



# HOW TO CREATE THE RIGHT TRAVEL POLICY FOR YOUR COMPANY

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**H**as your company grown to the point that you're contemplating getting professional help with travel arrangements? If so, read through the approaches below, which have been tested out by seasoned travel managers, corporate administrators, and human resources professionals. We know it's daunting at first, but it all starts to make sense the more you dive into the wonderful world of travel management. And remember, as Rome was not created in one day, neither will your travel policy. It will continually evolve as your company does, so don't let this exercise overwhelm you. You've got to start somewhere!

## Key Points for Your Travel Policy

- **Preferred Vendors:** Which airlines fly non-stop to your most frequent destinations? What class of hotels are acceptable? And which hotels are most conveniently located near your business destinations? Do you have a primary car rental vendor? Do you need a secondary vendor?
- **Booking Guidelines:**
  - **Air:** Since ticket prices are directly related to advance purchase, what's the policy on how many days prior to travel tickets should be purchased? Are employees allowed to book Business or First class seats if coach is sold out? What if a senior officer is flying with her? Are there variations on the rules depending on the length of flight or international travel? Is Business or First class allowed if travel is international?
  - **Hotel:** Should employees only be allowed to book hotels offering free wi-fi or breakfast?
  - **Car:** What car class should be allowed? Are there exceptions? Will you require cars to be refueled prior to their return? What is your policy regarding car insurance?
- **Spending Guidelines:** How much can be spent on meals, or is a "per diem" the better allowance?
- **Other Expenses:** What are the allowable entertainment and dining expenses related to business development or sales?
- **Company culture:** Do employees tend to travel together? And how does your management team feel about people adding on a day or two to the start or finish of a business trip?
- **Brand image and industry:** If you work for a high-profile company or your business caters to the luxury segment, do you need to account for higher per diems or upscale hotel chains? Conversely, if your business is branded on smart spending or saving people money, how does this impact your travel policy?



## Policy Types

### Comprehensive:

The least flexible policy for travelers, the comprehensive policy is defined by strict adherence to rules and requirements. A tight travel policy requires employees to use an established booking tool, with only pre-approved suppliers. Pre-trip approval may be required prior to completing a booking. Managers can expect to see back-end reporting to ensure compliance. The finance department will have refined the expense processes and be able to make recommendations and decisions based on the data. A company with this type of policy typically has crisis management protocols to ensure that employees on company travel can quickly be accounted for during an emergency.

**Pros** - a comprehensive policy allows maximum visibility into the company's spending, bulk savings on all travel and the ability to negotiate better perks and amenities based on demonstrable revenues.

**Cons** - restrictions that are too tight and inflexible may erode morale and could exacerbate out-of-compliance bookings, and possibly cause loss of productivity during trips.



### Medium Strength:

Companies in this category have guidelines rather than policies. There is more discretion to design your own travel rather than use a pool of pre-approved suppliers. Some may use an agency that tracks spending and offers limited online and mobile technology. Employee travel likely requires manager-approval of transportation expenses with an expense account on a corporate credit card. With little visibility into where employees are when on the road, the company could be putting its most important assets at risk.

**Pros** - An in-house travel manager or administrator can help the company manage their travelers and related logistics. Preferred rates and cost tracking could provide the company significant savings.

**Cons** - Travel expenses are one of the easiest ways to control company spending; but without a clear idea of what's being spent, it's difficult to accurately account for this line-item on the expense sheet. The opportunity to leverage spending data to obtain volume discounts is minimized. Purchases can't be scrutinized to ensure the best value has been secured.

## Permissive:

It's all about freedom of choice within certain guidelines. With no active travel management or uniform booking tool, these companies use a receipt-based T&E process or a flat per diem. This approach has no preferred travel agency or supplier programs and little to no usage of traveler data. Employees are permitted to book via any platform and are advised to keep total trip spending below prescribed levels—as long as they keep the travel department informed of their plans.

**Pros** - this type of travel policy may be what employees view as a perk of the job. However, you certainly don't want employees to think that travel cost control is not a company priority. Travelers are allowed to directly control more aspects of their journey, which may result in employees choosing air and hotels for convenience or elite status over cost savings.

**Cons** - the company's bottom line is the big loser in this arrangement with reduced purchasing leverage and little visibility to travelers' whereabouts. Employees may be more inclined to purchase airline tickets or hotel rooms based on rewards programs, even if it comes at a higher price. There are big savings opportunities for companies who put travel expenses under a microscope, or at least a magnifying glass.

## You're Not Alone

Creating the right travel policy for your company may seem overwhelming, but you don't have to tackle this task alone. Travel Leaders Group can help you to not only develop a customized travel policy that aligns with your company goals, but also show you how much ROI can be gained.