

PROCUREMENT: Thoughts on 2017 T&E Budgets, Total Cost of Ownership, and How to Curb Spend

Concur created a State of Business Travel report that compared and contrasted the six key types of business travelers, from the infrequent traveler to the road warrior. Each of these travelers has a different travel and expense pattern. Understanding these patterns can help improve a company's budgeting and, ultimately, its bottom line.

Concur identified the following six types of travelers:

- **Savvy Traveler** – This associate travels 15-30 times per year. He files his expenses on a per-trip basis. He has a lower disruption tolerance, likes to be comfortable in his travels, and focuses on using his time effectively.
- **Jet Setter** – This associate travels 15-35 times per year. His assistant files his expenses for him. He is willing to spend whatever it takes to be comfortable. He has no tolerance for disruptions and leaves the details of the company's travel policy to his assistant.
- **High-Tech Newbie** – This associate travels 3-7 times per year. He puts off filing his expenses until the deadline. He uses business travel as a way to vacation by adding a few extra days to the trip. He books what is fun and exciting.
- **Approving Manager** – This associate travels 0-2 times per year. He files expenses 1-2 times per month. He does not travel, himself, but he is responsible for keeping other travelers within policy.
- **Travel Arranger** – This associate travels 0-1 time per year. He handles all of the travel planning, expense filing, and maintaining calendars and itineraries.
- **Cautious Planner** – This associate travels 0-2 times per year. He finds travel stressful, and he likes to be prepared. He files his expense reports as soon as possible. He arrives early and focuses on what keeps him the least flustered.

The top four business travel spend categories are airfare, hotel, dining and entertainment, and ground transportation. Concur broke out spend on each category as \$18.2 billion, \$14.1 billion, \$11.8 billion, and \$9.5 billion, respectively. Certify broke the categories down by percentages. They list the highest spend on meals at 19%. Airfare followed taking up 15% of spend. Hotel spend came in at 14%, but car rental spend came in at only 5%.

Total Cost of Ownership

Total cost of ownership encompasses all cost factors, both visible and hidden, and seeks to integrate travel, meetings, payment, and expense management by aligning the departmental goals to the company's objectives. Total cost of ownership delivers quantifiable value to buyers, gains significant support from suppliers, brings important stakeholders into play, and elevates the role of travel managers.

The primary principals of total cost of ownership involve budget owners, procurement, human resources, and travel managers. Encourage budget owners to set traveler-related goals. Get procurement and human resources to agree on metrics for tracking costs of traveler wear and tear. Have travel managers provide travel strategy plans, and then monitor goals and total travel costs, and adjust travel strategies accordingly.

Reducing traveler burnout is essential. A poll of 100 business travelers who are gone at least three nights per month indicated that almost half of them are or feel close to being burned out on travel. Road warrior turnover is costly to businesses. To retain the travelers within a company, the company should develop traveler-focused strategies, such as recognition, less or shared travel, safer and healthier trips, trip bonuses, and traveler-specific allowances.

Understanding your business travelers and integrating your travel and expense ecosystems can help you successfully meet today's budgeting and travel challenges.

Sources:

<http://www.businesstravelnews.com/Procurement/Shift-from-Saving-on-Sourcing-to-Total-Cost-of-Ownership?cid=thebeat>

<https://www.concur.com/newsroom/article/intelligent-budget-forecasting>