

Strategic management
at
Fello Travel
BMSW6104

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Introduction:

Strategic management for small and medium sized and prices involves the process of formulating implementing and evaluating strategies to achieve the organisation objectives in a competitive environment. Key aspects includes but is not limited to vision and mission development, SWOT analysis, setting objectives, strategy formulation, resource allocation, implementation planning, monitoring and evaluation, risk management, learning and improvement. Stacey, R.D. (2011).

Fello Travel is an innovative force in corporate travel management, was established in February 2018 through this strategic merger of Sandy Row Travel and World Club Travel. Both companies were originally created and owned by Danny Shahaf, a visionary entrepreneur in travel industry. This merger brought together World Club Travel's traveller-centric philosophy with Sandy Row Travel's Expertly managed travel services, embodying the shared ambition revolutionise the corporate travel experience. The inception of Fello Travel marked a significant advancement in the sector, focusing on tailoring services to the unique needs of corporate travellers, thus empowering travel managers to ensure compliance and drive company success. The union of these two companies under the Fello brand has enabled the realisation of a new, dynamic approach to managed travel, prioritising efficiency and customer satisfaction. (Fello, 2024)

Fello Travel team consists of ruthlessly efficient travel consultants and account managers who collectively boast decades of industry experience. Despite the company's relatively recent establishment, its roots in the travel industry extend over 20 years, reflecting rich heritage of expertise and customer service excellence. Do unique strength of Fello Travel lies in the personnel; all team members are highly empathetic and skilled with a natural propensity to exceed customer expectations. By integrating a customer-centric approach with expertly managed travel solutions, Fello Travel stands at floor forefront The corporate travel industry, continuously innovating and adopting to meet the evolving needs of modern businesses and their travellers. The company not only prioritises the efficiency and compliance of travel arrangements, that also ensures a high degree of personalization and customer care, setting new standards for success and client satisfaction in the corporate management sector.

Stakeholders:

Clients: Small, medium and big corporations, but also private individuals.

Corporations are usually represented by travel manager, HR department and/or procurement for medium-size accounts. They are responsible for the selection of the travel management company and setting up the service level agreement. The SLA dictates the expectations and the methods of measurement.

For smaller organizations the account is usually represented by the office manager or personal assistants.

Suppliers: airline, hotels, car rental rental

Paradox : requirements at account level may conflict with the travellers expectations. Account expects cost saving decisions, while travellers seek comfort, usually putting the booker and the travel consultant in delicate situations. Achieving, delivering quality solutions to the traveller while adhering to the account booking guidelines requires a blend of technical skills to know how to source the best products for the traveller at the most cost-effective price for the account and people skills to know how to find a consensus between the account's interest and the traveller's interest. This combination of hard and soft skills really is what makes Fello's staff stand out from its competitors. Creativity, can-do attitude, product awareness, booking experience, knowing the client and building a relationship at personal level, are the main pillars of the client service delivery.

Strategic analysis

Internal Analysis

Resources and Capabilities

Fello Travel's Strategic resources are rooted in its dual heritage from Sandy Row Travel and World Club Travel. This combination has yielded a unique blend of expert travel management services and client centric approach, which stands as Fello's primary capability. The firm's main resources include highly skilled workforce, advanced technology systems for travel management and a well-established customer base inherited from both precursor companies. (Johnson, G., Whittington, R., & Scholes, K., 2011)

Core competencies

Fello Travel's Core competencies lie in its:

- Customer Service Excellence: With a team known for its empathy and effectiveness Fello consistently delivers superior customer service which translates into high client retention rates
- Human factor is the most distinctive part of the business compared to any competitors, a strong workforce of 25 full time senior employees from 10 different nationalities, totalizing 400 years of experience in various fields of expertise in the travel industry. All of them selected for their ability to deliver high added value services and their technical skills.
- Strategic mergers: the merger that created Fello was strategically sound combining complementary strength that allow for a broader service offering an enhanced market reach. Earley, P.C., & Ang, S. (2003).
 - o a strong client base inherited from 20 years of excellence in the industry.
 - o a wide range of services to meet the client's expectations at account, booker, and traveller levels.

- Innovative Solutions: a continuous improvement culture and process innovation ensures that Fello Travel stays at the forefront of corporate travel management, offering solutions that genuinely meet the evolving needs of global clients.
 - o constantly searching for ways to optimize internal processes (new talent recruitment, new IT/technology investment, workflow & automation, staff performance review)
 - o maintaining privileged relationships with existing accounts to better anticipate their future needs and highlights areas for future developments
 - o staying up to speed with industry trends and challenges by developing a strong network of like-minded suppliers and strategic partners to remain competitive and diversify service offerings.

Competitive Advantage

Fello's Competitive advantage is the ability to offer personalised travel management experience at scale. Unlike many competitors, Fello's service model combines by in-depth industry expertise with the irreplaceable human touch of its travel consultants and account manager. This blend ensures that Fello can offer high quality tailored services that many larger more automated firms struggle to match. A one stop shop and a single point of contact from trip preparation to full completion.

External Analysis

Industry Analysis: Porter's Five Forces

- Threat of new entrants: Severe. The highest growth rate in the industry comes from new players (tripAction and TravelPerks). These new "travel management companies 2.0" are gaining a lot of market share and have a the full back up of key industry leaders, Lufthansa launching its own self booking tool for SME in partnership with Navan (formerly tripActions).
- bargaining power of suppliers: High. Airline and hotel suppliers, booking platforms/market places, possess significant bargaining power, which can impact pricing and availability in the travel management sector
- bargaining power of buyers: High. Corporate clients often have high expectations then seek the best deals, exerting pressure on travel management companies to provide exceptional value while.
- threat of substitutes: Moderate to High. The increasing use of technology and self managed travel solution possesses a significant threat, as companies may choose to internalise travel management to cut costs
- rivalry among existing competitors: High. The corporate travel management market is highly competitive, with several large players and many smaller firms competing for market share

PESTEL Analysis

- *Political:* Changes in travel regulations, BREXIT, cross-border policies and political unrest can and do significantly impact operations (Deloitte, 2024)
- *Economic:* Economic downturns can reduce corporate travel budgets, while economic booms can enhance them
- *Social:* there is a growing demand of sustainable and responsible travel options

- *Technological*: advances in travel technology such as AI and machine learning for booking and management, are shaping the industry
- *Environmental*: Increasing awareness of the environmental impact of travel leads to a greater emphasis on sustainable practises
- *Legal*: compliance with international travel laws and data protection regulations is crucial for operation.

Challenging in Strategic Implementation

The strategic implementation at Fello Travel faces several challenges, both internal and external:

Internal barriers

- organisational structure: the traditional hierarchical structure may slow down decision making and innovation. Strategies are formulated at the top and trickle down, they can be delays and distortions in implementation.
- change management: adapting to rapidly evolving market conditions and integrating innovative technologies into existing processes can be challenging for a well-established workforce accustomed to certain routines. (Johnson, G., Whittington, R., & Scholes, K., 2011)

External Barriers

- Market competition: intense competition requires continuous improvement in service offerings and value propositions to retain and grow customer base
- technological advancements. Keeping pace with technological changes without disrupting service continuity is a significant challenge
- regulatory changes: navigating through changing regulation across different regions without affecting the quality of service can be complex

Strategic recommendations

Short term strategic directions

1. enhance technological capabilities: investing state-of-the-art travel technology to streamline operations and improve customer service
 - a. Adopt AI and machine learning: implement AI driven analytics to optimise travel itineraries and costs, enhance personalised customer service and predict travel disruptions in real time
 - b. mobile integration: develop a robust mobile application that allows clients to manage travel plans, receive updates, and access support directly from their devices
2. develop a data culture within the company: travel management relies heavily on data. Data is consumed, produced, transferred, and stored thousands of times a day. Building an offer from a booking tool, updating traveller's personal information, placing orders with a supplier, processing payment, emails & phone calls. All these operations occur every moment and create a vast quantity of valuable data. Capturing, analysing and exploiting this data is vital to understand in-depth the company. (Goeldner, C.R., & Ritchie, J.R.B., 2011)
 - a. identify the data collection points
 - b. structure and store the data

- c. analyse the data: create data models that builds relationships between the different data sources and
 - i. Cross sales data
 - ii. Staff performance review
 - iii. Cross invoicing data with payment data to assess account's risk rating and supplier's exposure
 - iv. Analyse historical calls and email data to predict peak and off-peak periods for a better resource allocation system
 - d. Raise data power awareness amongst the staff
- 3. Leverage the data
 - a. review the data
 - b. scale up the data model
 - c. build automation
 - d. machine learning : when the data culture is mature enough (high quantity of data and high level of accuracy) it's easy to implement machine learning tools. Such tools produce reliable predictive models, capable of to support the management core in their decision making process and strategical vision at mid and long term.
- 4. customer relationship management: develop personalised marketing strategies to deepen relationships and enhance client retention, Xiang, Z., & Gretzel, U. (2010).
 - a. segmentation and personalization: utilise data analytics to segment the customer base and tailor marketing and service efforts to specific groups enhancing user experience and satisfaction
 - b. loyalty programmes: introduce loyalty programmes that offer unique benefits personalised rewards an exclusive offers to frequent travellers to increase retention and loyalty
 - c. Service & product diversification
 - d. Supplier: scouting new trending partners,
- 5. Actively engage with clients:
 - a. Social network presence, digital marketing
 - b. Face to face opportunities, trade shows, events and FAM trips
- 6. Win client's loyalty:
 - a. Maintain high quality standards
 - b. Reward loyalty
- 7. Strategic partnerships
 - a. Local partnerships in key markets collaborate with local businesses in popular destinations to offer exclusive experiences or discounts adding value to fellows offerings
 - b. Technology providers: partner with leading tech firms to stay ahead of the curve in travel technology innovations
- 8. Operational efficiency
 - a. process automation: identify and automate routine operational tasks to reduce costs and allow staff to focus on higher value activities
 - b. training programmes: implement ongoing training programmes to keep staff updated on the latest travel management tools and customer service best practises

Long term Strategic directions

1. *sustainability initiatives: implement green travel options and try partnership with eco friendly service providers to appeal to environmentally conscious corporations*
 - a. carbon offset programmes: offer clients the option to purchase carbon offsets as part of their travel packages promoting eco friendly travel choices
 - b. sustainable supplier criteria: develop criteria for choosing suppliers based on their environmental practises, and prioritise partnerships with those who meet this standards. *Weaver, D. (2006).*
2. *global expansion: strategically enter new markets buoy leveraging existing client relationships and developing new ones in unserved regions*
 - a. market analysis and entry strategy: conduct thorough market research to identify and evaluate new markets with significant growth potential followed by tailored entry strategies that consider local customs and business practises
 - b. acquisition and partnerships: consider strategic acquisitions of smaller, local travel management companies to quickly gain a foothold in new markets
3. *Innovation and service offerings*
 - a. bespoke travel experience: develop high end customised travel packages for corporate clients looking for unique travel experiences for their executives or teams
 - b. health and safety services: in response to global health concerns incorporate health and safety advisories, and support into the travel planning process
4. *corporate social responsibility (CSR)*
 - a. community engagement: engage in community service projects in the regions where Fello staff resides, enhancing brand image and local relations
 - b. employee Wellness programme: invest in comprehensive Wellness programmes for employees, recognising that there will be directly impact customer service quality

Implementation road map

1. Q1-Q2 2024: deploy new CRM systems and begin staff training on enhanced technology tools
2. Q3 2024-Q1 2025: initiate pilot sustainability projects in key markets
3. Q2-Q4 2025: evaluate potential markets for expansion and begin groundwork for entry
4. 2006 And beyond: continue to expand into new markets based on the results of the earlier initiatives and further develop the technological capabilities

Market-Focused Strategy: Enhanced Customer Acquisition Strategy

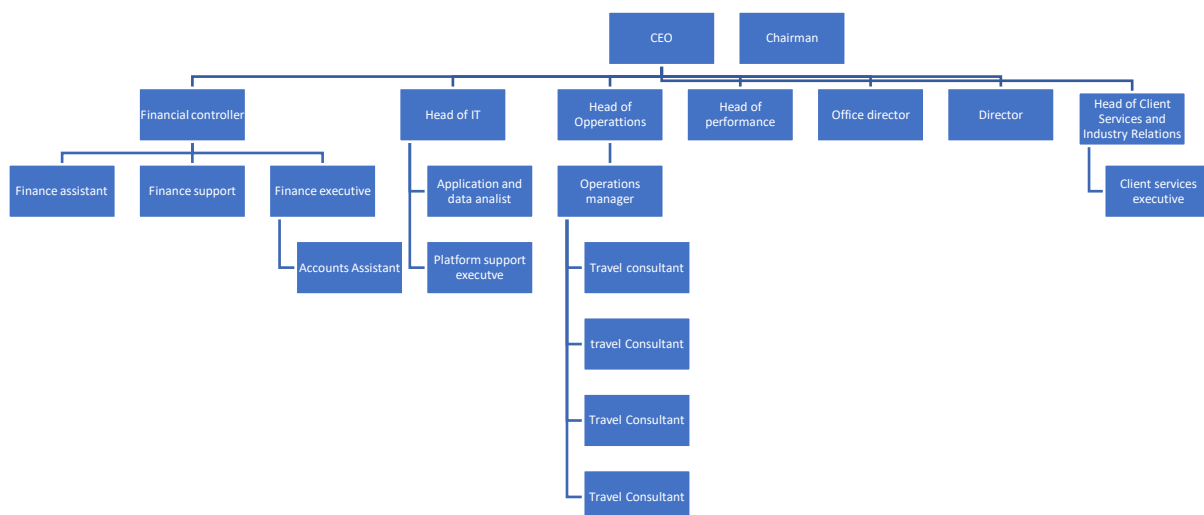
- Digital Marketing Initiatives: leverage digital marketing tools like SEO, content marketing, and social media campaigns tailored to specific markets and customer segments to boost visibility and engagement
- referral programs: introduce a referral programme that incentivizes current clients to refer new customers capitalising on the trust and network of existing relationships

Operational strategies:

1. process optimization: use lean methodology's to identify inefficiencies in operational process and streamline them for better speed and cost efficiency
2. supply chain management: develop more robust relationships with suppliers to negotiate better rates and ensure service reliability

Organization structure

The company maintains the traditional core organisational structure characterised by a hierarchy, beginning with the founder and CEO, followed by the senior and middle management, and then the lower level employees.



Restructuring senior management and addressing the disadvantage of a multi layered management structure can be crucial steps for Fello Travel to increase its operational efficiency and responsiveness. Here is how Fello can consider adjusting these organisational structure to align with its strategic goals more effectively

Assess Current structure

start with a comprehensive review of the current hierarchy and management layers to identify bottlenecks or redundancies in decision making and communication flows. This assessment should focus on areas where the structure hampers agility slows down responses to market or operations demands

Flatten the structure

consider removing some middle management layers or flatten hierarchy. This can lead to faster decision making, greater autonomy for individual teams and improved communication flows. A flatter structure can empower lower level employees by giving them more responsibility in a clear voice in strategic matters.

Redefine roles

clarify in redefining the roles and responsibilities of remaining managers to avoid overlaps and ensure clear accountability. This evolves aligning roles with strategic objectives and ensuring that managers have the skills and authority needed to fulfil their roles effectively

Enhance cross functional teams

Create cross functional teams that bring together employees from different departments to work on specific projects or objectives this approach encourage collaboration and innovation breaking down silos and fostering more integrated company culture.

Addressing disadvantages of multilayered management

Disadvantages:

- slower decision-making: multilayers often mean that decision needs to pass through many hands before approval delaying responses to market changes
- Increased costs: each management layer adds to the overhead cost, which can be particularly burdensome for a company needing to stay lean and competitive
- diluted communication: messages can become distorted as they travel through various levels leading to misalignments and operational inefficiencies
- reduced employee morale: layers can distance frontline employees from decision makers potentially affecting their motivation and satisfaction due to a perceived lack of influence

Strategic responses:

- implement a lean management structure: adopt lean management approach reducing layers and focusing on core activities that directly add value to customer service and operational efficiency
- promote open communication channels: established open channels of communication when employees at all levels can share ideas and feedback directly with senior management. Tools such as internal social platforms regular town halls or open office hours with executives can facilitate this communication
- develop leadership at all levels: encourage leadership development throughout training programmes that empower employees to take initiative and make decisions appropriate to their roles, reducing the need for oversight and approvals from multiple layers of management
- regularly review and adopt the structure: continually assess the organisational structure to ensure it meets the dynamic needs of the business environment. Be prepared to make adjustments as necessary based on feedback from employees and shifts in business strategy

For Fello Travel, restructuring had senior management and simplifying its organisational layers Can lead to significant improvements in efficiency, cost management, an employee engagement. This

changes should be planned and implemented thoughtfully to minimise disruption and ensure that the company retains its focus and delivering high quality customer centric travel management services. This strategic adjustment are designed to streamline operations, enhance agility, And maintain competitive advantage in the rapidly evolving corporate travel industry.

Reducing employee turnover easa social for maintaining the skilled workforce, preserving organisational knowledge and minimising recruitment and training costs. For Fello Travel focusing on employee retention strategies can enhance his competitive advantage and operational stability.

Strategies to reduce employee turnover

1. *enhance employee engagement. Towers Watson. (2012)*
 - a. regular feedback and communication: implement regular checkins between employee and managers to discuss performance, address concerns, and align on goals. Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002)
 - b. employee recognition programmes: recognise and reward employees for their hard work and achievements through formal award programmes, public acknowledgments, or monetary rewards
 - c. employee engagement surveys: conduct regular surveys to gather feedback on job satisfaction, work environment and culture and then act on the results to make improvements
2. *competitive compensations and benefits Herzberg, F. (1968)*
 - a. market competitive salaries: regularly review and adjust salaries to ensure they are competitive with the market and reflect the cost of living increases
 - b. comprehensive benefits package: offer a robust benefits package that includes health insurance retirement plans and other perks such as Wellness programmes and flexible spending accounts
 - c. performance bonuses and incentives: tie part of the compensation to performance outcomes to motivate employees and reward high performers
3. *professional development in career growth*
 - a. training and development: offer regular training workshops, online courses, and opportunities for professional development to help employees enhance their skills and stay updated with industry trends. Lockwood, N. R. (2007)
 - b. clear career pathways: clearly outline career progression opportunity within the company and support employees in achieving their career goals through mentorship programmes and succession planning
 - c. leadership development: identify potential leaders within the organisation and provide them with leadership training and opportunities to lead projects or teams
4. *work life balance and flexibility*
 - a. Paid time off: encourage employees to take their full allocation of paid leave to rest and rejuvenate reducing burnout and stress
 - b. Supportive policies: employees to be reminded of leave policies for family care, mental health days etc
5. *Supportive Work Environment Deci, E. L., & Ryan, R. M. (2000)*
 - a. Positive company culture: foster a company culture that promotes respect diversity inclusion and open communication
 - b. employee Wellness programmes: implement Wellness programmes that focus on mental health, physical health and overall well-being

- c. team building activities organised regular team building activities that not only boosts morale but also improve collaboration and cohesion among team members
- 6. *effective onboarding and orientation*
 - a. structured onboarding process: ensure A comprehensive onboarding process for new hires to help them integrate into the company smoothly and understand their roles and responsibilities clearly
 - b. Body or mentorship programme: pair new employees with more experienced colleagues who can provide guidance support and insights into the company's culture and processes

Implementing the strategies can help Fello Travel reduce employee turnover by creating a more engaging supportive and rewarding work environment.

Conclusion

The strategic management and proposed organisational changes at Fello travel represent a proactive approach to maintaining competitiveness and ensuring sustainable growth in the dynamic corporate travel management industry. By adopting a multifaceted strategy that encompasses market expansion, technological innovation and operational efficiency, Fello Travel is positioning itself to not only meet current market demands, but also anticipate future challenges.

The introduction of a flattened and organisational structure aims to enhance decision-making speed and improve internal communication, directly addressing the complexities of managing a growing global enterprise. The structural changes is expected to empower employees at all levels, fostering a more agile and responsive organisational culture. The strategic emphasis on technological advancements, particularly through the integration of AI and blockchain technologies, will provide Fello Travel with the tools to enhance customer experiences and streamline operations, placing it at forefront of the industry's digital transformation.

Moreover, the companies focus on expanding into emerging markets and developing niche travel solutions reflect a keen understanding off the evolving needs of global travellers. This initiatives, coupled with a strong commitment to sustainability and corporate responsibility, are poised to not only enhance Fello Travel's market share, but also built its reputation as a responsible and forward thinking leader in travel industry.

In summary, the strategic changes and management initiatives at Fello Travel are designed to optimise its core competences, leverage new opportunities, and address the challenges posed by a competitive and ever changing global market. With this strategies in place, Fello Travel is well equipped to navigate the complexities of the travel industry, drive innovation, and deliver exceptional value to its clients, ensuring long term success and sustainability.

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