

A woman with brown hair, freckles, and a smile is looking down at a smartphone she is holding with both hands. She is wearing a white button-down shirt under a dark blue blazer. The background is a blurred outdoor setting with greenery and a white railing.

# Corporate Traveller's guide to **Tackling Travel Leakage**

# Travel Leakage Explained



Any travel booked outside a company's travel management company (TMC) and/or their preferred online booking tools is often referred to in the industry as 'leakage'. Leakage is one of the biggest threats to corporate travel program performance.

Despite efforts to build the best travel booking experience, nearly all corporate travel program managers will have spotted travel leakage before. With so many channels open for booking travel, it's not difficult for bookers to stray from their company's preferred booking process. It could be the cost-conscious thinking they're helping by jumping on a cheap deal on websites such as Skyscanner or Kayak, or bookers intentionally dodging approval processes and travel policy limitations in the knowledge they can expense the trip on their return without being questioned. While some travel managers may simply accept that travel leakage as a bit of an annoyance, there are five key areas in which they significantly affect the ability to successfully manage a corporate travel program.

## 1. Reduced visibility to accurately manage budget

When it comes to travel program forecasting and budget management, it is far easier to keep track and maintain control when you have accurate and up-to-date data. Effective booking systems have your corporate travel policy integrated so you can set spend limits for each type of travel but if employees are booking elsewhere, this level of control is lost. When employees deviate from booking processes, consolidating data and identifying ways to enhance your travel program verges on the impossible. Travel leakage is often invisible until the employee submits their expenses on their return, potentially throwing your travel budget off track. Even then, the data available will lack insight into booking patterns and areas such as missed savings.

## 2. Loss in negotiation power

Travel leakage impacts a company's ability to negotiate special rates with preferred hotel or airline suppliers. The more knowledge you have of your travel routes and hotel nights, the more power you have to demonstrate your loyalty and negotiate with suppliers. Often bookers feel they are doing the best for their company by finding a cheap deal but by booking outside of the preferred booking channels, the knock-on effects to your travel program can be significant, especially if travel leakage is widespread among employees. Without a true reflection of your travel program, you won't be able to take full advantage of your buying power which can cost your company significantly over the long term. It will also

be difficult to prove you have met the agreed volume agreements with your preferred suppliers and so future discounts may not be as generous.

## 3. Time is money

Bookings made through alternative channels create additional costs to businesses in lost time – time is money and it all adds up. Trawling the internet for the 'best deal' accounts for a large chunk of wasted time when compared to contacting a knowledgeable travel consultant or using a professional online booking tool. A properly managed travel program will deliver accurate data in a consolidated format, whereas unmanaged bookings often result in accounts departments having to waste time chasing travellers for copies of their itinerary and processing many receipts. Let's not forget the time spent filling out expense reports for each part of the traveller's journey.

## 4. Lack of support

Working with a TMC means help should only be a quick email or phone call away with direct access to a real travel expert. On the other side of the coin, travellers who have booked over the internet or directly with suppliers often find it difficult to get in touch if they would like advice or their plans change. Not only do they end up squandering hours of company time trying to come up with a solution, sat on hold to call centres or sending endless email chasers, they often incur fees for making changes or have to pay for the whole trip again if a flexible rate was not booked.

## 5. Risk to traveller safety

Let's not forget that one of the biggest impacts of travel leakage is the risk to traveller health and safety. Companies have a duty of care to their employees when they are travelling on business. In times of crisis it is vital to have visibility of all your travellers' bookings so you can quickly track their whereabouts to see if they are impacted. If you don't have visibility of when they're travelling, where they're staying, or when they'll be back, it will be difficult to effectively support them in an emergency – when speed and efficiency is critical.



# Travel Leakage Explained

Travel leakage certainly isn't a quick fix. In order to get back on track, it's important to first work out what bookings are being made outside your preferred booking process and whether it's affecting your whole travel program or just a particular travel type. Although travel leakage probably won't show up in your management information, you can compare your managed travel spend with unmanaged travel spend. Having this information will also help you identify who the repeat offenders are so you can get a grasp on the reasons why travel leakage is happening in the first place. Once you have pinpointed what, who and why, there are plenty of initiatives that can be introduced to help you better manage booking behaviour and improve the success of your travel program.

## Enhance understanding through education

To successfully change booking behaviour, you'll need to get travel bookers on board and secure their buy-in to your travel program. The best place to start is with educating bookers so they understand your travel policy and emphasise that your policy is designed to support and protect them, not to hinder them. It helps to point out the benefits of compliance for travellers (such as preferred partner perks) as well as the long-term rewards at a company level. You can also make them aware of the potential risks (especially to traveller safety and wellbeing) associated with booking out-of-policy. Depending on the amount of travel leakage and travel bookers you have, you could look to either run a company-wide training program or focussed sessions for those who frequently stray from your policy and preferred booking processes. Don't forget your new recruits – make sure they are across your policy from the outset and know who to reach out to for support or advice.

## Stick to the process

Now that you've committed the time to bring your travel bookers up to speed on what's expected of them, you need to ensure they stick to your travel policy and booking process. Typically travel bookers don't intentionally set out to break the rules and so when they end up making a rogue booking, it's generally because they didn't fully understand their travel policy or correct booking

channels. However, it's important to explain how travel leakage will be handled and, if you're still noticing bookings being made outside your TMC or preferred channel, make sure you stick to the process and take action. The best way to have complete control is not to allow any travel bookings made outside your company policy to be expensed. Although this may sound like quite a radical measure at first, a travel policy should be no different to other policies and processes your company has in place. For example, would you allow an employee to buy and expense a new laptop without going through IT or getting prior approval? Or take annual leave without discussing with their manager and logging a request first? As the potential risks associated with travel leakage is so high, making sure you have the necessary measures in place to ensure visibility of bookings is essential for any organisation.

## Share success

The best way to subliminally promote adherence to your travel policy is by sharing its success with your travel bookers - they have a huge influence on the outcome of your travel program so it's worth getting them involved. To demonstrate the positive impact travel program adherence has on your travellers and company, try taking bookers through an overview of your travel patterns, savings, missed savings and return on investment. Travel bookers who are engaged in their travel program often turn into invaluable internal champions who promote the benefits of compliance among their colleagues.

*Tackling travel leakage is not something that can be done overnight - there are plenty of initiatives to consider and it will take time to identify the best strategy for your travel program and company culture. However, once you have a streamlined booking process and bookers are familiar with your policy, making compliant bookings will become second nature and travel leakage will be a thing of the past.*