

# The financial impact of business travel: revenue driver or drain?

We interviewed 500 senior finance leaders on business travel spend in their organisation. Here's what they had to say.

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# The research revealed:

The only thing predictable about business travel costs are that they're unpredictable.

**1. Travel and expenses are one of a company's greatest financial uncertainties.**

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**2. Real-time travel and expense data is a rarity hampering the ability to report accurately.**

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**3. There's a demand for tools to better forecast spend removing the need for travel bans.**

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# Overview:

**Travel is essential for the growth of a business, both in terms of winning new customers and maintaining relationships with existing ones.**

**When it comes to growing revenue, meetings matter.** So it will come as no surprise to learn that the business travel economy is expected to exceed \$1.7 trillion by 2022<sup>1</sup>. Yet, many companies are still struggling to accurately calculate the ROI of business travel and end up (mistakenly) perceiving business travel as a hindrance to growth.

Most finance teams don't have real-time visibility over who's spending what, when. Reconciling spend is an arduous task and the impact of

this outlay on profitability can't be determined until well after the event.

**Data is habitually siloed:** there's no single system of record linking travel and expenses with customer and revenue data. Focusing solely on these costs means productivity and return aren't measured: there's no way to determine the true value of a workforce's travel. Budgeting and forecasting are largely guesswork, and finance leaders are forced to implement yet another company-wide travel ban.

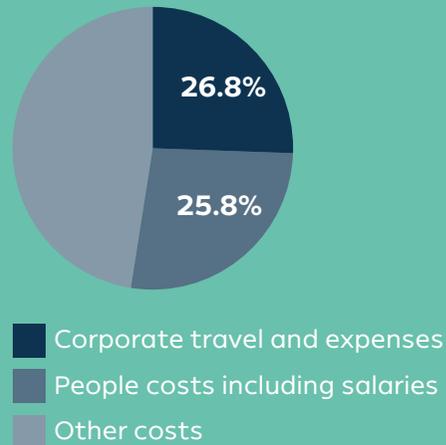
**Companies need to bring their travel and revenue data together.** As well as having instant visibility of the ROI of business travel, they'll also be able to budget and forecast more accurately, boost productivity across the organisation, improve workforce experiences *and* make real-time, informed decisions about company spend.

This report breaks down the above based on research conducted with 500 senior finance leaders across the UK and US.

<sup>1</sup> <https://www.gbta.org/blog/gbta-forecasts-seven-percent-growth-in-global-business-travel-spend-potentially-signifying-end-to-era-of-uncertainty/>

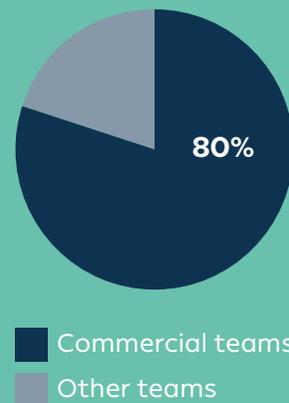
# 1. Why travel spend is seen as a financial uncertainty

## Costs seen to vary the most



According to those surveyed, corporate travel and expenses are one of the biggest (26.8%) variable costs to a company, closely followed by people costs (25.8%) including salaries. We all know travel is essential to business growth: meetings matter. But when it comes to building revenue and retaining customers, there's only so much that can be done over the phone or via video conferencing. It's no surprise that the research also

## Teams spending the most

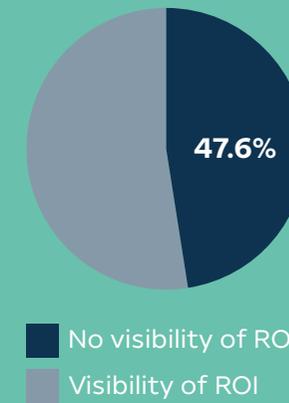


shows it's these commercial teams (sales, marketing, customer success) who are responsible for 80% of an organisation's entire business travel spend. As the old adage goes, you have to spend money to make money.

### Now's the time for the travel and expenses revolution

Given this is such a significant cost – with millions of trips booked and expenses claimed every year – why

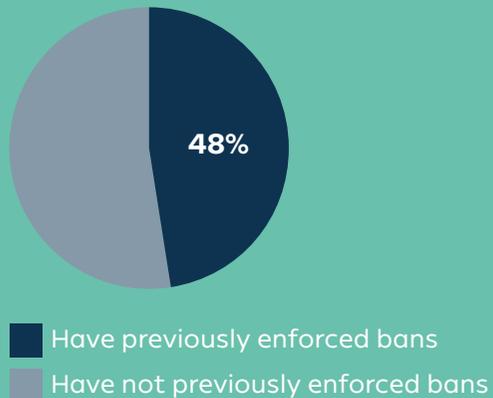
## Visibility of return from spend



are many companies still struggling to calculate the financial return? Almost half (47.6%) reported not understanding the ROI of their travel and expense spend.

Have company leaders simply been forced to accept the status quo of a business travel function that's only just starting to see evolution – after 30 years – in response to a new wave of industry start-ups<sup>2</sup>? Perhaps

## Travel bans imposed



business travel is a necessary evil and that it will always be an uncontrollable cost. Or, maybe it's a case of flying blind. With no real-time visibility over who's spending and travelling, right across an organisation, finance teams have no choice but to retrospectively calculate return on investment (ROI): marrying unforeseen expenses with specific business activities and determining top-line profitability well after the event. It's a painstaking task – and how accurate is the outcome?

Forecasting business travel is even less scientific. Of course, predictions can be made using historical trends and data, but this is often months out of date. In order to make the best possible real-time decisions, finance teams need access to the best possible real-time data.

### The paradox of travel bans

The consequence? Business travel is seen as a hindrance to growth rather than an enabler, impacting productivity and the bottom line. Hence why half

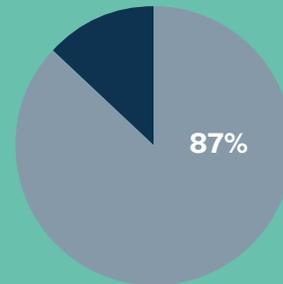
of all companies have been forced to implement travel bans in the past (48%). Although this might save money in the short term, could it be impacting sales further down the line?

By merely looking at the hard facts of costs and savings, is productivity and return being considered as well? Without a holistic view of revenue acquisition and retention, how can a business possibly know whether a customer is likely to be profitable? Could a travel ban end up having a negative effect on a specific client relationship? And let's not forget about attending to specific travel requests during the ban – further impacting productivity across the organisation.

<sup>2</sup> <https://skift.com/2019/02/26/what-venture-capital-likes-in-travel-start-ups-new-skift-research/>

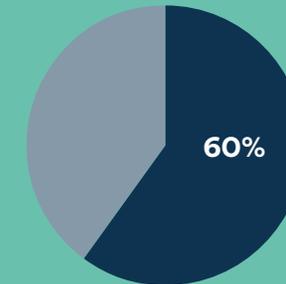
## 2. Real-time travel and expense data is a rarity

Time it takes to report on who's travelling and what's being spent



- Takes longer than one day
- Able to report within one day

One system of record for travel, expense, customer and revenue data



- Don't have a single system
- Have a single system that links data

Business travel and expense spend is widely reported as accounting for at least 10% of a company's annual expenditure<sup>3</sup>. So why is it that many companies aren't able to understand how it contributes to growth – or even where the money's going?

### Information not on demand

Our research revealed that an astounding 87% of finance teams at mid-market companies (101-5000

employees) take more than a day to report on travel activity and spend – a noticeable lag in a world where we expect information on demand. Furthermore, the inability to access business travel and expense data in real-time is a limitation. But why does this matter? And does this really have any impact on the company? Well, yes. These retrospective calculations don't just reduce the finance team's productivity – without accurate, real-

time data to hand, company leaders have no actionable insight to help them make informed decisions either. Let's take a closer look.

### The great data confusion

The research found 60% of companies don't have a single system of record linking travel and expense data to customer and revenue data: effectively they don't know what's being spent on what business

<sup>3</sup> <https://www.groundscope.co.uk/2019/04/08/the-hidden-cost-of-business-travel/>

activities and outcomes or how it's influencing business growth. In fact, of those surveyed, only 13% of finance teams in mid-market companies (101-5000 employees) said they were able to report on business travel spend within one working day.

If there's no way of seeing how much an employee's spending on travel to see a specific customer or prospect, how can managers predict – with any degree of accuracy – whether the trip will be worth it in terms of revenue generated.

Tracking the amount spent on winning new business against how much the business actually makes is an impossible task, along with calculating the value of travel in terms of customer loyalty and retention.

And, without a full understanding of each employee's productivity and return, leaders have no basis on which to reward, empower or incentivise individuals accordingly – running the risk of losing star players in the long run.

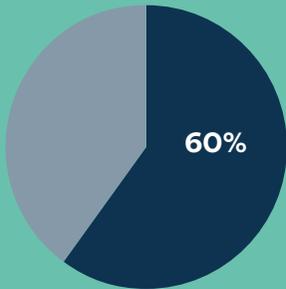
### **Siloed data is bad for business**

Such siloed data has a knock-on effect to the wider organisation as well: monthly, quarterly and annual forecasts are based on instinct, not fact. This, in turn, will affect the ability to make informed decisions about the company's future, the efficacy of any cost-saving measures, and – ultimately – the level of employee morale.

**By their very nature, silos hide data and are incapable of being transparent.**

### 3. How to forecast spend with confidence

#### Travel is essential to business growth

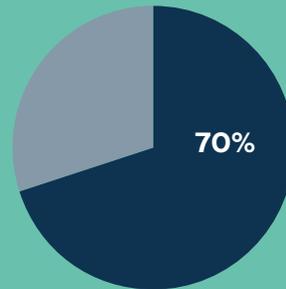


- Agree
- Disagree

Finance leaders are in need of a better way to manage their organisation's business travel spend and they're demanding it. According to the research, 60% of companies think travel is essential to business growth.

Yet a staggering 70% are also unable to forecast spend with great accuracy – and remember nearly half (47.6%) don't have full visibility over the

#### Ability to forecast spend on travel and expenses

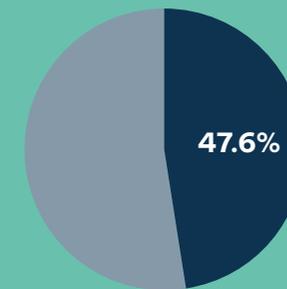


- Cannot forecast with accuracy
- Can forecast with accuracy

resultant ROI. For most companies, the intent is there but using it to plan for growth is proving challenging. So how can this be rectified?

Finance teams should consider combining real-time travel, expense, customer and revenue data – much like the process that already exists for the sales revenue and marketing pipelines.

#### Visibility of return from spend



- No visibility of ROI
- Visibility of ROI

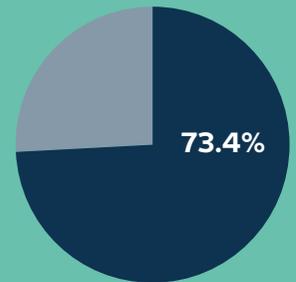
Then (and only then) will they be able to calculate ROI, budget and forecast accurately, measure profitability, and analyse metrics such as cost per sale - with confidence. Implementing this should be a priority, if they want to move past the travel and expense deadlock.

Similarly, they need to be able to justify business travel as an enabler for growth. They need to know how much it's contributing to the company – whether winning, nurturing or retaining customers. A more comprehensive, integrated system wouldn't just allow better management and visibility of costs, it would deliver productivity gains as well.

### Wave goodbye to travel bans

And that won't be the only positive. Remember how half (48%) of all businesses have been forced to implement company-wide travel bans? Well, that would likely become a thing of the past. In fact, three quarters (73.4%) of all the companies surveyed agreed these company-wide embargoes would be unnecessary – if they had a better, real-time forecast of all travel spend.

### Removal of travel bans if real-time forecast of spend was available



- Agree they wouldn't be necessary
- Would still have to impose bans

# Conclusion:

## Why travel belongs in your CRM

Customer and revenue data



Travel and expense data

Although merging travel and expense data with customer data may initially seem like an unnatural alliance, it's really not. Most companies now rely on their customer relationship management (CRM) tools for informed planning and decision-making. These systems provide a wealth of data on clients and prospects in just one central source of information.

In addition, business leaders are already managing and forecasting revenue data through these systems, so leveraging the same platform to manage travel and expense spend only

serves as the input to providing robust revenue output.

By uniting data, a single source of truth becomes available and the real relationship between travel spend and sales revenue can be understood. This means forecasting and predicting trends with greater accuracy; slicing and dicing data to sharpen business strategies – such as by specific customer, vertical or industry; and instant visibility of ROI. Finally, it becomes possible to make objective decisions about travel spend using hard facts, not fiction.

**Top four things wanted from a travel and expenses system:**

- 1. Help with annual budgeting**
- 2. Provide profitability per client**
- 3. Provide cost per sale**
- 4. Calculate ROI**

# Is your company a victim of business travel inefficiencies?

Take a look at these scenarios. Can you answer yes to all of them? If not, there's room for cost and efficiency gains: it might be time to review your business travel and expense management software.

Discover the value of using a single platform for all your business travel and expense needs - and find out how much you could be saving with **SalesTrip's ROI calculator**.

## Using my current travel and expense technology or system:

At the click of a button, I can generate a report showing the spend behind travel that's already happened, is currently underway or has been booked for the future.

I can see exactly how this travel has contributed to revenue/what the predicted revenue will be.

I can intervene at any moment on a precise trip when the return is deemed too low.

I have a single dashboard showing me how much has already been spent on business travel against the budget allocated at the beginning of the year.

I can see which teams and individuals are travelling the most and the revenue they generate in return.

Of this travel spend, I can immediately find out how much it costs the business to acquire and retain customers - I know what our customer lifetime value is.

I can analyse my own data in real-time, at the touch of a button: I never need to buy back data from vendors.

## About the research:

This research was commissioned by SalesTrip and conducted by 3Gem Research in October 2019. We spoke to 500 people – CFOs, Finance Directors and Finance Managers – working in small, medium and enterprise organisations from 50-5000 employees. Half of these companies were based in the UK, and the other half in the USA.

## About SalesTrip:

SalesTrip is a travel booking, ticketing and expense management system that's changing the way organisations manage, govern and justify business travel. Measure the return on investment (ROI) from your travel and expense spend for the first time. Employees book trips and submit claims driven by dynamic CRM data - increasing productivity, providing real-time travel insights and generating ROI for your business.

[www.salestrip.com](http://www.salestrip.com)

