

General Motors Drives Savings, Cost Efficiency, and Convenience with the Citibank® One Card Program

A T - A - G L A N C E

General Motors Corporation, the world's largest vehicle manufacturer, designs, builds, and markets cars and trucks worldwide. In 2001, GM earned \$1.5 billion on sales of \$177.3 billion, excluding special items. It employs about 362,000 people globally. GM has been the world's automotive sales leader since 1931. GM also operates one of the world's largest and most successful financial services companies, GMAC, which offers automotive, mortgage and business financing, and insurance services to customers worldwide.

Keeping its business competitive in an industry known for intense competition compelled GM to look at its business processes with an eye toward achieving greater efficiencies and costs savings. Its corporate purchasing, fleet, and travel expense processes presented an opportunity: a way to cut costs and speed cycle times by moving from three separate cards to a "one card" program. In 1999, GM launched its move to a "one card" platform. As the program continues to roll out across the company, it's delivering on the corporate goals outlined at the onset: reduced overall processing and administration effort, significant cost savings, reduced order-to-pay business cycle, and enhanced employee satisfaction.

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Headquartered in Detroit, Michigan, General Motors (GM) is big. General Motors makes not only cars and trucks but has other businesses: a financial services business unit, advanced entertainment systems, and specialized transportation. The conglomerate has worldwide operations with over 300 global locations. They range from automotive manufacturing assembly plants to metal plants, devoted to stamping and fabricating sheet metal used in GM vehicles and an array of office buildings, sales, and marketing locations.

Over 60,000 GM employees—ranging from plant personnel to office workers to sales people on the road—make purchases, travel, or use a company vehicle. Before the introduction of the Citibank® One Card Program, employees had to use three different GM payment cards—for travel, fleet, and purchasing expenses—depending on the type of business being conducted on behalf of the company. Managing the administration was costly for the GM and cumbersome for employees.

Like many organizations, GM had a large volume of low-dollar value purchases—over 500,000 transactions per year.



Defeating awkward, time-consuming processes

Beginning in 1995, Citibank® Purchasing Cards were issued to employees for indirect material purchases of \$2,000 or less. Like many organizations, GM had a large volume of these low-dollar value purchases—over 500,000 transactions a year. Under the previous process, a purchase order or purchase order release had to be issued for virtually all purchases, and the process had many steps: from invoicing to matching receipts to manual processing by the accounts payable department.

Since purchases included everything from service repairs to office supplies, processing costs sometimes exceeded the cost of the item. Processing was manual, paper-intensive, and slow—payments could take as many as 45 days.

Travel time

For employees who used a travel card, expense reconciliation was an onerous task that they often postponed. If they didn't immediately return from their trip and manually fill out an expense report, they frequently had to pay for some expenses out of their own pocket. Travel card charges were billed to individuals so employees had a personal responsibility to make payments on time.

Employees had to wait for corporate reimbursement after filling out forms, taping receipts to the report, getting approval, and then submitting the report to the accounts payable department. Company reimbursements were

made via their paychecks—not as immediate issuance of a separate check.

Corporate travel expense processing was a labor-intensive situation; all reports were keypunched into the system. Travel transactions were manually entered into the general ledger. It was difficult for the corporate accounting department to audit charges.

Outside of the United States, a different bank issued a travel card for each country. With no central processing for charges, it was virtually impossible to get a handle on overall corporate travel expenses.

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On the road

Over 12,000 company drivers had fleet cards authorized to purchase gas, car washes, and oil changes. At many facilities, GM had its own fueling station and if an employee was based at one of these locations, the driver was expected to fill the vehicle there.

There were often back ups at these on site stations and tracking the fuel usage was hard to monitor.

Outside of the GM-owned facilities, company drivers were limited to the commercial stations they could use, which weren't necessarily the most convenient and sometimes required extra travel time.

A new way to go

In 1999, a team from GM Worldwide Purchasing decided to look at a “one card” solution as a way to streamline the entire payment system. They were ready to leave behind the high cost of multiple processes and manual processing. GM saw the benefits of one common system with efficient electronic processing and an improved ability to effectively audit charges.

GM was very clear about what they wanted: global capability with local currency cards and local help desks in each country; purchasing, fleet, and travel capability in the United States; ATM access; online expense reporting via a third party application, and ongoing implementation support.

Citibank and MasterCard were selected by the GM team based upon their ability to meet several requirements; including MasterCard's wide brand acceptance and extensive ATM network. An additional benefit was the Captura travel expense management solution, which seamlessly integrated into the Citibank/MasterCard card platform.

How To Build a “One Card” Program

- Gather data on current processes
- Build a business case and metrics
- Get executive mandate
- Execute comprehensive communications plan
- Improve processes continuously
- Measure and communicate success

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Communicating the change

As GM began the task of educating employees and migrating from one system to another, it communicated from the outset the strong commitment of top management for the “one card” program. Management backing was key to the program adoption and implementation.

A critical element to the success of GM’s “one card” program was the thorough communications program developed and deployed for employees.

GM had ‘champions’ at each of its business units to serve as communications links to disseminate consistent information across the corporation.

The champions were trained at GM headquarters during a one-day training session. They in turn, assigned a corporate card facilitator at each office or plant location within their business units. Facilitators were also trained so that they could provide on-site expertise at their locations.

Flexibility and added control

The “one card” approach works using profiles based on merchant category codes (MCC). It enables GM to authorize selected codes related to travel, purchasing, or fleet charges. If an employee is authorized to use their one card for travel only, they’ll have the ability to charge in those pre-approved categories.

GM has approximately 10 standard profiles for employee use of the “one card” that fit almost all GM cardholders. Exceptional profiles can be built for unique cases.

With this new merchant category code system, the one card delivers better control from an auditing standpoint. And the possibility of personal charges on the card is eliminated.

MCC codes are tailored for GM’s specific purchasing, fleet, and travel needs. Based upon travel profile parameters, exception reports can be generated to identify and address suspect charges. In addition to exception reporting, the Captura application enables GM to retrieve a variety of detailed management reports, further enhancing corporate audit capabilities.

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to card transactions. GM utilizes central billing, giving the company and its employees improved efficiency. These aggregated charges also benefit the corporation by way of purchasing volume discounts with suppliers and payment cycles, automatically posting to the general ledger.

For GM overseas, the “one card” saves the company money because foreign exchange fees are eliminated. Each country has a card that works in either euros or the local currency of that country.

Prior to adopting the Citibank® One Card Program, GM conducted thousands of transactions that incurred exchange fees in over 30 countries around the world. Eliminating these fees added up to significant savings for the company.

All transaction reporting is online so there’s timely and easy access to card transactions.

Employee ease of use

For employees using the Citibank One Card Program for travel, expense reporting is now dramatically simplified with the MasterCard/Captura integrated expense-reporting solution. Each employee has a personal online envelope that receives a record of card transactions each day. Employees are reminded, on a 30, 60, and 90-day schedule, to do their expense reports.

When an employee generates an expense report, they open the envelope, review the transaction

list, and click on individual transactions to move them to an online expense report that the system creates.

If they have out-of-pocket expenses, they have the ability to add them to the expense report, also. With the click of the mouse a completed expense report is forwarded to their supervisor for review. The supervisor reviews and approves the report. The expense report is printed out and gets a system-generated bar code that must be forwarded to an imaging center. The expense report and receipts are imaged and destroyed.

For fleet cardholders, the “one card” program lets them refuel anywhere—not just at their work

location or a limited number of fuel locations.

Driving results

The Citibank® One Card Program at General Motors delivered automation, replacing manual processing. Improved efficiency has realized big dollar savings. And cardholders are very satisfied with the ease of use, convenience, and the new automated expense reporting process, received via the “one card” program.

As a result of the program significant headcount was re-deployed into more strategic, value-add roles within GM. Millions of dollars in operating expenses were trimmed with the program’s North American

launch, and future global expansion plans are in development.

As the program grows, GM expects to reap even more rewards in terms of cost savings, process efficiencies, improved order-to-bill pay, enhanced audit control, and enthusiastic employee adoption.

The Citibank® One Card Program at General Motors delivered: automation, replacing manual processing

This case study is entirely based on information provided by, and as approved by General Motors and Citibank.



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