

# How to make smart savings on your business travel

The severe effects of lockdown on local businesses became painfully clear following the release of new GDP figures from Stats SA last month. According to these statistics, South Africa has endured a 16.4% GDP reduction (unadjusted, -51% on an annualised basis) since lockdown was implemented in March.



Image Supplied.

While economists have since explained that the country's economic output has not halved over the course of the last quarter as was originally assumed, there is no escaping the fact that, as expected, Covid-19 and the stringent restrictions placed on individuals and businesses have robbed South Africa of any semblance of economic stability. The good news is that economists have hope that the country will rebound quite significantly in the coming months, with a GDP decline of less than 10% expected in the coming year.

"Despite the light at the end of the tunnel, the majority of local businesses, especially smaller establishments, will be looking at different strategies for tightening the purse strings and being more mindful about budgets," predicts Oz Desai, GM Flight Centre Business Travel.

Desai explains that in some cases, those in charge might even be questioning if certain components of the company's approach to business are even still viable. Due to remote working and the rapid advancement of online conferencing technology, one of those components currently on the chopping block is business travel.

## Why business travel is still important

"When it comes to business growth, nurturing relationships, and fostering new ones, there simply isn't any alternative more powerful than standing in front of somebody face-to-face," says Desai. "In-person conversations lower the risk of miscommunication, make it easier to create a favourable first impression, and boost the chances of closing a deal."

Corporate travel is also a must for keeping employees motivated and loyal to the company. A huge portion of today's workforce, predominantly Millennials and the up-and-coming Generation Z, place substantial value on the opportunity to travel for work. As such, embarking on corporate travel plays a sizeable role in solidifying employee job satisfaction and keeping morale and productivity high.

Now that it has been established that business travel is still key to securing business success, here are a few guidelines for effectively managing your company's cash-flow and making smart savings on your travel programme.

## **Know when to book**

Knowing when to book can significantly help minimise your travel costs. As a rule of thumb: last-minute business trips are generally not the best idea. Not only can scrambling to put plans together leave room for error and put the business traveller's safety at risk, it is also certain to result in the accumulation of excess costs.

In fact, according to FCBT research, business travellers can expect to fork out up to 200% more for airfares purchased one day out from travel. On the other hand, just by booking flights in advance, companies can save up to 21% of their travel spend.

## **Partner with a B-BBEE Level 1 TMC**

A TMC (travel management company) is a trusted travel partner for businesses both big and small. The sole objective of TMCs is to help save you time and money, and they do this through various partnerships with travel suppliers locally and across the globe. They also support duty of care to provide corporates and travellers with maximum peace of mind that safety is a top priority.

A BBBEE certificate does not only offer economic benefits. It also shows clients and business partners that the company is committed to transformation.

## **Don't try to travel 'cheap'**

This might sound counterproductive to cutting costs, but the reality is that looking for the cheapest deals for all aspects of a trip could end up costing the company more money in the long run. For example, instead of booking a cheap hotel on the outskirts of town and paying stacks of money for transport into the city centre, you could book a conveniently-located, yet budget-friendly guesthouse that also offers value-added extras included in the room rate, such as free parking and Wi-Fi.

## **Put together a thorough travel risk policy**

It pays to be prepared for an emergency, especially in today's world where uncertainty and health risks are everywhere you look. A number of insurance providers claim that a significant amount of their companies' costs are related to accident claims. If one of your employees is injured or falls ill while away on a business excursion, the right insurance policy could save your organisation thousands!

## **Do not shrug off smaller expenses**

When planning a business trip, you might not pay too much attention to costs associated with seemingly 'affordable' luxuries, such as early check-in and airport lounge access. Re-look at your budget and you will probably come to find that these expenses add up so quickly that they often represent a huge chunk of the cost of corporate travel as a whole. The secret here is to negotiate agreements with hotels and airlines that also focus on covering ancillary fees, as opposed to just the headline rate. Better yet, get a TMC to do this for you!

The bottom line when it comes to nurturing your company's is bottom line is that forward-thinking, risk management, strategic planning, and a bit of a helping hand in the form of a trustworthy TMC are all crucial to making those all-important 'smart savings'. It is, after all, these particular savings that will assist with maximising business resilience throughout the times when finances are tight.

For more, visit: <https://www.bizcommunity.com>