

Travel Policy and Compliance

Companies can save an average of 20% of total travel spend by developing and enforcing an effective travel policy.

GTI has researched the advantages of travel policy compliance using benchmarks of travel policies and surveys of travel managers, travelers and travel arrangers. It was discovered that there are several areas that impact savings potential and that the cost savings averaged 20% with a well thought out policy and enforcement strategy.

Improvements to policy can enable companies to save an average of **8 percent** on total travel spend and an average of **12 percent** on traveler compliance.

Savings come from improvements in five main areas.

- **Advance Booking**

Booking in advance enables travelers to get significantly lower airfares—depending on how far in advance the booking is made, the class of travel and the route, the average ticket price can be lower by 50%. Yet companies generally recommend, not mandate advance air booking in their travel policy and rarely specify a clear time frame. Companies that **mandate booking at least 14 days in advance** whenever possible realize greater savings.

- **Non-Refundable Tickets**

Non-refundable fares usually cost considerably less than other fares, particularly for short haul flights, where the savings can be more than 60%. Companies stay away from non-refundables because of the cost of exchanging or canceling a ticket. However our research shows that even with change fees, companies save an average of 24%. One main reason is that companies typically change or cancel less than 20% of tickets—considerably lower than most companies believe. The companies that make the best use of this savings opportunity **mandate the use of non refundable tickets even if travelers' plans could change.**

- **Traveler Comfort**

Many companies set a minimum length of flight in order to allow travelers to fly business class. The average is six hours and varies slightly for executives versus other employees. For hotels, the type of preferred hotels chosen can make a significant difference. Adjustments to the authorized air seating classes and preferred hotels can have a significant impact on costs.

- **Preferred Booking Channels**

Booking through the travel management company brings definite benefits. Benchmarks published by corporate travel consulting company Topaz International shows an average of 13% lower airfares through a travel management company versus the web. Hotel rates are 20% lower through travel management companies than when booked through alternative channels. These savings can be further enhanced by using an online booking tool in addition to the agent services provided by the travel management company. An analysis for a major company indicates that travelers use preferred suppliers an average of 20% more if they use the online booking tool. Despite this potential, few companies mandate the use of their online booking tool.

Keys to Success

1. **Get support from top management** - Best policies have total involvement of management
2. **Provide travelers clear, comprehensive guidelines** – Ideally a travel policy sets mandates where possible and should cover each of the five main areas listed above.
3. **Standardize the policy regionally or globally** – By aligning travel rules and processes across business units and regions, travel managers can share best practices and reduce costs.
4. **Communication and Training** – The best performing companies clearly explain the benefits of the travel policy to travelers. All travelers and travel arrangers should receive thorough training in the travel policy and booking tools.
5. **Drive compliance at point of sale** - Integrating the travel policy into the booking process, both with travel consultants and through online booking helps drive travelers toward compliance.
6. **Track progress and take corrective action** – Travel managers should measure performance regularly. Comparing results by business unit can reinforce efforts to boost compliance.
7. **Benchmark industry performance** – A company's travel policy should reflect its culture and business priorities but benchmarking ensures the policy remains in line with standards as they change.
8. **Use your travel management company expertise** – A travel management company can assist with travel policy design and implementation, as well as compliance. Travel management companies can also help monitor and improve performance.

In Closing

Many of the best practices listed here are within the reach of all companies. Organizations need to focus less on tightening the rules than on making the policy clear and reinforcing compliance. To get the greatest benefits, travel managers need to work as a team with their senior executives and travel management company to define the right policy and make sure travelers play by the rules.

For more information about how GTI experts can help your company develop and optimize its travel policy, email us at info@gtitravel.com