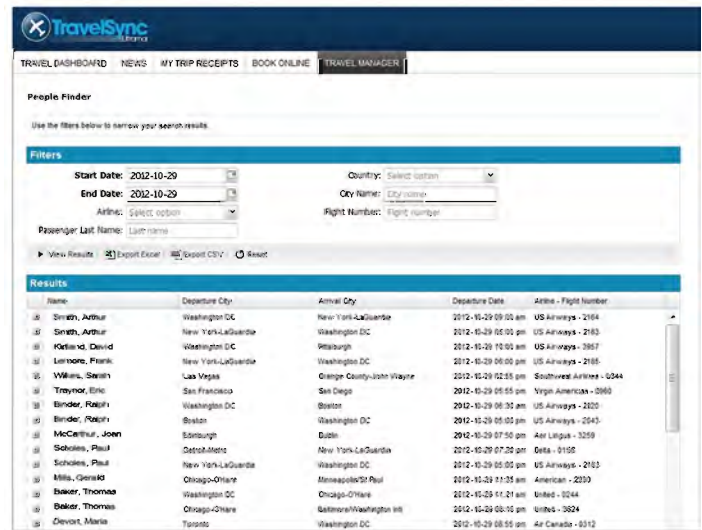
Ultramar's technology systems empowered everyone from the operations teams and travel consultants to the travel managers and travelers themselves to be as prepared as possible in the face of the looming obstacles Hurricane Sandy would soon bring to bear.

Each member of the Ultramar team is equipped with his or her own laptop connected with all Ultramar systems, and also a mobile phone that can be synched with the office line. This allowed the team to work from any remote location that had power and provide 24/7 service and support to Ultramar's clients for the duration of the crisis.

Because having access to credible information is crucial during a crisis, Ultramar offers various options to keep clients and their travelers well informed. Ultramar has a comprehensive and detailed data recording and reporting system in place that allows for the quick and efficient running of comprehensive reports including any and all travelers who have booked through the program and may be affected by Hurricane.

On top of this direct customer service support by our travel teams, Ultramar also provides a tool which allows clients to find and track all of their travelers internally, acting as a virtual companion

and enhancing communication and support to travelers in times of crisis., Ultramar's proprietary Emergency Tracking System (ETS) enables clients to identify the location of their employees worldwide 24/7 in real-time.



ETS is easy to use and enables authorized users to search and filter travelers by Date, Passenger, Airline, Flight, and Departure or Arrival City or Country. Many different reports can be run, including Flight Plan Reports, Passenger Location Reports, Hotel Reports, Emergency Contact Numbers, Supplementary Travel Reports and more.

"You're only as good as the information and the resources that you have, and good or bad customer service starts with that," said Yarar. "Being on the cutting edge of technology directly allows us to provide top-notch service and support to our clients."

Proactivity

A full 5 days before Hurricane Sandy hit land, Ultramar began running reports to identify any and all travelers who could potentially become affected based on different paths the storm could take. While travel managers could also prepare themselves by running their own ETS searches, Ultramar proactively took action on behalf of its clients. Reports were sent out to managers, along with continuous updates on the storm's actual path and subsequent consequences providing clients the maximum amount of lead time possible to consider their options and implement their contingency plans.

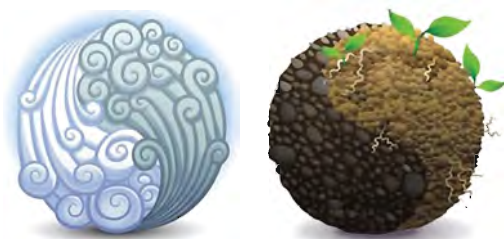
Accessibility

An After-Hours service is a standard component of any travel program, and Ultramar has made it a priority to employ highly qualified and dedicated teams to assist clients outside of normal business hours. Our After-Hours/Emergency Services is fully-owned and in-sourced by Ultramar, so the 24/7 support approximates the exact same service levels as during daytime operations and operates using the same platform, profiles, policy information and preferred programs. The call center can be reached from overseas with an international number, and collect calls are accepted from travelers in countries without toll-free access ensuring that any traveler can contact Ultramar from wherever they are in the world.

Because of the importance of being accessible to its clients during a crisis like a natural disaster, Ultramar also focuses on adding support to its 24/7 Emergency Services by bringing its entire suite of staffing resources to bear, essentially turning every agent and account management team member into a 24/7 resource.

During Hurricane Sandy, Ultramar was able to bolster the support to its Emergency Services by activating the consultants' availability to a 24/7 status ensuring their clients' support through all hours of the weekend, day and night. According to internal Ultramar reports, on Saturday, Oct. 27 and Sunday, Oct. 28, the two days leading up to the storm, Ultramar consultants took 77% and 90% more calls respectively, compared to an average weekend. Because of the mobilization of the entire staff as noted above, service levels on these calls (such as wait times and call back times) closely matched those of standard day-time hours.

These numbers reflect the ability of Ultramar consultants to support their clients in a time of need, and also showcase the flexibility of the system that allowed them to do so from virtual locations outside of the office.



Adaptability

Each crisis situation can create its own set of unique and highly unpredictable complications, and Hurricane Sandy was no different. The best example of this was the unprecedented chaos that the storm caused within New York City's hotel industry as the demand for rooms exploded through the needs of multiple, simultaneous channels in a city already highly booked due to the timing of the New York City Marathon;

- Travelers extending their bookings due to flight cancellations
- Local client personnel whose homes were damaged and/or without power and heat
- The displacement of hotel guests below 42nd street due to the loss of power
- Conference room and meeting space for those client businesses who were without power and needed alternate locations for business continuity purposes

All of these problems combined to create an unparalleled and extremely complex situation within the travel industry. Clients were in danger of losing time and money, and many were displaced and in need of safety and comfort. There was no precedent for this, but proper solutions had to be found and expedited quickly.

In the end, the Ultramar team identified each issue, adjusted strategies as necessary and found an all-encompassing solution in leveraging its especially strong connections within the hotel industry. Employees at every level of the company worked feverishly, utilizing relationships developed over the years with trusted hotel partners to navigate each individual issue to come to the best possible solution.

Mutual agreements were reached with hotel partners to negotiate suitable solutions for clients who had to cancel bookings. Even though the city was seemingly completely sold out, consultants, members of the Hotel Department team, and our executive team spent countless hours on the phone and at their computers searching for and securing rooms around the city however possible. Ultramar secured space for clients in supposedly sold out hotels and overbooked meeting space, and created solutions for clients whether it was for the benefit of their business or for their own personal necessity.

"In any crisis situation, Ultramar's priorities are to create seamless solutions for clients while providing the utmost in service and support," said Yarar. "Thinking outside of the box and utilizing a multitude of valuable relationships in creative ways allowed Ultramar to do just that, and successfully navigate clients through the chaos that Hurricane Sandy caused."

About Ultramar Travel Management:

Founded in 1947 and headquartered in the heart of Manhattan, Ultramar Travel Management is a leading multi-national travel management company dedicated to delivering an unparalleled service experience to sophisticated, exacting business travelers. Ultramar provides exceptional value and global capabilities to its elite clientele. Ultramar specializes in developing and managing custom-tailored programs that combine its industry-leading technology solutions with its high-tough customer service for programs that deliver important cost savings, an unmatched traveler experience and continual improvement to its clients.

About Barbara J. Yarar, Senior Vice President, Operations:

As Senior VP Operations, Barbara Yarar manages all aspects of Ultramar's travel centers, virtual locations and on-site satellite offices across the country, focusing on delivering excellent client service and travel consultant productivity. Barbara brings 25+ years of business travel management experience to the executive team. Each day, she ensures that Ultramar provides its clients with highly-responsive, hands-on service from skilled agents that provide real-time solutions and do things right, right from the beginning.

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