

It pays to establish policies regarding business travel, even ones that are flexible



## Travel policy **GROUNDS HIGH FLIERS**

BY BETTY W. STARK



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**T**his has been a challenging year for business travelers. Airfares are increasing as rapidly as the price of crude oil, the cost of a hotel room is steeply rising, and car

rental rates are accelerating across the country.

On the up side, more business travelers than at any time since 2000 are in the air and on the road, meeting with clients, making sales, attending conferences and servicing equipment across the country and around the world.

The beleaguered road warriors barely have time to complete expense reports, let alone scout for low airfares or worry about the fine print on a rental car contract. For most companies, there is even less time available to develop a corporate travel policy that sets expectations regarding how, when and why all of this travel takes place.

Business travel is typically the second- or third-largest controllable company expense, but many companies do not have policies in place to guide their travelers. "Just get there, make the sale (or attend the seminar, or repair the equipment) and come back" does not qualify as a travel policy, but for a surprising number of large and small companies, this is the unspoken rule.

There's a popular reason for this. Writing a travel policy is viewed as a daunting task that is easily put on the back burner.

But if travel costs are to be controlled, it is essential that a written policy that clearly spells out company philosophies and expectations be developed, implemented, monitored and (this is the difficult part) enforced.

Any size company can take basic steps to develop a workable set of guidelines which recognizes corporate culture and reins in inconsistent and costly behaviors.

For starters, resist the urge to form a policy committee composed of frequent travelers to labor over the nuts-and-bolts of the policy. The goal is to develop reasonable guidelines that work for all travelers, not just those with vested interests.

A senior staff person such as an executive assistant who has travel industry knowledge and hands-on experience making travel arrangements will generally bring fewer biases to the process. That can minimize delays and the politics that may result from policy-making by committee. It's equally important to solicit regular input from designated travelers, travel arrangers, key finance staff and senior management.

The standard inclusions in a travel policy are air travel, lodging, car rentals, per diem

spending guidelines and expense reporting. For each, determine if controls are to be low, medium or high.

Because business travel is often a balancing act between cost effectiveness and convenience, a strict air travel policy could tip the balance toward cost savings at the expense of convenience and traveler comfort. On the other hand, a policy that is too loose allows travelers to make decisions based on personal agendas such as frequent flyer miles.

It's important when developing a travel policy to think outside the box. If travelers have "always" rented a car even when attending seminars at the destination hotel, ask whether a rental car is really necessary. Consider requiring the use of free airport shuttles, taxis or other local transit.

If travelers have "always" stayed at full-service hotels, consider requiring that hotels be selected based on the objective of the trip. When client meetings and entertainment are key ingredients, a full-service property such as a Marriott or Hyatt might be necessary.

On the other hand, if the traveler simply needs a clean, comfortable room in a safe, convenient location, a moderate property such as a Fairfield, Holiday Inn Express or AmericInn could suffice.

Decide whether travel is to be booked through a designated travel agency or on the Internet. While the Internet offers

convenience and options for business travelers, by allowing unmonitored booking, a company relinquishes the control and reporting necessary for reining in a corporate travel budget and tracking policy compliance.

Whatever components ultimately comprise a written travel policy, there are important keys to making it work. The policy should be fully endorsed and issued by top management, and—this is critical—it must be enforced.

A written travel policy, however well-crafted, is ineffective if it is not distributed to all travelers including new employees. Ideally, it should be accompanied by a cover letter from senior staff which spells out the goals and rationale behind the policy.

Long or short, tightly controlled or not, a written travel policy is a valuable tool that can guide employees toward effective travel decisions and the company toward substantial savings on one of its largest budget items. ● ● ●

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## GERALD E. DENOR, CPA EARNS ACHIEVEMENT AWARD

**Gerald E. Denor, CPA** is the recipient of this year's WICPA Achievement Award in recognition of his outstanding accomplishments on behalf of the WICPA and the CPA profession.

An active and enthusiastic member, Denor joined the Southeast Chapter of the WICPA in 1974. He worked hard on motivating members and was slated to be president-elect of the Southeast Chapter in 2000. However, the WICPA Board voted to dissolve the chapter structure that year and he was unable to fulfill his term. This minor setback didn't stop Denor from impacting the WICPA.

He has been involved with numerous



committees from the ground up, including the CPAs in Industry Committee and the CPAs in Industry Conference Planning Committee. For the past five years he has

served on the WICPA Board of Directors as secretary-treasurer. He is also on the Executive Search Committee, the Lease Renewal Committee, and is Board liaison to the Educational Foundation Board and the Finance Committee. Denor has mentored many past presidents over the years, and Executive Directors Joe Sperstad and LeRoy Schmidt have also sought his experience on a few occasions. Professionally, Denor is executive vice president at Dana Investment Advisors in Brookfield. With Denor's help, the firm has grown from a \$200 million organization in 1986 to a \$2.8 billion organization today. ● ● ●