

WHITEPAPER

MANAGED VS UNMANAGED TRAVEL

 AmTrav





**SOMETIMES, HERE IN THE AMTRAV
CONTENT DEPARTMENT, WE CAN HEAR
AUDIBLE SCOFFS OF TRAVEL MANAGERS
HUNDREDS OF MILES AWAY WHO CONTINUE
TO FIND NO COMPELLING REASONS TO START
A MANAGED TRAVEL PROGRAM**

Even though they continuously hear about how wonderful it could be. We also hear the lamenting of bookers who use outdated tools and the travelers who are forced to use them in conjunction with shoddy support. Discovering the right solution can feel overwhelming no matter which camp you're in.

In the confusing, ever-commercially-driven sea of product copy and sales pitches, it's challenging to find the version of the truth that fits your company just right.

IN THIS GUIDE, WE WANT TO BE THAT SOURCE OF RADICAL TRUTH FOR YOU.

So, which is right for your company? Is it a managed or unmanaged travel program?

We know what we'd choose, but read on to find out.



**MANAGED
TRAVEL**

VS

**UNMANAGED
TRAVEL**

OKAY, SO WHAT IS AN UNMANAGED PROGRAM LIKE?

UNMANAGED TRAVEL PROGRAMS LOOK A BIT LIKE THIS:

➔ YOU OR SOMEONE ON YOUR TEAM MANAGES THE BOOKINGS FOR ALL TRAVEL

or self-booking by the individual traveler reigns supreme (usually via an OBT, or online booking tool, but sometimes offline)

➔ IN-HOUSE MANUAL AUDITS

measure the effectiveness of your company's travel policy

➔ DUTY OF CARE

(safety responsibilities and traveler regulatory compliance) falls to your team to manage

➔ WHENEVER THERE'S A HICCUP OR EMERGENCY IN TRAVEL

your team will field the calls/communications directly

➔ WORKING WITH SUPPLIERS DIRECTLY

for rates will be crucial to getting the best deals

➔ DATA AGGREGATION AND ANALYSIS STRATEGIES

will need to be developed



THE BENEFITS OF UNMANAGED BUSINESS TRAVEL



POTENTIAL MORAL INCREASE

Potential morale increases from greater trust in individuals



MORE AUTONOMY AND FLEXIBILITY

Travelers are given more autonomy and flexibility to select the suppliers they prefer to use and book directly



MAY CUT DOWN ON COSTS

This strategy may cut down on costs depending on a number of factors, such as yearly travel spend, number of trips, etc.



THE BENEFITS OF UNMANAGED BUSINESS TRAVEL



MORE AUTONOMY FOR TRAVELERS

By allowing employees to book their own business trips, you are giving more autonomy and flexibility to your travelers. This means that travelers are able to select their preferred suppliers without needing approval from someone else in the company.

At the end of the day, employees of all levels want to feel trusted and respected, and giving them the choice to book with their preferred suppliers does just that. Morale should see a fairly significant boost from implementing this strategy, just be sure to devise some sort of travel policy and be very clear about the penalties for violation.

In fact, you should also make sure that random audits are conducted within rolling deadlines to make sure compliance is within tolerance.

Another benefit of unmanaged business travel is potential cost savings for your company. While this will vary depending on several factors (e.g., yearly travel spend, number of trips, negotiated rates), it is possible that unmanaged business travel could save your company money in the long run.

For example, if you have regular, tech-savvy travelers who know how to find the best deals or discounts available at the time of booking, then those savings could add up over time and result in lower overall costs for your organization's travel expenses. Or, at the very least, be on par with a managed program. Additionally, since travelers are booking directly with suppliers instead of using an outside agency or third-party vendor (which can sometimes come with added fees), these savings could be even greater.

There are numerous caveats to this, and as with any in-house program, it all comes down to preparation and solid execution.



POTENTIAL COST SAVINGS

THE PITFALLS OF UNMANAGED BUSINESS TRAVEL



LACK OF AGGREGATED DATA AND VISIBILITY

into employee whereabouts (resulting in potential safety issues and failure of Duty of Care)



CAN SEND THE WRONG MESSAGE ABOUT COMPANY CULTURE



SUPPORT FOR TRAVELERS MUST BE PROVIDED IN-HOUSE



LAX OR NONEXISTENT COMPLIANCE

opens up the opportunity for employee abuse or fraud



POTENTIAL MISSED OPPORTUNITY FOR INCREASED SAVINGS



THE PITFALLS OF UNMANAGED BUSINESS TRAVEL



LACK OF AGGREGATED DATA AND VISIBILITY

One of the most concerning issues with an unmanaged travel program is the lack of visibility into your employee's whereabouts. This can create potential safety issues and cause failure to meet Duty of Care obligations. Without data, it can be difficult to ensure that your employees are safe while traveling or to provide assistance when needed.



WHAT DOES IT MEAN TO HAVE A MANAGED TRAVEL PROGRAM?

GLAD YOU ASKED!

This stuff can be much more complicated than you might think, so let's break it down simply. Essentially, a managed travel program means handing off your company's travel needs to a third-party TMC (Travel Management Company) and trusting them to have your back.

Okay, cool, that's pretty easy to understand. But what exactly is being handed off? Well, this can look a little different depending on which TMC you work with, but some general responsibilities are:

The kicker here is that each TMC has varying degrees of success with these items, so it is critical that when selecting a partner, you do your due diligence.

➔ MANAGING THE ACTUAL BOOKINGS

of airfare, hotel, and ground transportation (often via the TMC's special negotiated rates with suppliers, which can save some money)

➔ AGGREGATION OF FARES AND SPENDING DATA

➔ ASSISTING WITH THE DEVELOPMENT OF AND ADHERENCE TO A TRAVEL BUDGET/POLICY

➔ ANALYSIS OF TRAVEL POLICY COMPLIANCE

(a lot of TMCs use technology to accomplish this through alerts or approvals processes)

➔ MAINTAINING TRAVELER SAFETY AND DATA

➔ OFFERING EXPERT ASSISTANCE

when something eventually goes wrong with a planned trip

➔ RELYING ON THOSE SAME EXPERTS

to work their knowledge to save you time and money

THE BENEFITS OF MANAGED BUSINESS TRAVEL



INCREASED SAVINGS

via relationships with suppliers and monitoring opportunities like unused tickets and waivers



TIME SAVINGS FROM PRODUCTIVITY FEATURES

and reduction/cessation of manual audits



SUPERIOR CONTROL AND COMPLIANCE

allowing you to set internal policy on what can be booked, when, and by whom, enforced by alerts and sometimes approvals processes



VISIBILITY INTO SPENDING DATA

(including violations of policy) and traveler whereabouts for both savings and traveler safety, near-real-time



AGGREGATED VIEWS OF SUPPLIER FARE OFFERINGS

with the lowest negotiated rates automatically



CAN EASILY BOOK ENTIRE ITINERARY (AIR, HOTEL, CAR)

in one tool across suppliers



THE BENEFITS OF MANAGED BUSINESS TRAVEL



INCREASED SAVINGS WITH MANAGED TRAVEL

A managed travel program can help maximize savings by monitoring unused tickets or waivers that may become available.

Meaning for example, if you were one of the people unfortunately affected by the recent Southwest cancellation-fest, you might be entitled to a complete refund of your ticket. And as often happens in scenarios such as these, customer service from the carrier can be bogged down, so maybe you put off seeking that refund for just a little while. That little while quickly borders on the edge of too long, and before you know it, you've lost out on the cost of a flight, or multiple bookings, due to a simple act of professional procrastination (we've all been victims of this at some point, right?).

Many technology-forward TMCs have created tools for just this headache and other more common headaches. Unused tickets can be tracked, and refund waivers executed with just a few clicks, usually. Tools like this often result in paying for the cost of dealing with a TMC, as this money would've just been left on the table.

Another way managed travel rakes in the savings dough is through supplier-negotiated rates. This could be less true in the near future with the looming giant of NDC on the horizon in April, but for the immediate future, we can say that discounts abound when relationships between TMC and suppliers are cultivated properly. With greater volume and quality of trips, your TMC partner has more negotiating power with suppliers.



THE BENEFITS OF MANAGED BUSINESS TRAVEL



VISIBILITY INTO SPENDING DATA AND TRAVELER WHEREABOUTS

With a managed travel program, companies gain visibility into spending data and travelers' whereabouts. This near-real-time tracking capability allows companies to ensure the safety of their travelers while also maximizing savings through monitoring flight changes or cancellations that may occur during the booking process.

That is especially important for emergencies like the COVID pandemic. In the early days of the pandemic, restrictions were piling with no regards to business trips. Travelers were left stranded in suddenly changed itineraries, and companies had no idea where their people were or how to best assist them, especially those without managed programs (and in a lot of cases, even the managed ones).

But post-pandemic, traveler safety and regulatory compliance have become hot issues (issues that need to be addressed by all, not just those with a TMC). That said, many TMCs have strategies in place to assist in these endeavors, some even offering real-time data tracking or close to it, allowing visibility into where your people are, where they're headed, and any support they'll need in terms of regulatory compliance.

Within TMC booking tools, you'll, of course, be able to set policy, but also a much wider range of parameters for tracking spending. For example, you can set fields like job code, trip purpose, management level, department, etc., to earn better insights from data. You'll even be able to see payment methods used (and enter them automatically, so there's no need to hand out company cards. This allows programs to be more agile, adapting as necessary, while also cutting down on instances of fraud, intentional or otherwise.

THE BENEFITS OF MANAGED BUSINESS TRAVEL



SUPERIOR CONTROL AND COMPLIANCE

In addition to flat cost savings, a managed travel program gives organizations greater control over their travel policies. Companies can set internal policies on what can be booked, when, and by whom as well as enforce alerts and/or approval processes for violations of policy. All this helps organizations maintain compliance with their own internal rules, reducing the need for policy interpretation and manual audits.

Your travelers will also be able to see what is in policy and what isn't all in one nifty place, so they can confidently book their travel within policy saving everyone time from worrying and asking questions.

When audits of violations are necessary, robust reporting tools (usually) are there to help you get insight into why travelers might be breaking policy and perhaps offer the opportunity to alter it or correct offenders more quickly.

A managed travel program automatically aggregates fare offerings from all suppliers so you always get the lowest negotiated rate for your trips without having to search multiple sites or apps for better prices. In addition, you can easily book entire trip itineraries (air, hotel, car) in one tool across all suppliers without having to manually go through each step of the booking process individually.

On the service side, you'll usually get access to a real human being that comes with expert knowledge of corporate travel. Depending on the TMC you partner with, this can be really great, or a terrible experience, but the idea here is that you can access someone who can help you whenever. Meaning you nor anyone else on the team will be fielding emergency trip change calls in the middle of the night.



AGGREGATED VIEWS AND SERVICE

THE PITFALLS OF MANAGED BUSINESS TRAVEL



CAN BE EXPENSIVE

Managed travel programs can get expensive depending on the TMC involved, leaving it up to you to negotiate a solid contract outlining everything from the pricing model from general bookings to trip change fees and other costs



SHODDY TECHNOLOGY OR POOR SERVICE

Shoddy technology, poor service, or both can make working with a TMC more of a headache than doing it yourself, so choosing the right TMC is crucial



EMPLOYEE RESISTANCE (IF THEY FEEL AUTONOMY IS ENCROACHED)

Employee resistance can be a major problem if they feel their autonomy is encroached upon or their preferred suppliers are left out of the equation

THE PITFALLS OF MANAGED BUSINESS TRAVEL



POORLY NEGOTIATED CONTRACTS AND DUE DILIGENCE

The contract should outline everything from pricing models for general bookings to trip change fees and any other costs associated with the TMC services. Make sure you negotiate terms that are favorable to both parties so there's no ambiguity about what's expected of each side. Additionally, make sure all costs are transparent — you don't want any surprises once you enter into an agreement, that's the worst. It's also important to pay attention to cancellation penalties and rebooking fees, as these can easily become expensive if not negotiated properly in advance.

Ultimately, this pitfall can be mitigated by performing the due diligence required of any business venture, but it's important to remember that a TMC is only beneficial to you if its quality can earn you enough savings to justify paying for it. Typically, a company can see a solid benefit in hiring a TMC when their annual travel spend hits around \$250,000, a recommendation coming directly from GBTA (Global Business Travel Association).

Shoddy technology, poor service, or both can make working with a TMC more of a headache than doing it yourself, so choosing the right TMC is crucial here. Before committing to any particular TMC, ask them questions about their technology stack and how they plan on providing customer service going forward. Additionally, ask around within your network — other businesses may have had experience working with various TMCs before and could provide valuable insight into which ones provide the best experience overall.

Ask yourself what capabilities are available to you with support, not just one singular channel. See if they offer instant chat, email, and various forms of communication tools like Slack or Teams. You need to know that when your people need help, they're going to receive it in the way that makes the most sense for them.



CHOOSE WISELY BASED ON TECHNOLOGY AND SERVICE QUALITY

THE PITFALLS OF MANAGED BUSINESS TRAVEL

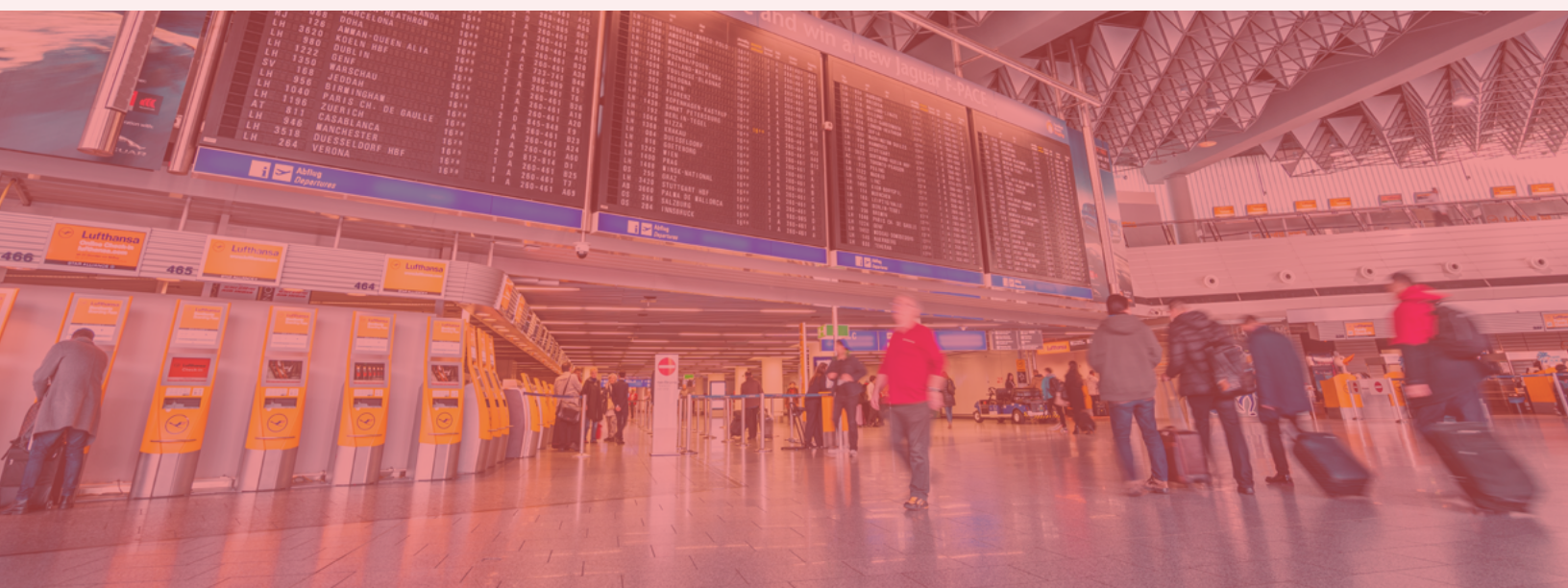


ACCOUNT FOR EMPLOYEE RESISTANCE

Employee resistance can be a major problem if they feel their autonomy is encroached upon or their preferred suppliers are left out of the equation. In some cases, employee resistance might even be enough of an issue that it outweighs any cost savings associated with using a certain TMC.

Make sure you explore each potential TMC's policies on employee preferences and allow them some leeway when possible - this will go a long way toward minimizing employee resistance and ensuring your managed travel program is successful in the long run.

The most pushback occurs when independent employees have been managing their own travel for a long period of time with minimal policy offenses. These folks will feel like they're being betrayed or not within the circle of trust despite playing by the rules and using their favorite suppliers within policy. Springing for a TMC with a wide variety of negotiated rates is the best way to approach this, but ultimately it'll be up to your company to set expectations on policy compliance and control leeway.

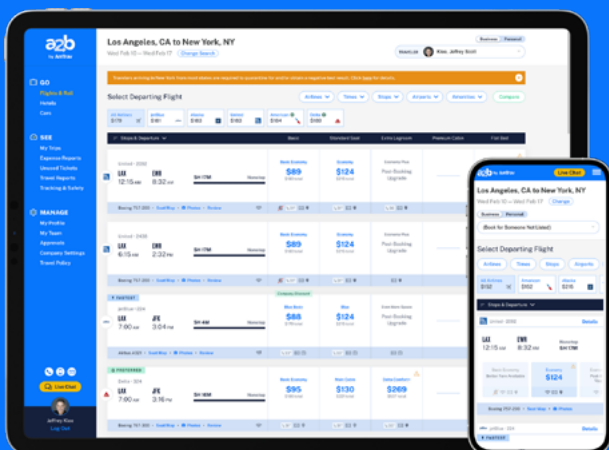


MANAGED AND UNMANAGED CORPORATE TRAVEL PROGRAMS EACH HAVE THEIR OWN DISTINCT PROS AND CONS DEPENDING ON YOUR NEEDS AND BUDGET CONSTRAINTS.

A managed program offers convenience and assurance that all aspects of the process will be handled professionally but may cost more than an unmanaged one due to additional fees associated with hiring an external company. However, this is most often not the case due to savings brought by the program. **If your company does more than \$250,000 per year in travel spend, a TMC might be a great choice.**

On the other hand, an unmanaged program offers greater freedom in terms of employee bookings, but requires a much greater amount of trust and has lackluster visibility into spending and compliance. Manual audits and inefficient reimbursement processes will add up in lost productivity and you'll need to provide emergency support at all hours to maintain duty of care. But unmanaged can be a great fit for companies with extensive processes and bandwidth to spare.

There's certainly no one-size-fits all approach to travel management, so again, make sure to do your due diligence.



THE AMTRAV DIFFERENCE

AmTrav contains the best of both worlds when it comes to managed vs. unmanaged travel. We come from a history of firsts in the industry and continuously innovate to provide you with the best service AND technology without having to sacrifice for one or the other, as is often the case with most TMCs. We'd love to show you the AmTrav Difference.

[TALK TO OUR EXPERTS TODAY](#)