THE JUSTIFIED BUSINESS TRIP

LESS TRAVEL, BETTER RESULTS

A Breakthrough for Getting Better Returns on Travel Budgets

APRIL 2023

In This Report

1. Business Travel's Value Problem – Solved*

* WITH ROOM FOR IMPROVEMENT.

The debate about the value of business travel has never been louder.

One camp believes that only revenue-generating travel is justified; another camp lobbies for the value of internal team building; a third camp believes very few trips of any kind can be justified in the face of global warming.

Mindful of these opinions, C-suite executives are frustrated by the need for more credible data on which to base their travel budgeting decisions. Travel budget managers struggle to defend their decisions about who gets to travel and why. Travelers are hard-pressed to make good cases for taking trips that would have been easily approved in the past.

The root cause of these problems is clear. It's the lack of meaningful data about a business trip's value.

This paper presents the justified business trip framework. It's a simple solution for valuing business travel, one that is practical, credible, and scalable.

See what you think of it and the research behind it. I welcome discussions about applying this data-driven approach to getting better returns on travel budgets.

Nudging the travel industry forward,

Scott Gillespie
Founder and Industry Advisor
tClara
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SIGNS OF A WELL-JUSTIFIED BUSINESS TRIP

- The virtual alternative is insufficient
- Expected to yield a good return on the trip's cost and the traveler's time
- Exceeds a minimum expected dollar value
- Is aligned with a key business goal
- Has criteria for judging the trip's success
- Traveler has minimal health or safety concerns
- Climate impacts are mitigated

2. The Justified Business Trip Framework

This paper is for CFOs, CPOs, and all executives who want significantly better returns on their travel budgets.

The justified business trip framework

- Reveals each trip's expected ROI* and merits of traveling,
- Links trips to their business goals,
- Makes clear the travel budget's strategic impact.

Unlike with traditional pre-trip approval processes, executives can now eliminate low-value trips, get better returns on their travel budgets, and manage travel strategically.

This paper is based on tClara's analysis of a survey of 407 US-based business travelers conducted in the fall of 2022. Respondents were asked in detail about their last business trip. tClara developed its Justified Cost model and applied the justified business trip framework to the survey data.

The results are the first clear, credible, and detailed analysis of the value of business trips. This whitepaper answers these vexing questions:

- How can a business trip's financial value be credibly estimated before taking it?
- What share of business trips produce low value?
- Can low-value (i.e., less successful) trips be identified before they are taken?
- What types of trips have the highest and lowest expected returns?
- What are the keys to and benefits of managing travel strategically?

* Return On Investment; an estimate of the trip's expected financial impact.

THE JUSTIFIED BUSINESS TRIP FRAMEWORK

Conduct simple **pre-trip** assessments to

- Estimate each trip's financial impact
- Grade any trip's level of justification
- Link trips to their business goals
- Predict low-value trips to inform pre-trip approval decisions

Conduct simple **post-trip** assessments to

- Grade each trip's value achieved
- Report travel costs by business goal
- Track indicators of the need for more or less travel
- Reallocate travel budgets accordingly

USEFUL PRINCIPLES, NEW CONCEPTS

PRINCIPLES OF JUSTIFIED TRAVEL

1. Some trips create more value than others, and every justified trip is expected to create more value than it costs.
2. The more important it is to meet in person, the more the trip can justifiably cost.
3. While the financial value of most trips will never be clear, managers know when a trip costs too much to justify.
4. Factors for justifying a trip include expected value, traveler well-being, and climate impact.
5. Justified business trips are linked clearly to business goals.
6. Pre- and post-trip assessments are essential for recognizing low-value trips before they are taken.
7. Justified travel makes travel budgets stronger

NEW CONCEPTS FOR IMPROVING RETURNS ON TRAVEL BUDGETS

JUSTIFIABLE COST MODEL

tClara's framework for assigning a Gross Expected Value to any business trip. Requires cost estimates for three variables, including the trip's maximum justifiable cost. See page 14-15

MAXIMUM JUSTIFIABLE COST

The highest cost at which a prospective trip is judged to be justifiable, e.g., $3,000. Equivalently, it is the lowest cost at which a trip becomes unjustifiable. See page 14

GROSS EXPECTED VALUE	The modeled estimate of the trip's financial value, e.g., $6,000, before considering the cost of travel or the traveler's time. See page 15
TIME-LOADED COST	The sum of the trip's cost (either the maximum justifiable, or the expected cost) and the value of the traveler's time dedicated to the trip, e.g., $2,500. See page 15
NET EXPECTED VALUE	The trip's Gross Expected Value minus the trip's time-loaded cost, e.g., $3,500 See page 15
PRE-TRIP ROI	The trip's Net Expected Value is divided by the trip's expected cost and the traveler's time value, e.g., 140%. Note that this is the expected ROI, not a post-trip ROI. See page 15
PRE-TRIP JUSTIFICATION RATING	The result of a standardized scoring system designed to assess the merits of traveling before the trip is taken, e.g., poorly, partly, mostly, or strongly justified. See page 18-19
POST-TRIP VALUE RATING	The result of a standardized scoring system designed to assess the subjective value created after taking a trip, e.g., low, moderate, or high-value. Note that this is an ordinal (directional) rating and not a financial measure of value. See page 29

TOP TAKEAWAYS

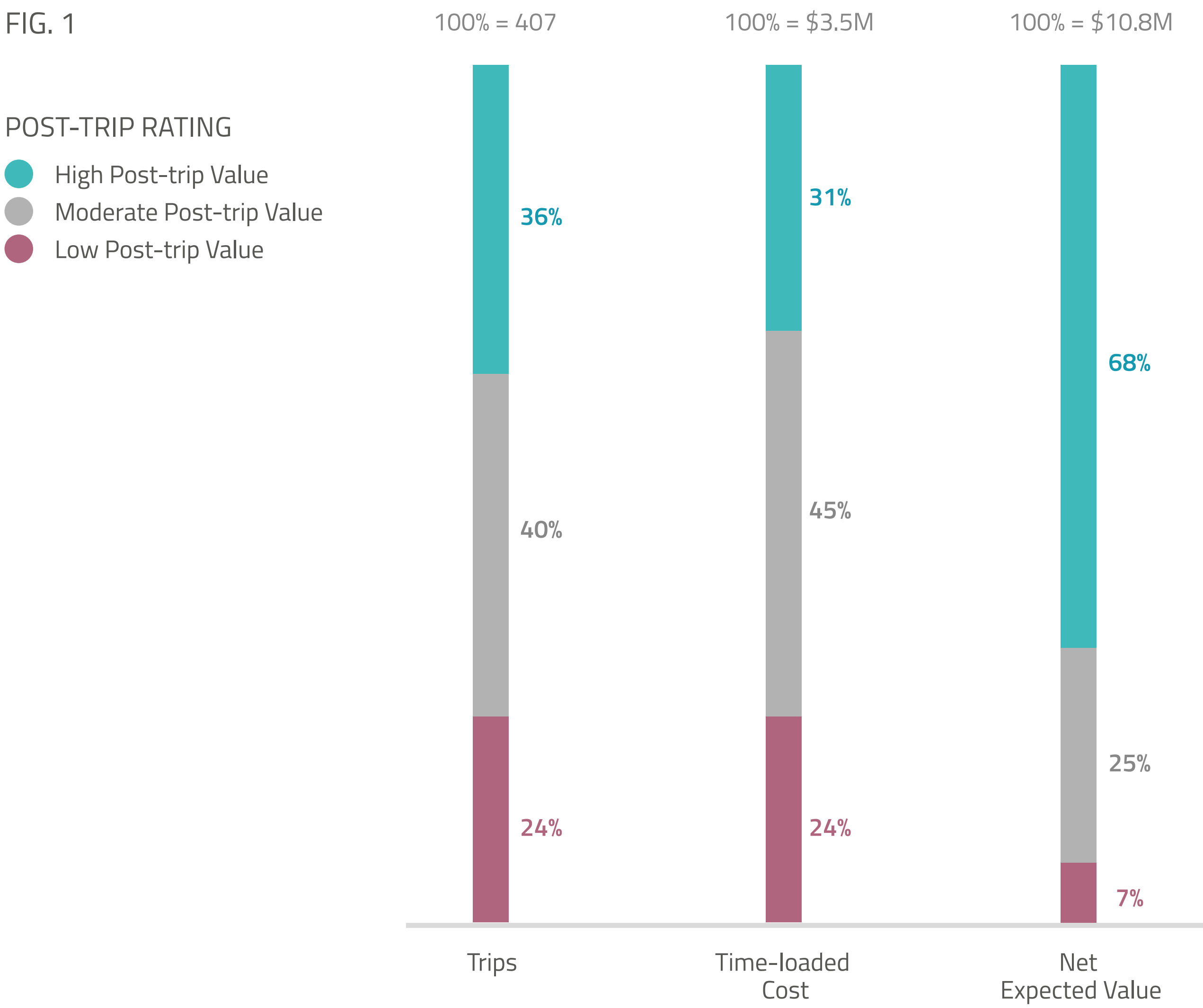
1

24% of business trips are **low-value**. Most of these trips can be predicted before they are taken by using pre-trip assessments. See pages 23 and 25

2

Standardized post-trip evaluation criteria show that **low-value trips** add only **7% of the total Net Expected Value**. See page 23

FIG. 1



3 Any business trip's pre-trip ROI can be found by asking three simple questions. See pages 15 and 18

4 Expected returns on business trips vary greatly based on each trip's attributes. The **trip's main activity and goal** matter most. See Section 8

FIG. 2

The Variance in Pre-trip ROI within each Attribute Group

BUSINESS TRIP ATTRIBUTE GROUPS	The Variance in Pre-trip ROI within each Attribute Group	GROUP'S HIGHEST PRE-TRIP ROI ATTRIBUTE
Main Activity, e.g., Negotiate	520%	**Challenge, defend, or negotiate**
Business Goal, e.g., Win Revenue	490%	**Win revenue**
Traveler's Rank, e.g., Sr. Mgmt.	390%	Individual contributor
Trip's Cost Range	380%	Less than $2,500
Trip Type, e.g., Conference	290%	In-person meetings
Trip Duration	280%	2 days
Meeting With, e.g., Customers	270%	A variety of stakeholders
Any Leisure Element?	130%	No leisure element
Are Costs Chargeable to 3rd Party?	120%	No costs are charged out
Is This an International Trip?	70%	No international travel

3. Findings and Conclusions

KEY FINDINGS

All Net Expected Values and Pre-trip ROIs are rounded to their nearest hundred dollars and ten percent, respectively.

PRE-TRIP FINDINGS

Trips with high pre-trip ROIs (greater than a 400% expected return on investment) take up 18% of total costs while accounting for 69% of total Net Expected Value.

Trips with low (less than 50%) pre-trip ROIs account for 28% of total costs but add no Net Expected Value.

Any business trip's expected value and pre-trip ROI can be determined by estimating three values – the trip's maximum justified cost, the trip's most likely cost, and the value of the traveler's time.

The average trip had a mean Net Expected Value of $26,600 and a mean Pre-trip ROI of 310% on its time-loaded cost. The median values were $12,600 and 170%, respectively.

POST-TRIP FINDINGS

Trips rated as having high post-trip value account for 31% of total costs and 68% of total Net Expected Value.

Low post-trip value-rated trips make up 24% of total costs but only seven percent of the total Net Expected Value.

65% of all low-value trips are poorly justified.

Trips producing low post-trip value can be predicted with a roughly 75% accuracy rate before travel.

Reallocating travel costs from low-value to moderate- and high-value trips would increase a travel budget's total Net Expected Value by 26%.

HOW TO IMPROVE THIS STUDY'S FINDINGS

More accurate data about the travelers' compensation, trip costs, and time during the trip devoted to the trip's goal would likely decrease the total time-loaded trip costs. This would increase the Net Expected Values and Pre-trip ROI for many of the trips analyzed in this study.

Nonetheless, readers should consider these findings a good approximation of the Net Expected Values and Pre-trip ROI associated with these business trips.

See Section 9, Leveraging This Research, for more insights on how these findings can be refined.

EXECUTIVE CONCLUSIONS

There's no shortage of data about corporate travel's cost, savings, and policy compliance. Yet, there is a large, long-standing void of data about the value of any business trip.

So it's no wonder that requests to travel have been decided by budget availability, old habits, politics, intuition, or favoritism. None of these make for a disciplined or equitable way to determine how best to use a travel budget.

Old-school decision methods are no longer good enough. Travel budgets are under increasing pressure to be used wisely. The planet needs less travel, not more. Managers can do better. Low-value trips can and should be flagged before they are taken, leaving travel budgets to fund higher-value trips.

The Justified Business Trip framework provides a disciplined approach to achieving high-return travel budgets equitably. This method's main cost is a few minutes of a traveler's time to ensure their trip is justified, something 97% of business travelers surveyed by tClara said they would support.

By adopting this framework, companies will promote **traveler well-being, cut carbon emissions linked to travel**, and **improve travel's value to the business**— all things today's travel budget owners clearly need. They now have a strategically sound solution.

4. The Justifiable Cost Model

THE KEY QUESTION – "AT WHAT COST IS THIS TRIP NO LONGER JUSTIFIED?"

"No one has figured out a credible, scalable way to calculate the post-trip ROI of a business trip. But we can – and should – estimate every trip's expected ROI before the trip is taken," says tClara's CEO, Scott Gillespie.

Estimating a trip's ROI will help managers maximize the value of their travel budgets. The big question is how to settle on the trip's expected value before deducting its travel costs and the value of the traveler's time.

The problem is that it's impractical to ask a traveler to put a dollar value on a business trip because most trips don't have a clear financial impact.

But every trip will have a cost at which it won't be worth taking.

This weighing of a trip's cost against the trip's fuzzy expected value is done every time someone requests a trip. It's a judgment call that travelers and their managers are experienced at making.

The solution to valuing a business trip is to ask the traveler or their manager to set a cost at which the trip can no longer be justified.

tClara's Justifiable Cost model uses this and two more important elements to get the full picture. This is a much more defendable approach than simply asking a traveler to guess the trip's estimated value.

KEY ASSUMPTION

The more important or valuable it is to meet in person, the higher the trip's maximum justifiable cost.

TRIP A	TRIP B
Is justified so long as it costs **$3,000** or less	Is justified so long as it costs **$15,000** or less

So Trip B is more valuable than Trip A

TCLARA'S JUSTIFIABLE COST MODEL REVEALS ANY BUSINESS TRIP'S EXPECTED ROI

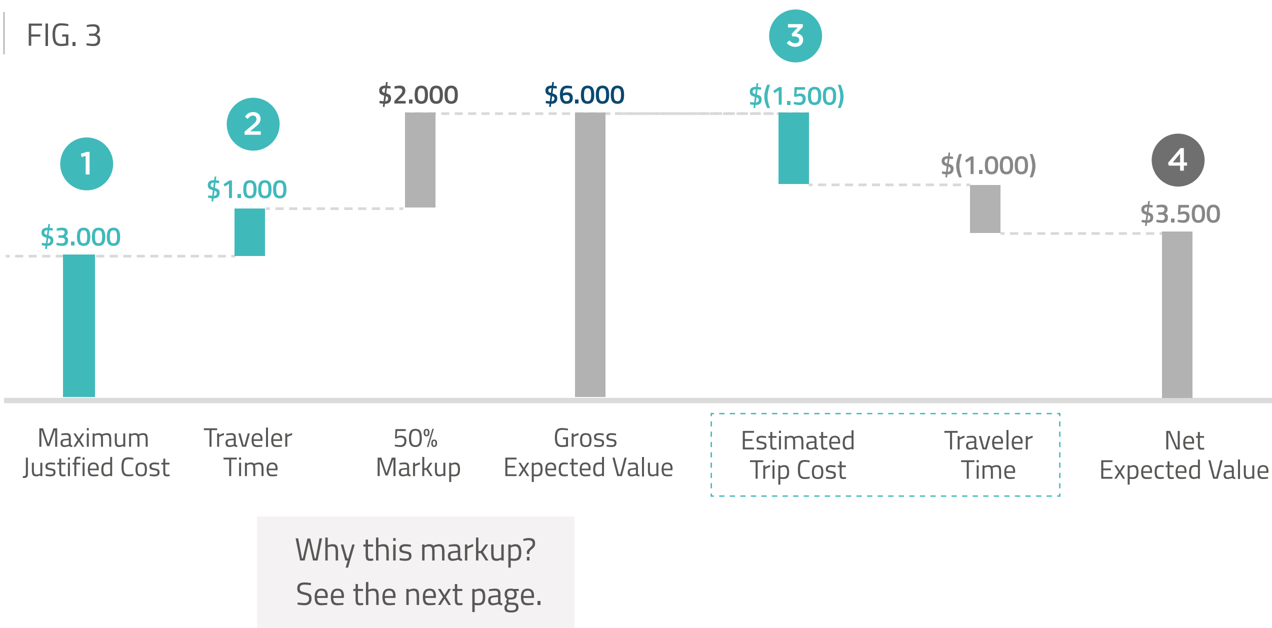
The traveler is asked to estimate:

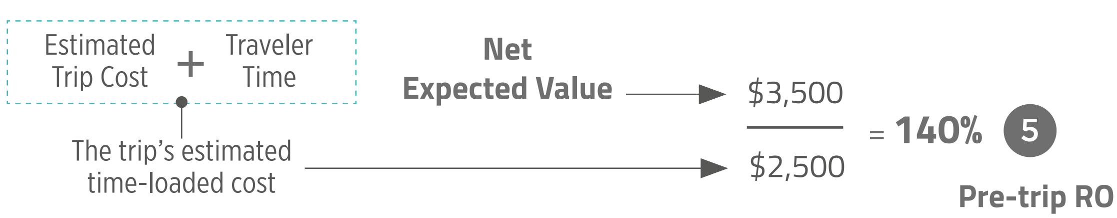
1. The trip's maximum justifiable cost;
2. The value of their time for the trip;
3. The trip's estimated cost.

The model calculates:

4. the trip's Net Expected Value and
5. Pre-trip ROI

FIG. 3





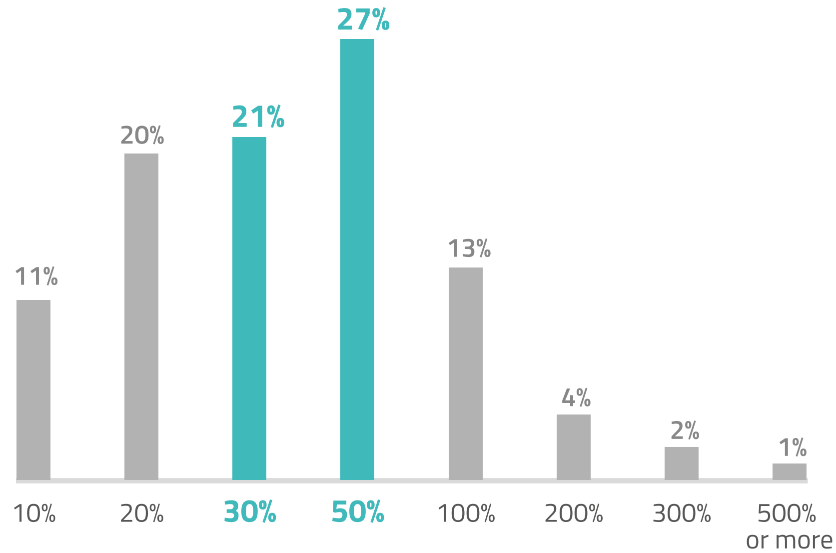
THE CASE FOR A 50% MARKUP

It's a safe assumption that executives expect a positive return on their travel budgets. The question is how much of a return.

Business travelers were asked in tClara's survey to choose a percentage for this question, "To be worthwhile, a trip's value should exceed its cost by at least..."

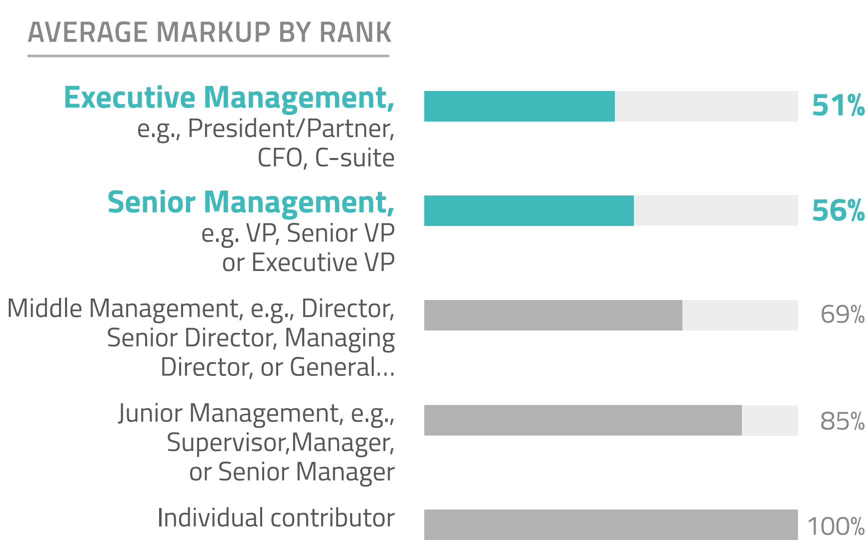
The mean answer was 64%; the **median was 30%**; the **most popular was 50%.**

FIG. 4
To be worthwhile, a trip's value should exceed its cost by...



The decisive finding:
Top management prefers a markup close to 50%.

FIG. 5
Senior and Executive Managers prefer a markup near 50%



ATTRIBUTES THAT DRIVE A BUSINESS TRIP'S EXPECTED ROI

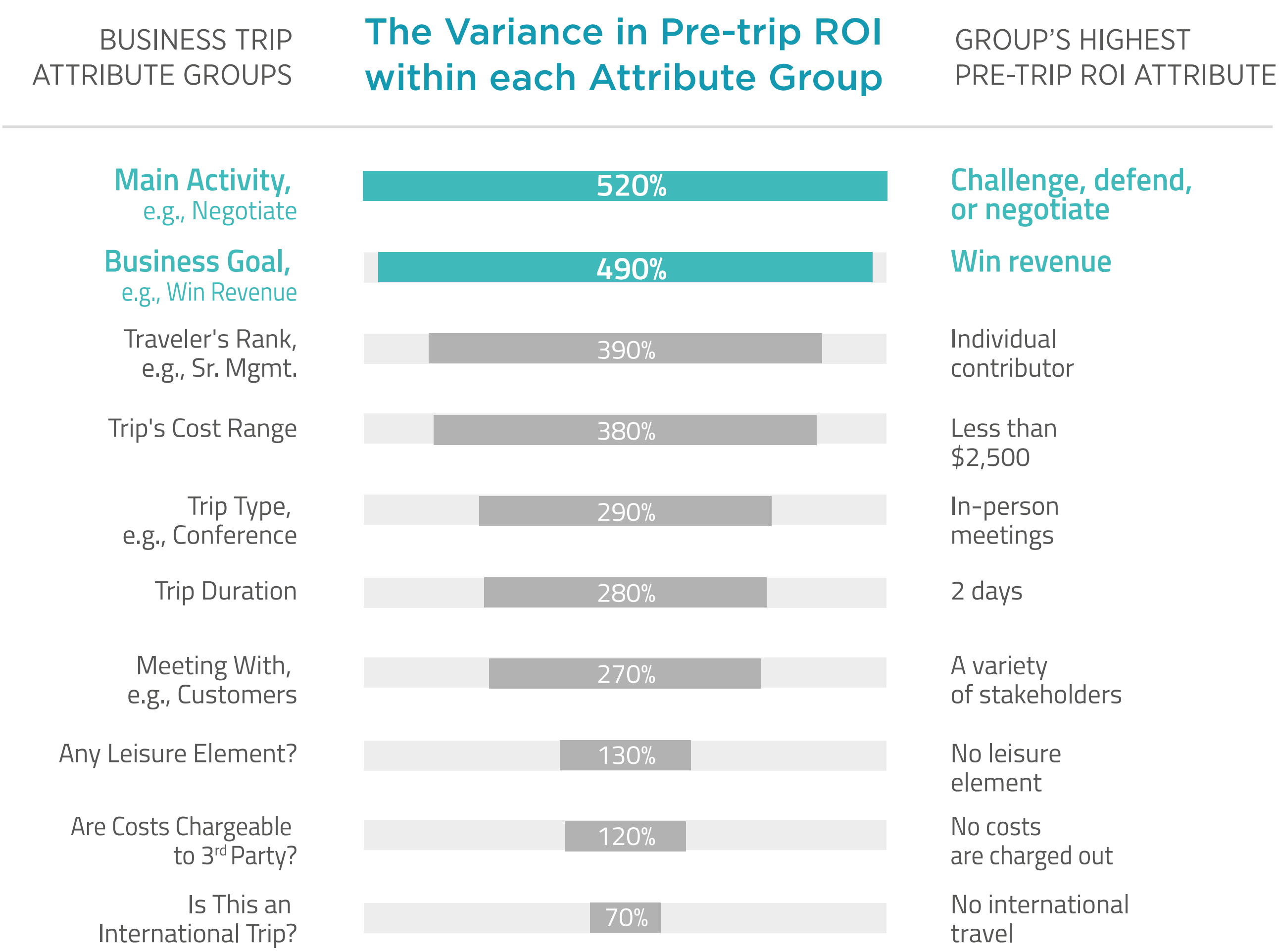
tClara applied its Justifiable Cost model to data on 407 US-based business trips to derive Pre-trip ROIs for each trip.

The attributes that matter most to a business trip's ROI are the trip's **main activity and its goal.**

The chart shows the variance in average trip ROI within each attribute group.

See Section 8 for more details.

FIG. 6



TRAVELER INPUT IS ESSENTIAL

The justified business trip framework needs travelers to answer some simple questions about their prospective trips. Fortunately, tClara's survey found that 97% of business travelers are willing to spend a few minutes documenting the need for their trips. An example of a simple pre-trip assessment:

	TRAVELER INPUTS	OUTPUTS
PRE-TRIP VALUE AND ROI	■ What's the most this trip could cost and still be justified? ■ How much will this trip cost, roughly? ■ What's the value of your time while on this trip?	Net Expected Value Pre-trip ROI %
TRIP JUSTIFICATION	■ How concerned are you about your health, safety, or well-being during this trip? ■ How confident are you that this trip will be a good use of time and money? ■ How clear are your goals for this trip? ■ How committed are you to making sustainable travel choices for this trip?	Justification Rating, e.g., "Poorly justified" or "Strongly justified"
MAIN GOAL	■ Which of these goals will this trip most directly support? E.g., "Win revenue", "Earn customer trust", etc.	Travel data linked to key business goals

ELEMENTS OF A PRE-TRIP JUSTIFICATION TOOL

Unlike a traditional pre-trip approval tool, a pre-trip justification tool rates the merits of traveling. Managers can make much more effective use of their travel budgets by recognizing how well-justified any trip request is. Pre-trip justification tools are emerging to address this need. Look for these elements:

Justification Criteria, e.g., questions about

- Trip's expected value or ROI
- Trip's goal and success criteria
- Merits of meeting in person
- Traveler health, safety, and wellbeing
- Trip's climate impact
- Opportunity cost of money and time
- Intangibles, e.g., impact on culture, retention

Scores, Weights, and Grades

- Standardized questions
- Scorable answers
- Sensible weightings
- Flexible grading controls

Meaningful Levels and Ratings

- Two, three, or four rating levels, e.g.,
- Justified or Not Justified
- Poorly, Moderately, or Well Justified
- Justified, Probably, Probably Not, or Not Justified

tClara's Trip Tester™ is an example of a pre-trip justification tool with many of these elements.

See how it works at www.triptester.com

5. The Big Prize

ELIMINATING LOW-VALUE TRAVEL

tClara's analyses suggest that ~25% to ~30%* of business trips, and their costs could be eliminated with little or no economic loss to the traveler's organization.

tClara gauged the extent of the low-value business trip problem by "red flagging" trips in one of three ways:

- The Net Expected Value lens flagged trips with a Net Expected Value of less than $5,000.
- The Pre-trip ROI lens flagged trips with an expected ROI of less than 50%.
- The Value Rating lens flagged trips that were rated as low-value using tClara's post-trip rating criteria.

Results follow.

The key is identifying low-value trips before they are taken. tClara's research indicates that low-value trips can be predicted in advance with roughly 75% accuracy.

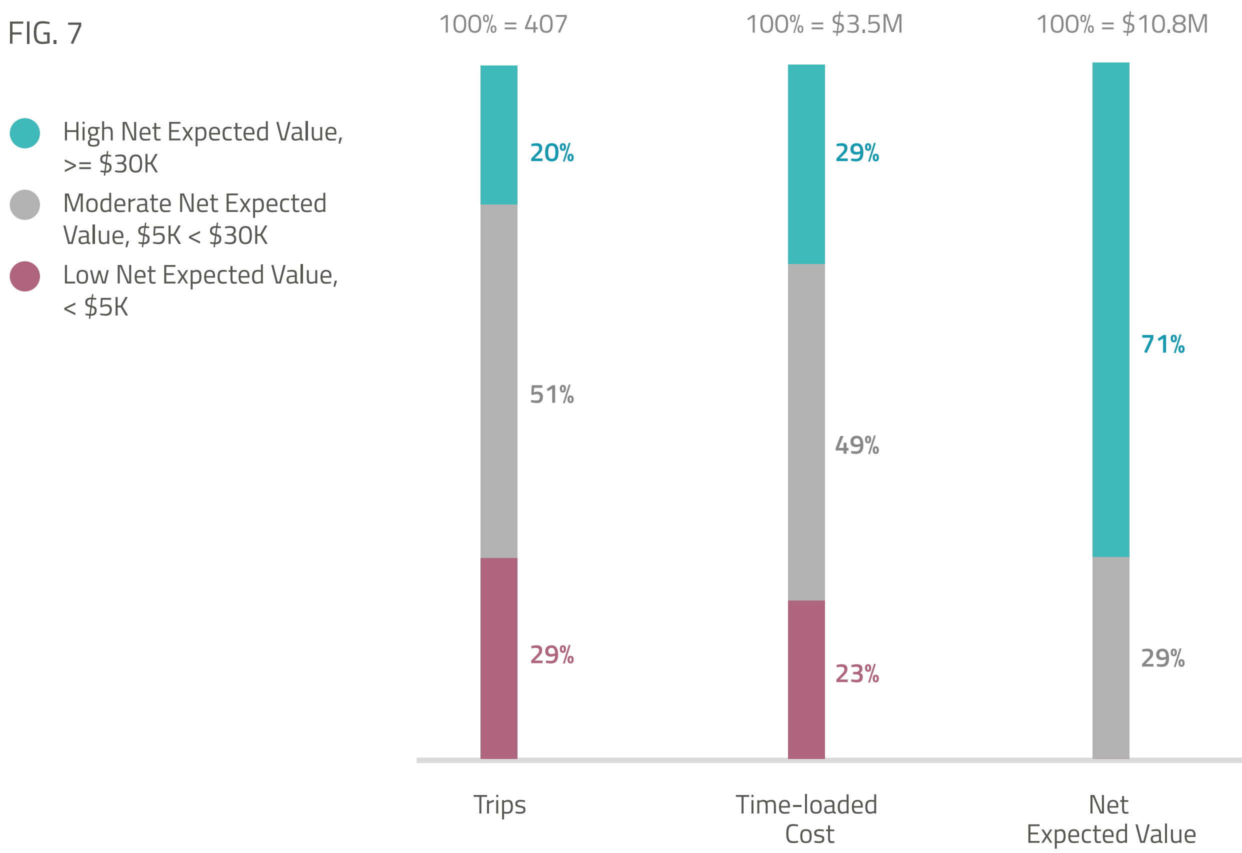
Travel budget owners using the justifiable business trip framework can flag prospective trips as low-value risks, apply more scrutiny to these trip requests, and safely reduce their travel spend or reinvest that money in higher-value trips.

* It's worth noting that 43% of trips were flagged by at least one of the three lenses. This group accounted for 41% of the time-loaded costs and eight (8) percent of the total Net Expected Value. 31% of all trips were flagged by at least one of the two pre-trip lenses (Net Expected Value or Pre-trip ROI); this group accounted for 28% of time-loaded costs and just one percent of Net Expected Value.

THE NET EXPECTED VALUE LENS

Net Expected Value is the trip's Gross Expected Value minus the trip's estimated cost and value of the traveler's time.

FIG. 7



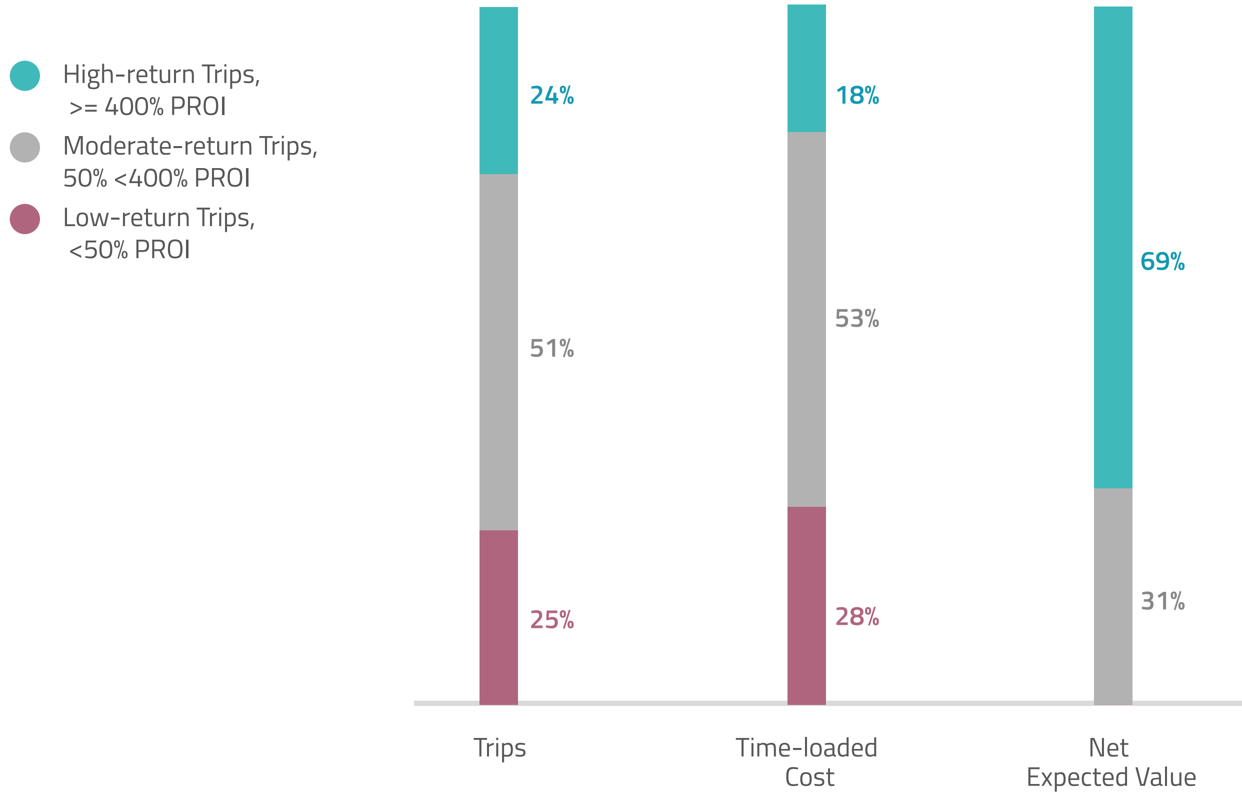
- 29% of trips have a Net Expected Value of less than $5,000.
- These trips account for 23% of all time-loaded travel costs.
- They collectively add zero Net Expected Value.

- 20% of trips have a Net Expected Value of $30,000 or more.
- These trips account for 29% of all time-loaded travel costs.
- They account for 71% of total Net Expected Value.

THE PRE-TRIP ROI LENS

“Pre-Trip ROI (PROI) is the trip’s Net Expected Value divided by the trip’s expected cost and value of the traveler’s time.

FIG. 8



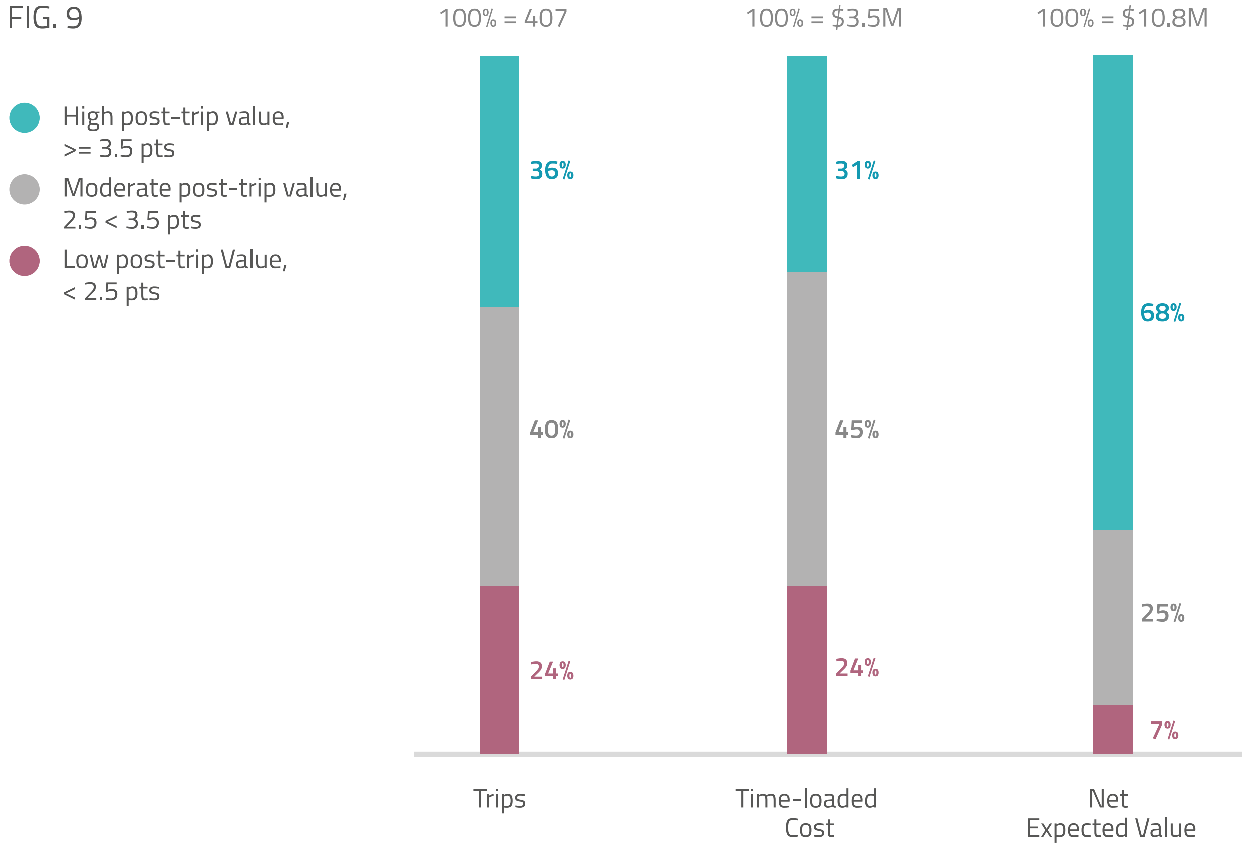
- 25% of trips have a Pre-trip ROI of less than 50%
- These trips account for 28% of all time-loaded travel costs.
- They collectively add zero Net Expected Value.

- 24% of trips have a Pre-trip ROI of at least 400%.
- These trips account for 18% of all time-loaded travel costs.
- They account for 69% of the total Net Expected Value.

THE POST-TRIP VALUE RATING LENS

Post-trip value ratings are based on tClara's scoring of seven criteria found in its detailed survey of 407 business trips. Each trip was scored on a scale of one to five post-trip value points. See page 29 for more information.

FIG. 9



- Trips rated as low-value made up 24% of trips and their time-loaded costs.
- This group accounted for 7% of the total Net Expected Value.
- 36% of trips were rated as high-value.
- These trips account for 31% of all time-loaded travel costs.
- They account for 68% of total Net Expected Value.

IMPROVING THE TRAVEL BUDGET'S IMPACT

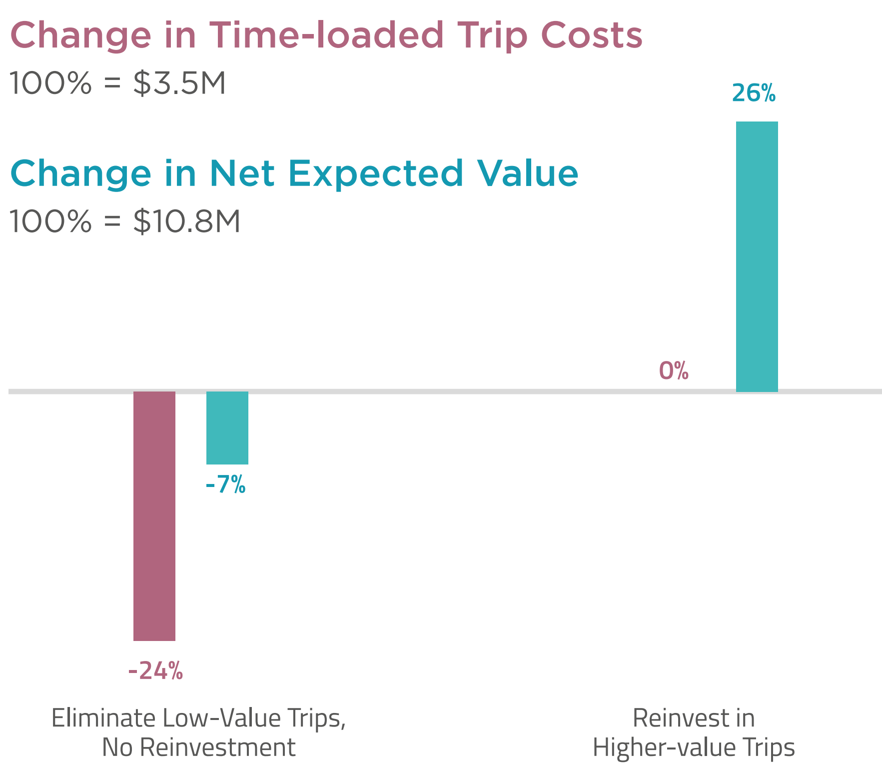
The key to maximizing the return on a travel budget is preventing low-value trips and investing in high-value trips. Companies that successfully eliminate low-value trips can expect to significantly improve the travel budget's Net Expected Value and Pre-trip ROI.

Suppose a company shifted its travel-related resources from low-value trips to higher-value trips. In that case, it could expect a significant increase in the total Net Expected Value from this cost-neutral reallocation.

Using this data set, this reinvestment strategy would result in a 26% increase in the Net Expected Value with no change in the total time-loaded cost of travel.

Alternatively, the company could reduce its travel spend by 24% by eliminating low-value trips, but this would shrink the total Net Expected Value by seven percent.

FIG. 10

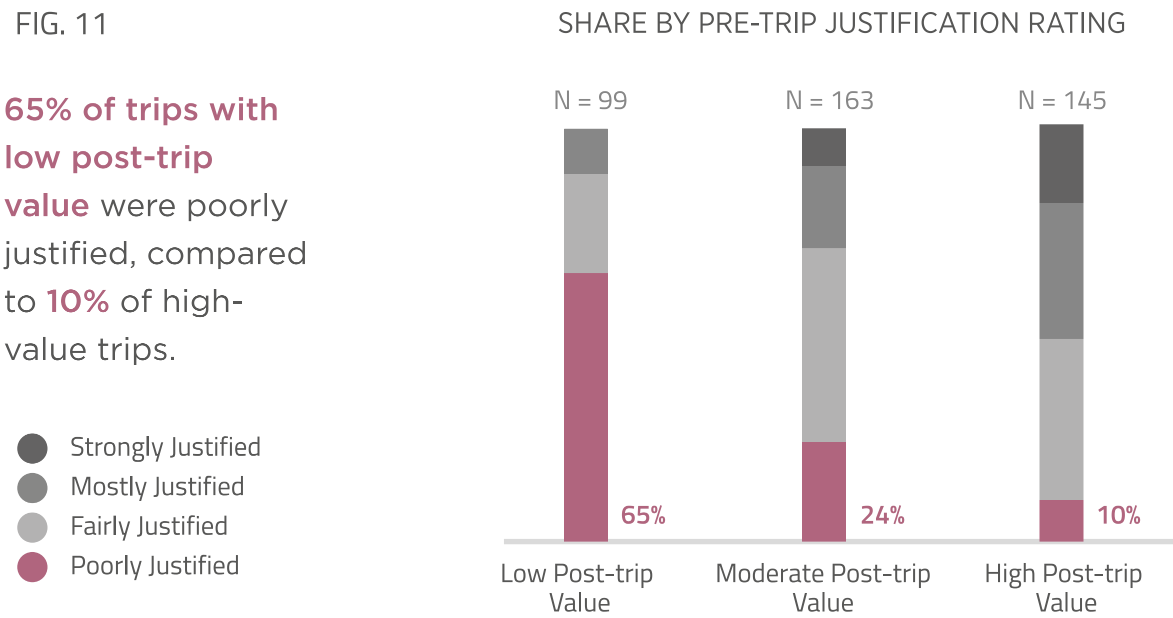


LOW-VALUE TRIPS CAN BE PREDICTED

Factors such as pre-trip assessments and Net Expected Values can be useful inputs for predicting the post-trip value ratings for business trips.

FIG. 11

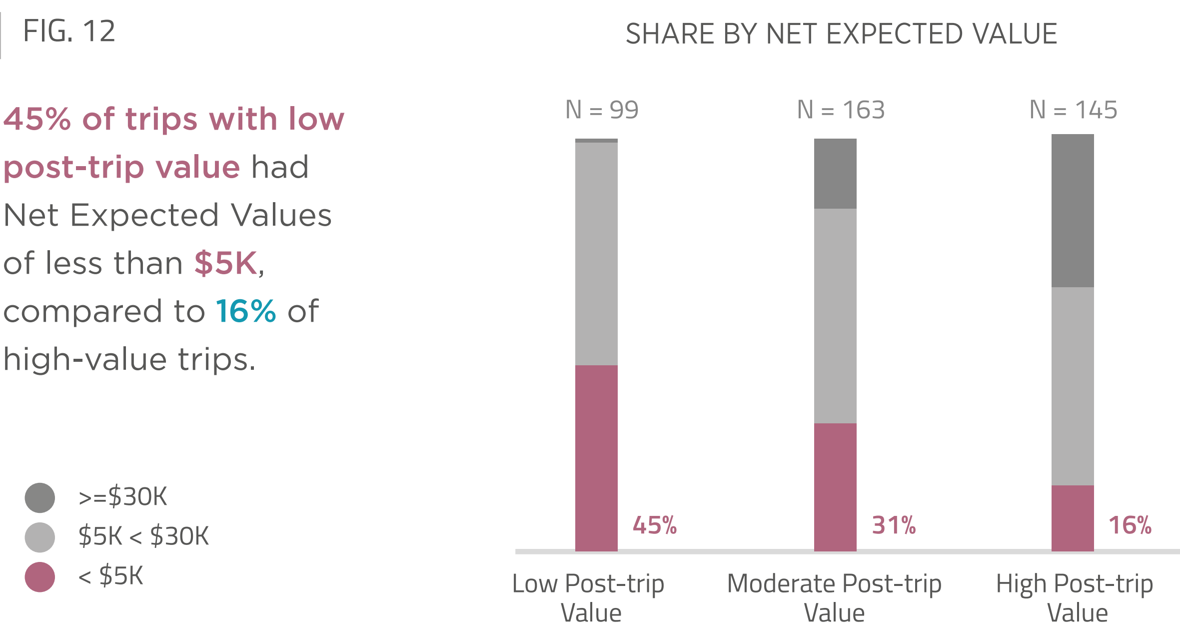
65% of trips with low post-trip value were poorly justified, compared to **10%** of high-value trips.



tClara can predict low-value trips with an accuracy rate of ~75%; this should improve with more and better data.

FIG. 12

45% of trips with low post-trip value had Net Expected Values of less than **$5K**, compared to **16%** of high-value trips.



6. New Metrics

FOR MANAGING TRAVEL STRATEGICALLY

"Mature, well-managed travel programs have little opportunity to generate new savings. The justified business trip framework opens up a new source of great value.

"The only way to get much better returns on travel budgets is to eliminate low-value travel and invest in high-value trips.

"This requires pre- and post-trip assessments. The bonus? This new data directly links travel spend to business goals – something every business should want.

"Collecting the data is a small price, given its strategic benefits," claims Gillespie.

METRICS FOR MANAGING JUSTIFIED TRAVEL

- Travel Spend by Business Goal
- Pre-trip ROI
- Net Expected Value
- Pre-trip Justification Ratings
- Predicted Post-trip Value Ratings
- Post-trip Value Ratings
- Time-loaded Trip Costs
- Trip Success Rates

A NEW WINDOW ON TRAVEL’S VALUE

“These new metrics give executives powerful insights for allocating travel spend,” explains Gillespie.

“Management can now ask what types of trips are proving most valuable and which business goals would benefit most from more travel.

“This approach will shape the way travel budgets are allocated and evaluated. It’s the key to managing travel strategically.”

FIG. 13
Illustrative Data

BUSINESS TRIP’S GOALS

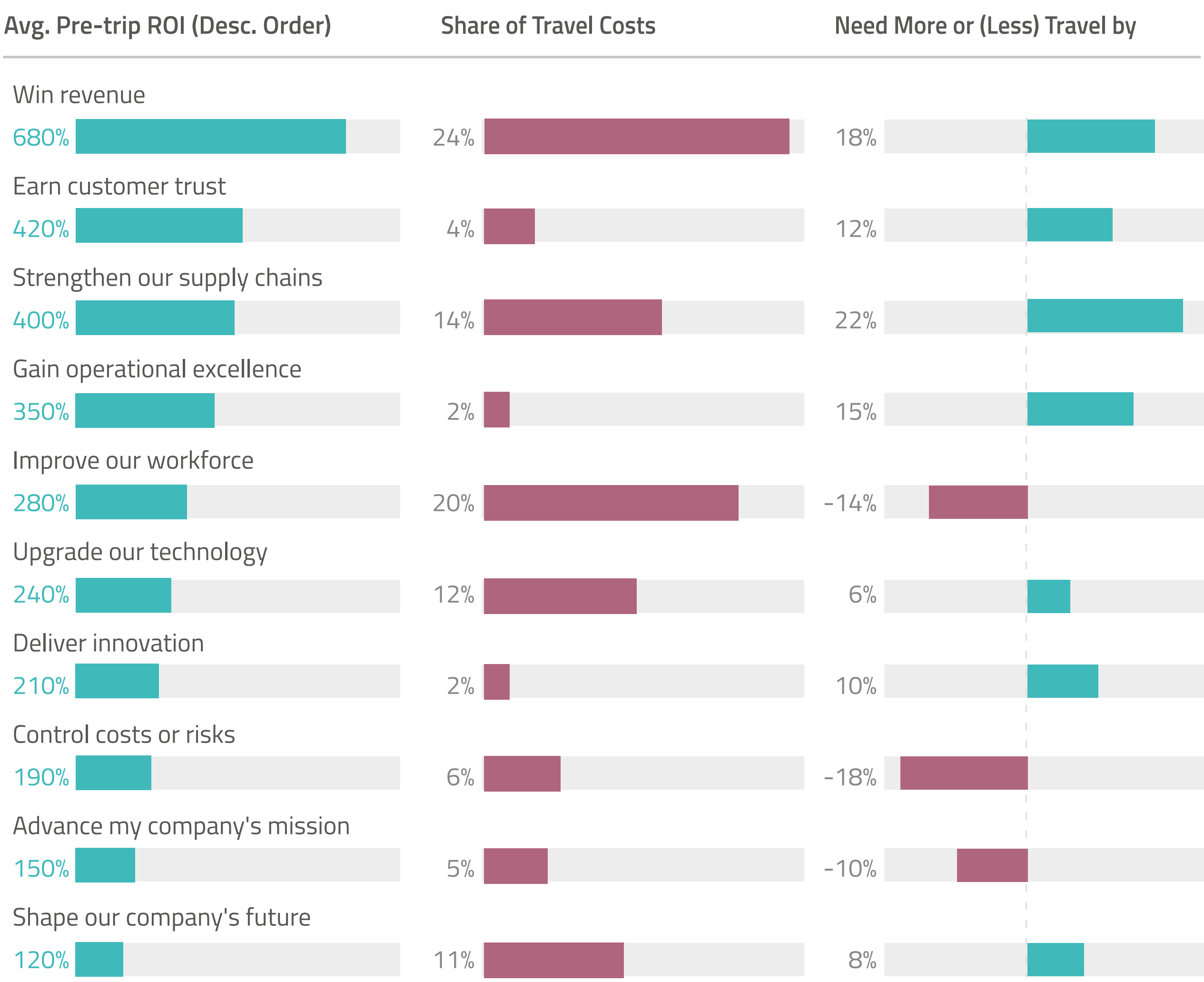
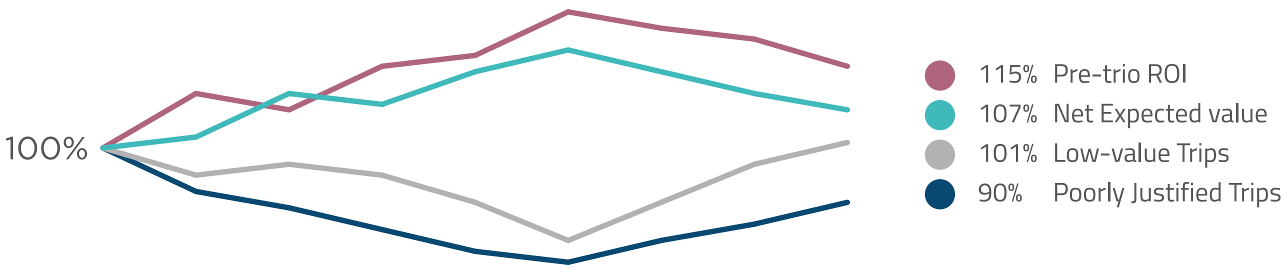


FIG. 14
Ilustrative Indexed Trends of Justified Travel KPIs



A USE CASE FOR PRE-TRIP ASSESSMENTS

A company's CFO and CPO agree that travel budget owners need to make more disciplined decisions about how travel budgets are used.

The new policy asks travelers to spend a few minutes using a pre-trip justification tool before booking a trip.

After answering standardized questions about a prospective trip, travelers get a pre-trip ROI and justification rating, e.g., "This trip's expected ROI is 270% and is mostly justified." Results are recorded and reported.

Travelers may be asked to share this pre-trip ROI and justification rating with their manager, who may also use the tool to rate the same journey from their perspective.

If the trip is approved, the justification rating may be included in a CRM, travel record (e.g., PNR), or expense report allowing for better analyses of each trip's business impact.

N = 407

91% of the business travelers surveyed by tClara said travelers should spend a few minutes documenting their travel needs.

97% of these same business travelers said they would be willing to do so themselves.

POST-TRIP ASSESSMENTS ARE VITAL

Very few business trips produce a clear, measurable financial value. So it's not surprising that debates about a travel budget's impact are light on facts.

Managers will greatly improve their use of travel budgets by classifying trips taken as high-, moderate- or low-value based on a small set of standardized post-trip criteria.

tClara's criteria for rating post-trip value include:

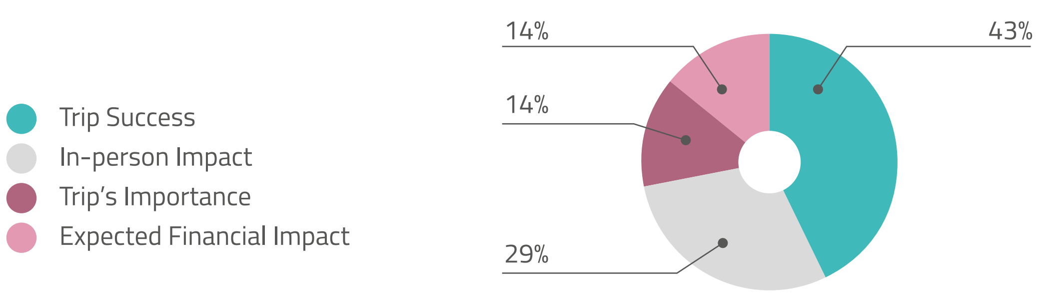
- Indicators of the trip's success
- The trip's relative importance
- The merits of having attended in person
- The trip's Net Expected Value

tClara used the trip's Net Expected Value and six proprietary indicators of post-trip value to assign each trip a post-trip value rating. Each criterion was scored on a scale from one to five. Ratings were assigned after finding each trip's average score across the seven criteria by using this scale:

3.5 <= 5 points	High-value Trip
2.5 < 3.5 points	Moderate Trip
1.0 < 2.5 points	**Low-value Trip**

FIG. 15

POST-TRIP VALUE CRITERIA AND WEIGHTS



"Getting travelers to complete a brief, well-structured post-trip assessment is essential," claims Gillespie. "It is the only way to build confidence in their pre-trip estimates and make good predictions about the value of future trips."

AVERAGES FOR NET EXPECTED VALUE, PRE-TRIP ROI, AND POST-TRIP VALUE RATINGS

FIG. 16 Net Expected Value (NEV) Ranges

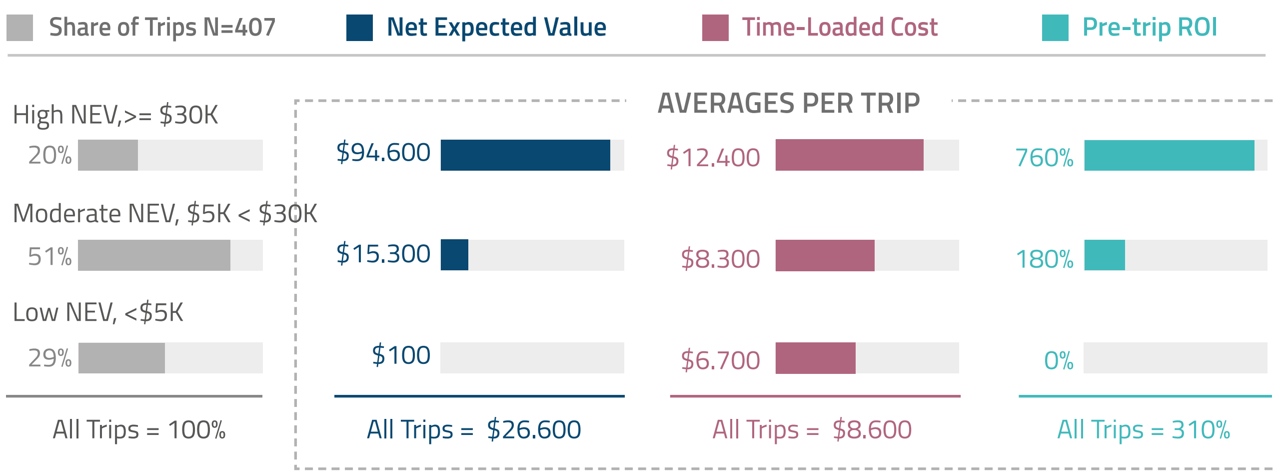


FIG. 17 Pre-trip ROI Ranges

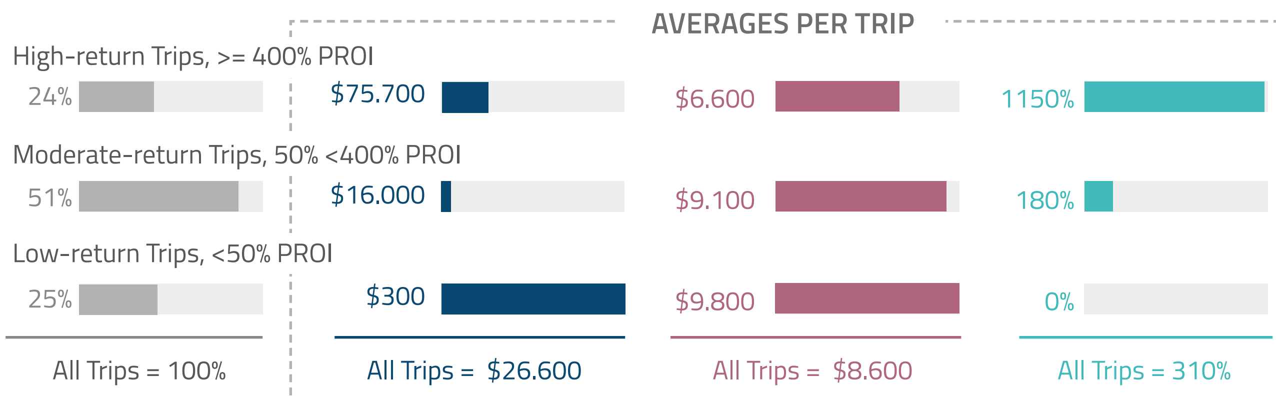
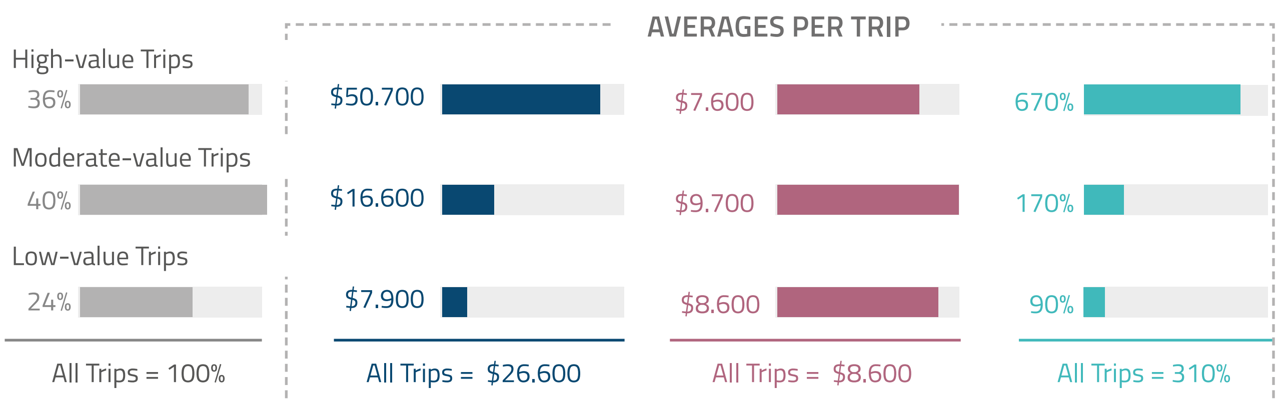


FIG. 18 Post-trip Value Ratings



ADDRESSING THE GAMING PROBLEM

tClara's Justifiable Cost model is vulnerable to abuse by "gamers" – those who would provide unrealistically high estimates of a trip's maximum justifiable cost.

Travelers may do this to make more robust cases for being allowed to take trips, justifying paying for more expensive trips or logging very high levels of expected returns on travel budgets.

Executives can judge how well-justified a trip is by requiring travelers to complete a standardized pre-trip assessment using more than just financial criteria (see pages 18-19)

A more assertive strategy to counter the gaming problem is to make it costly or risky. Some potential solutions include:

- Report each trip's maximum justifiable cost and business goal to a senior executive in the traveler's management hierarchy;
- Require the traveler's manager or their manager's manager to approve the trip's maximum justifiable cost when it is above a specified level;
- Reduce the markup multiplier applied to trips from gaming-prone travelers;
- Randomly select trips taken and deduct their maximum justifiable costs from the traveler's travel budget.

TOTALS AND AVERAGES FOR COST MODEL ELEMENTS AND TRAVELER'S TIME VALUE

FIG. 19

COST MODEL ELEMENT	Totals	Mean	Median
Trip's Maximum Justifiable Cost	$7,865,000	$19,300	$10,000
Traveler's Time Value	$1,706,800	$4,200	$2,200
Estimated Trip Cost	$1,813,500	$4,500	$3,500
Estimated Time-loaded Cost	$3,520,300	$8,600	$6,300
Gross Expected Value	$14,357,700	$35,300	$17,600
Net Expected Value	$10,837,400	$26,600	$12,600
Pre-trip ROI	310%	310%	170%

Median (50th percentile) values in **bold colored text** are much lower than their mean value counterparts.
Half of all business trips had a maximum justifiable cost of $10,000 or less and had a Pre-trip ROI of 170% or less.

FIG. 20 What do you think the average annual compensation is for people doing the same or similar job as you?

TRAVELER RANK	Share of All Travelers	Est. Peer-level Annual Compensation		Mean Value per Day	Trip Duration, Days	
		Mean	Median		Mean	Median
Individual Contributor	7%	$124,300	**$105,000**	$520	3.4	3.0
Junior Management	8%	$111,700	$105,000	$470	4.0	**3.0**
Middle Management	32%	$179,700	$135,000	$750	3.8	4.0
Senior Management	28%	$337,400	**$175,000**	$1,400	3.8	**3.0**
Executive Management	25%	$380,400	**$175,000**	$1,600	3.9	4.0
All Travelers	**100%**	**$264,900**	**$135,000**	**$1,100**	**3.8**	**3.0**

7. Calls to Action

CFOs and Travel Budget Owners should

- Require simple pre-trip assessments of all business trips likely to cost more than $1,000;
- Eliminate low-value trips by requiring prospective trips to exceed minimum values for Net Expected Value, Pre-trip ROI, and justification ratings;
- Require simple post-trip assessments in order to capture data essential for managing travel budgets more strategically.

Travelers should

- Accept the responsibility for completing pre-and post-trip assessments in good faith;
- Use these assessments to minimize travel-related carbon emissions and maximize the value obtained from their time and travel budgets.

Online Travel Booking Tools should

- Enable the pre- and post-trip assessment questions to determine any trip's Net Expected Value, Pre-trip ROI, justification rating, and post-trip value rating;
- Enable dynamic configurations of advanced pre-trip assessments in order to more accurately predict low-value trips before they are booked.

Travel Management Companies should

- Capture pre- and post-trip assessment data on behalf of their clients;
- Provide benchmark reports and consultations to clients interested in maximizing the value of their travel budgets.

Expense and Data Reporting Companies should

- Enable the linking of expense reports and travel itineraries with the trip's Net Expected Value, Pre-trip ROI, justification ratings, and post-trip Value ratings.
- Enable the pre- and post-trip assessment questions to determine any trip's Net Expected Value, Pre-trip ROI, justification rating, and post-trip value rating.

8. Expected Returns by Business Trip Attribute

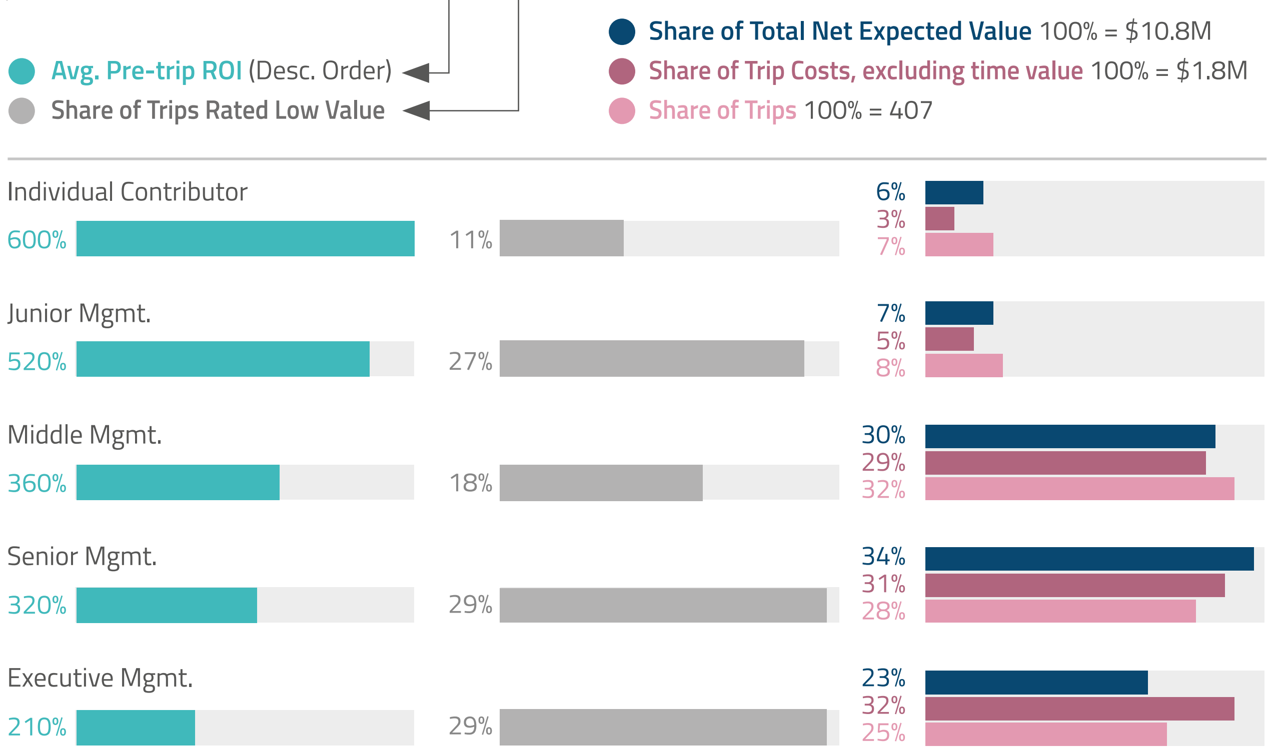
tClara analyzed 56 attributes of a business trip to understand how they relate to a trip's expected ROI.

These attributes are organized into 10 groups. Highlights for each attribute are shown in this table format.

Attributes within the group are sorted in descending order by their average Pre-trip ROI.

The share of trips for the row's attribute that are rated as low-value, e.g., 11% of trips made by Individual Contributors were rated as low-value, based on tClara's 5-point scoring of seven criteria.

FIG. 21



Reference Points from 407 trips:
The average Pre-trip ROI is 310%
24% of trips are rated low-value.

BUSINESS TRIP ATTRIBUTE GROUPS AND ELEMENTS

Activity | Fig.22

Challenge, defend or negotiate
Influence, persuade or sell
Align, collaborate or build consensus
Motivate, coach or build teamwork
Other activity
Create, design or ideate
Teach, train or learn
Decide, prioritize or plan
Analyze, evaluate or forecast
Network or build relationships
Inform, update or share information
Explore, inquire or explain

Goal | Fig. 23

Win revenue
Shape our company's future
Gain operational excellence
Advance my company's mission
Improve our workforce
Upgrade our technology
Other goal
Strengthen our supply chains
Earn customer trust
Deliver innovation
Control costs or risks

Traveler Rank | Fig. 24

Individual Contributor
Junior Mgmt.
Middle Mgmt.
Senior Mgmt.
Executive Mgmt.

Participant | Fig. 25

Other stakeholders, or a mix
Customers or prospects
Distributors or channel partners
Suppliers, consultants or bankers
Fellow employees or candidates

Trip Cost | Fig. 26

Less than $2,500
$2,500 to $4,000
$4,000 to $6,500
$6,500 to $10,000
Over $10,000

Trip Duration | Fig. 27

1 day
2 days
3 days
4 days
5 to 6 days
7 or more days

Trip Type | Fig. 28

Meetings with other people
Build, operate, repair, move, or inspect
Training, certification, or education
Conference, tradeshow or event
Commuting or relocating for work

Cost Burden | Fig. 29

No reimbursement
Some reimbursement
Most or all reimbursed

Some Leisure? | Fig. 30

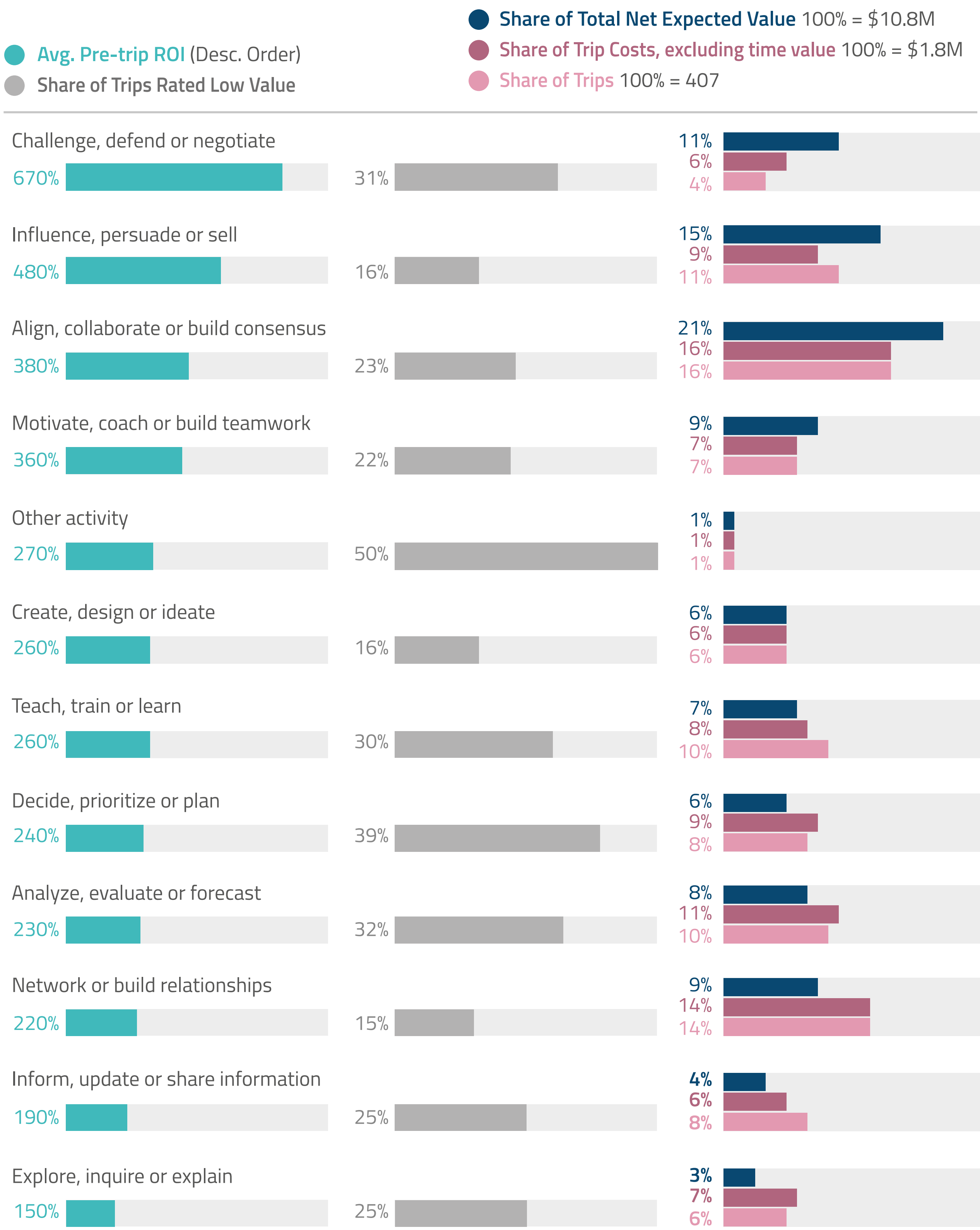
No leisure
Some leisure

Any International? | Fig. 31

All domestic
International element

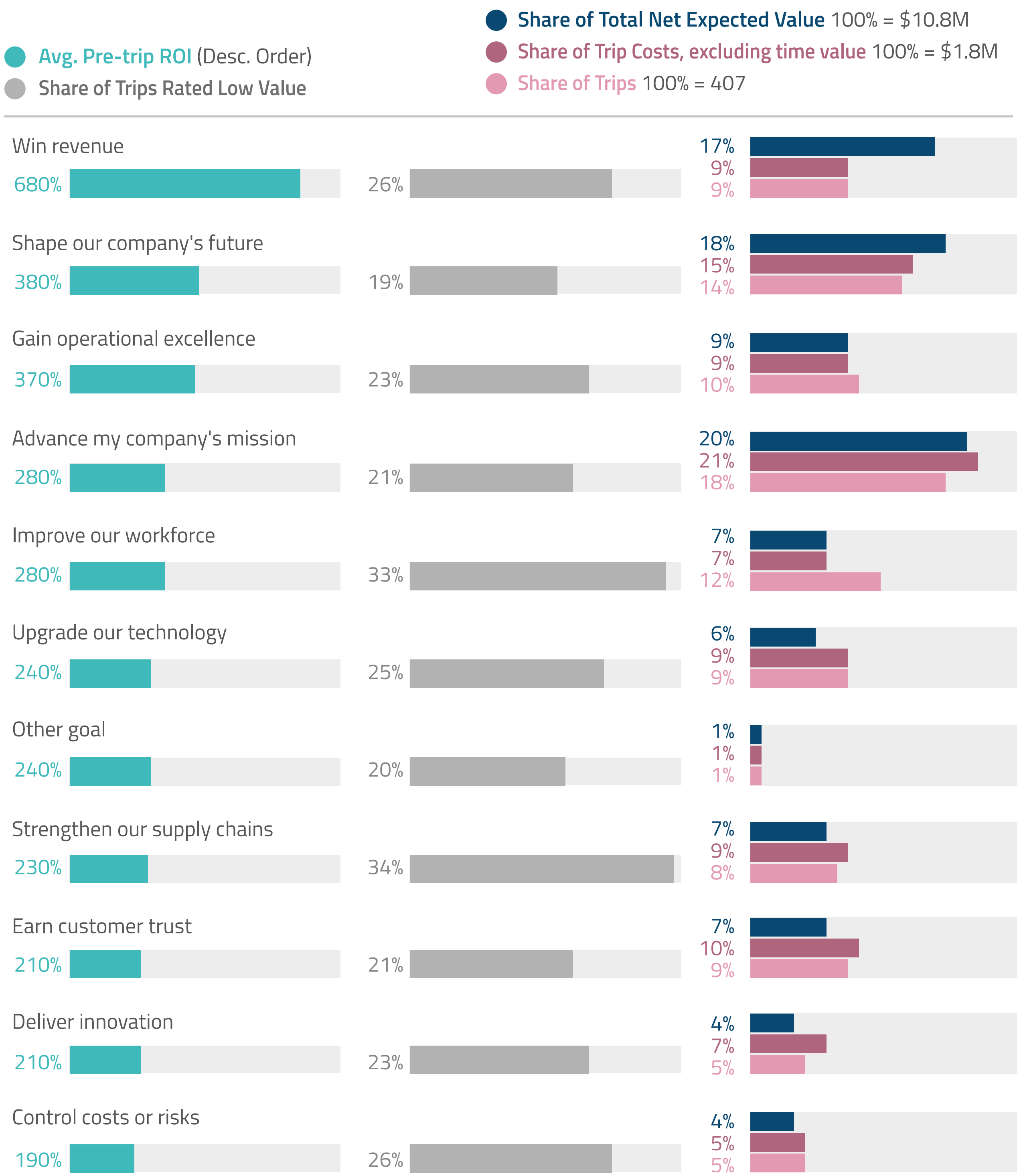
11.2 BY ACTIVITY

FIG. 22 What was the key activity that this trip allowed you to do?



BY GOAL

FIG. 23 Which one of these goals did your trip most closely support?



11.3 BY TRAVELER RANK AND PARTICIPANT TYPE

FIG. 24 Which of these best describes your current role at work?

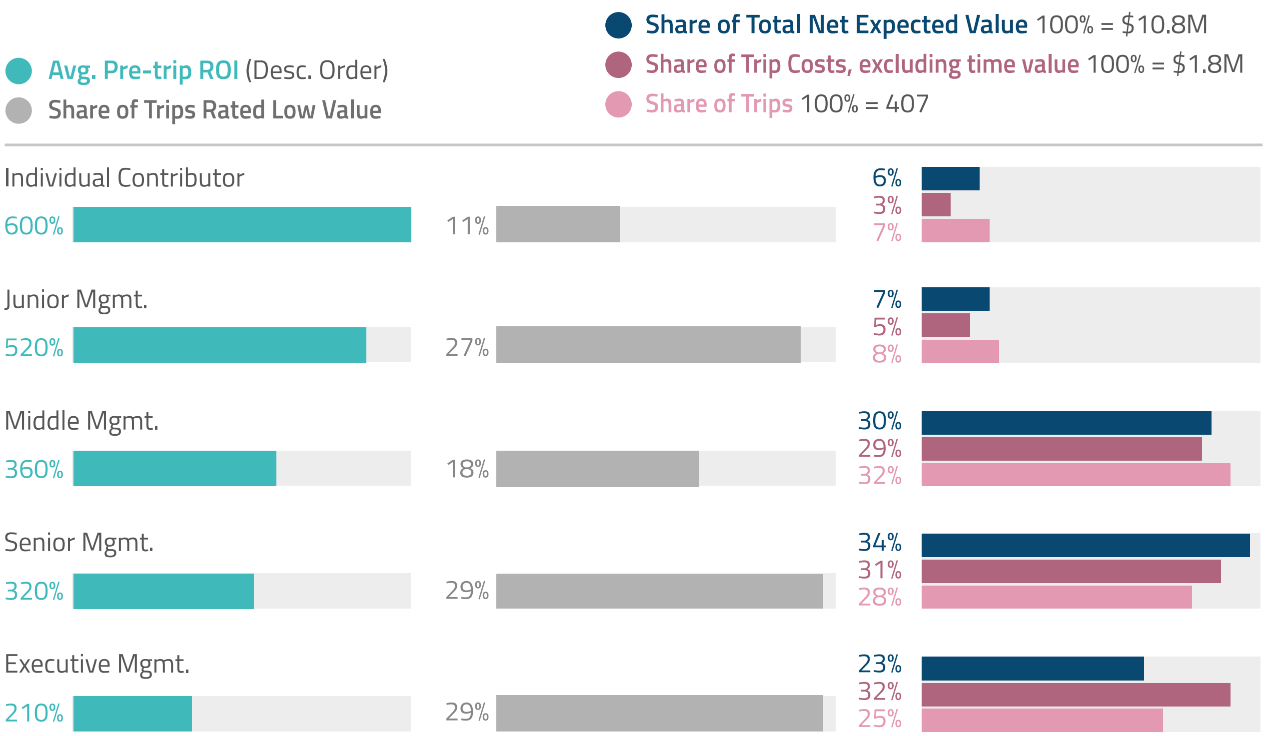
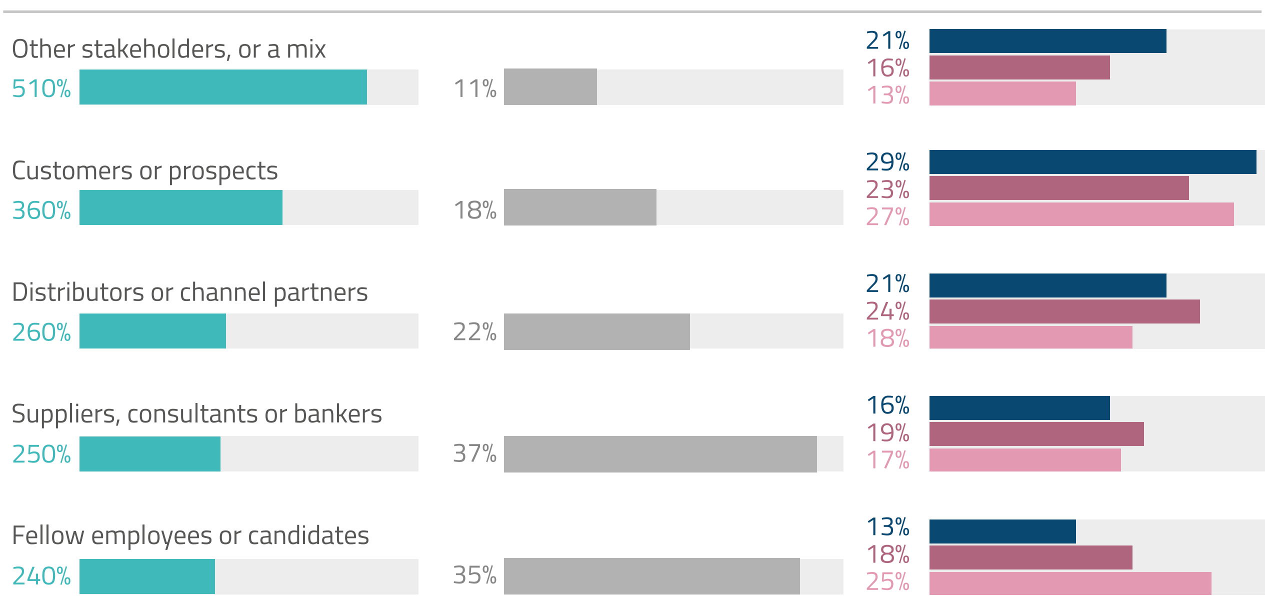


FIG. 25 The main meeting that I had on this trip was with:



11.4 BY TRIP COST AND TRIP DURATION

FIG. 26 Roughly what did this trip cost? Include expenses for air travel, hotel, meals, conference fees, entertainment, etc.

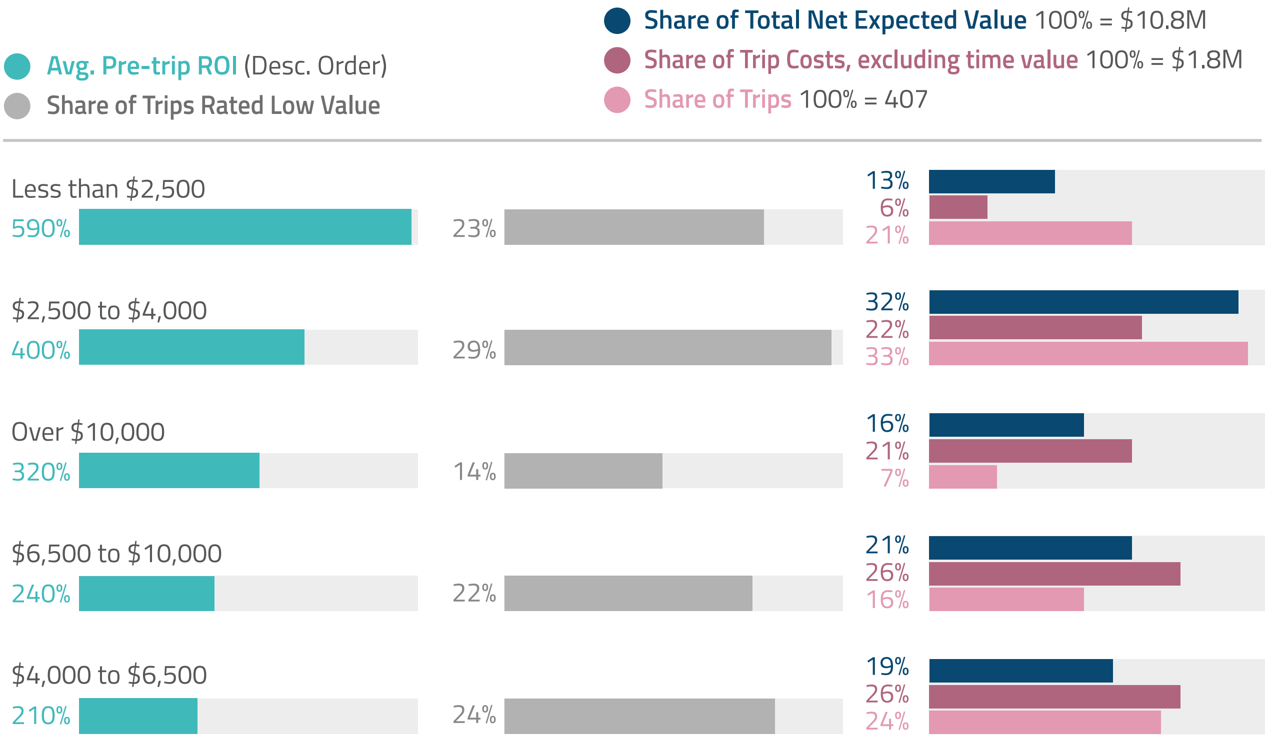
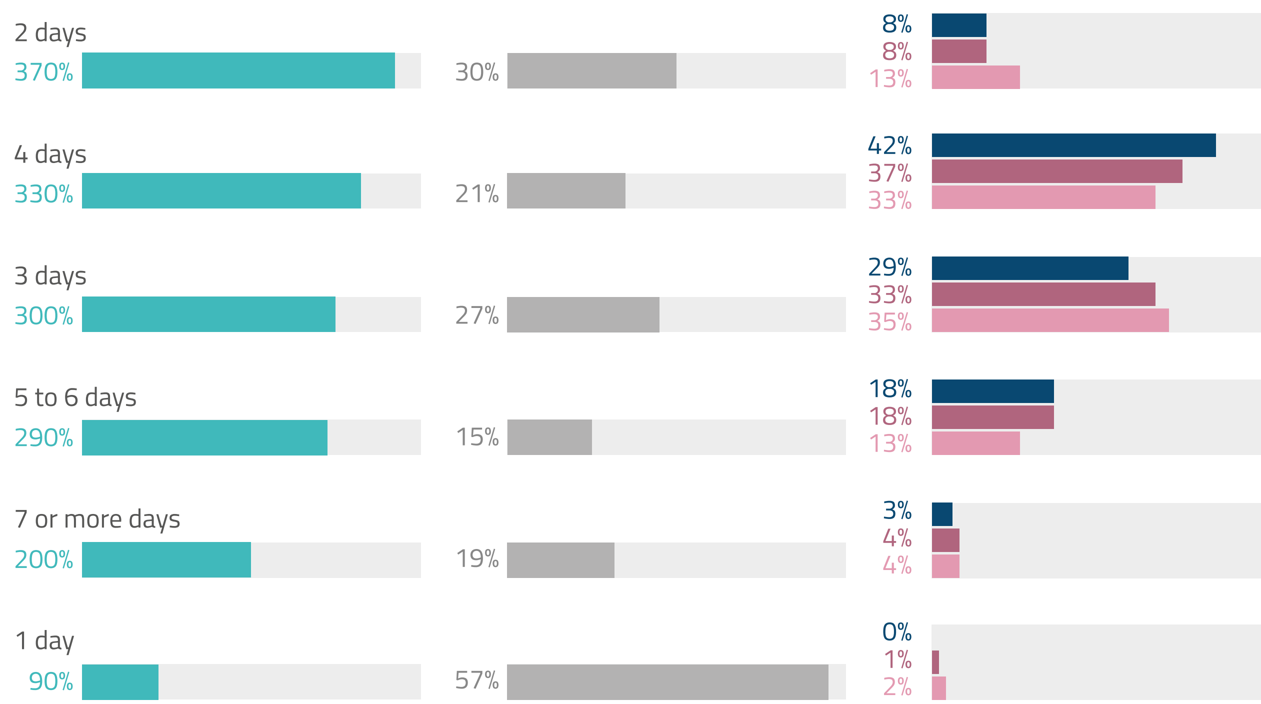


FIG. 27 About how long did this business trip last?



11.5 BY TRIP TYPE AND COST BURDEN

FIG. 28 This trip was primarily about

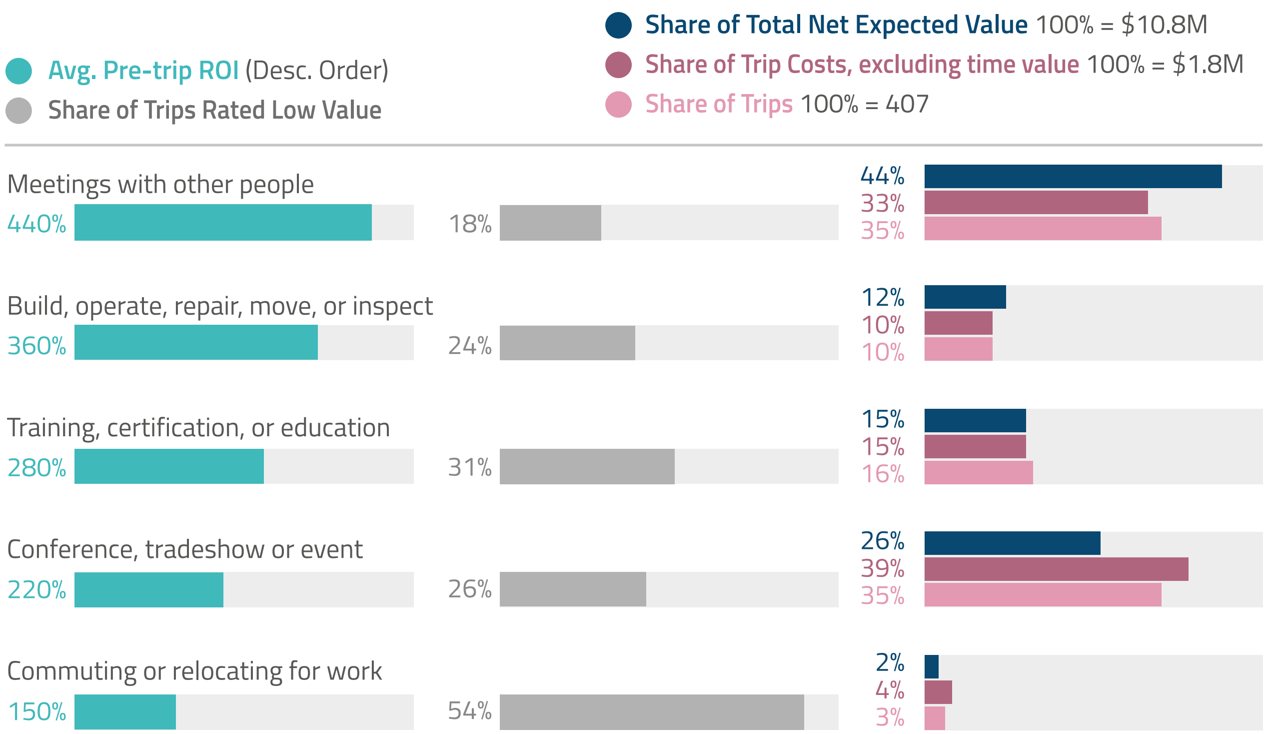
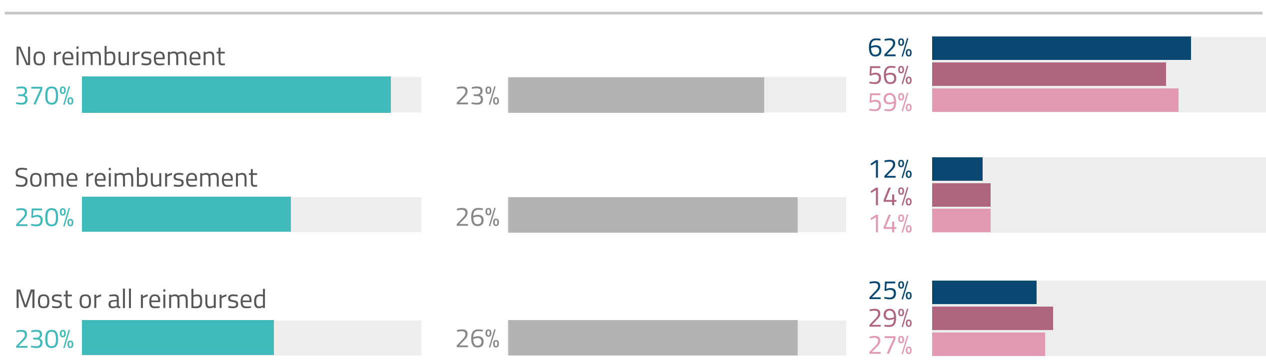


FIG. 29 Were some of this trip's costs billed back to a customer, client, or another 3rd party?



11.6 BY LEISURE AND INTERNATIONAL ELEMENTS

FIG. 30 Did this trip include leisure travel?

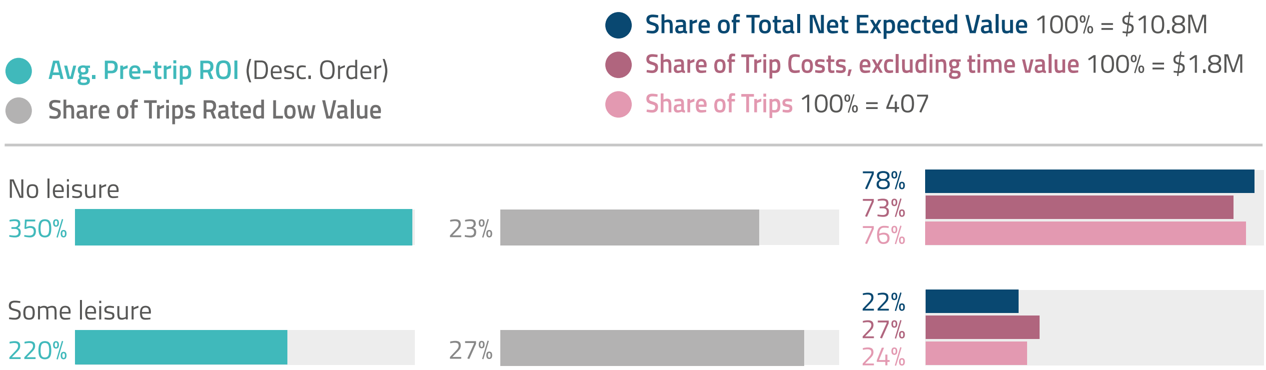
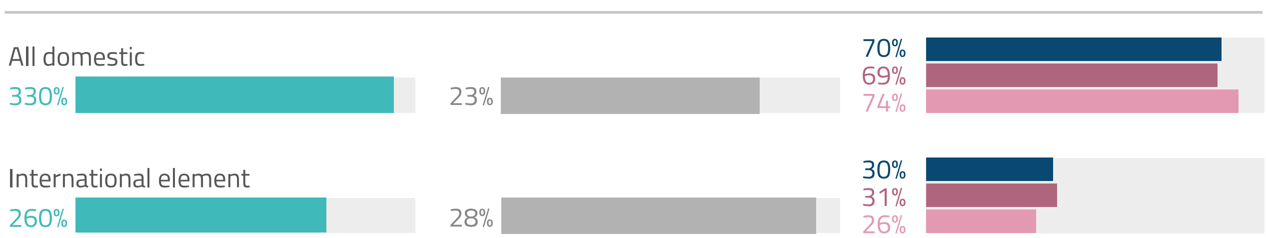


FIG. 31 Geographically, this trip:



9. Leveraging This Research

This paper introduces a novel approach to valuing business trips. The suggestions below should be considered by anyone wishing to extend this research. Those interested in commercial applications can license tClara's questionnaire, scoring rules, and data set. Sponsorships are available to support tClara's next research project on predicting post-trip value.

1. Evaluate alternative methods for estimating a trip's Gross Expected Value.
   a. Ask the person responsible for approving the trip at what price the trip would not be justified. This paper's data relies on the traveler's view of this value.
   b. Find a more defendable method for setting the markup by which a trip's expected value should exceed its cost. This model used the value of 50%. This variable significantly affects the Gross and Net Expected Value created by each business trip and the trip's Pre-trip ROI.
   c. Consider alternative formulas for calculating the trip's gross value, such as
      i. (Trip's Max Justified Cost * (1+Markup %)) This excludes the traveler's time value
      ii. ((Trip's Max Justified Cost * (1+Markup %)) + Traveler's Time Value) This includes the traveler's time value but does not mark it up
   d. Assess the quantifiability of factors related to other expected impacts from business trips, such as retention, job satisfaction, trust, serendipitous outcomes, culture, teamwork, creativity, leadership, morale, etc.
   e. Factor into the trip's expected value such elements as the likely impact on the traveler's health, safety, and well-being; and the climate. These may be represented as decreases in the trip's expected value.
2. Survey each traveler and their manager about the trip before and after they take it. This survey relied on post-trip answers to some questions best asked before the trip.

3. The traveler's annual compensation should be more accurately estimated. This survey asked travelers to estimate the annual compensation for those who perform jobs like theirs. This model used the midpoint values from each selected band. The author suspects this method overstates the traveler's compensation, increasing the net expected value and expected return on the trips analyzed. On the other hand, the traveler's time value could arguably need to include an estimate of the value the traveler is generally expected to add.
4. Refine the estimated cost of the traveler's time associated with each trip. This model assigned the traveler's estimated peer-based compensation prorated for the trip's entire duration. Some trips include leisure elements in their duration, and many travelers can perform other work unrelated to their journey while traveling. This model's approach to estimating the traveler's time value likely overstates the actual cost, subject to the argument for including the traveler's expected value-add during the trip.
5. Use more accurate estimates of each trip's related costs. This survey used the traveler's self-estimated cost of all trip-related expenses, including conference fees, by choosing from bands of estimated costs. The mid-point of the selected band was used to represent the trip's cost.
6. Find a better method to evaluate the success of a business trip. This survey used the traveler's self-reported estimated success as a percent of the trip's expected goal and the share of expected value already achieved.
7. Extend this analysis to business trips taken by travelers based in other regions of the world.

ABOUT THIS WHITEPAPER

This paper was motivated by the long-standing need for a credible method for determining a business trip's return on investment (ROI). Unfortunately, there is no accepted method of calculating post-trip ROI because it requires controlling for far more variables than is practical.

However, most travelers and their managers intuitively gauge any proposed trip's value. This value is brought into focus when compared to the cost of the trip, the value of the traveler's time, and the virtual-meeting alternative. The "aha" moment came by realizing that the trip's expected value could be estimated by asking the traveler the price at which a trip would not be justified.

tClara developed a 65-question survey to assess a business traveler's last business trip. A reputable market research firm fielded the survey to its business-to-business panel. 407 US-based business travelers qualified and completed the questionnaire between September 22 and November 13th, 2022. Each had taken a business trip in the last six months, and all passed the survey's three red herring (quality control) checks and the market research firm's half-dozen other integrity checks.

tClara analyzed the data, developed the Justifiable Cost model, and wrote the whitepaper between December 2022 and April 2023. For more information, contact Scott Gillespie, tClara's founder and CEO, at scott@tclara.com

ADDITIONAL RESOURCES

Less Travel, Better Results

Advice, models, and a strategy quiz designed to show how to get more from travel budgets.

https://www.tclara.com/less-travel-better-results

Trip Tester

tClara's pre-trip assessment tool.

www.triptester.com

Checklist for a Justifiable Business Trip

This early-version 7-question quiz rates any trip's justifiability.

https://www.linkedin.com/feed/update/urn:li:activity:6985989636623855616/

Carbon Budgeting for Business Travel

Insights, advice, and a model for simulating the impacts of a carbon budget on a business travel program.

https://www.tclara.com/carbon-budgets

10. Sponsor Information

tClara

tClara provides thought leadership, innovation, and advisory services to the business travel industry. Scott Gillespie, tClara's founder and CEO, has consulted with one-third of the Fortune 500, all major North American airlines, and the US government. He is the author of several ground-breaking white papers, a recipient of several industry honors for innovation, a patented inventor, and a graduate of the University of Chicago Booth School of Business. Visit https://www.tclara.com.

TRAXO

Traxo is the world's only provider of real-time corporate travel data capture, eliminating travel program blind spots by automatically capturing employee travel bookings from any source in one place—no behavior change required. All on- and off-channel bookings are combined into actionable reports, enabling optimal omnichannel travel management for data-driven policy updates, improved program compliance, new savings opportunities, comprehensive duty of care and greater traveler satisfaction. Traxo's APIs also allow travel managers to securely distribute travel data to trusted industry service providers and their favorite BI tools. For more information, visit https://www.traxo.com.