

TRAVEL CULTURE

Your Competitive Advantage in a Global Market

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Business travel has traditionally sat in an unusual spot—in between an operational expense and an investment. In the decade or so that I've worked in business travel, I've had countless conversations with customers on the best way to approach corporate travel: to manage or not to manage? A cost to be minimized or a strategic investment in the company? Happy employees or happy chief financial officer? The lack of data and insights about the strategic value of business travel has been a challenge. But getting to the core of this and truly understanding the impact of each and every business trip can make the difference between a good year and a great five to 10 years.

The marketplace is increasingly global and dynamic, and this is true for all businesses regardless of sector or size. It's never been more important for companies to differentiate and compete. Business leaders are looking for ways to stay one step ahead, and like the rise of new technologies such as artificial intelligence (AI) and machine learning, personalization is key. We all know that meeting customers in person, collaborating with colleagues one on one, and working with partners and suppliers face to face will positively impact a business. But the question today is, how exactly?

In this report, we uncover that companies with a strong travel culture—one where the company, its leaders, and its processes support the use of corporate travel as a form of strategic investment with business value—produce better business results. Over the past year, companies that have a strong travel culture saw twice as much improvement in key areas like customer loyalty and retention, market share, and employee satisfaction compared to those with a weak travel culture. Even profitability soared 40% higher indicating the incredible impact a well-managed business travel program can have on bottom line growth.

Unlocking business value in corporate travel exists today. Companies with a strong travel culture have well-managed travel programs in place that save them money and help their businesses scale and grow. Any company looking to safeguard its competitiveness should start with business travel.



ROB GREYBER
PRESIDENT
EGENCIA

TRAVEL CULTURE

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A seamless and adequately funded travel program, when aligned with a company's strategy, can be a source of competitive advantage today—and a differentiator across a number of areas. Such a program can enable an organization to create a unified company culture in an increasingly global business environment. It can help employees be more productive and gain more in-depth knowledge about markets, customers, and suppliers. It can even drive innovation and fuel revenue growth across regions.

Ultimately, organizations that have a strong travel culture—one in which the organization, its leaders, and its processes support the use of corporate travel as a form of strategic investment with business value—can deliver better business results.

Travel for work has only become more important and is likely to become more so. “Business travel continues to increase exponentially, and it’s not just population growth driving it,” says Will Tate, partner with corporate travel consultancy GoldSpring Consulting. “As businesses grow and expand, their travel footprint grows and expands. We’re seeing a continued emphasis on the importance of face-to-face relationships.”

Indeed, most business leaders acknowledge the value of having a strong travel culture, according to a recent survey of 587 respondents familiar with their organization's corporate travel policies and culture conducted by Harvard Business Review Analytic Services. The majority of these respondents, 41% of whom work in organizations with 10,000 or more employees, say that having a strong travel culture is extremely or very important to their organization's business performance today.

However, less than a third of those same respondents say that their organization actually has a strong travel culture. In fact, most respondents say their organization manages corporate travel not as a strategic investment in its future but as a cost to be minimized. Not surprisingly, a significant number also reported struggling with such issues as tight travel budgets, clunky travel systems, unclear travel processes, and inflexible travel policies and options.

HIGHLIGHTS

—
58%

OF RESPONDENTS SAY THAT HAVING A STRONG TRAVEL CULTURE IS VERY IMPORTANT TO THEIR ORGANIZATION'S BUSINESS PERFORMANCE TODAY.

—
50%

OF THOSE IN ORGANIZATIONS WITH A STRONG TRAVEL CULTURE HAVE SEEN SIGNIFICANT IMPROVEMENTS IN CUSTOMER LOYALTY AND RETENTION.

—
47%

OF THOSE IN ORGANIZATIONS WITH A STRONG TRAVEL CULTURE HAVE SEEN SIGNIFICANT IMPROVEMENTS IN PROFITABILITY.

—
31%

OF RESPONDENTS SAY THEIR ORGANIZATION HAS A STRONG TRAVEL CULTURE.

THERE'S NO DENYING THAT IN-PERSON INTERACTIONS CAN FOSTER CLOSER RELATIONSHIPS WITH CUSTOMERS AND BUSINESS PARTNERS AS WELL.

Yet failing to take a strategic approach to business travel management is a dangerously short-sighted view—as the results of this survey prove. Those business leaders who say their organization has a strong travel culture were more likely to see significant increases in key performance indicators. They realized greater benefits in areas ranging from profitability and operational efficiency to market share and innovation to customer retention and employee satisfaction.

A Key to Performance

Nearly six out of 10 respondents (58%) say that having a strong travel culture is very important to their organization's business performance today. That's the case for open-source software company Red Hat, which operates in 40 countries around the world. "Travel is key to our

open culture. It's important for our associates to meet face-to-face with customers, open-source communities, business partners, and one another," says Mary Jo Craft, Red Hat's senior global travel manager

Survey respondents say the biggest benefits of travel within their organizations are increased collaboration, stronger relationships, better management of dispersed teams, and unification of a business culture around the globe. **FIGURE 1** "We're always trying to save money for the company, but the benefits of travel and meeting face-to-face can be important," says Craft. "We have a tremendous culture, and building connections and collaborating to innovate are key to that. Travel can help foster those connections."

Meeting team members in different geographic locations is also crucial to building better and more productive working relationships. "We're big advocates of videoconferencing, but meeting people in person is also important because you can connect in different ways," Craft says.

There's no denying that in-person interactions can foster closer relationships with customers and business partners as well. For organizations operating at a global scale, such face time demands investment in travel. It enables employees to build closer relationships with key customers, better collaborate with partners and suppliers, and better understand customer needs and create the kinds of experiences they want, according to respondents. **FIGURE 2**

A focus on customer-centricity means significant travel for employees of multinational big data analytics company Splunk. "We have a lot of loyal customers, and getting out there and helping them solve their problems is key," says Joy Anzinger, Splunk's senior manager of global travel. "If our employees never went on the road again and tried to care for our customers remotely, I'm not sure how it would translate. There's a huge connection between travel and business performance."

FIGURE 1

INTERNAL BUSINESS BENEFITS OF A STRONG TRAVEL CULTURE

What do you believe are the biggest internal benefits of a strong travel culture?

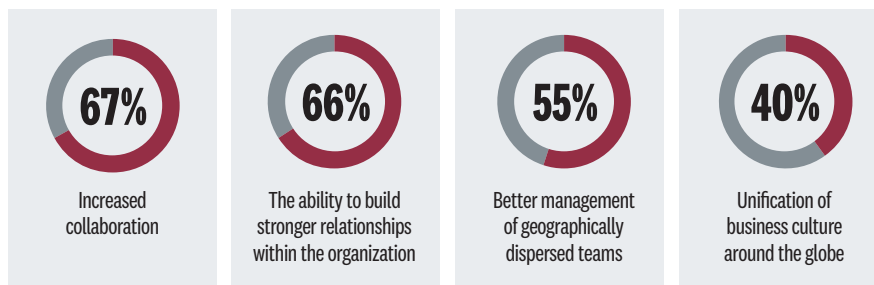
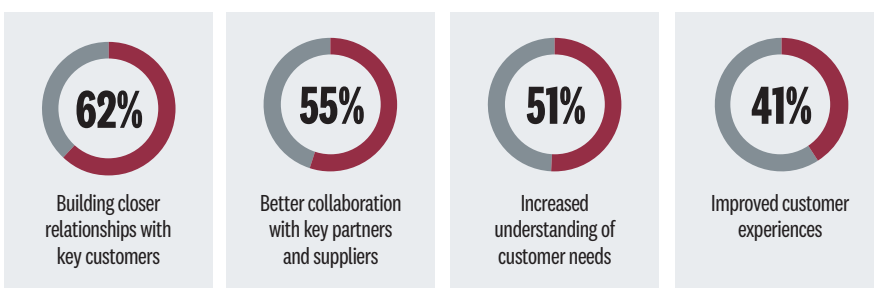


FIGURE 2

EXTERNAL BUSINESS BENEFITS OF A STRONG TRAVEL CULTURE

What do you believe are the biggest external benefits of a strong travel culture?



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, MARCH 2019

Indeed, business travel is a relationship builder, both inside and outside the organization. The vast majority of respondents say in-person meetings are required to ensure positive long-term relationships with customers (84%), with key business partners and suppliers (80%), and between employees and co-workers (78%). Around eight out of 10 respondents (81%) also say that travel has given them greater awareness of and empathy for both coworkers and customers.

Perhaps most importantly, supporting employees as they conduct this travel builds a better relationship between companies and their employees, enabling them to perform their best at home and on the road. “We want to do our best for our customers but also for our employees, because our employees take care of our customers,” says Anzinger, who began building an enterprise travel program at Splunk four years ago. “You have to do both.”

The connection between employee satisfaction and performance is a clear argument for investing in a strong travel culture. “A happier employee does a better job,” says Will Tate of Goldspring Consulting. “So, traveler happiness connects to better business performance. That’s why more organizations are beginning to see the value of travel as a strategic investment.”

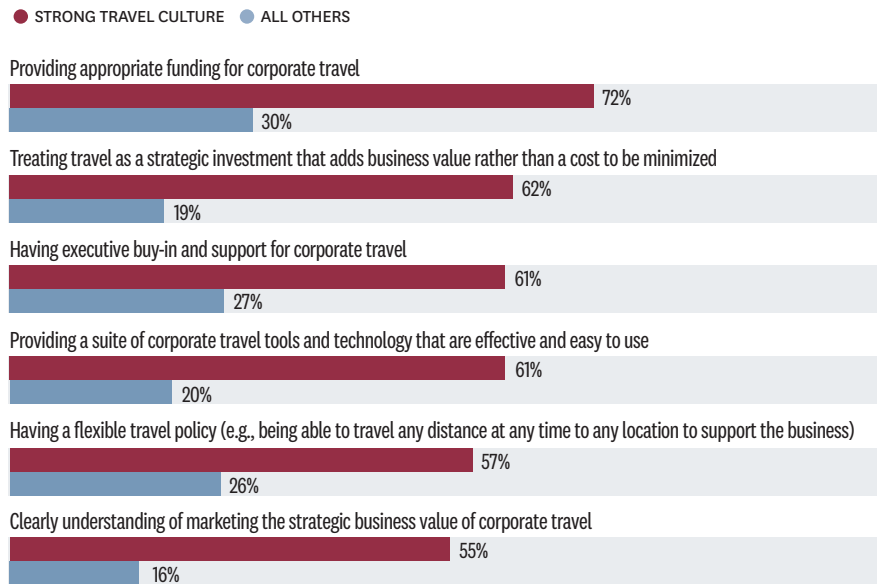
Lessons from Global Leaders

The nearly one-third (31%) of business leaders who say their organization has a strong travel culture focus on the value of smart travel investments. These business leaders were much more likely to say their travel programs were adequately funded (72% of this group); had executive support and buy-in (61%); included effective, easy-to-use travel technology and tools (61%); offered travelers flexibility (57%); and were treated as a strategic investment with clear business value (62%). **FIGURE 3** They were also somewhat more likely to focus their travel management efforts on ease of use in travel scheduling and booking for employees. They were less likely to cite cost control as their primary goal.

FIGURE 3

PRIORITIES OF STRONG TRAVEL CULTURES

Percentage of respondents in each category who say their organization strongly prioritizes the following aspects of travel culture



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, MARCH 2019

For years, Red Hat associates booked their travel independently. As the company grew, it became clear that a global travel program could enable Red Hat to better leverage its scale and to provide associates with travel support on the road. As a result, finding effective and easy-to-use tools became a top priority. “We had a group of associates test potential products before we chose one,” says Red Hat’s Craft. “We have received positive feedback from associates about our program’s ease of use and the apps for use on the go. Although the company has a travel policy, we are driving program adoption using more the carrot than stick, and my role as travel leader has been to be a change agent in our organization,” Craft explains. “We want to draw people into the program by providing the best travel experience for our associates.”

It’s not just the priorities of a strong travel culture that are different for the survey leaders. Their results stand out as well. Survey results show that these travel leaders are achieving more than

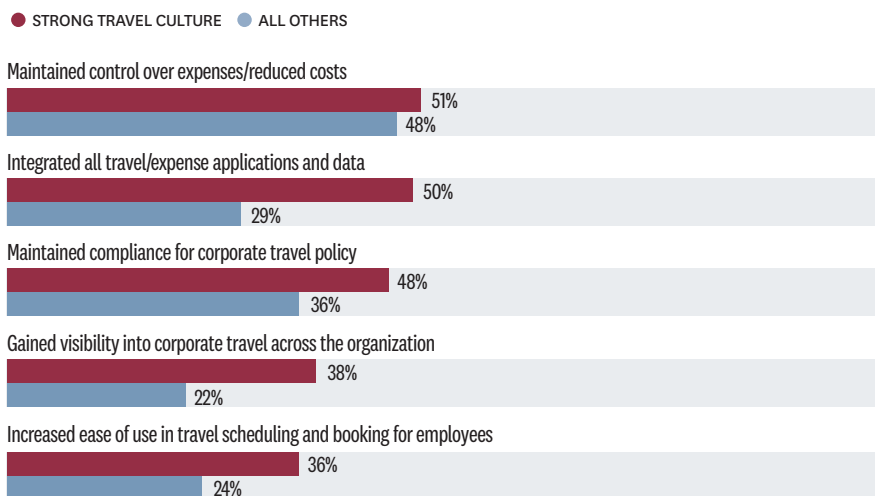
“WHILE YOU CAN’T SPEND YOUR WAY TO SUCCESS, YOU CAN’T COST-CUT YOUR WAY TO IT EITHER.”
WILL TATE, GOLDSRING CONSULTING

“Although Red Hat has a travel policy, **we are driving program adoption using more the carrot than stick**, and my role as travel leader has been to be a change agent in our organization,” says Mary Jo Craft, Red Hat’s senior global travel manager.

FIGURE 4

TRAVEL LEADERS SEE BROAD PROGRAM BENEFITS

Percentage of respondents in each category who said their organization had seen the following benefits as a result of its approach to travel management



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, MARCH 2019

the rest with their travel programs. Companies that have a strong travel culture were not only more likely to be able to offer their employees better travel management experiences and achieve greater visibility into their travel investment thanks to systems integration, but they also saw greater benefits across the board—including in cost reduction and compliance. Around half of the travel leaders say they were able to maintain control over expenses, comply with policy, and integrate their travel applications and data—and 38% say they had greater visibility into corporate travel across the organization. [FIGURE 4](#)

Increased visibility was a key driver of the travel program at Splunk. “Before,

people were booking directly, and while that might feel pretty good to the employee, we’re a company that’s all about data,” says Splunk’s Anzinger. “We need to know what people are doing in order to take better care of them. And it also enables us to leverage our spend.”

Most business leaders are looking for commercial intelligence today, according to Caroline Strachan, managing partner with travel and meetings management consultancy Festive Road, and that extends to travel management. “No business leader wants to be in a situation where they don’t know what’s actually happening, and data is the starting point for that,” Strachan says. “We advocate for 100% visibility. It’s the best overall health check of the travel program.”

The clearest case for the value of a strong travel culture, however, emerges in looking at the overall business performance of the travel leaders compared to all other respondents. Around half of those in organizations with a strong travel culture have seen significant improvements in customer loyalty and retention as well as profitability. In addition, a greater portion of them have seen sizable improvements in market share, operational efficiency, new products, and service introductions, speed to market, and employee satisfaction than other respondents. [FIGURE 5](#)

Failure to Approach Strategically

Despite the fact that business leaders understood intellectually that having a strong travel culture is important to business performance, most organizations are failing to treat travel

as a strategic investment. Fewer than one in three say their organization has a strong travel culture, and just over a third (35%) say their organization's approach to managing business travel is very effective. In addition, more than half of respondents say their organization's main goal for travel management is either controlling costs or maintaining compliance with travel policy. "The only companies that should be prioritizing purely cost in their travel programs are those in burning platform situations that are either doing heavy cost-cutting or losing headcount," says Strachan.

While you can't spend your way to success, adds Tate, you can't cost-cut your way to it, either. "Finding the right balance is key, and organizations need to look for the optimal way to spend their travel dollars for an optimal return," Tate says.

As a result of the tactical or cost-centric view of most travel programs, employees can face significant challenges when it comes to travel. Lack of funding was far and away the biggest obstacle to business travel (63%), cited as an issue even in those organizations with a strong travel culture. Other complaints included inflexible travel policies and options, the fact that company leaders failed to see business travel as valuable, inefficient or unclear travel and expense processes, and difficult-to-use systems. **FIGURE 6**

The Single TMC Solution

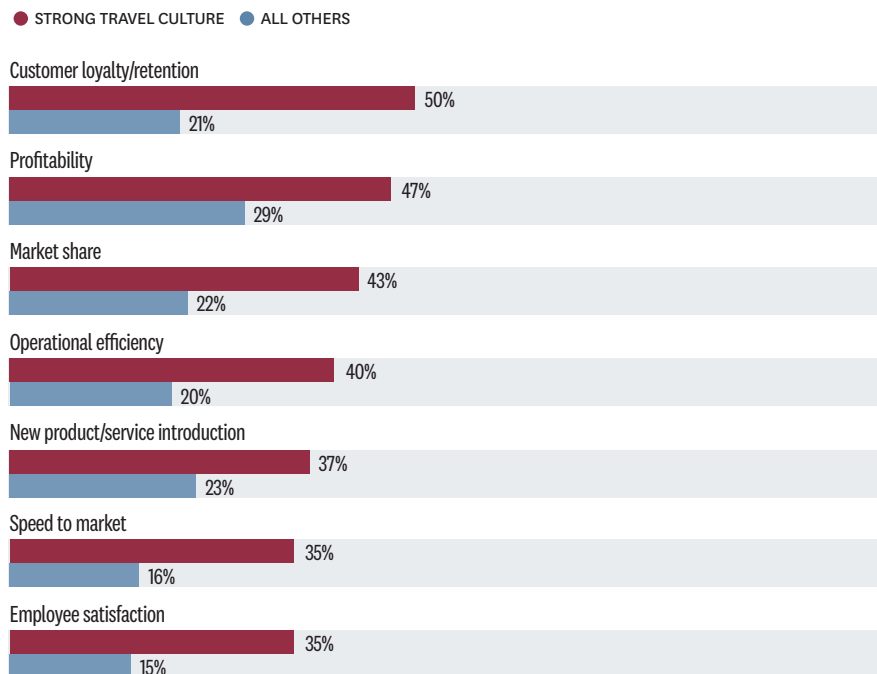
It's clear what business leaders believe constitutes a strong travel culture: treating travel as a strategic investment that adds business value, having a flexible travel policy, providing a suite of effective and easy-to-use corporate travel tools, appropriately funding corporate travel, and a clear understanding of the business value of travel. Unfortunately, well under half of respondents overall were prioritizing these today.

More respondents in strong travel cultures prioritize these key aspects. In addition, 77% of those respondents who say their organization has a strong

FIGURE 5

TRAVEL LEADERS ACHIEVE BETTER BUSINESS RESULTS

Percentage of respondents in each category who say their organization's performance in the following areas has improved significantly over the past year



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, MARCH 2019

travel culture have a single travel management company (TMC) solution in place, while only half of all other respondents said the same. Likewise, three-quarters of those who say their organization's approach to managing business travel is very effective have a single TMC versus the 49% of all other respondents.

Implementing a user-friendly TMC solution was part of building the global travel program at Red Hat. It proved to be the foundation for a more strategic approach to business travel investment as the company grew to more than 13,000 employees today from 9,000 in 2016.

A global TMC solution not only can provide a better experience for employees and greater visibility for travel managers and company executives, but it also can bring together valuable enterprisewide travel data for current and future analysis

"WE ADVOCATE FOR 100% VISIBILITY. IT'S THE BEST OVERALL HEALTH CHECK OF THE TRAVEL PROGRAM."
CAROLINE STRACHAN,
FESTIVE ROAD



“IF OUR EMPLOYEES NEVER WENT ON THE ROAD AGAIN AND TRIED TO CARE FOR OUR CUSTOMERS REMOTELY, I’M NOT SURE HOW IT WOULD TRANSLATE. THERE’S A HUGE CONNECTION BETWEEN TRAVEL AND BUSINESS PERFORMANCE.” JOY ANZINGER, SENIOR MANAGER OF GLOBAL TRAVEL, SPLUNK

The ROI is clear: those organizations whose leaders, policies, and processes support the use of corporate travel as a strategic investment perform better.

and strategy. “The holy grail for every forward-thinking travel manager is connecting the dots between the purpose of a trip and the ROI of a trip,” says Tate. “Everyone is looking for that value proposition.” Looking ahead, travel managers may be able to cross-reference TMC data with metrics from other software, like enterprise resource planning (ERP) systems, to make those calculations.

The possibilities will become even more interesting as business leaders apply artificial intelligence (AI) or machine learning to that data. That’s the direction business travel management is headed. “When I started as a travel manager, we didn’t have the technology we have today,” says Craft. “It’s all about making those connections. We’re exploring things like application programming interfaces (APIs) and artificial intelligence to bring it all together. The role of travel management has changed because of technology.”

Creating Value with Business Travel

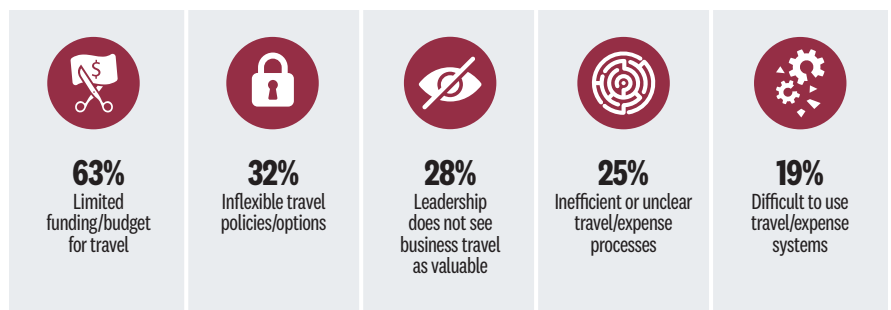
For many years, travel management was about cost containment. However, it’s clear that in the global business environment, business travel must be viewed as a performance enhancer. Companies with a strong travel culture are often able to do both—save money and build the business. “You can travel smart but also in support of the business,” says Anzinger. “There’s a way to balance it.”

The ROI is clear: those organizations whose leaders, policies, and processes support the use of corporate travel as a strategic investment perform better.

FIGURE 6

BUSINESS TRAVEL ROADBLOCKS

Percentage of respondents who said the following were among the top three impediments to business travel in their organization



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, MARCH 2019

There’s also the cost of not investing in business travel to consider. Festive Road’s Strachan recalls one CEO who banned travel and suffered the consequences. “Employee engagement went down. Revenues took a hit. It impacted customer loyalty,” she says. “The CEO departed quickly, and the new CEO lifted the travel ban immediately.”

Ultimately, smart travel managers will make the business case for a strong travel culture clear—and then deliver on that promise. “The travel team has to find its place and perform at the level the rest of the organization expects, providing easy-to-use tools and making sure that the leaders see it as a strategic investment that the business values,” says Strachan, “and linking back every action you take with true business need.”

METHODOLOGY AND PARTICIPANT PROFILE

A total of 587 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

SENIORITY

20% SENIOR MANAGER/ DEPARTMENT HEAD	18% DIRECTOR	15% MANAGER/ SUPERVISOR	11% C-SUITE/ PRESIDENT/ CHAIR	11% EXECUTIVE MANAGEMENT (EVP, SVP, GM, MANAGING DIRECTOR, ADMINISTRATOR)	10% VICE PRESIDENT	8% CONSULTANT	ALL OTHER TITLES ARE LESS THAN 8% EACH
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KEY INDUSTRY SECTORS

15% TECHNOLOGY	15% MANUFACTURING	11% FINANCIAL SERVICES	8% BUSINESS/ PROFESSIONAL SERVICES	7% GOVERNMENT/ NOT-FOR-PROFIT	7% HEALTH CARE	ALL OTHER INDUSTRIES ARE LESS THAN 7% EACH
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JOB FUNCTION

24% GENERAL/ EXECUTIVE MANAGEMENT	13% SALES/BUSINESS DEVELOPMENT/ CUSTOMER SERVICE	7% MARKETING/PR/ COMMUNICATIONS	7% CONSULTING	6% IT	6% STRATEGIC PLANNING	6% FINANCE/RISK	ALL OTHER FUNCTIONS ARE LESS THAN 6% EACH
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REGIONS

53% NORTH AMERICA	26% EUROPE	13% ASIA/PACIFIC	4% LATIN AMERICA	3% MIDDLE EAST/ AFRICA
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Figures may not add up to 100% due to rounding.



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