



NAVIGATING THE COMPLEX WORLD OF **CORPORATE TRAVEL**

How optimization can positively impact your
bottom line

The comfort and convenience of your regular travelers should always be a top priority but not at the expense of your bottom line. Oversights and overspends on travel requirements can eat into your profit margin, negatively affecting your business.

Without cost-effective corporate travel policies – and strict adherence to them – there may be an effort to shrink resource in other areas without first examining the root cause of such inefficiencies.

So what can you do to ensure your travel policy is optimized to best effect? And how can you successfully implement such operations to make significant savings, without sacrificing resource?

On average, an estimated **1.3 million business trips** occur each day in the U.S. Business travel spending exceeded **\$300 billion** in 2015 and is poised to project an even bigger increase – by 2020 it's estimated global spending will hit **\$1.6 trillion**, a staggering 25% increase on the 2015 figure.



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BUSINESS TRAVEL SPENDING EXCEEDED

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IN 2015



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IS THE ESTIMATED GLOBAL

SPEND IN 2020

Astounding though these statistics are, it's all in a day's work for the country's leading employers, who are tasked with a huge organizational effort.

Overseeing the passage of **millions of people** each day requires tremendous resource, both monetary and in terms of manpower. That's before factoring in the appropriate and necessary standards of comfort, convenience and traveler safety, all of which combine to make corporate travel management an incredibly expensive and complex component of running a business.

Consider a typical long-distance business trip: there are the outbound and return flights, hotel transfers, car rental or hire for multiple visits during the course of the stay, subsistence allowances, accommodation and often extensive hospitality requisites.

Employees tasked with ensuring these **bookings proceed as smoothly as possible** are already hampered by a number of

additional considerations; how far in advance (or how last minute) a trip is organized; penalties for booking changes or cancellation; the logistics of the trip itself; and local, national and international variations in wider protocol such as airport security and local customs.

As your company grows, an increasing number of representatives will be making these sojourns, whether pitching for new business or building relationships with existing clients. In line with the industry's predicted **\$1.6 trillion spend on global travel before 2020**, many businesses will be in the same boat.

If your organization is soon to be contributing to that massive **25% growth**, are you confident you can ride the crest of the wave and deliver a streamlined, efficient and cost-effective travel policy?





CHALLENGES FACING YOUR BUSINESS

For your expanding business, new responsibilities on a national and international level require the exponential increase of individual travel bookings – and potentially a dramatic drain on resource in terms of how they're managed. While travel bookings may previously have been managed in-house, growing demands on employees' time may leave them unable to fulfil other responsibilities.

When the pressures of time or limited resource make due diligence too much of a challenge, you're likely to see an increase in bookings that exceed recommended guidelines – or contravene company policy entirely.

It could also be the case that where it falls to an individual to make their own bookings, they may not be thorough or experienced enough to plan their trip effectively.

BOTH THESE SCENARIOS COULD HAVE THE FOLLOWING NEGATIVE EFFECTS:

1

Travel managers or delegates are let down by a booking, or forget to make one. It could be a minor missed connection or a major error such as forgetting about accommodation. Either way, this could have a catastrophic impact, for example if a travel booking mistake ends up adversely affecting a client relationship or, worse, losing business.

2

Booking budget is exceeded. A costly last-minute flight or other expense could have a sky-high price tag, while a booking that fails to leverage possible discounts on multiple bookings or existing relationships with service providers can also prove costly.

3

Failure to adhere to the ongoing shifts in airline policies or general travel guidelines could potentially result in delay or detainment for the traveler. As the global political climate heats up, stakeholders should plan extremely carefully to ensure minimal risk and disruption.

Without a proper travel policy in place to set expenses parameters, or the company resource to ensure efficient and timely bookings, there could be regular cost infringements to your business – and there’s no telling how much of that expenditure is simply unnecessary.

More than 60% of the companies we surveyed said they outsourced some aspect of their Strategic Meetings Management (SMM) program, yet there are still many challenges facing policymakers trying to maximize efficiencies and savings.

THESE INCLUDE:

Rising hotel costs. As the price of hotel room continues to increase, companies are often forced into difficult positions when it comes to their continued business.

Rogue bookings. Even if policy is enforced across the board, travel managers may still occasionally deviate from recommended booking agents.

Locking down travel discounts. Some airline carriers are cancelling contracted discounts in as little as 90 days if a bookings quota is not initially met.

Meeting ‘green’ guidelines. With the global focus on an environmentally friendly approach to travel, companies must consider greater sustainability in their schedule.

Changing travelers’ behavior. Encouraging employees to stick to the travel policy as closely as possible can be a huge challenge, especially when convenience may take precedence.

CHALLENGES

- **Cost vs flexibility**
- **Operational**
- **Availability of resource**
- **Safety and security**
- **Implementation**
- **Monitoring**
- **Measuring ROI**
- **Communicating change**
- **Incentivizing**
- **Engaging staff**
- **Keeping up with business growth**

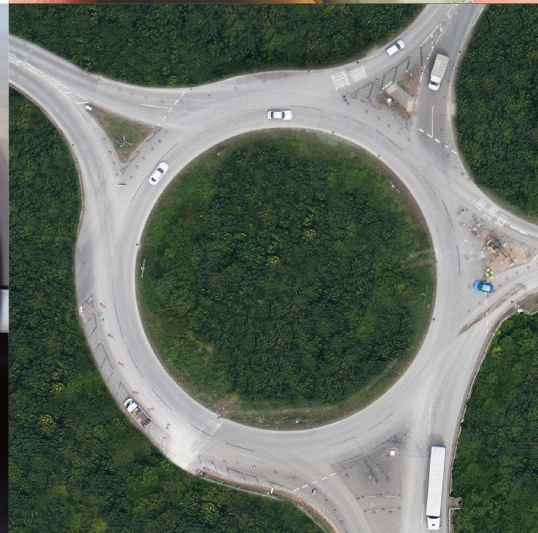
An effective travel policy doesn't need to be the size of an aircraft hangar, but in the interests of making effective savings, it should be comprehensive enough for employees to understand its importance to the business.

As such, the policy should make clear the 'why' as well as the 'how'. It should also make a concerted effort to involve, engage and empower employees. The goal is for them to view the policy objective as an achievable and meaningful goal, rather than an inconvenience and source of frustration.

As travel expense grows to become one of your largest sources of outgoing spend, likely to be in a similar league to salary and IT infrastructure, delivering savings in this area becomes ever-more important.

Companies are increasingly turning to external sources to ease capacity and ensure travel bookings are made more affordably and with sufficient security and planning in mind.

If your business isn't following suit, the drain on company resources could be telling.





TAKING YOUR BUSINESS TO THE NEXT LEVEL

More often than not, a growing business will struggle to deploy the most effective travel plans as the sheer volume of bookings to be made starts to exponentially increase. In the interests of achieving the most cost or time-effective journey on every occasion, recommended costs may be exceeded on a regular basis, either as a result of poor planning or foresight, or simple avoidance of best practice.

But in order to take your business to the next level, these processes must be streamlined - just like any other aspect of your growth strategy. A business should aim to scale

down on unnecessary losses and the inefficiencies of operations. Giving your travel goals as much attention and focus as your other business objectives is a simple way to work towards overarching company objectives.

To avoid short-sighted mistakes that could leave delegates stranded or unsafe - and to help overcome ongoing challenges such as rising costs - a robust company travel policy that ensures all employees are aligned to a common goal is absolutely essential.

HERE ARE SOME THINGS TO CONSIDER, ALONG WITH ASSOCIATED BENEFITS:

- To save on manpower, consider enlisting a travel management company to negotiate discounts and take care of bookings for you. With the legwork taken care of, you'll free up valuable company resource which can then be applied elsewhere in the business, allowing you to focus attention on other logistical and operational areas.
- Implementing a catch-all travel policy for employees from the outset means simultaneous focus on reining in the costs and meeting the needs of the business. A pre-emptive strike on keeping costs down before they begin to spiral out of control demonstrates an understanding of the bigger picture, lays the foundations of a solid strategy and determines how you can retool your approach accordingly.
- Meet the challenge of making savings on travel head-on, just as you would any other aspect of a new or improved business strategy. Viewed objectively, your own business needs should take equal importance to those of big-spending clients.



TRAVEL POLICY ESSENTIALS

Getting Started

Running an efficient company travel scheme is set to become one of your biggest business objectives, which is why it's crucial to meet the push for cost efficiencies at every level.

With 1.3 million business trips taking place each day in the United States alone - and the fact travel and expense (T&E) spend is often a company's largest outlay second only to salary - a travel policy is one of the most important optimizations.

A COMPANY TRAVEL POLICY SHOULD MAKE CLEAR THE PREFERRED METHOD OF BOOKING TRAVEL FROM A NUMBER OF STANDPOINTS:

- Which providers should be used to make bookings – including airlines, trains and rental vehicles.
- When to book - for optimum savings, some travel providers may recommend a certain period of notice ahead of travel, often between two weeks and a month in advance, or even more.
- How to make the booking – be it direct through the provider's website, or via a specialist travel management tool.
- Expenses payments - will employees pay for T&E themselves and receive reimbursements, or are all outgoing payments covered by the company direct? Are special financial or accounting arrangements required for either option, such as company credit cards?

A FULLY-OPTIMIZED TRAVEL POLICY INCLUDES:

- ✓ RECOMMENDED PROVIDERS
- ✓ NOTICE PERIODS FOR BOOKING
- ✓ BEST TOOLS FOR BOOKING
- ✓ PAYMENT METHODS
- ✓ EXPENSES FACILITY AND PROTOCOL
- ✓ DETAIL ON WHAT IS AND ISN'T ACCEPTABLE UNDER COMPANY GUIDELINES.



HOW TO ENGAGE YOUR EMPLOYEES

Once your overarching goals have been incorporated into your business strategy and the importance of a company-wide travel policy has been established, it's time to focus on the day-to-day roll-out and implementation of your operations.

Where careful planning takes a backseat to an urgent meeting which necessitates overspend, or priorities are somewhat lost in the shuffle, it may have an adverse effect on employee adoption of the travel policy.



Don't be too ambitious to begin with - demonstrate value and then grow. And the absolute key is to identify your stakeholders early on and get their buy-in.

Kari Wendel, senior director of Global SMM Strategy & Solutions, CWT Meetings & Events

However, staff participation can be increased - and even encouraged - through enforcing company procedures such as preferred partner booking. If your employees use mobile apps or desktop tools to arrange travel through their management suite, it may be possible to prohibit more expensive travel options.

Alternatively, you might want to consider rewarding employees who deliver higher savings - and incentivize

others to do the same. Whether it's as big as an extra day's vacation or as modest a gesture as a gift card, employees who understand the rewards of buying into your travel policy are strong advocates and allies.

Resolving these issues outlines what staff can do to help drive the program of efficiency forward - and will ensure your company travel policy meets the required standard.









MAKING SAVINGS ON TRAVEL

Monitoring the costs incurred by travelers is an essential part of any travel policy but offering the flexibility to make savings ahead of a trip is just as important. That way, you can use the information provided to decide which

service providers or third parties are putting forward the best deals, or whether there's potential for any of them to create a better offering for block or bulk bookings.

DAY-TO-DAY TRAVEL TIPS

-  **Fly to a smaller airport**
-  **Check hotel and car rates for one day more or one day less – the cost could work out cheaper**
-  **Consider pre-booked taxis as an alternative – it could be more cost effective than hire cars and also means your delegate can work on the go**
-  **Avoid underestimating the potential of internal flights, coach or train travel – a range of different options could drive down the overall cost**
-  **Book as far in advance as possible, for lower rates**
-  **Source accommodation and hospitality options that can be used repeatedly – bulk deals can make for great savings**

MONITORING SPEND

Keep an eye on travel expenses after the fact. Monitor where the big spending is being done, by whom and why, with a view to dramatically reducing overall costs.

CHANGING TRAVELERS' BEHAVIOR

Challenge your travelers to make as large a saving as they can. Some companies offer the difference in gift cards.



THE TRAVEL PACT

Implementing the policy

Now you've emphasized the importance of more careful consideration of the travel policy, it's time to set key performance indicators (KPIs), along with regular reviews, to track its efficacy. Reporting should be scheduled into your wider bi-annual or annual commercial appraisals.

Raise awareness of the best use of the travel policy by promoting it through internal communications: staff emails, intranet posts and informal presentations are all great ways of introducing the new process without resorting to its mandatory enforcement through higher channels at this early stage.

Educate travelers about the best practices for booking travel and how to avoid spending more than is strictly necessary for services. Business travel affects a company in more ways than one: with profit margins, manpower and resources to consider (as well as the environmental effects), closer scrutiny of the costs may be in order.

A responsible employer should take care of its travelers, meet their needs with the best rooms and flight options available, and ensure their safety is always at the top of the agenda. Entrusting employees with the most salable booking options is a sure step towards ensuring you lay the foundations for an ambitious company future.

KPIs of an optimized travel policy:

- **Reduced travel expenditure**
- **Reduced overspend**
- **Year-on-year savings made**
- **Strong employee satisfaction**
- **Increased productivity**



THE BENEFITS OF AUTOMATED TRAVEL MANAGEMENT

Businesses can benefit greatly from outsourcing their travel needs. It frees up much-needed manpower and other resources, which can be better used elsewhere, while opening up new fields of insight.

Compliance with company travel policy should be the first step towards making savings, while greater cost visibility is key to keeping your plans and operations on track.

Using a centralized management system, it's possible to observe where spending is taking place via the intake of data from travel providers and other vendors. The data can then be used to make recommendations on driving efficiency across the business, meaning user convenience and comfort can still be delivered – as can safety – without the need to enforce stringent travel policy.

With the CWT To Go™ app for iOS, BlackBerry, Windows phone and Android, you can book preferred hotels at special rates, check in with more than 250 airlines worldwide and get updates on your travel itinerary on the go.

Another effective time-saving tool from Business Travel Solutions by Carlson Wagonlit Travel is CWT AnalytIQs – an essential for travel data management. Providing real-time and flexible data, this tool can inform and revolutionize your decision making when it comes to corporate travel.

Want to know more about how Carlson Wagonlit Travel can help you navigate the complex world of corporate travel? Use our Business Travel Solutions by Carlson Wagonlit 'contact us' page and our experts will get in touch soon. **Get in touch by calling 800-456-5220.**