

# Guidelines for Effective Business Travel Management

A Template for Your Policies



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# The Changing Business Landscape

Business travel is on the rise, and while there are a few new norms and the same old challenges (as well as residuals from the pandemic paradigm shift), there are some silver linings.

Sustainability has become an operational imperative for companies, and DE&I is gaining momentum.

Risk management now includes an all-important focus on employee health and wellbeing.

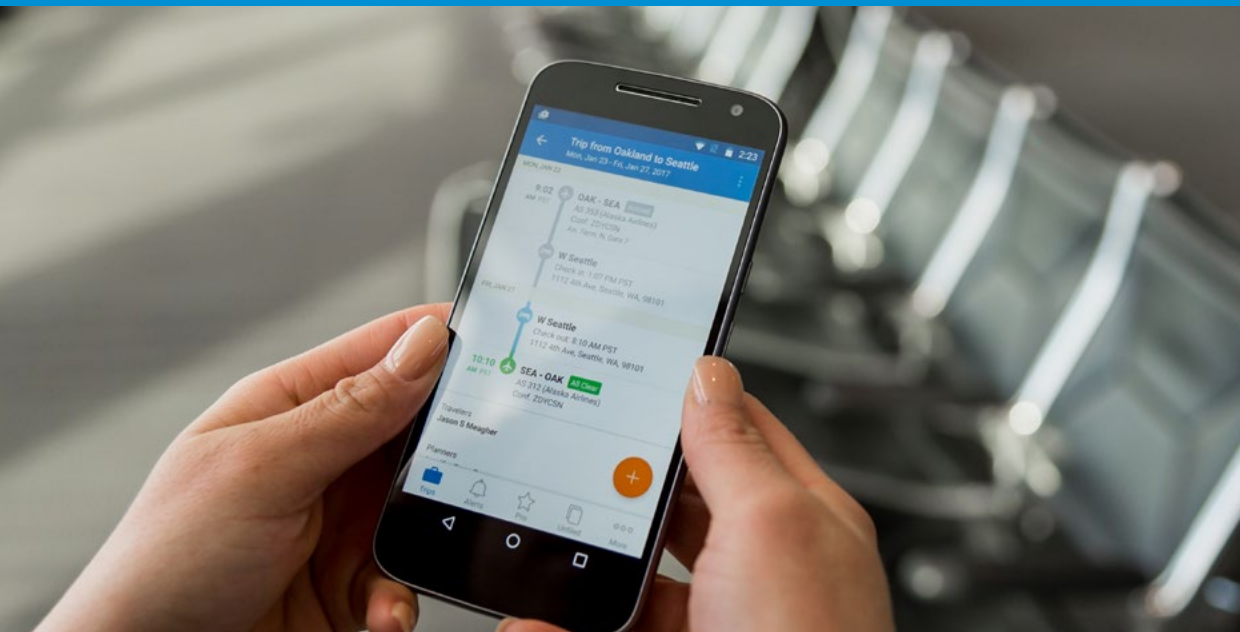
Travel and expense programs are becoming more flexible, as employee demand forces changes to policies and processes.

Work-from-anywhere models have become normalized, and while companies have had to adjust, they're seeing increases in employee productivity and satisfaction.

The shift to handheld devices – and the global mobility they provide – make it easier to do business everywhere. Preparing for this future will require more mobile apps and greater connectivity.

And in all this, the changing travel management mindset cannot be underscored. The challenges of the last few years have opened into clear, new opportunities to improve and future proof your T&E programs – adding greater strategic value to your company and increasing employee satisfaction.

# T&E Automation is About More than Saving Money



As your travel program continues to gain momentum – whether it’s aimed at driving new sales, providing services to customers, or handling internal travel when remote employees come to the main office for training, etc. – focus on the ROI of travel spending is more important than ever.

Macro- and microeconomic pressures are forcing businesses to look for new ways to optimize cash flow, resiliency, and agility – as well as for ways to ensure *all* spending is focused on business priorities. Many companies are now defining essential travel vs. trips that don’t generate revenue: Customer-facing visits get primary focus, while non-essential travel is left with virtual meetings to save costs.

But no matter how much or how little travel your business is doing, you still need to control it. While travel and expense (T&E) automation solutions have traditionally been too costly and complicated, the

tech is rapidly improving and is becoming more accessible.

Automation, artificial intelligence, machine learning, other technologies are providing greater transparency, visibility, and accountability. And it only continues to accelerate as service offerings increase and cost of technologies come down.

These new technologies seamlessly connect travel and expense management, bringing end-to-end T&E automation to businesses of any size. Embedded automation can effortlessly enforce T&E policies – imagine not having to think about travel approvals or allowances for meals, hotels, and other travel-related expenses. New tech tools can also apply custom policies for booking and paying for travel, they can show which suppliers to use, and they can ensure pre-negotiated discounts with hotels, rental car agencies, and airlines are offered.

**72%** of companies agreed that an automated T&E solution allows better response to business challenges, thanks to improved visibility of company spend data.

Source: Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study

# Here's Where You Start: Clarifying and Formalizing T&E Policies

By helping you enforce travel and expense policies, T&E automation not only saves you time and money, it reduces the hassles of travel for employees, freeing them to stay productive and focused on your customers.

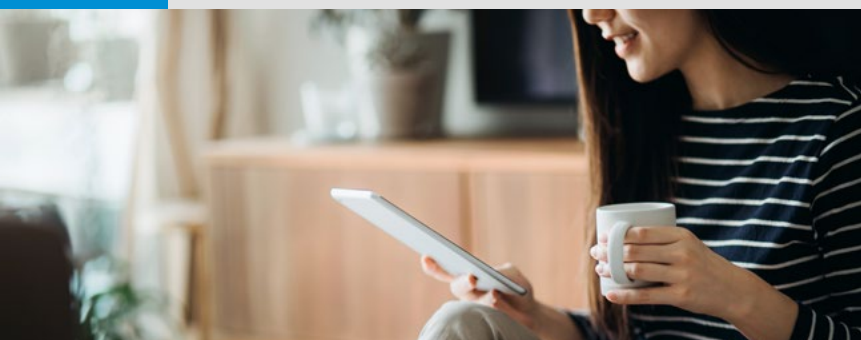
Your travel expense management policies must:

- Be clear, understandable, and accessible from any device
- Include workflows that are built right into your system, allowing for seamless processing and the ability to rectify situations quickly and easily
- Simplify travel for employees and ease the friction points often associated with being on the road
- Give travelers greater flexibility by giving them more choices in how they travel

To boost compliance, travelers should also be informed immediately of any policy changes.







# Tips for Policy-Making Success

While most companies have T&E guidelines, they may be informal – especially at smaller firms – or not always strictly enforced. And even if you do have formalized travel procedures, the underlying policies behind them may need a refresh.

**1. Keep policies simple, clear, and to a minimum:** Ambiguous guidelines about how to book travel and handle reimbursement lead to missteps and frustration. Communicate policies in simple, common-sense terms and in the least number of words possible.

**2. Get a feet-on-the-street perspective:** Your road warriors – and departments with heavy travel schedules such as sales – are a wealth of insights. Talk with them regularly about what's working and what's not, and fix what's feasible.

**3. Make it easy for employees to find policies, even as policies change:** Send out communications about policy revisions, keep the latest policies up to date on your intranet, and proactively send out alerts.

**4. Justify policy changes and what they mean for employees:** When you institute a new T&E policy or change an old one, transparency is key. Explain why the change is needed and how it benefits employees. When adding sustainability policy, for example, demonstrate how it correlates to wants and needs from the latest employee survey.

**5. Use your travel data to optimize pricing and cut costs:** With intelligence about employee spend preferences, you can negotiate better pricing and volume discounts with preferred vendors.

**6. Partner and align with peer organizations and departments:** Because T&E management is intertwined with other departmental processes (think finance processes, like budgeting), you can drive consistency and alignment across the organization.

**7. Set reasonable expense limits:** There should be no ambiguity when it comes to acceptable spending limits for common expenses such as airfare, hotel, and meals. It's a best practice to provide employees with guidelines on reasonable travel spend limits.

**8. Ensure employees have up-to-date information about health, safety, and security:** They need pre-trip details about political, health, and other risks associated with their destination, so they can avoid unnecessary hazards.



## Travel: Getting There Safely and Affordably

Risk management and duty of care are inherently invaluable to any company – after all, employees are your most important asset. Providing information that helps them avoid travel risks is paramount. This section of your travel policy should cover the various ways employees are likely to travel in the normal course of business, so be sure to clarify:

- Important contact information for security or medical support services
  - If your company uses a booking system that indicates neighborhood safety scores for women or LGBTQ individuals, or provides extra services for disabled employees while traveling, give them a heads-up
- Contact information for your travel management company (or travel agency), including after-hours access
- What fares are acceptable (for example, the “lowest logical fare” versus “always the cheapest”)
- Which suppliers (if any) are preferred, and highlight those that are sustainable or support DE&I efforts
- Which booking methods are preferred – through an integrated booking system, a TMC, or supplier direct – for air, rail, lodging, rental cars, and mileage reimbursement rates
- What constitutes business travel within your policy (it’s not the daily commute to work) in order to claim mileage reimbursement
- Use of frequent flier miles, as long as it does not incur added cost
- Whether insurance is covered by the company or if employees need to insure themselves
- Rules on combining business and personal travel (for example, ensuring there are no additional costs incurred by the company)



# Accommodation: Balancing Cost and Employee Comfort

When employees are on the road and away from the comforts of home and family, you want them to stay safe, feel cared for, and sleep well, so they're ready to take on the day for your business. Make it easy for them to find and book accommodation that meet their needs, not just yours.

Your policy should clearly articulate:

- Preferred hotel chains, especially if you've negotiated discounts
- What happens if they stay with friends or relatives, or choose an Airbnb or other non-chain option (for example, you can use a shared-service provider, but staying with family/friends will not be reimbursed due to liabilities)
- Preferred booking methods (for example through OBT, TMC or supplier direct)
- Visibility into where your employees are when they're on the road, so you can support them if disruptions or other problems arise
- Whether or not they can upgrade their room while traveling for your company
- Who is responsible for hotel cancellations and for claiming reimbursements





# Travel-Related Expenses: Eliminating the Gray Areas

It's easy for travelers to get confused about whether or not something they buy while traveling is actually a reimbursable expense (for example, toiletries they forgot to pack). In these cases, granularity improves clarity and compliance.

Be sure to advise travelers that all expenses must stand the test of reasonableness and that they may otherwise be denied.

Also, be sure to offer a list acceptable, reimbursable, travel-related expenses, such as:

- Baggage (no more than two bags)
- Advance-purchase seat bookings
- Parking
- Foreign currency charges
- Visa and passport fees
- Tips for service
- Laundry service and dry cleaning if a business trip lasts more than four nights

Finally, include a list of travel-related expenses that are *not* acceptable to claim on expense reports, such as:

- Minibar contents and entertainment like movies
- Parking or traffic fines
- Loss or theft of goods
- Child and/or pet care
- Any personal elements of a business trip
- Personal car maintenance or damage to personal vehicles
- Spa treatments

# Food and Entertainment: **Separating Essential** from Extravagant



It's important for people to refuel and recharge while traveling for business, but there must be clear limits between what is personal and what is a necessary expense to be covered by your company. This means setting limits or ranges.

Be sure your policy covers:

- Meal prices:
  - Explain what's covered by a per diem or offer general spend guidelines
- Client meals or entertainment costs:
  - Explain that these costs must specify requirements on claims, such as the business reason, venue name and location, company and name of all attendees
- Alcoholic drinks: Specify if and when they can be claimed (for instance, only if consumed with a meal)



# How Do You Handle Outliers and Exceptions?

No policy can cover every possible situation or context. So build in some flexibility to make sure employees aren't left paying for things that, given the circumstances, should be covered.

For example, they may incur reimbursable expenses such as:

- Professional membership fees that enhance their standing and, by association, your company
- Hotel Internet fees
- Postage for business purposes
- Mobile data-usage fees when traveling abroad, provided it was prebooked

And of course, explain how to request an exception to the reimbursement policy. Tell them how to get preauthorization for such exemptions.

Sustainability is another travel topic to add to your T&E policy manual, as more companies are looking to reduce their carbon footprint and ensure compliance with industry regulations. This requires having a way to track travelers' carbon emission scores, offset them, and report on their progress – no small task using traditional or homegrown systems. You'll also need a way to enforce compliance automatically, as well as generate alerts when employee choices conflict with company goals/requirements.





# Down to the Details: Here's What Types of Expenses are Allowable

The main body of your expense policy should cover the standard expense categories – complete with rules about what is and is not permitted.

Section	Explanation	Example Wording
ACCOMMODATION	<p>Any preferred booking methods (e.g., travel agent, online booking tool or supplier direct using preferred suppliers) should be listed here. In addition, any special instructions for sending supplier-direct booking information should be included for transparency.</p> <p>Also list instructions for the use of shared service providers such as Airbnb, VRBO etc.</p>	<p><i>When booking lodging accommodation, we request you use our preferred hotels as your first choice, and/or approved shared-service providers.</i></p> <p><i>You are responsible for all lodging cancellations and for reclaiming deposit reimbursements from the lodging suppliers directly.</i></p> <p><i>Please send all supplier-direct booking information to Plans@Tripit.com to aid with risk mitigation and duty of care support. Also inform your manager or share your travel itinerary with your manager using Triplt®.</i></p> <p><i>Room upgrade expenses beyond our standard room type are at your personal expense while traveling on company business.</i></p>

Section	Explanation	Example Wording
<b>TRAVEL</b>	<p><b>This section should cover the basics, such as:</b></p> <p>Which suppliers (if any) are preferred.</p> <p>Which booking methods are preferred (your preferred online booking tool, chosen travel agency, or supplier direct) for:</p> <ul style="list-style-type: none"><li>• Air travel</li><li>• Rail travel</li><li>• Lodging</li><li>• Ground transportation, rental cars</li></ul> <p><b>What range of fares are acceptable, such as lowest logical fare in coach class, etc. It should also include a section on:</b></p> <ul style="list-style-type: none"><li>• The use of personal cars for business</li><li>• Mileage reimbursement standards as permitted by the government</li><li>• Any insurance coverage included for travelers</li></ul> <p><b>You might also include answers to these questions:</b></p> <ul style="list-style-type: none"><li>• Do you encourage use of sustainable transport?</li><li>• When is it okay to take the next available class of service (business, first-class, etc.)?</li><li>• Would you rather travelers use public transport or taxis vs. personal cars? If so, when?</li><li>• How far in advance must trips be booked?</li><li>• Is preapproval needed before employees book travel or only if the cost is over a certain value?</li></ul>	<p><i>This travel section of the policy covers the various ways employees are likely to travel in the normal course of business.</i></p> <p><i>The policy includes information about how and when you should travel by car, air, train, and ground service providers. It includes details about our commitment to sustainable travel options, as well as the importance of choosing the lowest logical-priced method of transport available in alignment with your health and safety.</i></p> <p><i>Please note: All bookings should be made through our online booking tool or with our travel agency (XYZ Travel), or supplier direct using our preferred suppliers. Please book your travel 15 days in advance if at all possible.</i></p> <p><i>All travel should be booked in standard/economy class. You are welcome to use your own frequent flyer plans, as long as this does not prevent you from booking the lowest-priced logical choice available or incur additional cost to the company.</i></p> <p><i>Personal travel may be combined with business as long as there is no additional cost to the company. (Other applicable company-related details should be added as needed here.)</i></p>

Section	Explanation	Example Wording	
<b>TRAVEL-RELATED EXPENSES</b>	This section should include a list of travel-related expenses that are acceptable and within policy.	<p><b><i>The following travel-related expenses are authorized and our employees will be reimbursed for these expenses:</i></b></p> <ul style="list-style-type: none"><li>• <i>Baggage (no more than 2 bags) and advanced-seat bookings</i></li><li>• <i>Parking</i></li><li>• <i>Foreign-currency charges</i></li><li>• <i>Visa, passport, or related travel fees</i></li><li>• <i>Reasonable tipping for services</i></li><li>• <i>Laundry service/dry cleaning when your business trip has lasted more than 4 nights</i></li></ul>	<p><b><i>The following travel-related expenses are not acceptable. Do not put these on your expense claims:</i></b></p> <ul style="list-style-type: none"><li>• <i>Mini-bar contents</i></li><li>• <i>Movies/videos</i></li><li>• <i>Parking or traffic fines</i></li><li>• <i>The loss/theft of personal items</i></li><li>• <i>Child and/or pet care</i></li><li>• <i>Any personal elements of your business trip</i></li><li>• <i>Personal car maintenance or damage to personal vehicles while on business</i></li><li>• <i>Spa treatments</i></li></ul>



Section	Explanation	Example Wording
<b>FOOD AND ENTERTAINMENT</b>	<p>This section should set reasonable guidelines on meal prices; explain what is covered by a per diem, if utilized; provide guidelines on when to claim meals; and explain any other ambiguities surrounding food/entertainment.</p>	<p><b><i>Food and Beverage Guidelines:</i></b></p> <ul style="list-style-type: none"><li>• <i>Employees will be reimbursed for meals while traveling on business</i></li><li>• <i>General meal expense guidelines</i></li><li>• <i>Client meals/entertainment costs may be higher. All entertainment claims must include the following details: business reason, venue name and location, name and company of all attendees</i></li><li>• <i>Reasonable alcoholic beverages may only be claimed if consumed with a meal</i></li></ul>

Section	Explanation	Example Wording
<b>OTHER EXPENSE TYPES</b>	This section should be a list of other expenses that are acceptable/unacceptable and in-policy.	<p><b><i>The following expenses are allowed to be reimbursed:</i></b></p> <ul style="list-style-type: none"><li>• <i>Professional membership fees (where these enhance the standing of the individual and, by association, the company)</i></li><li>• <i>Hotel internet fees</i></li><li>• <i>Postage for business purposes</i></li><li>• <i>Mobile data-usage fees when traveling abroad</i></li></ul> <p><b><i>The following travel-related expenses are not allowed:</i></b></p> <ul style="list-style-type: none"><li>• <i>Computer/other equipment purchases</i></li><li>• <i>Magazines/newspapers (unless essential for a justifiable business purpose)</i></li></ul>
<b>EXCEPTIONS</b>	This section should cover how exceptions to the policy are handled.	<p><i>There may be times when it's necessary to deviate from the parameters set within our travel and expense policies. Such exceptions require preauthorization from your immediate supervisor if the amount exceeds (fill in amount here) over the allowable charge.</i></p>

# What's Next?

Implementing a clear travel policy is a first step, but it shouldn't end there. Automating your paper-based T&E processes will provide opportunities to save. SAP® Concur® solutions can help. Learn more [here](#).