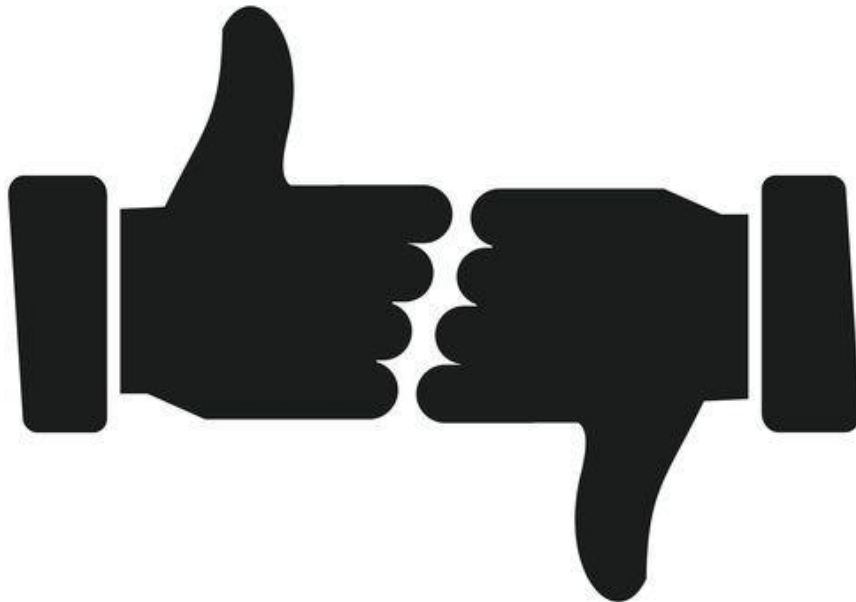


## Pre-trip approval – is it right for your company?



*Requiring travellers to get the green light for their planned journeys is coming back into fashion. But what seems like a sensible idea in theory can end up costing a company more in practice, without careful planning.*

Pre-trip approval – when companies require employees to obtain clearance before confirming a flight or rail booking – goes in and out of vogue. Right now, it is regaining popularity. In the United States, the percentage of the country's top 100 corporate travel spenders using pre-trip approval fell from 50 per cent to 40 per cent between 2009 and 2015 but moved back up to 48 per cent in 2016, according to Business Travel News. In Europe, companies do not usually try to control employees to the same extent, but recent magazine articles claim pre-trip approval is on the rise there too.

TravelpoolEurope managing director Søren Schødt identifies several reasons why pre-trip approval might be on the up again. "It could be growing as companies turn the screw even further on costs," he says. "The trend may also reflect increased concern about how to control travel expenses if more employees are booking outside approved channels, such as on direct supplier mobile apps. And it could be connected with the introduction of more flexible approval methods."

### **The case against**

In spite of the upward trend, Schødt remains unconvinced about the benefits of pre-trip approval. "In general, I am not a fan because it increases the cost of tickets," he says. "The last time we researched this, we found it added an average 18 per cent to the price of an airline ticket because fares rose while the traveller waited for approval to come through."

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TravelpoolEurope has also discovered that pre-trip approval typically increases communications between the traveller and TMC by 200-300 per cent, and generates more work if the ticket has to be rebooked because the original reservation lapsed. Bookings for the cheapest fares on traditional airlines can generally be put on hold for no more than 24 hours, while those on low-cost carriers usually have to be paid straight away. On average, a TMC's costs increase 20-50 per cent when pre-trip approval is required, and this can be reflected in the TMC charging higher fees.

Another reason to avoid pre-trip approval is that potentially it clashes with the increasingly influential idea of empowering employees to make their own travel and other budget decisions. "Spend the company's money as if it were your own" is the philosophy some companies espouse, the philosophy being that employees can be trusted only to travel if they really believe it is in the interest of the business, and will spend responsibly if they do conclude a trip is necessary.

## **The case for**

There are counter-arguments to this reasoning. One is that in an empowered company culture, pre-trip approval could be made the only compulsory step for employees. Once approval is given, on the basis of an estimated budget, the traveller could then be allowed to book the trip as they wish.

Also worth considering is that, for many businesses, pre-trip approval is not about checking that travellers are conforming to policy. Instead, the intention is for employee and line manager to consider jointly whether the cost of a trip and time out of the office are justified. In other words, in the most informal sense of the phrase, will there be an adequate return on investment in travel?

Supporters say pre-trip approval encourages exactly this kind of "zero-budget" thinking and discourages travel for frivolous purposes. They also say discussions about whether to travel are usually informal and flagged well in advance, after which approval of the booking becomes a rapid formality.

Duty of care is another strong argument for requiring approval. The process introduces some breathing space to assess any substantial risk management issues and introduce mitigation measures for destinations requiring additional precautions.

The case for pre-trip approval is also becoming more the forceful as the tools to manage it get better. Today's technology forwards reservations to managers' mobiles so they can respond easily wherever they are. But of course the line manager needs to respond quickly – otherwise the process becomes unsustainable. Other recent enhancements to approval tools including run-time budget summaries which allow a manager to see how much would be left in the travel budget after the proposed trip.

## **Getting pre-trip approval right – seven crucial steps**

### ***Is pre-trip approval right for your organisation?***

If you are going to introduce pre-trip, be very clear about your objectives. Is it to make travellers think more deeply about the purpose of their journey, for example, or to

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ensure better policy compliance? Once you are clear about your goals, you may identify better, alternative ways to achieve them.

## ***What kind of approval do you want?***

Instead of approving a specific flight itinerary, it may be better to require employees to seek approval for the principle of a trip within an agreed budget. This places more emphasis on considering fully whether the trip is worth the anticipated investment. It also means that as soon as approval is given, the employee can go ahead and research and book the travel without any further delay. Another advantage is that up-front trip budget approval can save time at the end of the process. So long as the trip was within policy and budget, there is no need to send the employee's expense report to the manager for final approval once the trip has been completed.

## ***Make sure approval is fast***

Unless approval is routinely granted or denied quickly (usually within 24 hours), travellers will soon become disillusioned with the process. That means you need technology that can route reservations fast to approvers and a culture, which expects line managers to respond promptly. You need to plan how this would work in practice: for example, are line managers expected to handle approvals even when they are on holiday or is the task delegated to someone else? Make sure the approval hierarchy is as simple as possible. Process costs becomes self-defeatingly expensive if an employee in the human resources department has to spend hundreds of hours creating and changing the plan for which people are needed to authorise a trip.

## ***Make the most of the opportunity***

If you are going to have pre-trip approval, see how you can shape it to your strategic aims as closely as possible. For example, can it be used to encourage virtual conferencing alternatives to travel?

## ***Only require approval for out-of-policy bookings***

This dramatically reduces the number of trips needing approval, although it does also mean there is no systematic assessment of the potential value (or lack of value) of each trip.

## ***Make "yes" the default response***

Travellers cannot wait forever, so allow the traveller to go ahead and book unless, within a set period (say 48 hours), the line manager responds with a rejection.

## ***Allow emergency non-approved travel***

There are occasions when an employee simply has no time to seek approval – a service engineer called out to fix broken machinery, for example. Make sure your policy allows travel without approval at short notice if there is a valid reason. The traveller's expenses can still be checked and, if necessary, disallowed when they return.

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## **The TravelpoolEurope perspective – See the big picture behind pre-trip approval**

There is no single correct approach when it comes to pre-trip approval. We have seen some companies use pre-trip very successfully to control costs, whereas in others approval becomes a bureaucratic burden that pushes up flight costs. Think hard about what is best for your company structure and culture, look at the different technology solutions and don't be afraid to make changes if the process isn't working well.