The great
travel debate

Necessary for sales, nightmare for finance

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

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

- **Travel and expenses are a company's greatest financial uncertainty**
- **Real-time travel and expense data is a rarity**
- **There's a demand to forecast spend with confidence**
- **Travel belongs in your CRM**

Travel is essential for sales and the resultant contribution to company revenues, both through winning new customers and maintaining relationships with existing ones. 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[1]. 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.

Why?

Firstly, 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. Secondly, 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 commercial team's travel. Budgeting and forecasting are largely guesswork, and finance is forced to implement yet another company-wide travel ban which ends up hurting sales the most.

So, what's the solution?

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.

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Why travel and expenses are your company's **greatest financial uncertainty**

Corporate travel and expenses are the biggest (26.8%) variable cost to a company, closely followed by people costs (25.8%) including salaries, according to those surveyed.

When it comes to building revenue and retaining customers, there's only so much sales can do over the phone or via video conferencing. It's no surprise that the research also shows it's sales teams, along with marketing and customer success, that 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 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.

Has finance simply been forced to accept the status quo of a business function that's only just starting to see evolution – after 30 years – in response to a new wave of industry start-ups[2]? Perhaps business travel is a necessary evil and will always be an uncontrollable cost. Or, is it perhaps a case of flying blind? With no real-time visibility over who's spending and travelling, right across the 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 can result in finance targeting the highest spenders, sales, without first understanding whether their spend contributes to revenue in some way.

Forecasting business travel - much like forecasting the sales pipeline - 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 and empower sales professionals to manage their own spend, finance teams need access to real-time data.

80%
of travel spend is by commercial teams

The paradox of travel bans

So what's the consequence? Business travel is seen as a hindrance to growth rather than an enabler, impacting productivity and the bottom line. Hence why nearly half (48%) of all companies have been forced to implement travel bans in the past. Yet – although this might save money in the short term – does it actually impact revenues further down the line?

By merely looking at the hard facts of costs and savings, finance teams aren't necessarily considering productivity gains and return as well. Without a holistic view of revenue acquisition and retention, how can leaders possibly report on whether a customer is likely to be profitable? Could a travel ban end up having a negative effect on a specific client relationship that sales executives are nurturing? And let's not forget about attending to specific travel requests during the ban – further impacting productivity across the organisation.

"**Without a holistic view of acquisition and retention, how can you know whether a customer is likely to be profitable?**

½
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Q. What are the costs that vary most in your business?

1. Corporate travel & expenses

2. People costs

3. Facilities costs

4. Administrative costs

5. Research & development
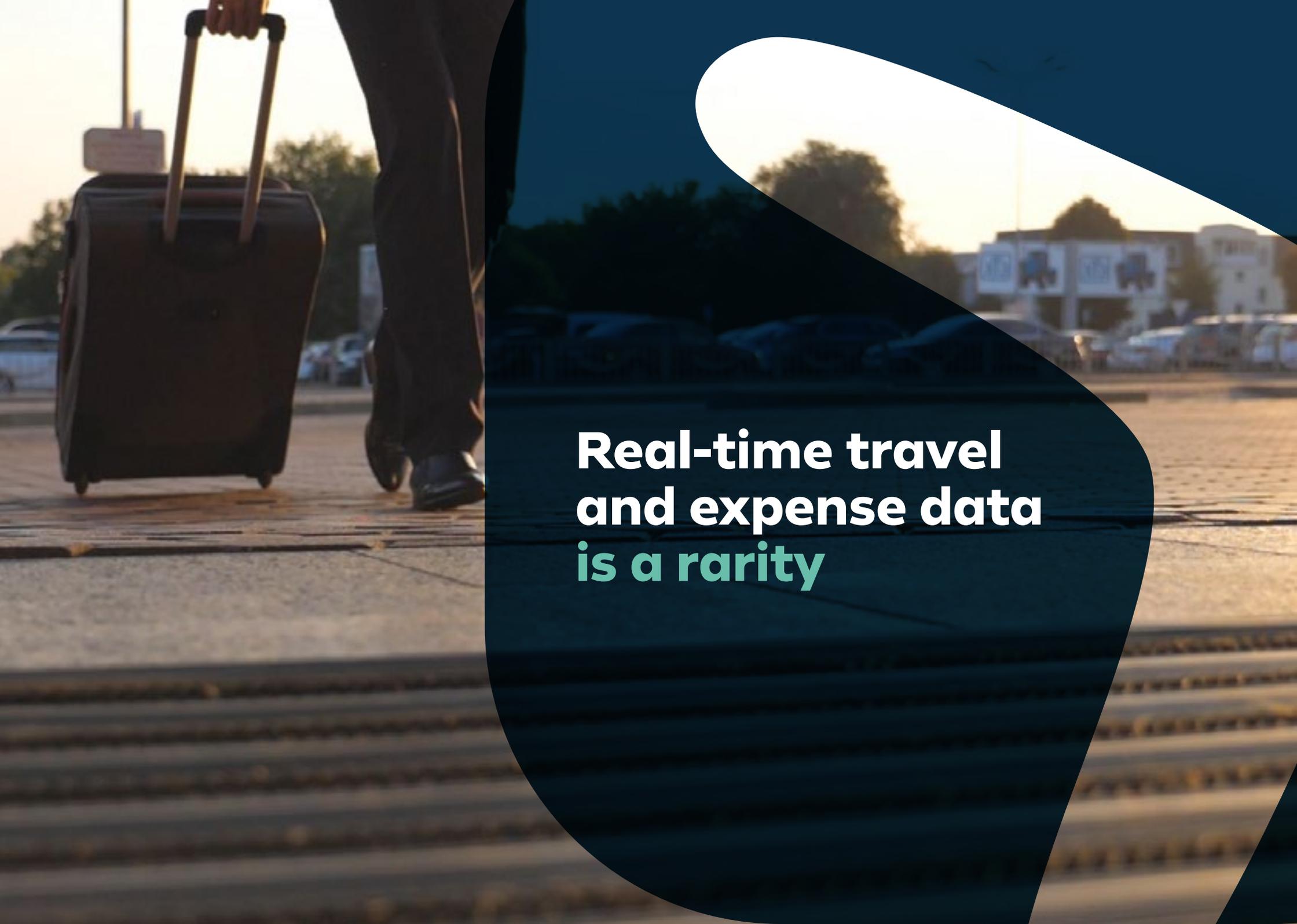
Real-time travel
and expense data
is a rarity

Business travel spend is widely reported as accounting for at least 10% of a company's annual expenditure[3]. So, why are so many companies unable to understand how it contributes to growth – or even where the money's going?

Information not on demand

The research revealed that an astounding 87% of finance teams at mid-market companies (101-5000 employees) take more than a day to report on 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 productivity – without accurate, real-time data to hand, business leaders have no actionable insights to help them make informed decisions either. Let's take a closer look.

The great data confusion

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 which business activities and outcomes or how it's influencing business growth. In fact, of those surveyed, only 13% of finance teams in mid-market companies said they were able to report on business travel spend within one working day. Imagine not being able to report on the status of the sales pipeline within minutes, let alone days.

If there's no way of seeing how much an employee is 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.

Only

13%

can report on travel spend within one working day

How to forecast travel spend like you forecast the sales pipeline

It's clear finance leaders are in need of a better way to manage their organisation's business travel spend. For the benefit of themselves and the commercial teams across the business. According to the research, 60% of companies think travel is essential to business growth.

Yet a staggering 70% are unable to forecast spend with great accuracy – and nearly half don't have full visibility over the 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 how sales and marketing has combined customer, order, product, campaign and other data. 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 or cost per customer with confidence. Implementing this should be a priority if companies are 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 had previously implemented company-wide travel bans? Well, that would likely become a thing of the past. In fact, three quarters (73.4%) of all those surveyed agreed these company-wide embargoes – that impact sales teams in particular – would be unnecessary if they had a better, real-time forecast of all travel spend.

> **A more comprehensive, integrated system wouldn't just allow better management and visibility of costs, it would deliver productivity gains as well."**

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½
don't have full visibility on the ROI of travel spend

Top 4 things CFOs want from a **travel and expenses** system

Help with annual budgeting

Provide profitability per client

Provide cost per sale

Calculate ROI
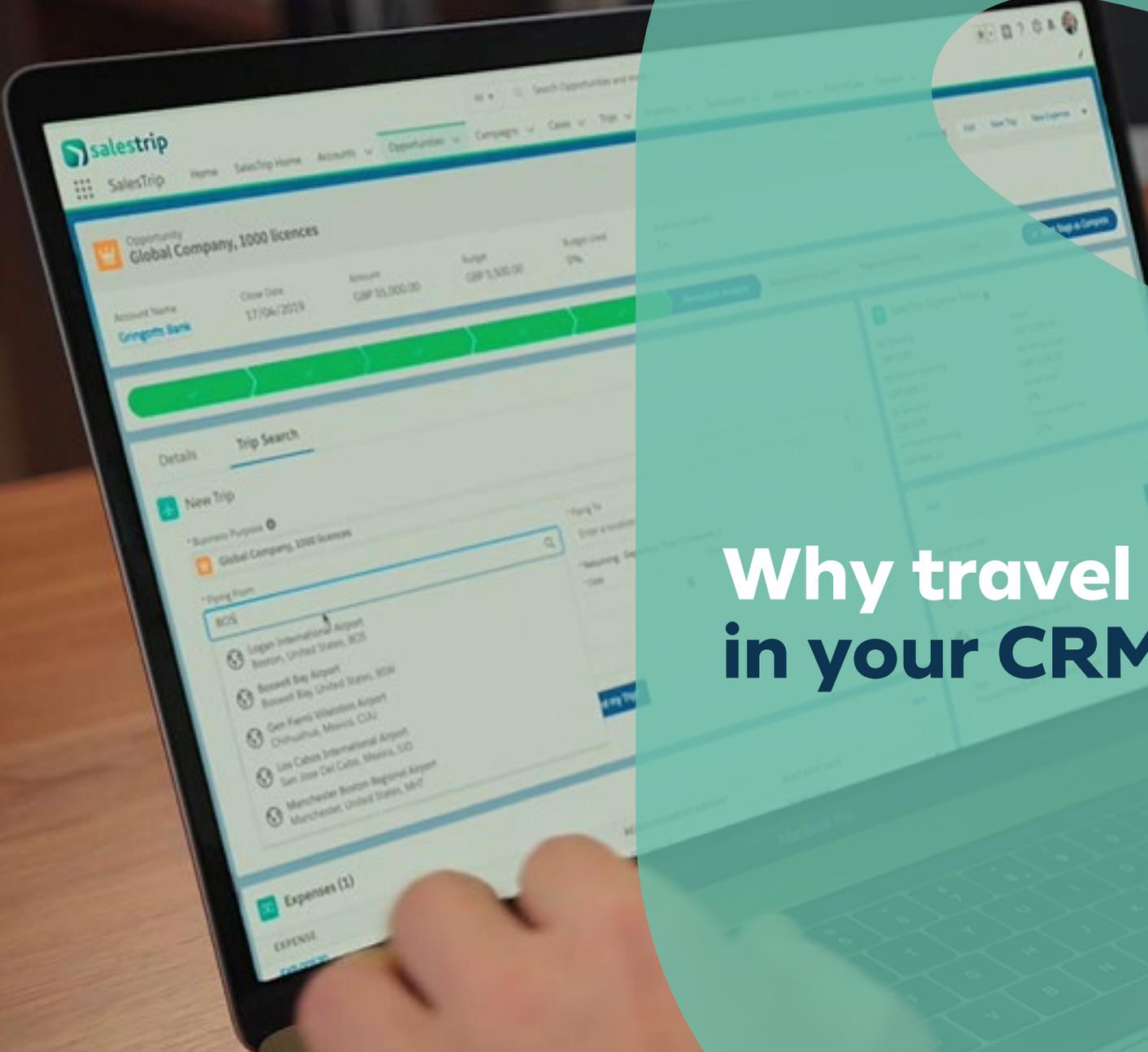
Why travel belongs in your CRM

Although merging travel and expense data with customer data may initially seem like an unnatural alliance, it's really not.

Sales professionals already rely on their customer relationship management (CRM) tool for informed planning and decision-making. These systems provide a wealth of data on clients and prospects from just one source of information.

In addition, sales leaders are already managing and forecasting revenue data through these systems, so enabling finance to leverage 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 will become possible to make objective decisions about travel spend using hard facts, not fiction. And in the process, empower every business traveller from sales to service.

> "...companies will have a single source of truth and be able to see the real relationship between travel spend and sales revenue.

Is your company a victim of business travel inefficiencies?

Take a look at the scenarios below. Can you answer yes to all of them? If not, there's room for improvement: it might be time to ask your finance team to consider reviewing your business travel and expense management software.

Using my current travel and expense system:

At the click of a button, I can generate a report showing the spend behind my team's 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 sales revenues or 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 my team has already spent on business travel against the budget allocated to sales at the beginning of the year.

I can see which of my teams and individuals are travelling the most and how profitable their deals are 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 travel data in real-time, at the touch of a button: I never need to ask another team for data.

Discover the value of using a single platform across your sales organisation for all business travel and expense needs – and find out how much you could be saving with SalesTrip.

SalesTrip: travel and expense management on Salesforce

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

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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.

[1] https://www.gbta.org/blog/gbta-forecasts-seven-percent-growth-in-global-business-travel-spend-potentially-signifying-end-to-era-of-uncertainty/
[2] https://skift.com/2019/02/26/what-venture-capital-likes-in-travel-startups-new-skift-research/
[3] https://www.groundscope.co.uk/2019/04/08/the-hidden-cost-of-business-travel/

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