The business travel MINDSET RESET

Balancing travel needs
with new business priorities

FCM

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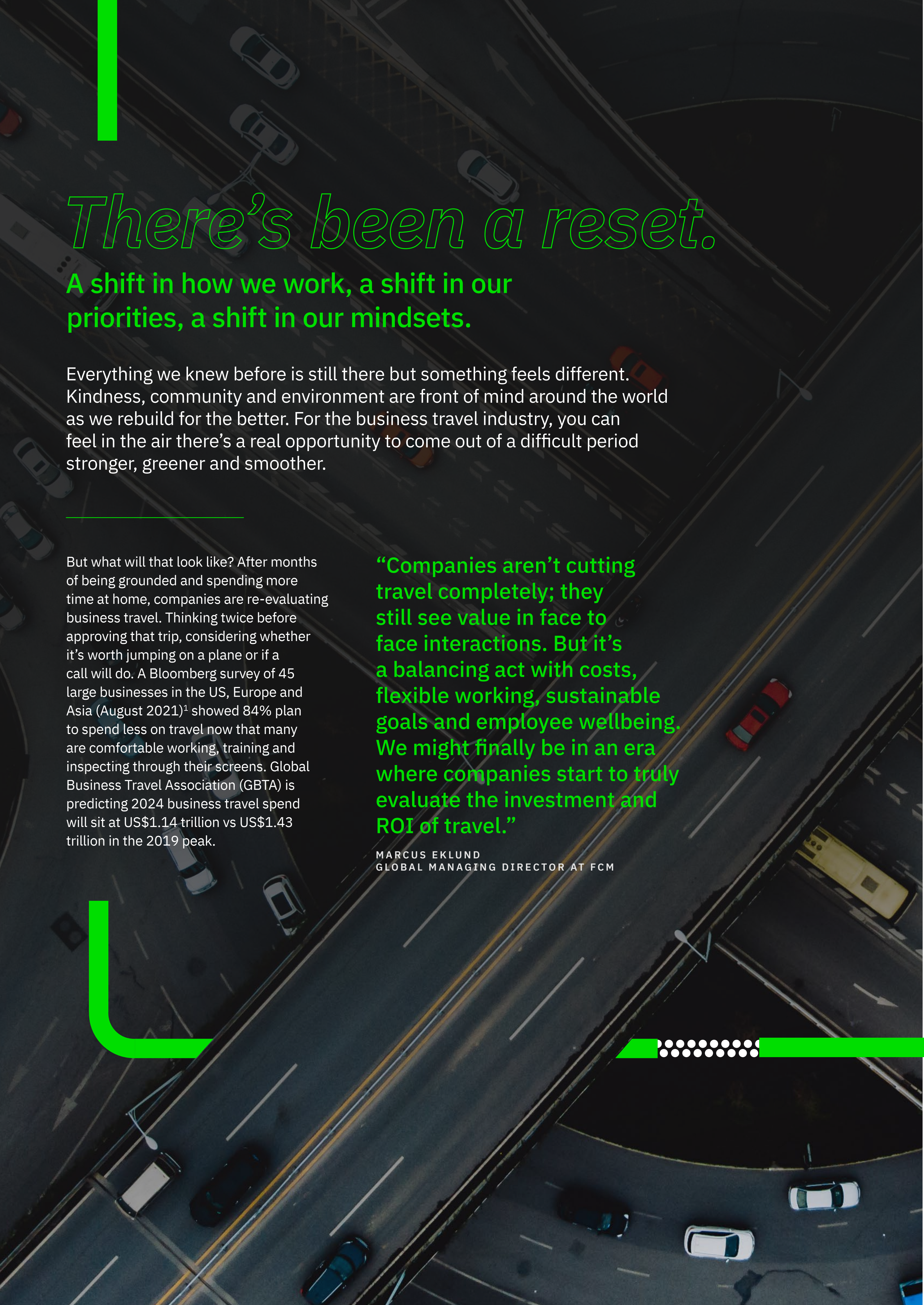


There's been a reset.

A shift in how we work, a shift in our priorities, a shift in our mindsets.

Everything we knew before is still there but something feels different. Kindness, community and environment are front of mind around the world as we rebuild for the better. For the business travel industry, you can feel in the air there's a real opportunity to come out of a difficult period stronger, greener and smoother.

But what will that look like? After months of being grounded and spending more time at home, companies are re-evaluating business travel. Thinking twice before approving that trip, considering whether it's worth jumping on a plane or if a call will do. A Bloomberg survey of 45 large businesses in the US, Europe and Asia (August 2021)[1] showed 84% plan to spend less on travel now that many are comfortable working, training and inspecting through their screens. Global Business Travel Association (GBTA) is predicting 2024 business travel spend will sit at US$1.14 trillion vs US$1.43 trillion in the 2019 peak.

"Companies aren't cutting travel completely; they still see value in face to face interactions. But it's a balancing act with costs, flexible working, sustainable goals and employee wellbeing. We might finally be in an era where companies start to truly evaluate the investment and ROI of travel."

MARCUS EKLUND
GLOBAL MANAGING DIRECTOR AT FCM

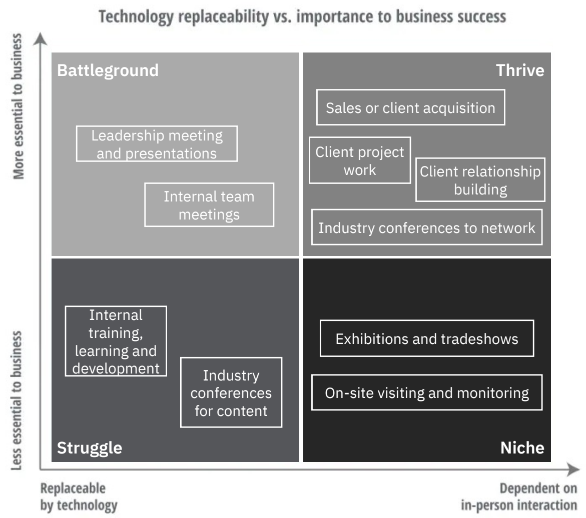
Defining meaningful travel

If travel is to be restricted, how do you determine what goes ahead and what is no longer essential? How do companies start to prioritise what happens face-to-face and what a call can handle?

There's a lot at play and it's not immediately obvious. And it's a question that led many to start having discussions about what has been called essential, meaningful or purposeful travel.

It was our friends at Festive Road that really deep dived into what they called purposeful travel. They challenged travel managers to readjust their way of thinking and to determine the value of virtual vs face to face for different travel types. Instead of internal and external travel their model is based on a trio of organisational, people and customer travel. Using example scenarios, they've outlined where there is potential value so businesses can determine where they sit on the scale of "Zoom vs In The Room".[2]

In another exercise Deloitte established its Why We Fly Matrix, plotting 10 business travel use cases against relative importance to business success and how dependent they are on face-to-face interaction vs virtual. The result is the below table; putting sales, clients and industry conferences as "thrive" areas for businesses.[3]



Source: Deloitte Why We Fly Matrix – for business/finance sectors

Another vocal commentator has been Scott Gillespie of tClara, who argues in The Company Dime that internal travel has its place.[4] In the same vein as Festive Road, he believes travel buyers can't compare internal vs external travel, but rather consider the value of different meetings and events, including those internal ones. Or alternatively, the disasters that could occur if they don't happen.

"There is an appetite for companies to reconsider what they deem as essential. Companies and travel managers will have their own priorities, driven by the nature of their business, their company's wider goals and company culture. Customers in pockets of the world have started to relax their travel bans at different paces, staying aware of not just the risks associated with the pandemic, but with costs and employee wellbeing in mind too," says Eklund.

1 https://www.bloomberg.com/news/features/2021-08-31/will-business-travel-come-back-data-show-air
2 https://www.festive-road.com/beyondthepause-the-era-of-purposeful-travel/
3 https://www2.deloitte.com/uk/en/insights/focus/transportation/future-of-business-travel-post-covid.html
4 https://www.thecompanydime.com/scott-gillespie-internal-travel/

External factors for today's business trips

It's largely the same factors that there have always been. But the shift in how we work and think is changing the discussions we're having about these traditional topics.

Policies

Take travel policies. Never staying the same for long anyway, but many of the factors we're about to delve into will be reflected in revamped travel policies. It's largely down to company culture and ways of working. PwC's 2021 Global Culture Survey says "culture's time has come" for workplaces around the globe, seen as a competitive advantage to retaining talent, supporting change and activating the right behaviours for success. A distinctive company culture is thought to make employee satisfaction 80% more likely and customer satisfaction 89% more likely, according to the survey.[5] So reflecting that culture in all policies, not just travel, will support those claims and ambitions.

The pandemic has caused many travel managers to think about processes, especially when it comes to health and safety. Many of our customers have switched to mandated tools and policies, supported by preferred suppliers. The Deloitte survey found 53% travel managers will now be encouraging employees to booking with preapproved vendors using a corporate tool and 45% require compliance with travel policy.

But the policy that gets all the limelight currently is the one around the workplace and remote working. Business news headlines are dominated by whether the office will ever be the same again.

Some businesses are going fully remote; others are taking a hybrid approach with a mix of days in an office and working from home. A global Ipsos/World Economic Forum survey of 12,500 employees (21 May – 4 June) found two thirds want more flexibility on whether they must work in the office and 65% feel more productive with a flexible work schedule.[6] It's more prevalent among younger workers; with a separate EY survey finding millennials would be twice as likely as baby boomers to quit a job if they weren't offered flexibility.[7]

What does this hybrid way of working mean for business travel?

It's a question many travel buyers are thinking through as employees get back to offices. Considerations include:

- Does commuting to the office count as business travel and can be it be expensed?
- Will travel patterns and regular destinations change if employees are less frequently travelling internally to other offices?
- What country-by-country rules will there be?
- Will there be more group travel for big meetings and events?

5 https://www.pwc.com/gx/en/issues/upskilling/global-culture-survey-2021/global-culture-survey-2021-report.html
6 https://www.ipsos.com/en/return-to-the-workplace-global-survey
7 https://www.ey.com/en_gl/news/2021/05/more-than-half-of-employees-globally-would-quit-their-jobs-if-not-provided-post-pandemic-flexibility-ey-survey-finds

Who's allowed to go, and what for?

Intertwining travel policy and the purposeful travel mindset, there will be decisions made around what type of travel is even allowed any more. Major factors influencing those decisions include:

- **Cost:** Both Amazon and Google shared they saved approximately $1 billion each on business travel during 2020. Many travel, procurement and finance managers won't want to go back to spending as much and may have reduced budgets while economies and businesses continue to recover.
- **Trip and company objectives:** Decide what trips will be rejected and which ones will be approved. Using tools and methodologies like those above, combined with wider company goals, will help travel managers and wider teams focus on what type of business travel is going to be important moving forward.
- **Who is travelling:** Many companies will be looking at a gradual return to travel. Some never stopped. In some instances it will be obvious if someone should travel; an engineer, a doctor or a crew. As travel bans relax for desk-based roles, it'll likely be particular groups that get to travel before others.
- **Safety and risk:** In a travel environment where border and quarantine rules are changing with the click of a finger, there's now a heightened emphasis on safety and risk. It won't always be this way, but the principles remain for future risky scenarios.

Top 5

developments to trigger business travel return

- Low infection rates
- Population vaccinated percentage
- Reopening of client offices
- Easing of quarantine restrictions
- Reopening of own offices

Source: Deloitte Corporate Travel Survey 2021 of 150 travel managers, August 2021

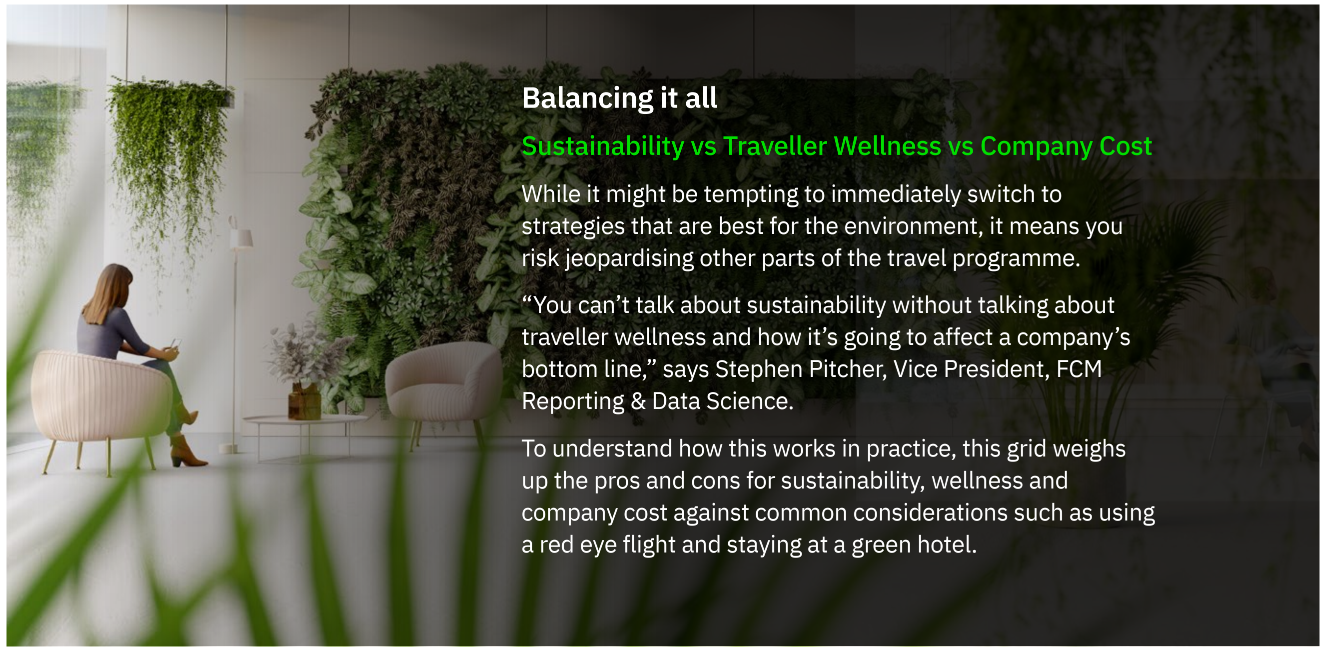
Caring for planet and people

Sustainability is in the corporate mainstream now. It's unavoidable. Both companies and individual travellers are more conscious of the environment and want to take an active stand. Strategies are still in their infancy for many companies; only a third of those interviewed by Deloitte had solid sustainability goals and plans in place. Currently, sustainability still battles with the higher travel buyer priorities of cost and traveller satisfaction/ wellness. It's not just lower priority, but a greener focus tips the balance on other important business travel factors, occasionally costing more and not fitting into what we'd expect from a travel experience. More on that below.

In the same vein as flexible working, business travel needs to reflect and support traveller wellbeing. It's not sustainable or healthy to insist employees travel as often as they used to; many employees have enjoyed the reset on the work life balance brought on by the pandemic. On the other hand, others are itching to get back out there.

Wellbeing stretches across HR and leadership but has themes that are engrained in how travel programmes move forward for the benefit of employees.

- **Willingness to travel:** Has the potential to slow business recovery. It's always been unethical or unsupportive of employees to force them to travel against their will but more so in today's conscious environment.
- **Work life balance:** Many of us have reset our priorities. Spending more time with loved ones and being home when the kids are; that's what matters. Will travel policies, like flexible working, adapt to allow that balance to continue?
- **Physical health:** The pandemic thrust health into the spotlight. A personal and delicate subject matter with employees but one that might affect their travel plans.
- **Diversity and inclusion:** Truly inclusive workplaces and policies work for all backgrounds, ethnicities, disabilities, sexualities, ages, genders and beliefs.
- **Mental health:** Tying all the above into one important question: is this employee in the right mental state to carry out this business away from home?



Balancing it all

Sustainability vs Traveller Wellness vs Company Cost

While it might be tempting to immediately switch to strategies that are best for the environment, it means you risk jeopardising other parts of the travel programme.

"You can't talk about sustainability without talking about traveller wellness and how it's going to affect a company's bottom line," says Stephen Pitcher, Vice President, FCM Reporting & Data Science.

To understand how this works in practice, this grid weighs up the pros and cons for sustainability, wellness and company cost against common considerations such as using a red eye flight and staying at a green hotel.

Common considerations and their impact:

	Sustainability	Traveller Wellness	Company Cost
Reduce flight connections	**Win** Reducing flight connections reduces emissions emitted.	**Win** Traveller generally has a smoother journey with less stops.	**Lose** Flight typically costs more with fewer connections.
Reduce travel days	**Win** The less days spent travelling, the lower the carbon footprint.	**Depends** on traveller's objectives.	**Win** Company spends less money on shorter trips.
Red eye flight	**Win** Time is reduced for overall trip.	**Lose** Not an ideal time to fly.	**Win** Not paying extra night for hotel.
Early morning/late departure	**Win** Time is reduced for overall trip.	**Lose** Not always the ideal time to fly.	**Win** Less cost for overall trip.
Fly economy class	**Win** A lot of carbon calculators look at how much space is being occupied on plane. Economy takes up less space.	**Lose** Traveller is not travelling in a better seat.	**Win** Economy is a more affordable option.
Fly business class	**Lose** The inverse of economy class in that more space is being used.	**Win** Traveller is travelling in a better seat.	**Lose** Business is a more expensive option.
Stay at "Green" hotel	**Win** It is a more sustainable option.	**Unknown** Depends on circumstances of traveller (e.g. if hotel is close or far from where traveller needs to be).	**Unknown** Depends on price of hotel.
Combined trips / Consecutive travel days	**Win** Carbon footprint is generally less.	**Lose** Traveller may have to go city to city in a short timeframe.	**Win** Keeping travel and cost down.
Take rail instead of air	**Win** Rail is a more sustainable option.	**Lose** Rail generally takes longer.	**Win** Cost is typically lower than air options.
Stay in smaller hotel room	**Win** Energy used is lower.	**Lose** Travellers tend to prefer more space.	**Win** Smaller hotel rooms are typically cheaper.
Compact/ Economy car rentals	**Win** Less carbon emissions used.	**Lose** Travellers sometimes prefer larger vehicle.	**Win** Economy car rentals are typically cheaper.
Ride share vs car rental	**Depends** on circumstance.	**Depends** on circumstance.	**Depends** on circumstance.
Private jet	**Lose** More carbon emissions emitted.	**Win** Who wouldn't want to fly on a private jet?	**Lose** Expensive transportation option.

A reset on technology's role

Ready for this stat? According to a McKinsey & Co study, the adoption of digital technology was accelerated by an astonishing seven years thanks to the pandemic.[8]

That's quite the leap. With new demands thrust upon them, many companies found technology rolled out quicker than ever before and have made investments that will become part of business strategy; it's not just about saving money.

With that in the background, travel technology is under pressure to do the same. While the pandemic was devastating for the travel industry's transactions and revenue, technological advancement continued. Partly driven by the need for a contactless experience, partly to keep ahead of business needs in our ever-changing world.

For the travel experience itself, it means biometric technology is becoming the norm at airports. Robots, not usually physical but ones we talk to, are part of our everyday lives and payments are moving into a cashless, virtual arena.

For travel managers, it means there's more flexibility and insights than ever before. In their shift of priorities, travel tech had to keep up. Key areas highlighted and accelerated during the pandemic included: More streamlined approval processes as travel managers navigate purposeful travel and the return of business trips.

- Detailed reports and traveller tracking at a click of a button so managers and bookers know where travellers are and can help them.
- Data that captures as much of the total trip cost as possible to assess policies of the future.
- One single ecosystem to work from that integrates various local and national systems, to ensure the highest compliance possible and a consistent view.
- An easy and efficient way to contact travellers in an emergency with clear, concise advice and guidance.

8 https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever quit-their-jobs-if-not-provided-post-pandemic-flexibility-ey-survey-finds

AI and IQ

In the midst of the chaos of 2020, many travel managers realised that while technology was the way forward, their travellers still needed a human every now and again. Someone on the other end of the phone, especially in the middle of the night when they're stressed and tired.

Managers needed their own support too. A TMC that is truly a partner; always finding ways to keep people safe, finding that golden nugget of data to save money or setting future strategies against wider company goals.

It's a mix of the two that has enabled true agility and seamlessness in modern travel programmes.

"FCM has focused on opportunities to automate processes for more than five years. We'll continue simplifying and streamlining our processes using automation for all of our customers – whether they're the head of procurement, a PA or traveller"

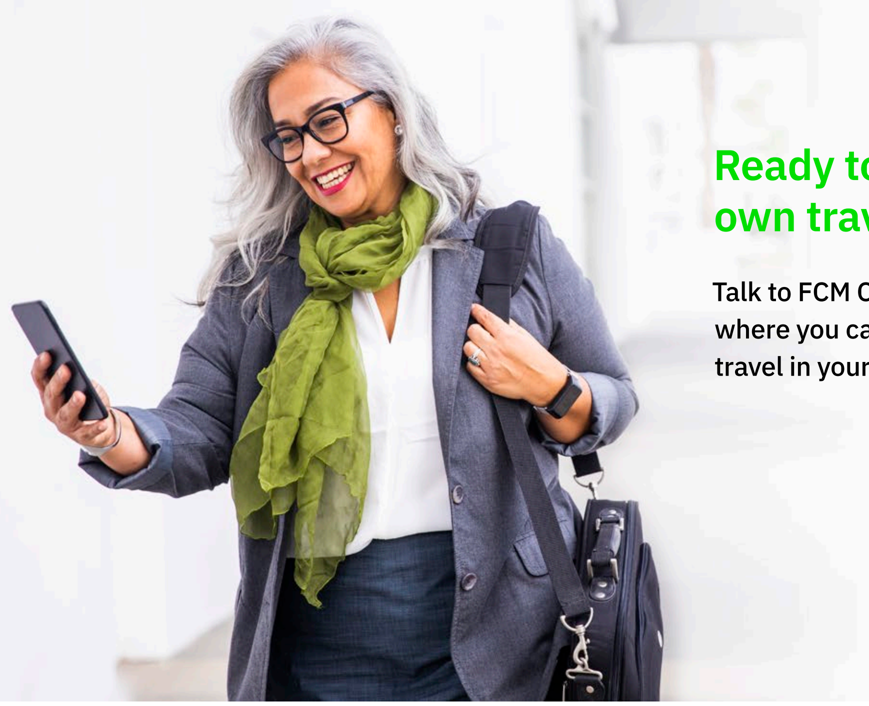
MICHEL ROUSE, CHIEF PRODUCT OFFICER, FCM

Is this reset for the long-haul?

In a word, yes. Travel managers have always had to adapt to new behaviours and processes. But this time around, it's less fad and more here to stay.

A lot is in flux. We're yet to see the full extent of what evolving workplaces and work patterns will look like. A new type of traveller is coming through that loves short TikTok style content, grew up with mobile phones from a young age and won't stand for shoddy or greenwashing practices. With this attitude and social media, there's nowhere to hide.

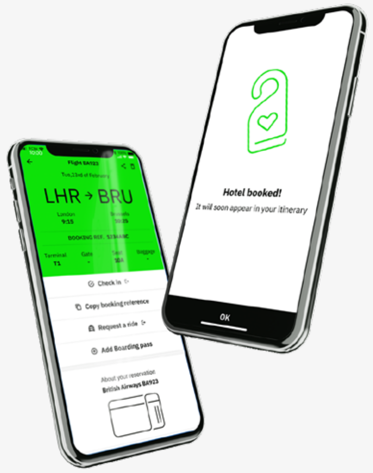
The age-old business considerations will always be there. Policy, costs, safety. But where does sustainability, wellbeing and technology sit in your future strategy? They've all accelerated up the corporate agenda and will only become more engrained into our everyday deliberations.



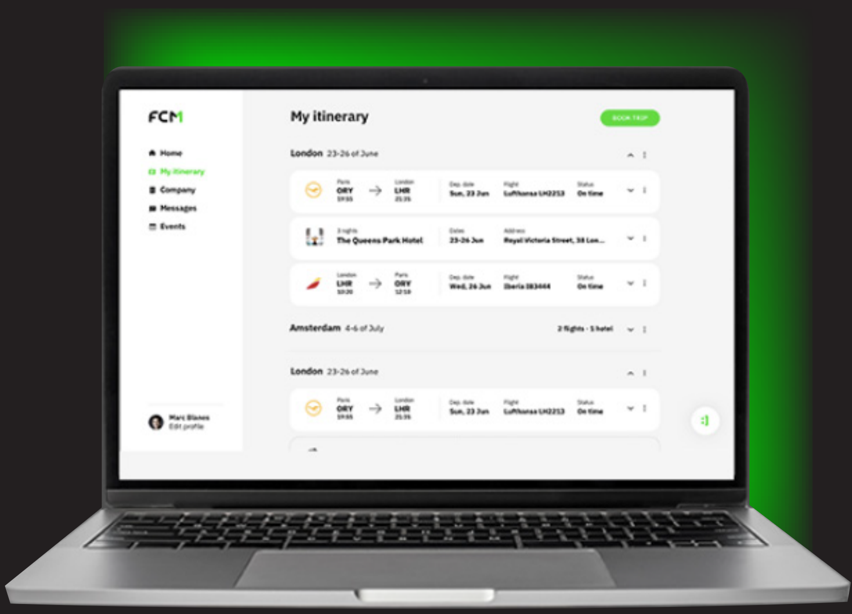
Ready to hit reset on your own travel programme?

Talk to FCM Consulting about where you can find meaningful travel in your business.

9 FCM Platform features that support your future travel plans



1. **Communication:** Travel managers and bookers can message travellers directly from the platform. Keep on top of risks and disruptions with alerts and notifications, as well as policy nudges. Need to talk to someone? Just one click away.
2. **Global consistency:** FCM Platform is flexible and agile to integrate various local, national and global systems around the world, all within one global instance.
3. **Slick approvals:** Wherever, whenever, on whatever device. Online and offline, all in one platform.
4. **Booking:** A cleaner experience based on your preferences, travel policy, pricing and whatever else you require.
5. **Safety and wellbeing:** Manage disruption and alerts in one place, matched up to travel data. Communicate in the platform directly with travellers when they need support. And if any of you need assistance, it's always there 24/7 on any device.
6. **Seamlessness:** A true ecosystem. Book, approve and manage your travel on any device in one consistent experience.
7. **Best fares and rates:** As part of Flight Centre Travel Group we've got global buying muscle, re-shopping tech and unique partnerships to drive savings and the best rates.
8. **AI powered and reporting:** Ask and you shall receive. Serving you the insights and reports when you need them, all in one place.
9. **Sustainability:** Display greener choices, get visibility on carbon impact and learn how to offset. Actionable insights at your green fingers.



Explore FCM Platform today – book a demo