



TRAVEL FORECASTING: HOW TO MAKE MORE ACCURATE PREDICTIONS

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Business travel expenses seem like a fairly straightforward budget item, but it can be one of the trickiest to track and predict. What's more, managers have to uncover hidden costs and include them in their financial planning. For companies that want to make the most of their travel budgets, consider these strategies for forecasting business travel expenses.



Different Travelers, Different Rates

Even for employees on the same trip, different people make different travel choices that result in inconsistent pricing for the same itinerary. One person may prefer to go straight home after the meetings end, which means flying during peak hours; while another wants to extend the trip to do some sightseeing - so her Saturday night stayover will decrease her airfare cost. Diverse needs and priorities while on the road means they're spending funds differently. Expense planning can be tricky if you're using these types of expense reports to predict the future. Your best bet is to look for average trip cost per traveler, which your travel management company should be able to provide as part of their reporting.

Missing Intel

You may be missing some key data if some employees aren't using the company's booking portal. Some road warriors have played the points game for so long that they can't be pruned away from the airline or hotel's website. Do they know they still earn points when booking through your company portal? If you have employees who aren't using your travel management company's tools, you are missing out on one of their most important advantages - the ability to negotiate on your behalf for discounts based on your spending. If you don't have widespread adoption of your booking tools, consider how to improve training and reinforce the benefits of leveraged discounts.

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Inconsistent Costs

How can you stay ahead of the budget forecasting curve if last quarter's data is unreliable? If you're trying to forecast business travel expenses, you could simply enter a fixed amount for each expense based on the prior quarter or the same quarter last year. However, some travel expenses will vary with the ups & downs of business activity -- and airfare & hotel costs may have risen year-over-year. In addition, your travelers can be the source of the inconsistency if you have one person who books weeks in advance and another who books 3 days out. Forecasting travel costs has to reflect outside pricing as well as the insiders who are doing the buying.

In addition to straightforward transportation costs, here are three costs that aren't easy to measure but still need to be considered:

1. **Traveler Friction - aka, the wear & tear of frequent business travel**

It's difficult to measure the actual costs related to the stress of business travel. When considering the travel budget, make sure you include the potential loss of productivity that comes from taking the cheapest option at every turn. If your staff are really pushed to cut costs at the expense of their personal comfort, you can expect to pay a price down the line in terms of morale and possible burnout.

2. **Opportunity costs due to planning & close-out tasks associated with the trip**

Any business trip requires your staff to take time away from their primary work to plan and make reservations. Planning business trips can be very time consuming when you factor in the time it takes to research the most convenient hotel, decide on transportation and layer in the financial decisions around flight times. All of these logistical tasks are distracting your employees from focusing on their actual work.

3. **Lost Time**

The complete financial picture can still miss the costs of lost productivity due to the flight delays and long security and customs lines. Some employees will make up those hours by taking work home in order to catch up on emails missed during the trip. But often there can be a productivity gap that results from too much time away from home base. Numerous trips, long hours and time-zone hopping can result in stressed & overworked staff who could muff some key prospects.



Travel Leaders Group can add value to your organization in many ways from financial to experiential. We reduce travel spending by continually searching for ways to optimize your company's budget. Our expert team includes a Financial Analyst as well as a Sourcing Analyst who are always working to find ways to save you money. Our Meeting Planners can provide visibility into how those costs stack up across departments. We are also able to "give back" time to your staff by offering our constantly connected team of tenured associates. And our considerable buying power provides your company with the best discounts and added-value benefits.

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