

Is your company spending too much on business travel?

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With business models becoming increasingly global, companies are spending more to send employees across the world. The Global Business Travel Association predicts that, by 2020, the business travel industry will have ballooned to \$1.6tn in value.



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There is no doubt that face-to-face meetings and business travel are crucial to grow a business. However, in-person meetings can create a serious drag on a company's bottom line.

The following four red flags could help companies avoid overspending:

1. You don't have a clear overview of your spend

Without a clear overview of total travel spend, a company may not even realise how much it spends on change fees, taxes and visas. Items such as baggage fees, breakfast and airport parking can also add up to substantial amounts.

By defining procedures for T&E management, companies will be better positioned to analyse costs and see if budgets are accurate. That will help to identify who is spending what, on what, and help to identify travel trends and savings opportunities. Without a T&E management protocol, you have no meaningful way to benchmark.

2. Your employees lose time booking independently

You might think that tackling travel bookings on your own is a great way to cut costs, but have you considered what the wasted hours trolling the Internet for the best price is costing you? And are you sure you secured the best deal?

Recent statistics suggest that, on average, corporate travellers spend 20 minutes reading hotel reviews before making a booking. What's more, the cost of getting it wrong is more than paying a change-fee; it's the wellbeing of the traveller that is affected... the person who you've entrusted to close that important deal for the company whose performance and morale is now changed because their travel plans have been disrupted due to unexpected events.

Working with a travel management company cuts out the time investment and allows your employees to focus on what really matters. Having a dedicated Travel Manager is like having your own travel specialist.

3. Your employees seem to overspend on 'small' luxuries

With employee overspending representing up to a third of the T&E budget, it is vital to nip bad habits in the bud. An unnecessary upgrade here, a few drinks from hotel mini bar there. These seemingly harmless expenditures can sabotage a company's travel budget.

The best way to avoid employee overspending is to make sure employees are well informed. Unintentional overspending occurs when employees are unsure which airline or hotel they are allowed to book, or if they don't know what the company considers to be an acceptable travel expense.

Companies need to make sure to have a clear and concise travel policy in place that offers guidelines on entertainment allowances, changing or cancelling flights, or what travel classes may be booked. Having a travel policy in place not only provides boundaries and clarity, but it also ensures the traveller's wellbeing while on the road.

4. Your cash flow is compromised

Don't unnecessarily put your business' cash flow under pressure. Opting for an interest-free credit account is a straightforward way to help the company save money. Instead of a company receiving receipts, and invoices and expenses from all angles, the finance department will be issued with one, consolidated invoice that indicates the total travel spend.

Offering clients several flexible payment choices to make sure their cash flow is not impacted as a result of their travel requirements can create much-needed breathing space for SMEs when it comes to the payment of clients travel requirements."

5. You're not sure when to book to obtain the best fares

Did you know that companies can save up to 21% of their travel spend by simply booking flights in advance? Business travellers can pay up to 200% more for airfares purchased one day out from travel.

A professional Travel Management Company provides invaluable information on the intricacies of booking travel, which can help a company save on its travel spend. A travel consultant will, for example, tell you that opting for semi-flexible fares will save on the change and cancellation fees you would have incurred when booking fixed fares. They will also advise that return fares offer better value than one-way tickets and that it is possible to decrease the cost of an airfare simply by booking different cabins for various legs of the journey.

6. You haven't negotiated agreements with your suppliers

Negotiating preferred agreements is a smart way to reduce company expenses, however, if the thought of negotiating with

airlines and hotel chains gives you anxiety, partner with a reliable TMC.

By teaming up with a travel professional, you can piggyback off their existing relationships with suppliers, and their global buying power, benefitting from reduced rates and special privileges, such as not having to pay a hefty deposit when you rent a vehicle.

With business travel rated as one of the five most significant expenses for a business of any size, it is vital for companies to avoid overspending.

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