How to Set Up A TEM (Travel & Expense Management) Policy For Better Control

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we have helped

leading organizations and over 2000+

sales & finance associates

submit and approve their expenses

seamlessly.

Why should traveling and expensing for growth of the business be a burden?

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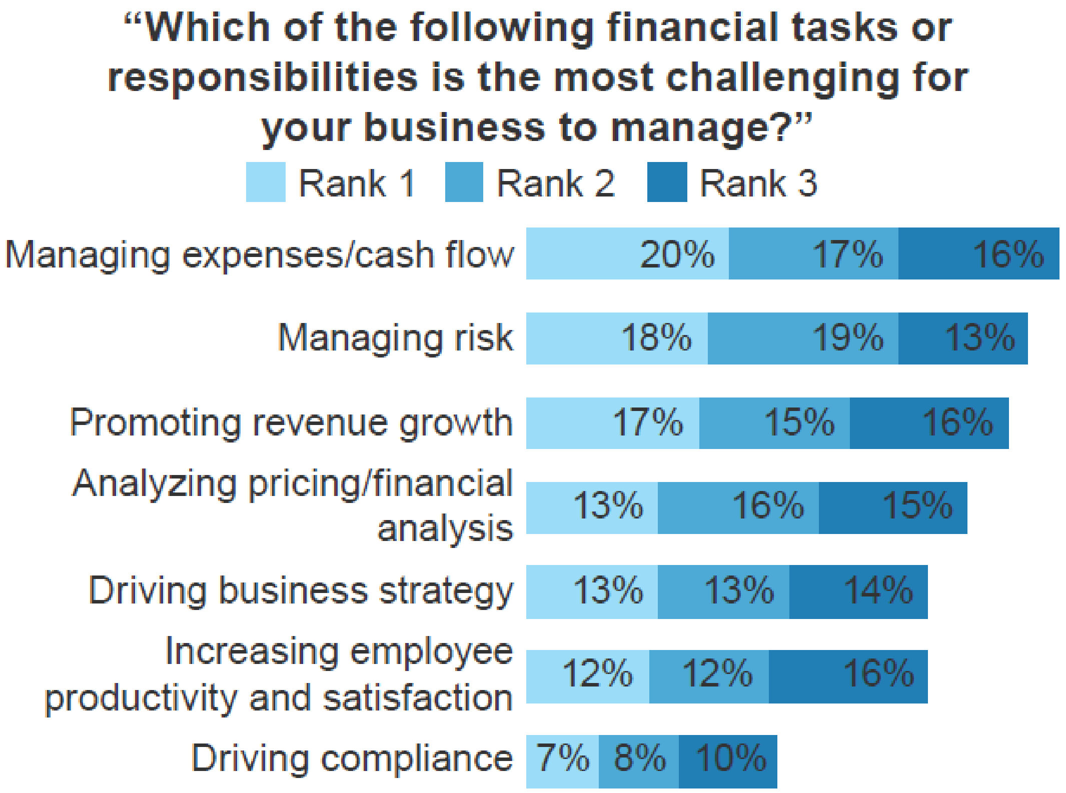
Managing Expenses and Cash Flows is the single most cited responsibility shared by 53% Financial Decision Makers regarding current challenges & concerns with T&E Solutions (Forrester).

Till date, many finance leaders are facing a challenge with expense visibility and policy compliance. Lack of compliance leads to heavy expenses for an organization (second largest after payroll) and there are generally no limits from a 'spend' perspective. It has also been noted that **73% Finance Decision Makers** are planning to shift or are in the process of shifting to an 'end-to-end' Travel & Management Solution within the next six months (Forrester). All of this to drive compliance and adherence to T&E Policies.

Why Business Travel Policies (T&E Policies) Matter?

Business Travel Policies or T&E Policies are important as they help finance professionals gain control over an organization's total spend on corporate travel. T&E Policies control various aspects of business travel: like the vendor that employees are allowed to use, the deadlines for the booking to be made, the exceptions in corporate travel, approval process, reimbursement method and time, and how and when expense reports are to be filed in an organization.



(Forrester Report on T&E Management)

All these factors make T&E policies crucial in ensuring that the CFO and his team perpetually have a tight grip on Expenses and that all budget allocations are being adhered to. When these policies are overlooked, it can be hugely detrimental to an organization's financial success.

Employee Satisfaction

Organizational cost savings often have higher priority than employee fulfilment and that is the core of the issue. Obviously, organizations need to improve strategic expenditure of expense but consistency must be maintained by upgrading the policies by taking employee's requirements into consideration. Inputs of on-field representatives should be gathered to create future travel arrangement and choices identified with seller-choice. What travel administrators can do here is to pull together information on worker's inclinations and encounters and hence create a travel policy on the basis of this feedback rather relying upon impromptu messages from representatives.

Problems Faced In Case Of Policy Violations

The Finance Stakeholders of an organization primarily responsible for reporting accurate financial data, developing financial strategy and reducing expenditure. In short, they're directly in charge of improving the company's financial results. Business value is created by not only 'crunching numbers' but also maintaining a tight grip on T&E Policy.

1. Cost associated with Travel and Expense

There a lot of ways of going about reducing costs associated with travel and expense. For instance, it was observed that most employees engage in 'bleisure' to boost morale before an important client meeting/site visit. However, most organizations do not have a formal 'bleisure' policy in place as it proves to be too expensive. A viable solution for striking the balance would be strategic partnerships with vendors that allows for cheaper pricing while going about corporate travel.

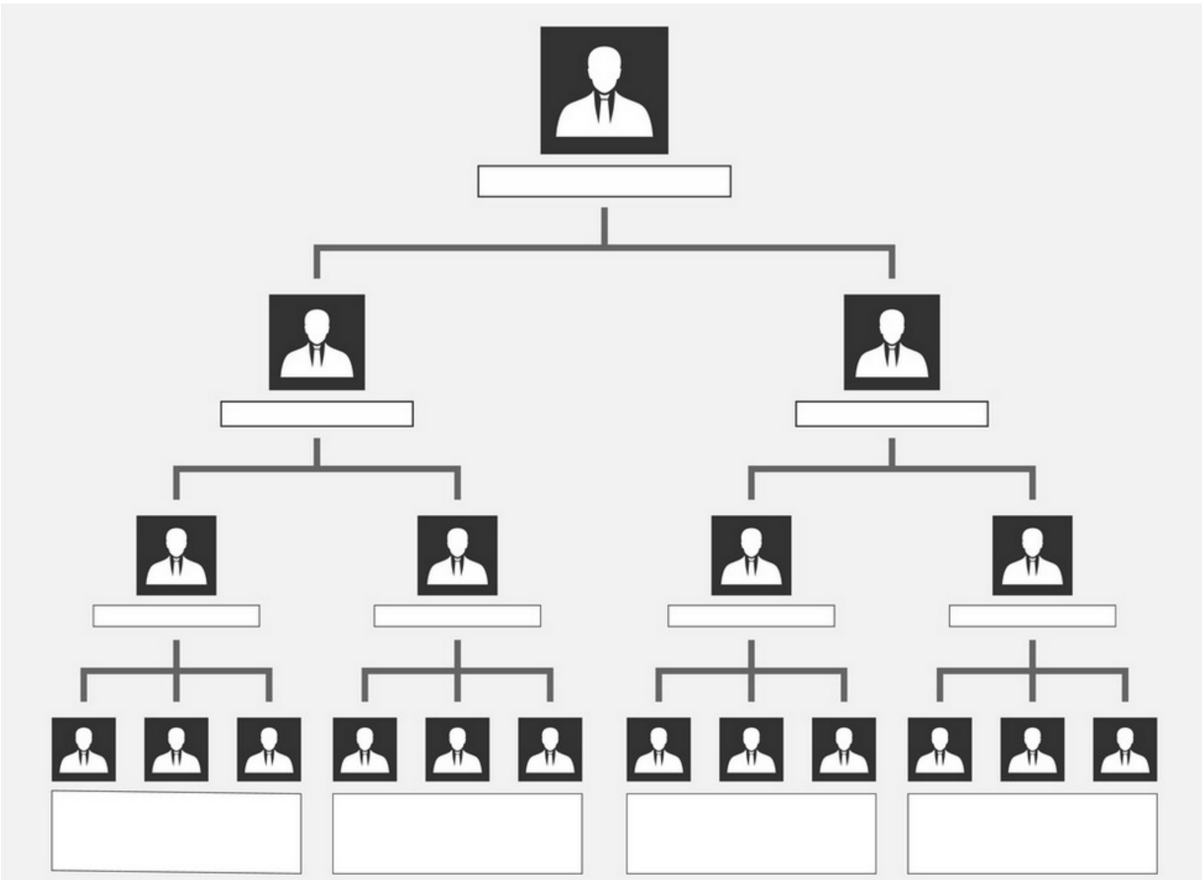
It is important to note that policies can only affect finances positively if they are being complied with. Most organizations bypass compliances because of the 'urgency' of the expense. Since most of the efforts towards cost-cutting are scattered, it is not feasible to expect any tangible results. Compliance solves the issue of cost.

2. Lack of visibility

You cannot control what you cannot see. It's true, part of why Travel and Expense have become such a huge pain point for Finance stakeholders is because they lose track of what is happening. The time span between submission and approval of an expense report causes huge uncertainty for the Finance Department and field team alike.

Most CFOs agreed on the fact that their teams spend too much time reconciling data. A platform which agglomerates all data into one place will only help them model the finances of the organization better. Every receipt has its own GST slab which needs to be calculated separately, causing further problems when it comes to availing GST Input Tax Credit.

3. Complex Organization structures



In most medium to large-sized enterprises, the approval workflow is extremely complicated. For instance, a single employee can have multiple levels of approvals for different expenses, as well as, multiple approvers at the same level. The policies that are drafted after an endless number of man-hours of research go to waste when policy compliance is not there. Statistically, 70% of the employees have at least one policy violation in their expense report. Consistent by-pass of policy often inculcates a feeling of complacency within the employees while also incurring severe losses for the organization.

What Organizations Should Do For Better Policy Compliance

Here are some of the recommendations of the white paper that will help you maintain a tighter grip on Travel & Expense Management while ensuring that key factors such as employee productivity, organizational control are maintained.

1. Forming **clear, up-to- date and accessible policies**
2. Conducting **Regular Feedback** To Ensure High Employee Satisfaction and Productivity
3. **Training Sessions** For New Hires and Seasoned Employees On How to Optimally Carry Out the Travel & Expense Policies
4. **Real-Time (or minimal delay) Reporting** of Financial Data and Consequent Policy Amendments
5. Exploring **New Vendor Partnerships** for Corporate Discounts, Benefits, etc.
6. **Adopting New Technologies** Such as Automated TEM Solutions to Ensure Policy Compliance

How EaseMyExpense Helps

EaseMyExpense's automated rule engine maps the company's policies into the back-end enabling automatic rule checks against every submitted request. The amount of time spent filing, reconciling and auditing these expense claims can be alternatively used by the respective departments involved to go about their KRAs and KPIs, while avoiding errors at the same time. It provides a flexible structure that incorporates all different aspects of an organization.

The Group, Company, Location, Branch, Department and even employee can be drilled down to better analyse data. All data is fed in real time and there is no delay caused by submission and approval of the report.

Everything is inside the system (including data on pending reports). The accounting process is also streamlined with the rest of the reimbursement process, thereby increasing Finance's control on expenses. Our analytics tool gives CFOs and other stakeholders unbelievable 2-3 levelled drill down into data to make better decisions. Auditing and compliance are no longer issues.

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