



IS YOUR CORPORATE TRAVEL PROGRAM LEAKING?

by Eric Bausman

In spite of the Herculean efforts of travel managers to develop the best travel program possible for their company, employees can stray. They sometimes book outside of their company's traditional channels like online booking tools and travel management companies (OBTs and TMCs). Travelers also don't always book with preferred suppliers.

These activities cause breakdowns and gaps in the complete data that travel managers need for their CFOs. Those outside bookings are referred to as "leakage," and they represent an ever-increasing challenge for today's managed travel programs. →



HOW CAN LEAKAGE IMPACT A BUSINESS?

Leakage can have a big impact not just on the success of a corporate travel program, but also on the bottom line, including:

1. Poor tracking of planned spend to actual spend
2. More difficulty effectively managing travel budgets
3. Missed supplier discounts
4. An inability to optimize supplier agreements
5. Decreased negotiating leverage for future agreements
6. A lack of visibility into traveler location—a critical requirement to meet duty of care obligations

DOES THE SIZE OF A BUSINESS PROTECT AGAINST LEAKAGE?

First, let's acknowledge that many very-small, small, and medium-sized businesses may not have a formal managed travel program: employees book their travel in the way that's most convenient and efficient for them. To them, not using an OBT or TMC isn't "leakage," it's just "booking travel." In that context, we might say 100% of their travel spend is exposed to the challenges listed above.

But what about in the large-market and enterprise space, where most companies have implemented a managed travel program? According to two recent studies, around half of all business travel bookings by employees in those companies happen outside of the traditional channels:

- 40% of managed travelers don't always comply with their company's booking channel policy, according to the PhoCusWright's U.S. Business Traveler: Managed, Unmanaged, and Rogue 2012 report
- More than 50% of travelers book outside of their companies' recommended hotel booking channels, despite a carefully managed travel program, according to internal research conducted by Carlson Wagonlit Travel →

JUST DOING THE RIGHT THING

Having been in the travel industry a long time, I've seen travel managers shake their fists and bemoan travelers who bypass policy and procedure perceivably to get their frequent traveler awards and rewards.

But maybe there's another side to the story. What if employees are simply trying to do the right thing? Sure, there might be a small percentage of travelers who are looking for the most personal rewards they can get. But a just-published study from the Global Business Travel Association (GBTA) suggests that the vast majority want to do right by their company: "98 percent believe they are getting a better deal for their company at least some of the time when booking outside of their corporate booking channel."

KEEP THE POLICY, CHANGE THE PROCESS

Instead of coming up with punitive threats for all travelers who bypass policy—with either good or not-so-good intentions—travel managers would be better served to leverage new technologies to capture complete data. Travel managers far and wide need to make sure they're capturing the most complete data possible. It's no easy task, we understand. But by having the best tools, policies and technologies in place, your travel processes as a whole are improved and the benefits of managed travel and integrated travel and expense are realized, no matter where the booking takes place. ■

About the Author

Eric Bausman is a travel industry veteran with more than 13 years experience. That background has given him the understanding and keen insight needed to drive significant corporate travel innovations in his role as Sr. Product Manager for Concur. Mr. Bausman lives in the San Francisco Bay Area with his wife and two dogs.

