

Limit your Annual Leave Liability.

Taking holidays off your balance sheet.

Overview

Outstanding annual leave balances are a significant financial liability to any balance sheet. The longer employees go without taking holidays, the greater the risk to a company's cash flow in the long term. Implementing strategies to regularly reduce annual leave balances can be difficult for SMEs that operate with a lean corporate structure and have limited internal resources.

Whether your business is at risk of having to pay out excessive balances, or requires leave incentives for staff, acquiring professional travel management is one way of gaining the resources, products and strategies to counteract annual leave hoarding.

Why annual leave balances hurt your bottom line

There are several reasons why companies accumulate large annual leave balances including:

- limited capacity to cope with the absence of key team members
- employee aversion to creating a work backlog while on leave
- employees hoarding leave for long getaways or as a contingency for serious illness.

These factors all contribute to increased financial liability which can diminish the overall value of a company. Going lengthy periods without leave also has a detrimental effect on employee performance and wellbeing. Staff who refrain from taking leave can suffer from a loss of productivity and job satisfaction which can have a wider, negative effect on company performance.

Reducing the liability

Employers can implement several strategies to reduce liability and encourage regular, appropriate use of leave including:

- promoting leisure travel deals within the workplace
- offering special incentives for employees who take requisite leave before agreed times
- using travel vouchers, gift cards or discounts as rewards and bonuses
- internal promotion of the health and wellbeing benefits of taking leave
- making an experienced travel consultant readily available for staff.

Recommendations

SMEs that use a professionally managed business travel program should enquire about services for holiday bookings with their provider. A travel management partner with access to a global network can offer resources for every aspect of the travel cycle whether it's planning, booking or 24/7 support in the event of an emergency. They can also increase the visibility of holiday options in the workplace through regular electronic updates to staff and provide incentives and prizes such as holiday vouchers and special last minute offers for employers to use as annual leave incentives.

Find out more about strategies to reduce annual leave balances.

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