



TRENDS IN TRAVEL POLICY COMPLIANCE AND ADHERENCE

Whether short or long, weak or strong, simple or highly complex, travel policies form the backbone of most managed travel programs. Consequently, getting them aligned with corporate objectives, updated to reflect the latest marketplace nuances and structured in a way to best appeal to today's workforces have risen in importance. Increasingly, corporations are recognizing how changing traveler behavior, in conjunction with negotiated supplier contracts, helps the organization achieve savings and budget goals. But it all starts with policy and compliance. This white paper highlights trends and strategies to cajole, engage or mandate that travelers align with travel management objectives, as discussed during a recent BTN Group and BMO Financial Group webinar on the topic.

COMPLIANCE CHALLENGES

There is no shortage of travel policy compliance challenges, according to more than 500 travel management professionals surveyed by The BTN Group and BMO Financial Group in May-June 2015. Thirty percent of respondents identified booking through the designated channel as the top concern, followed by adhering to advance booking policies (16 percent), booking preferred hotels (10 percent), adhering to per diems/cost restrictions (7 percent), booking negotiated hotel rates (4 percent) and booking preferred air suppliers (3 percent). But another 30 percent said they had other, unidentified challenges.



Source: The BTN Group/BMO Financial Group webinar registration survey of 504 travel management professionals, May-June 2015

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Booking designated channel

Other

Advance bookings

Booking preferred hotels

Per diems/cost restrictions

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UNDERSTAND CHANGING WORKPLACE DEMOGRAPHICS

For many of the Baby Boomers who have helped to shape and evolve managed travel as practiced today, demographic trends have radically changed the makeup of their organizations' travelers in the past two years. In 2015, Millennials, those 18 to 35, became the largest generation in the U.S. workforce (34 percent) as their numbers surpassed Baby Boomers, whose workforce is shrinking due to retirements, according to the Pew Research Center analysis of U.S. Census data. Gen Xers also represent about 34 percent of the workforce, but with about 800,000 fewer workers than Millennials, according to the Pew analysis.

The trends align with the realities within corporations and travel programs. Harman International Industries Inc. global corporate travel director Sally Abella said she was surprised by recent demographic shifts in her own organization. For example, 94 percent of new hires are Gen X and younger with 42 percent of that total Gen Y, according to the company's human resources department. Across the audio and infotainment systems maker, 42 percent of the workforce falls in the Baby Boomer generation, 42 percent Gen X and 16 percent Gen Y, she added. In the last quarter of 2014, Abella said, more than half of the turnover was from those Gen Y and younger, which prompts one to "really think about who your audience is now and how you'll keep them in your booking channel," she added.

ENGAGING TRAVELERS

"If you haven't recently gone through this exercise with your HR department, I encourage you to do so," said Abella. The data is helpful to consider the technology and suppliers in a travel program, as well as processes, messaging and communication options, such as whether a message would have more impact if sent as a text or email, she added.

Younger generations are all on social media, which forced the company to allow access to such sites as Facebook and YouTube from office computers. It also prompted adoption of more user-friendly travel tools, such as an itinerary app, mobile booking and functionality to allow a snapshot of an expense receipt to be uploaded to the expense management tool, she added.

GENERATIONS IN U.S. WORKFORCE AS OF Q1 2015

Generation	Born	Ages	U.S. Labor Force Millions / Percentage*
Millennials	1981-1997	18-34	53.5M / 34%
Gen X	1965-1980	35-50	52.7M / 34%
Baby Boom	1946-1964	51-69	44.6M / 29%
Silents	1928-1945	70-87	3.7M / 2%

Note: Post-Millennials/Gen Z, born after 1997 were 1 percent of labor force
Source: Pew Research Center tabulations of monthly 1995-2015 U.S. Census Bureau data



It also prompted a shift in the verbiage used in the company's expense system to advise employees of policy violations. Instead of corporate speak, the messaging conveys a lighter "fun tone with words such as Whoops, YIKES, Uh-Oh!"

ENGAGING MANAGERS

Beyond travelers, many organizations struggle with how best to engage managers, who now are at the frontlines of compliance monitoring. Increasingly, travel managers have tried to relinquish the role of "policy police" to the line managers or budget owners. But in doing so, the travel teams must ensure that line managers know and understand the policies to enforce them.

At the highly-diversified financial services provider BMO Financial Group, strategic programs manager Cassandra Prewett said travelers are "very compliant to policy and best practices," which she promotes. Prewett said her compliance focus has been on engaging managers, those at the forefront of educating travelers of the policy and process, and responsible for deciding whether to deny or approve policy violations should business objectives warrant. Prewett said her focus has been to "educate managers on the travel program, let them know the resources available to them, ensure that they know the full capabilities of the online tool and who to contact with any questions or requests for help." For example, if they need help educating their teams on the online tool or selling the benefits of the travel program and process.

"What may work for one area might not work for another," Prewett said. But what often does work for all, she noted is emphasizing the "financial impact of non-adherence to policy." Highlighting the financial impact of non-compliance to certain rules or a forecasted return from just a 10 percent increase in online bookings or other policy issues is language that budget owners understand and can put into action, she added.

DATA 'FIT FOR PURPOSE'

Reporting, as well as business unit competition, also can be used to illustrate the strengths and improvement opportunities for business units on specific policy compliance issues, said Greg Treasure, president of travel management company HRG North America. But the onus is on travel managers to ensure that the "data is fit for purpose, not just data for the sake of data and reports. How it's used and applied can have significant impact on getting buy in. That will be different by culture. In a mandated environment, you need data to police behavior. But the majority of programs we see today are more in a soft mandate environment. How you present data to influence stakeholders there will be different."

Executive level reports should highlight who spent what, where and when with key opportunities and trends, Treasure said. An executive dashboard should paint a picture of overall spend comparisons and how overall and country key performance indicators are tracking. Divisional reports should provide stakeholders with an understanding of spend to budget comparisons, whether travelers have made the right decisions and what can be done to improve performance. Traveler level reports should provide travel advice, best practice and how the traveler compares to colleagues, he added.

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”

— Greg Treasure, President,
HRG North America

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To create reports with purpose, “Keep it relevant; pick topics that are important” to business objectives or savings and vary each month, Treasure advised.

In competitive environments, Treasure said, dashboards can be used to highlight the compliance of key departments or divisions to specific policy initiatives, such as online booking adoption, seven-day advance booking, lowest-fare accepted, trips within policy or overnight air booked with a hotel. “You publish performance by division to create awareness and make people conscious of how they’re doing,” Treasure said. “It’s like releasing the reading lists at school with rockets, jets and biplanes—no one wants to be the biplanes.”

BAD TRAVELER LISTS

Some organizations use such comparisons to create lists of top five or 10 violators in certain categories each month so managers can clearly see not only the performance of each business unit but the top violators impacting overall results.

Harman takes a holistic approach to onboarding all new employees and automatically puts each on a watch list for six months to ensure that travelers understand and comply with travel and expense policies. If, after six months, the traveler has shown a pattern of compliance, they are removed from the 100 percent audit. In other instances, managers or others ask that travel and expense more closely monitor the travel expenses and policy compliance of some individuals, due to their level in the company, history or other factors.

Technology also can be used for automated pre-trip approvals and for policy compliance verification and notification. At BMO, Prewett said, she plans to move from a manual to automated authorization and notification system that will prompt a pre-trip approval before a trip is booked. Some organizations use technology to prompt travelers to acknowledge or provide a reason for booking outside policy.

USING DUTY OF CARE AS A LEVER

In addition to right, might and reporting, duty of care is another tool that travel managers have been using with managers and travelers to encourage travel policy and process compliance. At new employee orientations, Abella said, she details the travel disasters—rioting outside hotels, strikes, ground stops, etc.—to illustrate how the travel program could help them in such instances, provided they book through approved channels. Savings, even if a couple hundred dollars, Abella said, isn’t worth it if the company is unable to reach a traveler during a trip.

While air compliance might be good in an organization, Treasure said, hotel compliance is often an area where his TMC sees gaps that could impact duty of care. Sixty percent of hotels might be booked through the preferred channel, but the other 40 percent are booked independently or through a local office and the TMC and travel manager do not know where the traveler is lodged.

TOP POLICY VIOLATOR LISTS

To influence behavior, name on management reports the top violators of key policy issues such as

- Advance Purchase >7 Days
- Lowest Fare Accepted
- Online Adoption
- Trips Within Policy
- Overnight Air With Hotel

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MISSING POLICY TERMS

Despite the length of some policies, key terms are often missing, panelists acknowledged. Companies should look to add terms to clarify what the company will, or won't reimburse, speakers said.

Policies addressing meetings and events are most often missing in travel policies, according to Treasure. Policies should include directives about how meetings and small events should be approved and booked, he advised. Premium economy for long-haul flights for travelers ineligible for business class is the topic that Harman addressed in its latest policy addition, Abella said.

"What is key," Prewett said, "is providing guidance around the topic. For example, on inflight Wi-Fi, we look at the length of the flight to determine if it's likely to be worthwhile and productive for the traveler."

Policies also could direct travelers to discuss the topic with a manager and secure approval before expensing. For example, the cost of the U.S. Transportation Security Administration's Pre-Check or Global Entry might make sense for frequent travelers, Abella said.

LENGTH AND PRESENTATION

As many of the components of travel policy have been added to automated booking and expense systems, some organizations have looked to streamline and significantly truncate their actual policies to a couple of pages instead of volumes. One travel manager who participated on the webinar noted a one-page policy while another said an upscale retailer long had a one-line policy, "use your own best judgement."

"The trend is just give them the facts and that certainly will be a goal for us to shorten our travel policy, currently 24 pages," Abella said. "The longer it is, the more unlikely it will be read."

Added Treasure: "It takes a smart person to simplify and not a smart person to make something very complex. The guiding principal is to try to get fairness and equity, and not make it too complicated. You don't want inconsistencies where two people show up at a meeting and have different experiences because of policy interpretations. But I don't see this coming down to a one- or two-page document."

To make their policies more accessible, many organizations, including Harman, have added a travel policy page or links to internal websites. In addition, Abella said, they have highlighted 10-to-12 bullets. "I tell new employees that if they just follow these, they should be OK. Bullets include advance booking, class of service, corporate card, lowest fare, etc."

To guide employees while traveling, BMO created a "snapshot of policy and high level overview," Prewett said. "If they need more detail, they can go back to the full policy."

GLOBALIZATION CHALLENGES

The issue of globalization is another trend in policy development and review, as organizations consider whether they should have one global policy, regional or country specific policies or some combination. In consolidated programs, Treasure said, he most often finds "a single global policy, but you have to be aware of local cultural issues."

TRAVEL POLICIES SHOULD ADDRESS

- Premium economy
- Ancillary hotel fees
- Ancillary airline fees, including for seats, pre-boarding
- Use of Uber, Airbnb or other new offerings
- Wi-Fi in air, airports, hotels
- What will, won't be reimbursed
- When to seek approval from manager

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Yes

No, but plan to create one in 2015

No, but a single travel policy is in place for most of the organization

No, different units or regions have their own travel policies

No

Source: A BTN November 2014-January 2015 survey of 176 travel managers from organizations with estimated 2014 U.S.-booked travel volume of at least \$500,000

Among the factors she has had to consider with Harman's nine acquisitions since 2011, Abella said, is the "financial impact of the company to following our policy," as well as the cultural and legal implications. In India, Abella said, she was surprised to learn that travelers were given spending money of \$25 to \$30. "You want to be competitive because employee retention is very important. You don't want high employee turnover," so policy development becomes a balance.

FUTURE POLICY COMPLIANCE THREATS

Despite the load of current policy compliance complexities, more than 150 survey respondents identified a bevy of future challenges. Some were about generational topics such as boomers retiring and the need to develop policies that appeal to the culture of Gen X or the culture that employee convenience should trump cost savings.

Others complained that "technology is making it too easy to book outside the system" and that the industry currently has "complicated supplier discounts versus the boom of best-price search engines" available on the web. Others complained about the content disparities between online booking and global distribution systems and the impact that has on compliance.

Internally, respondents said they were concerned about their "inability to control compliance," "lack of oversight, management support or management control," "lack of transparency of pricing and real-time data," "supplier loyalty schemes," and the "availability of traveler perks from other channels."

No matter the topic, it's clear that the generational changes that have begun to reface the workforce, combined with travel industry pricing and service dynamics and corporate objectives are likely to prompt many more travel policy additions, deletions and headaches in the months and years to come. ■

FUTURE POLICY THREATS

According to BTN Group/BMO survey respondents

"Technology is making it too easy to book outside the system"

"Inability to control compliance"

"Lack of oversight, management support or management control"

"Open booking"