

Title:

Extracting Real Benefits From Travel & Expense Management

Word Count:

730

Summary:

For your company to truly reap the rewards of a structured corporate travel policy, it must focus on one thing above all else: compliance. Unfortunately, while the explosion in convenient Self Booking Tools gives you a lot more freedom of choice, it also makes compliance a great deal more challenging. Any technology that supports an increase in compliance to policy has merit; it will save your company money and bring back the benefits of corporate travel.

Today's diversit...

Keywords:

expense management solution,ems,expense management

Article Body:

For your company to truly reap the rewards of a structured corporate travel policy, it must focus on one thing above all else: compliance. Unfortunately, while the explosion in convenient Self Booking Tools gives you a lot more freedom of choice, it also makes compliance a great deal more challenging. Any technology that supports an increase in compliance to policy has merit; it will save your company money and bring back the benefits of corporate travel.

Today's diversity of choice in self booking tools makes compliance through denial of access a very difficult protocol to enforce. What you really need is a funnel through which 100% of your company's travel activity must pass. In the corporate world, the only viable funnel is the payment mechanism - getting paid is the ultimate leveler. If you use a corporate credit card as the payment mechanism, supported by an expense management solution, and suppliers who can report back to you a reasonable level of data, you stand a very good chance of supporting the compliance objective.

A compliance-friendly Expense Management Solution (EMS)

An expense management solution which processes card transactions (and possesses decent workflow) requires the traveler to personally justify all deviations from policy to their supervisor - on a transaction by transaction basis. Just as importantly, the warehoused individual transactions give the corporate travel

manager the opportunity to conduct spend analysis and examine individual and aggregate behaviors.

You might argue that this is after the act, but it still encourages compliance. As per all card based procurement systems, if an employee consistently deviates from company policy, they may be penalized (e.g. card withdrawal, official warning, employment termination, etc.). The threat of negative repercussions acts as a deterrent to card misuse, thereby increasing the level of compliance.

The benefits of policy compliance

80% of the business case benefits of corporate travel will come from travel policy compliance. This requires:

- Sound policy and procedures;
- A comprehensive communication strategy;
- A gate through which all activity can be channeled (the card and the expense management solution); and
- Tools to monitor and measure compliance.

There will also be some peripheral benefits to be gained from an expense management solution in the pre-trip phase:

For instance:

- The traveler can use the work flow component of an expense management solution to create travel request and approval records rather than using something less structured like emails.
- Using the expense management solution, the traveler can create a "commitment" record at the time of booking for subsequent matching of the credit card transaction when it comes through.
- You can obtain a download of trip data from your TMC, and travelers can seek to match that against trip card transactions, thus reducing the quantity of manual entries required of the travel coordinator.
- The expense management solution provides travelers with a real-time log of commitments beyond what might be recorded in a personal diary.

How does it apply to your company?

In looking at the business case for this exercise, you do need to closely

examine a number of factors to determine the benefits you will actually realize:

- There are no industry-wide standards, and the market tends to work as a series of isolated closed provider loops - your efficiencies will be greatest if can conduct your business entirely within one closed loop. It is up to you to determine if you can obtain maximum purchasing power in this environment.
- The importance you place on understanding the cumulative value of travel booked but not yet paid.
- The extent to which you can source the data you require from your travelers via a TMC data feed and, consequently, the keystroke savings you can achieve for those travelers.
- The productivity gains you will obtain for your travelers by virtue of them setting up trip details in your Expense Management Solution (EMS) at time of booking rather than at time of arrival of the card transaction.

The combination of Electronic Travel Management and Expense Management is an important subset of eProcurement, and it is subject to the same challenges facing all eProcurement initiatives over the past 10 years - industry standards, supplier participation, and a seamless marketplace. Until these elements are all in place, greatest advantage will be gained by companies that focus on the big picture of where they can achieve maximum purchasing value with reasonable purchasing productivity - usually based on being able to perform an analysis of spend patterns and behavior.