



# **Paper On Best Practice Travel Policy**

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**ACADEMY OF BUSINESS TRAVEL**

# Introduction

Travelling for business purposes across both the public and private sector is worth approximately £10 billion each year. The amounts of expenditure and mode of transportation differ by company, but what all share is the need to implement firm controls through an internal travel policy. The success of the policy can be best measured by the level of adherence by travellers to what is written within the policy.

The policy should balance the requirements of key stake holders covering Finance, Human Resources, Purchasing as well as the travellers themselves. The policy should specifically address key aspects of purchasing travel including;

- Initiation
- Requisition
- Approval systems
- Delivery
- Payment
- Settlement

“The success of the policy can be measured by the level of adherence by travellers to what is written within the policy.”

Without tight systems and procedures being implemented, companies and their personnel are at risk of;

- Losing control
- Being inefficient
- Overspending
- Missing supplier discounts
- Diluting purchasing leverage
- Compromising travellers health, welfare, safety & security
- Contravening Government sustainability targets

This paper lays out the key areas for consideration.

## Communication Is Key

Development of a company's travel policy is a continual process. For this reason it needs to be sponsored from the highest level. It also needs to be owned and maintained. Policies are more effective when;

- They can be mandated, directed or strongly influenced
- A senior Director endorses the travel policy
- Travel policy is proactively marketed
- The policy is continuously monitored and improved
- They are accessible i.e. via an internal Intranet
- The policies writing style is succinct, specific, relevant and informative
- The policy uses language that is unambiguous
- Prescriptive language is used i.e. avoids phrases like "where possible"

**"The greatest opportunity to make savings is by changing traveller behaviour"**

## Sustainability Commitments

According to the Environmental Audit Committee, transport including business travel, was the only sector in the UK economy in which carbon emissions were higher in 2004 than in 1990\* Increased demand for travel is supported by research by the Guild Of Travel Management Companies (GTMC) who supply the requirements for over 80% of UK companies travelling overseas. Their latest quarterly transaction report for 2006 revealed a 7% increase in transactions over the corresponding period the previous year\*\*.

These figures clearly illustrate that meeting Government targets for being carbon neutral by 2020 will require significant changes in working practices. Travel policies have a significant part to play by;

- Influencing and controlling traveller behaviour
- Encouraging increased use of telephone and video conferencing
- Making travellers responsible and accountable for their actions
- Educating and incentivising travellers to reduce their "carbon footprint"
- Managing targets with realistic expectations
- Facilitating the reporting, tracking and measurement of emissions

**"One Government Department has agreed that one of the 2006 / 07 bonus targets should be to *"Reduce Carbon Dioxide (CO2) emissions by at least 10% from business travel"*.**

\* Source: Public Sector Procurement, Issue 12, Jan 07 "putting you in the picture-sustainability"  
\*\* Source: buying business travel, Issue 24, Jan/Feb 2007

## Greater Savings

With considerable expenditure being spent on travel, there is ample opportunity to consolidate purchasing data and make savings. The travel policy document provides the control mechanism by which to;

- Channel expenditure through preferred suppliers
- Collate valuable purchasing data
- Ensure data is used to negotiate discounts with preferred suppliers
- Aggregate expenditure and obtain savings of up to;
  - 40% on airfare and hotel room rates
  - 9% on rail fares
  - 10% on car rental
- Gain efficiency savings in time and effort
- Decrease carbon emissions
- Reduce the overall cost of expense management

*“In a recent review of a Government Department, the Academy of Business Travel was able to identify savings of over £250,000”*

## Health, Safety and Security for Travellers

Employees travelling on company business have a responsibility to avoid exposure to any undue risk. Responsibility also applies to employers under their “duty of care” obligations. The travel policy should address these issues which include;

- Balancing business needs with traveller comfort and convenience
- Ensuring travellers remain traceable and contactable at all times
- Recognising that booking outside policy is a high risk issue
- Protecting employees during times of disaster recovery

*“The travel policy is not just about saving cost, it also balances the business need with the travellers need for comfort, convenience, safety & security”*

## Enhanced Supplier Service Levels

The process of sourcing suppliers is a labour intensive and costly process spread over several months. Adhering to suppliers appointed in the travel policy will insure investments are protected. The travel policy will provide for;

- Service levels to be monitored and managed
- Attention to detail to become common practice
- Travellers to be supported at all times
- Opportunities for customers to be provided with value added services
- Innovation and continuous improvements to be sought
- Convenience and reliability to be common practice

## Conclusion

This paper has outlined the key areas involved in a best practice travel policy. A travel policies success can be measured by the level of compliance and adherence to its contents. The policy therefore needs to be informative, specific and written in a prescriptive style to ensure best results. Communication and internal marketing of the policy is vital, if the policy is to be successful.

Sustainability issues should be covered together with the travellers own health, safety, comfort and convenience requirements. A travel policy that elicits high compliance rates from its travellers will deliver savings and increased service performance.

## Further Information

The Academy of Business Travel is independent company providing impartial advice for senior decision makers with responsibility for travel purchasing.

**Academy of Business Travel**

[www.academyobt.com](http://www.academyobt.com)

**Climate Change-Department for Environment Food and Rural Affairs  
(DEFRA) [www.defra.gov.uk/environment/climatechange/latest.htm](http://www.defra.gov.uk/environment/climatechange/latest.htm)**

## About The Author

The Academy of Business Travel was founded in 1999 by Russell Hart. The company provides high level travel purchasing advice to decision makers within National and Multi-national organisations with large volumes of travel expenditure. The purpose is to reduce cost, streamline processes and improve business performance in the travel purchasing function.

Russell Hart has an intimate understanding of both the buyer and the supplier side of travel purchasing. He worked for the travel division of American, aerospace manufacturer, McDonnell Douglas. Then, after going through a management buy-out, as the Sales Director, he helped grow the company from a turnover of £9M (€13M) to £26M (€37M) in 6 years.



Selling his shares in 1999, he set up his own consulting company working with major public and private sector organisations from a diverse range of industries including the Department of Health, The Office for Government Commerce (OGC), Bristow Helicopters, Commonwealth Secretariat, Balfour Beatty, Smith + Nephew and the Dubai Travel & Tourist Group.

Russell is regularly asked to contribute articles on travel purchasing and was the author of "Flights Of Fantasy" a magazine article, written in January 2001, predicting changes in the GDS/agency/airline model.

He is a member of the global, Association of Corporate Travel Executives (ACTE) and the Institute of Travel Management (ITM). In his spare time he is Vice President for Public Relations for Dorset based Toastmasters International.

## TESTIMONIALS

*"You should congratulate yourself on your ability to understand complex requests and business conditions and turn them into practical solutions. You have an overriding sense of humour that coupled with the above is a formidable strength in any business situation."*

**American Express**

*"Russell is a very pleasant person to work with, and is excellent at forming good working relationships with clients without losing sight of the main objective and time frame"*

**ArjoWiggins**

*"Russell impressed us with his efficient and diligent approach"*

**Balfour Beatty**

*"Your valuable advice and professionalism were very much appreciated"*

**Department of Health**

*"... self-confidence and affability that wins peoples confidence, friendship and trust."*

**Herbert Smith**

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