

A guide for

# Business Travellers

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# INTRODUCTION

Travel has long been a staple of the business world, as domestic and international trips allow professionals to establish new networks and strengthen existing ties.

**In fact, according to the most recent Australian Bureau of Statistics data, 17 per cent of all travel done by Australians is for business.**

While that statistic is from 2010, it is backed up by more recent research from international hospitality company Accor, which shows that the average Australian business traveller took 5.2 trips in the first six months of 2011.

That means business travellers are potentially on the road or in the air 10 or more times a year. When you look at it that way, some helpful advice on the best way to manage spending and corporate credit cards while travelling for work will come in handy for a large percentage of the Australian workforce! This guide is designed to provide employers and employees with a simple checklist of common issues and considerations to think about when preparing for business travel and how to manage spending while travelling for work.

# A SNAPSHOT OF BUSINESS TRAVEL COSTS

**The cost of business travel can be quite high, with government departments like the Department of Foreign Affairs and Trade (DFAT) allocating annual allowances of \$27,000 per staff member.**

Even smaller departments that rely less on travel, such as the Australian Bureau of Statistics, still come in with an estimate of \$3 million per year for staff travel expenses.

It isn't just the civil service where corporate or business travel expense reigns either. According to Corporate Travel Management (CTM) – a well-known corporate travel company which operates in Australia and New Zealand – its share of the corporate travel market in Australia is estimated to be worth \$6.6 billion, and this figure is expected to rise.

Similarly, American Express Global Business Travel expects to see an increase in the number of Australians taking work trips. At the end of 2011, the company's General Manager and Vice President, Trena Blair, said corporate travel was expected to rise across the entire Asia Pacific region.

"As business travel is both an essential part of global economic performance as well as an enabler of business growth, we expect the combination of demand and effective travel supplier yield management to likely push rates business travellers pay up across the board in 2012," she said.

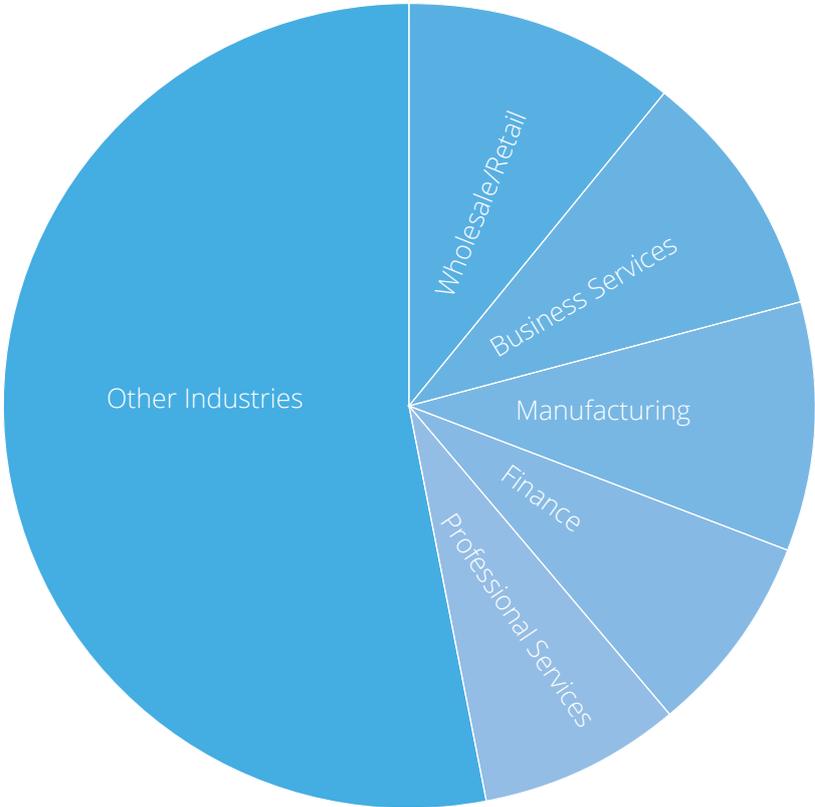
While these facts make it clear that business and travel still go hand-in-hand, understanding the different types of travellers and the number of ways you can pay for trips will help you find a cost effective and convenient way to manage work-based trips.

# PROFILE: THE BUSINESS TRAVELLER

The types of people that travel for business can obviously vary from industry to industry, but looking at current trends can help give you an idea of the who, where and why in Australia.

**This information is exactly what Accor’s annual Business Traveller Research Report explores, and the results provide a snapshot of the current corporate travel scene in Australia.**

According to this research – which covers the entire Asia-Pacific region – the average business traveller from Australia is male (71 per cent), in a managerial position (44 per cent) and most likely to work in one of the following industries:



After managers, white-collar workers were the most likely to travel for business (23 per cent).

But Australia also has one of the highest rates of travel by business owners, with 14 per cent of all business travellers in this category, a percentage that ties with Thailand's results and is beaten only by New Zealand's 17 per cent.

It is also worth noting that the bulk of Australian business trips are international, with only a third of the travel exclusively domestic.

While the recent global financial crisis and technological developments have made video conferencing more important for many companies, the majority of the corporate travel industry still predicts stable or increased travel.



This could be for any number of reasons, but with “internal and external company business” making up 63 per cent of all Australian business travel, the chances are it is a desire for more hands-on involvement in work being done that leads to these trips.

# TIPS FOR MANAGING BUSINESS TRAVEL

Business travel costs are dependent on the company's budget, which often means stricter monitoring of travel expenses than there would be for a personal holiday.

There are a number of financial and logistical considerations that companies need to make when outlining business travel, including:

- Who will manage the bookings
- Whether to use an allowance or reimbursement system; and
- How to pay for the travel expenses

These decisions can vary depending on the type of company, the size of the business and what methods executives prefer to use, but the most important thing is to have a consistent system in place so that you can keep track of travel costs.

In Australia it's common for dedicated administrative or personal assistants to arrange travel, which keeps executive schedules more organised and helps outline accountability for expenses.

When it comes to actual bookings, credit cards tend to play a major role in business travel not only because they often provide rewards, but also because they make it easy to track expenses.

The convenience of additional credit cards, for example, means that when you are travelling you can charge all your business expenses to one account so that very little consolidation needs to be done later on.

In fact, smaller companies may decide to use one credit card to fund an entire trip, booking flights and accommodation on the primary card and issuing a secondary card for the

## Low cost Business Credit Cards For Additional Cardholders

Cards	Purchase Rate	Annual Fee	Additional Card Costs	Other Features
<b>American Express Business Accelerator</b>	20.99% p.a.	\$160	NIL	Earn two points per \$1 spent with this card, which also offers GST itemisation on statements and American Express Selects deals and discounts.
<b>Velocity NAB American Express Business Card</b>	20.74% p.a.	\$149	NIL	As well as discounts and deals through American Express Selects, you earn one point per \$1 spent.
<b>ANZ Business One Low Rate</b>	13.26% p.a.	NIL	NIL	With this card you get complimentary company liability insurance, transit accident insurance and financial features such as the ability to set monthly caps for each cardholder.

## Popular Credit Cards for Small Business Owners

Cards	Purchase Rate	Annual Fee	Other Features
<b>Citibank Select</b>	20.74% p.a.	\$700	<ul style="list-style-type: none"> <li>• 2 points per \$1 spent in Australia</li> <li>• 3 points per \$1 spent Overseas</li> <li>• Unlimited points earning</li> <li>• Unlimited airport lounge access</li> <li>• Complimentary airport transfers</li> <li>• Travel booking service</li> <li>• Up to 4 free additional cards</li> </ul>
<b>Commonwealth Bank Business Awards Platinum</b>	20.74% p.a.	\$300	<ul style="list-style-type: none"> <li>• Up to 3 points per \$1 spent</li> <li>• Transit accident insurance</li> <li>• Unauthorised transactoin insurance</li> <li>• Discounts on essential business supplies</li> <li>• Add your business name beneath the cardholder's name</li> </ul>
<b>American Express Qantas Business</b>	20.74% p.a.	\$160	<ul style="list-style-type: none"> <li>• 1.25 points per \$1 spent, uncapped</li> <li>• GST itemisation on statements</li> <li>• Travel inconvenience cover</li> <li>• Downloadable statements that are compatible with Quicke, MYOB and Microsoft Excel</li> </ul>
<b>Virgin High Flyer</b>	20.99% p.a.	\$249	<ul style="list-style-type: none"> <li>• 1 Frequent Flyer point per \$1.50 spent</li> <li>• Credit limits from \$2,000 up to \$50,000</li> <li>• Choice of MasterCard or Visa</li> <li>• Overseas and interstate travel insurance</li> <li>• Unauthorised transaction insurance</li> <li>• Business inconvenience insurance</li> </ul>

# CORPORATE TRAVEL BOOKING SERVICES

Another option that businesses may choose to use is specialised travel agencies or corporate booking services.

These companies can make travel arrangements easier to manage by finding the best prices for airfares and accommodation, as well as any other personal requests.

While there are some general travel agencies that have a corporate booking branch, such as Flight Centre, there are also companies that deal exclusively with business travel arrangements. Some of the most popular in Australia include:

- 1. American Express Global Business Travel** – The travel consultancy arm of AMEX offers bookings, program management, advisory services and more, with a global approach.
- 2. Corporate Traveller** – An award-winning booking service owned by Flight Centre.
- 3. Corporate Travel Management** – An Australian and New Zealand company that manages around 6% of all business travel in Australia.
- 4. FCm Travel Solutions** – A leading corporate travel management and consultancy company (also operated by Flight Centre).
- 5. TravelScene Corporate** – Australia's largest group of premium independent travel management companies.

As well as these companies, it is also worth noting that some credit card issuers also offer travel-booking services.

The [Citibank Travel Program](#), for example, provides travel deals and an easy way to convert credit card rewards points to flights and other expenses, as does AMEX Global Business Travel, so you may want to look at these services if you use a credit card for your business.

# HOW TO MANAGE EXPENSES WHILE ON A BUSINESS TRIP

If you are a business owner or manager, sending an employee on a business trip involves a certain level of trust.

Either way, it is a good idea to keep track of the expenses and have a clear idea of what costs are reasonable, and what may be indulgent.

A good example of travel-related expense management gone wrong is the recent controversy surrounding travel expenses of Australian House of Representatives Speaker Peter Slipper.

In April 2012, media across the country reported that Mr Slipper had spent \$75,000 in travel over 18 months – including many charges that were not clearly workrelated. Documents show that there were some cab charges of over \$240 each that seemed to be related to personal travel and were potentially inflated figure.



An investigative report in The Australian also used financial documents to show that Mr Slipper incurred over \$14,000 in travel costs for his family in the first six months of the 2011-12 financial year.

While these claims are still being investigated, Mr Slipper has been practically forced to step down from his position. This situation paints a bleak picture for people who are less-than-thorough about their travel expenses, and shows just how much it could cost your business if there are not clear guidelines in place.

# TIPS FOR THE COMPANY

In order to keep expenses under control, it is important to have a strict travel policy outlining the types of costs that will be covered and the requirements travelling employees will need to meet for claims to be accepted.

The travel policy for Victoria University, for example, outlines that employees must travel by the most direct route possible and find the best fare of the day for all transport costs.

As a way of keeping track of airfare costs, all tickets are bought using a dedicated American Express corporate credit card.

Accommodation, on the other hand, must be “convenient, value for money, fit for purpose to where business is being conducted and be able to withstand external scrutiny”.

The employee should use their own funds to pay for any personal charges, such as sightseeing or use of hotel facilities like the minibar. These types of conditions not only make sure employees are managing costs reasonably, they also ensure employers (and employees) satisfy auditing requirements.

Whether you use similar conditions to the ones above or develop your own, the important thing is to clearly communicate what is and is not acceptable for travel expenses.

**Handy Hint:** *An easy way to write your own travel policy is to check out the policies of other companies and adapt to suit your own needs. For example WorkplaceInfo (a subsidiary of The NSW Business Chamber) has published a useful list of tips on what you should include in business travel policies.*

# TIPS FOR THE TRAVELLING EMPLOYEE

A good travel policy should help guide you when it comes to what you can and can't charge to a work trip, but there is also a lot you can do to avoid confusion and awkward situations later on.

Having access to a business credit card, for example, may remind you that you are accountable for all of the charges made while you are away, but it is also important to keep both the card and receipts secure so that all your bases are covered at the end of the trip.

Below are some of the most important dos and don'ts you should remember when you are travelling as an employee:

- **Do** ask questions about what will and won't be covered on the trip so that you know exactly where you stand,
- **Do** plan your days so that any leisure time is clearly separated from work time,
- **Do** take your own credit card or debit card to pay for any personal purchases,
- **Don't** use hotel facilities that will be added to the total bill (ie room service) unless you can pay for them separately,
- **Don't** opt for the most expensive options just so you use the entire allowance; and
- **Do** let someone at work know if you are taking extra time away for personal reasons.

Most of these things are covered in travel policies, but it can help to have them in mind right from the start so that you know you are doing the right thing by the company.

That way travel is more likely to be an exciting and diverse part of the job, rather than a burden.

# CONCLUSION

While travel is still an integral part of businesses, global economic shifts and technological developments have made cost efficiency more important than ever before.

Whether you use a credit card for trips, or have partnerships with travel companies, the most important thing is to develop a system that makes it easy for everyone to keep track of the costs.

That way you will be able to keep expenses in line with your budget so that you can focus on achieving your goals both in Australia and around the world.