Expense Management 101: How to Improve Traveler and Finance Efficiency with Automation

INTRODUCTION

Traditional, paper-based methods of expense reporting are highly inefficient. Although using spreadsheets may be "free," as there is no specialized software to purchase, by any other metric it is exceedingly expensive.

A simple 10-item expense report can easily take 30 minutes for a business traveler to create and submit to the finance department for reimbursement—time which may otherwise be spent on high-value sales or account management activities.

Approvers and the finance team face similar efficiency challenges: verifying that an expense is within policy, sending a report between approvers and finance, and manually entering data into an accounting program for reimbursement can all be very time-consuming and process-intensive tasks. While there may appear to be an upfront savings by not investing in the software solution, this is far outweighed by lost opportunity cost as well as the cost of all the labor to manually submit and process these expenses.

In addition to these hard costs, the soft costs associated with manual expenses can also be high. Policy enforcement can be both an inefficient and unscalable process, especially for organizations that have diverse operations across multiple geographies. Approvers needing to confirm policy (and going back to the submitter in the event of any questions) can lead to hit-or-miss enforcement and wasteful spend. Spotting and preventing both inadvertent mistakes and fraud can be an equally needle-in-a-haystack, error-prone process.

For expense processing, a free solution is anything but free. Its inefficiencies can come at great cost at all levels. In this guide, learn how automating the expense process can lead to efficiency gains across the board, and how this can drive long-term benefits.

DRIVE BUSINESS TRAVELER EFFICIENCY FOR HAPPIER TRAVELERS

Nobody likes doing their expenses, but it need not be made more difficult with laborious processes. For those who travel frequently (who are often an organization's most valuable employees for revenue generation), the need to manually create expense reports every week can not only be a time-suck, but also a huge frustration. Automating this process can show these employees that their employer respects their time, by providing tools to make their lives just a little easier.

> *"Chrome River EXPENSE has helped us streamline the entire reimbursement process. The whole paperless concept has changed our world tremendously. I also like the accountability the system places on the end user to comply with company policy, rather than leaving this burden completely with our AP staff."*
>
> DAWN MOSELEY, CONTROLLER, FORDHARRISON

Full mobility

A key efficiency killer for business travelers is the need to retain all paper receipts until the end of the trip/month, before then taping them to a sheet of paper, and filling out a spreadsheet. A mobile-first expense solution eliminates this requirement. Users simply need to snap a photo of the receipt on their mobile phone and upload it. The process takes less than 10 seconds each time, and the receipt is automatically stored within the expense solution. No need to remember where each receipt has gone, no need to worry about an arts-and-crafts project to create your expense report. Expense reports can also be created and submitted on a mobile device, so a traveler can begin the reimbursement process before they even walk in the front door after a trip.

Single, straightforward, UI across all devices

While road warriors—who use the expense app day-in, day-out—can practically create and submit their expenses blindfolded, many employees submit expenses much less frequently. For these users, a simple, icon-based user interface eliminates the need to re-learn the system each time they use it. In addition, a solution which leverages responsive design technology ensures that users get an identical experience across every device—mobile, tablet or laptop. No functionality gaps on a mobile, no need to learn a different layout when submitting expenses on the road.

OCR data extraction

While the ability to upload an image of a receipt from a mobile device can be a time-saver, its efficiency benefit is enhanced greatly when the expense automation solution can also extract data from the receipt and automatically populate an expense line item. Smart solutions also use logic to make the process even more user-friendly. You spend $6 on a coffee and a muffin at 7.30 a.m.? The system can recognize the merchant type and the time on the receipt to categorize the spend as breakfast.

TMC/card integrations

A significant volume of business expenses are either travel bookings from the corporate agency/booking tool, or purchases on a corporate card (and sometimes both).

Organizations which use an automated expense system can integrate travel and card data feeds directly into a user's expense profile. Flight and hotel bookings will automatically appear in the expense solution after the transaction is made, including all details such as flight numbers.

Similarly, card purchase data will route straight to the expense solution, where smart technology will match each transaction with the receipt, be it an email, travel agency confirmation or a receipt image from an out-of-pocket purchase. Real-time SMS card transaction notifications on a user's mobile phone can lead to even greater accuracy and efficiency, by prompting them to capture an image of the receipt as soon as the transaction is recorded with the card processor.

Automated policy notifications

A big cause of expense approval delays is transactions being queried by approvers. If a meal's cost is over the organization's policy limit, an approver needs to go back and either get an explanation for the overage, or will require the submitter to resubmit at a lower, approved, level. Each of these interactions further slows the process and causes frustration.

Organizations can configure their travel and expense policies directly into the expense solution, even down to the individual level, if needed. This provides automated notifications to the submitter if an item is over the policy limit, so they can provide an explanation or alter the amount before they submit for approval. The result? No more back-and-forth, faster reimbursement, and happier travelers.

Track approval status online

Nothing is more annoying than an expense report going into the intracompany mail and then entering an approval black hole. A slow approval process is one thing, but if a user doesn't even know where their expense report is, it can become extremely frustrating. Expense management software tracks where expenses are in the approval process, and submitters can see exactly where the report is, simply by logging on to the system. If there is an unexplained delay, they can contact the approver directly to remind them.

ENHANCE APPROVER EFFICIENCY FOR MORE PRODUCTIVE MANAGERS

Expense approvers could have dozens of reports to pore over each month. With a paper-based process, this requires each transaction to be verified for compliance before being signed off—and the more countries you operate in, the harder and more time-consuming it gets. Maybe you know what the mileage reimbursement rate for your employees in New London, Connecticut, but what about London, Ontario, or London, England? Expense approval isn't high on your line managers' lists of priorities, but it can be high on their list of least favorite tasks.

Automated policy enforcement

With expense policies configured into a system, managers will never have to refer back to the handbook to see if a purchase is in compliance. Companies can either set up "soft" or "hard" stops if any transaction is outside of the corporate policy, which can either prompt the submitter to explain the discrepancy, or can simply prevent an expense being submitted over the permitted level. This ensures that every expense item which reaches an approver will be within policy, or will have reasons for non-compliance. No more back-and forth with the submitter. No more going back to the handbook.

Dynamic approval workflows

Many organizations require different levels of approval, dependent on expense type and amount. Expense reports criss-crossing the organization to get signed off by different managers is not only inefficient but also increases the risk of delays and reports going missing. An expense management solution has approval workflows configured into it, so if a particular item needs to be signed off by a senior manager, it is automatically routed to them. In addition, they will receive a notification to review the transaction (and a reminder, if they are tardy in their approval).

Approval from any device

Expense approvers—especially in sales organizations—can often be on the road as frequently as the teams they manage. As a result, the requirement to manually sign off each expense report is highly inefficient and can lead to unacceptable delays. Automated notification emails not only inform approvers of their turn, but also enable them to view and approve the report directly from the email. This allows approvers to easily sign off on expenses from a mobile device – a huge efficiency gain for frequent travelers.

INCREASE FINANCE TEAM EFFICIENCY FOR SPEEDIER REIMBURSEMENT

Every minute that expense administrators spend processing piles of paper-based expense reports delays the reimbursement to business travelers and other submitters. Reconciling corporate cards and travel agency reports, double-checking amounts and entering data into accounting and ERP systems is time-consuming, inefficient and also a waste of resources. Time spent on these manual tasks is time that can't be spent analyzing spend to identify potential savings and efficiencies.

Card statement reconciliation

The "tick and tie" process of cross-referencing corporate card statements versus expense reports is both mind-numbingly inefficient and can lead to back-and-forth with end users if there is a discrepancy between the transaction amount on the statement and the receipt. Card issuers' solutions for solving this problem may be free, but, as with everything, you get what you pay for.

Importing statements directly into the expense system and automatically reconciling them with transactions both increases efficiency and visibility into card spend. Finance teams can also prompt cardholders to submit receipts for unexpensed purchases, for quicker reconciliation. This in turn speeds up the bill payment process, reducing the potential for fees and late charges from card issuers.

Eliminate manual data entry

Once paper-based expense reports have finally completed the approval process, they can then be entered into the accounting system for reimbursement, allocation and, if necessary, client billing. Requiring expense administrators within the finance team to key in amounts and GL/billing codes by hand is not only a thankless repetitive and time-consuming task, but it is also ripe for errors. A mis-keyed client code or an inadvertent extra zero will lead to huge headaches and take time to reconcile.

An OCR-based expense solution completely eliminates the need to manually enter data, from the initial receipt capture through to reimbursement. Not only does this create huge efficiencies, but it also completely cuts out the potential for re-keying errors.

Integrating the expense management system with the organization's accounting/ERP solution brings additional efficiency benefits. Data flows automatically and seamlessly between the two systems, eliminating any need for file export/import, and further speeding up the reconciliation process.

Direct reimbursement payments

However efficient the approval process may be, if expense reimbursements need to wait for next week's check run or payroll, it can add several days' delay before the user has the money back in their accounts. Organizations can set their expense automation solutions to automatically send out a reimbursement via bank transfer, as soon as the approval process is finalized. Not only does this cut out manual steps and further improve efficiency, but it can significantly improve sentiment among business travelers.

CONCLUSION

Combining all of these efficiency gains that automating the expense process delivers can lead to major time savings. While each step may only shave a relatively small amount off each step, the cumulative effect can be significant, both in terms of time and cost savings.

It's no surprise, therefore, that analysts estimate the cost of a fully-automated expense process can be more than 75% less than that of a fully-manual process. With an average estimated savings of almost $20 per expense report processed, a company with 1,000 travelers who submit expenses monthly can expect to save almost $240,000 per year. This figure doesn't even factor in the less tangible costs of what value each person in the chain could bring to the company with the time they have saved. Nor does it count the cost-saving benefits than can be achieved with the insight that an expense management system can provide.

Chrome River

Chrome River provides expense and invoice automation solutions that let business flow for more than 1,000 organizations worldwide. The company's easy-to-use, enterprise-scale solutions enable future-readiness for its customers. As a result of this focus on innovation, Chrome River is rated as a Leader in expense management by analyst firm IDC. Chrome River's commitment to delivering a superior customer journey by creating long-term value for its customers, makes it a preferred choice of CFOs, CIOs, AP teams, travel managers and business travelers. Details on Chrome River's customers can be found on the company's web site.

To find out why more than 2 million business travelers around the world trust Chrome River, contact the company at 888-781-0088, or visit chromeriver.com and its social pages on LinkedIn, Facebook, Twitter, and Instagram.

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