

# RISK MANAGEMENT FOR TRAVEL: POLICY AND MOBILITY IS A MUST

April, 2014

→ **Louis Berard**, Senior Analyst, Global Supply Management



→ **Kevin Prouty**, Senior Vice President, Research



## Report Highlights

p2

**Best-in-Class companies are twice as likely as others to use mobility.**

p4

**Over half of companies lag in applying Duty of Care policies.**

p6

**All companies are lacking in formal travel risk policies.**

p9

**Best-in-Class companies are twice as likely to be using an enterprise-level T&E system and mobility.**

This report details how leading organizations manage traveler risk management for their employees and maintain Duty of Care policies. It demonstrates that mobile access, visibility, and policy are tied together to manage the key aspects of risk.

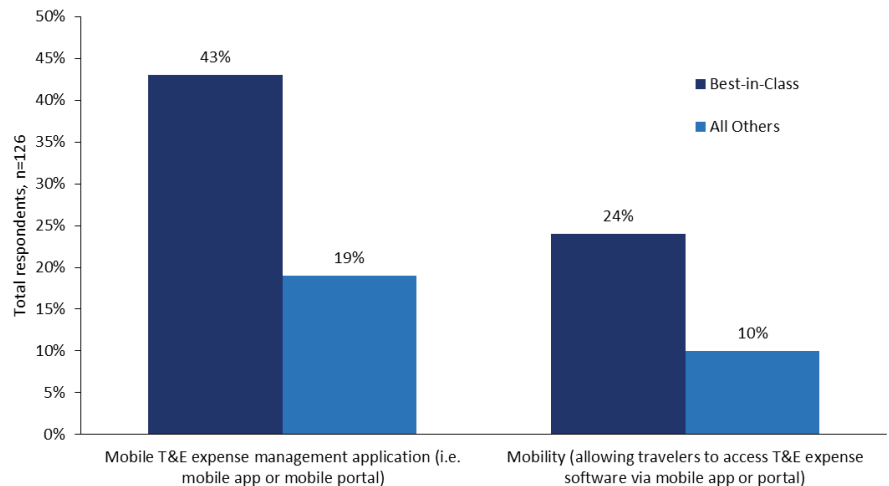
# 2

**Best-in-Class companies are twice as likely to arm their managers with information to make rapid decisions about travel issues.**

## Managing Travel Risk is About Communication

In today's corporate environment, travel is not a luxury; it's a basic business function, but since the events of September 11, 2001, companies have learned that managing risk takes on a new meaning when it comes to corporate travel. When an incident like a terrorist event, a weather event or natural disaster, labor unrest, etc. happens, it quickly becomes a necessity to know where your employees are and have the immediate ability to start communicating with them.

**Figure 1: Availability of T&E Information On the Go**



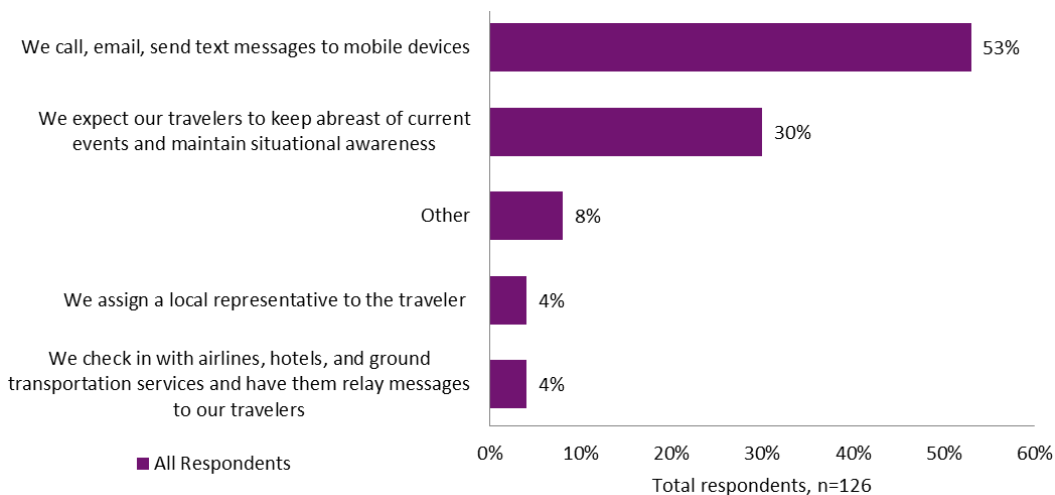
Source: Aberdeen Group, January 2014

Aberdeen's report, [The Travel and Expense Management Guide for 2014](#), showed that visibility into travel information, mobile access, and traveler productivity are key concerns for all companies. Figure 1 shows that Best-in-Class companies are significantly more focused on mobility as an enabler of access to travel information by an organization and by the individual employees. Our research also shows that Best-in-Class companies are twice as likely to arm their managers with information to make rapid decisions about travel issues.

## 3

This access to travel information and mobility enables effective risk management through access to traveling employees. It also provides access to T&E information by those traveling employees. Figure 2 shows how companies manage that communication process in times of high stress.

**Figure 2: Communications to travelers in high-risk scenarios**



Source: Aberdeen Group, January 2014

So, again, it comes down to the ability to communicate information to the traveler so they can make decisions that are best for them within the framework of corporate needs and goals. It is equally important that managers have the information readily available to them to make rapid, risk-based decisions on broader travel issues.

### The First Component of Travel Risk Management: Duty of Care and Travel Risk Management Policy

As the sidebar on Page 4 points out, companies have a Duty of Care legal and moral obligation for their traveling employees. But as Figure 3 shows, a majority of companies and executives still don't have or don't know their Duty of Care policy. This is an

## Defining Best-in-Class for T&E Management

Aberdeen defines the top 20% aggregate performance scorers as the Best-in-Class. The middle 50% are defined as the Industry Average, and the bottom 30% of aggregate performance scorers are defined as the Laggards. Best-in-Class companies in travel and expense management were defined as follows:

- Best-in-Class have 89% of travel spend under management vs. 53% of Industry Average and 15% of Laggard companies
- Best-in-Class have 91% compliance to corporate travel policies vs. 71% of Industry Average and 36% of Laggard companies

# 4

---

## Duty of Care

---

While duty of care is a legal term defined in US law around the social contract between groups, it has a specific meaning in the corporate travel world. In that context, it is about the duty of the corporation to provide all reasonable means necessary for a traveling employee to mitigate personal risk.

incredibly risky situation. That Duty of Care policy should be the foundation for several parts of your overall travel strategy:

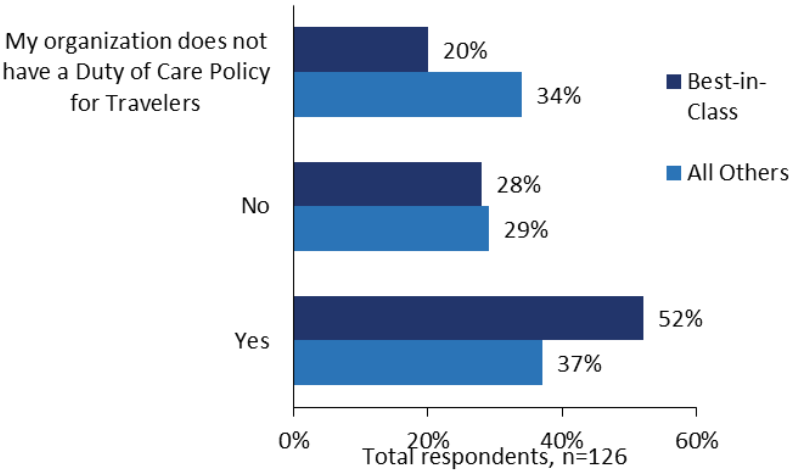
- ➔ How a company defines its travel policy
- ➔ The T&E systems a company puts in place
- ➔ Access to T&E systems on the road
- ➔ A mobile device and application strategy
- ➔ A Travel Risk Management Policy

That last item, Travel Risk Management Policy, is really the crux of the entire risk issue. The Travel Risk Management Policy is the overarching structure that enables a company and its employees to quickly and efficiently make decisions within the framework of a company's goals and strategies. You don't have to call your boss every time something changes, while at the same time, you know you are working within an acceptable level of risk.

Having a policy for Duty of Care is really the start of your travel risk management strategy. Figure 3, on Page 5, shows the state of understanding and execution for companies around a Duty of Care policy.

# 5

**Figure 3: Do You Know Your Corporate Duty of Care Policy?**



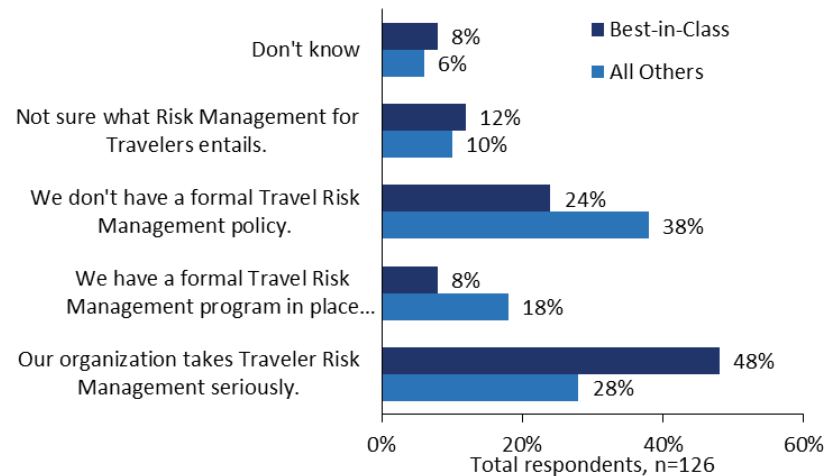
Source: Aberdeen Group, January 2014

It's pretty clear that Best-in-Class companies tend to have a better understanding of their company's Duty of Care policy. Knowing this policy and how it aligns with company goals and legal requirements is key to setting risk management strategy. It's shocking that over a third of all other companies are not aware, or don't think their company even has a Duty of Care policy.

# 6

Now, moving on to an actual travel risk management policy, Figure 4 shows how managers view and understand their company policy.

**Figure 4: Travel Risk Management Policy**



Source: Aberdeen Group, January 2014

Interestingly, while Best-in-Class companies are significantly more likely to take travel risk management seriously, a minority of all companies actually have a travel risk policy. This is an area where Best-in-Class and all other companies, alike, can improve. Otherwise, response to high-risk scenarios will lead to ad hoc responses that might not mitigate the encountered risk.

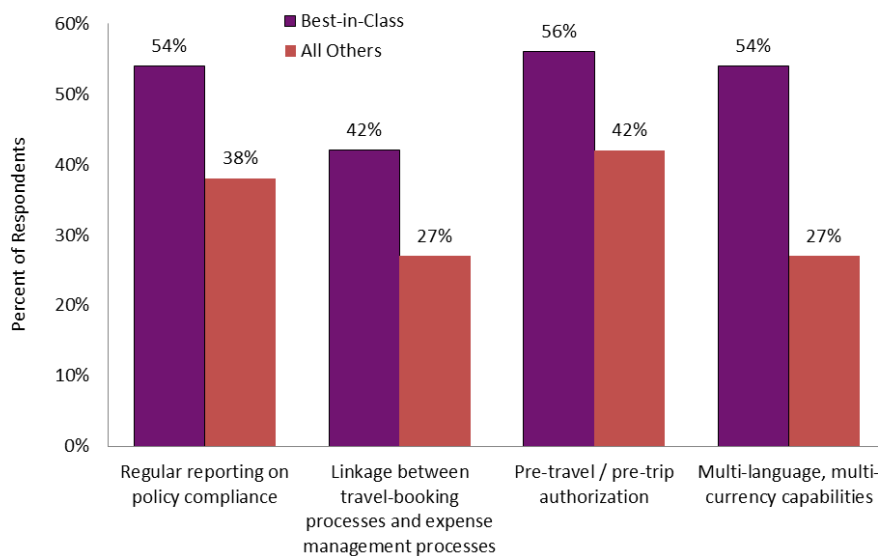
For example, should a transportation strike happen and employees have to find alternate routes home from a foreign trip, you don't want your people traveling through certain high-risk countries. This is almost impossible to manage on an individual scenario level. Having a risk policy in place that provides accessible information on what countries one can travel through without approval saves time and minimizes risk to both the employee and the company.

## 7

## The Second Component of Risk Management: Technology

With a policy in place and an organization that understands and takes travel risk management seriously, the next step is to enable communication. Figure 5, below, outlines the technology capabilities that differentiate the Best-in-Class.

**Figure 5: T&E Technology capabilities of companies**



Source: Aberdeen Group, January 2014

The capabilities in Figure 5 show that Best-in-Class companies tend to have a much better handle on areas like policy compliance, authorization and global travel. In fact, something that sounds as simple as pre-authorization of travel can be a key contributor to risk management. Many global companies automatically route international travel requests through corporate security for risk and security review.

When it comes to the actual systems companies use, Figure 6 shows that, again, Best-in-Class companies tend to have the tools a company needs to manage travel and risk.

## Case in Point

"We have so much international travel going on that we are stretched thin on risk assessments. Our corporate security is now tied into approval workflows and that has saved multiple potential incidents of people traveling where they shouldn't be going for safety reasons."

~ Director of Field Service,  
\$1B US PetroChem Service  
Company

## 8

## Aberdeen's PACE Methodology

Aberdeen applies a methodology to benchmark research that evaluates business Pressures, Actions, Capabilities, and Enablers (PACE) that indicate corporate behavior in specific business processes:

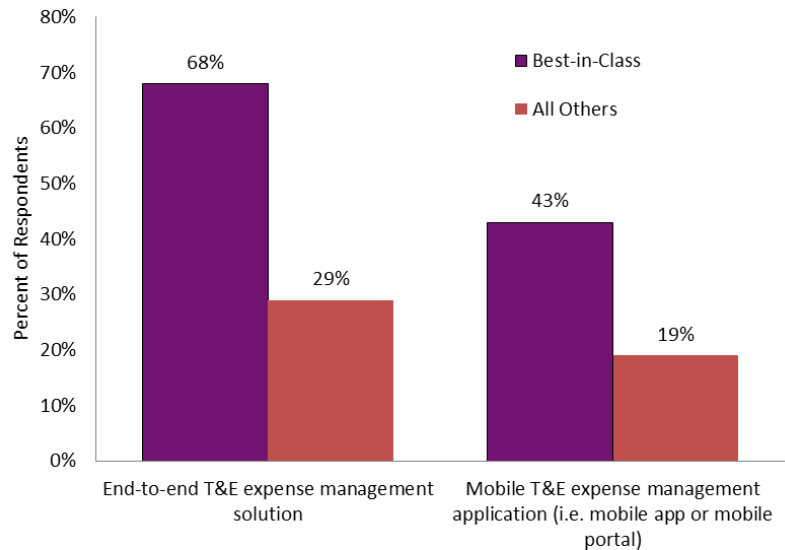
**Pressures** – the external forces that impact an organization's market position, competitiveness, or business operations.

**Actions** – the strategic approaches that an organization takes in response to industry pressures.

**Capabilities** – the business process competencies (process, organization, performance, and knowledge management) required to execute corporate strategy.

**Enablers** – the key functionality of technology solutions required to support the organization's enabling business practices.

Figure 6: T&E systems used to manage travel



Source: Aberdeen Group, January 2014

Best-in-Class companies are over twice as likely to use a corporate-wide T&E system. We can also note that they are far more likely to support mobile applications back into the T&E system. That gives Best-in-Class companies a significant edge in the ability to communicate and direct travelers in high-risk scenarios.

### Key Insights

Best-in-Class companies have better understanding of travel risk management, and they are also better at translating that understanding into action through technology that enables visibility and communications.

- ➔ Over 60% of companies lag in implementing corporate travel risk policies linked to Duty of Care policies.
- ➔ Almost half of Best-in-Class companies provide formal mobile access to travel information.



## 9

- Over half of all companies use mobile devices to communicate with employees in high-risk scenarios.
- Even Best-in-Class companies lack a formal travel risk management program.

### Recommendations

- **Get mobile for travel information.** Enable communications out to travelers and allow access back in to manage their needs on the road.
- **Start implementing travel risk policies immediately and make sure it is linked to your Duty of Care policy.**
- **Use a formal T&E system as the foundation for managing travel risk:** all that communication is useless without a solid system to act as the system of record for all travel information.

In the end, it all comes down to policy and communication. You need the policy to lay the framework for the business processes in high-risk environments, the technology infrastructure of a T&E system, and mobility to enable communications.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

### Related Research

[The Travel and Expense Management Guide for 2014: Trends for the Future](#); March, 2014

[End-to-End Visibility into T&E Expense Management: Mobile Comes to the Table](#); April, 2013

[Travel and Entertainment Expense Visibility – To Be OR Not To](#); May, 2013

[The Value of ERP and Expense Management Integration](#); March 2014

Authors: Louis Berard, Senior Analyst, Supply Chain Management ([louis.berard@aberdeen.com](mailto:louis.berard@aberdeen.com))  
Kevin Prouty, Senior Vice President, Research ([kevin.prouty@aberdeen.com](mailto:kevin.prouty@aberdeen.com))

# 10

## About Aberdeen Group

Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

This document is the result of primary research performed by Aberdeen Group. Aberdeen Group's methodologies provide for objective fact-based research and represent the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group, Inc. and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group, Inc.