

# Adopting a Proactive Approach to Client Expenses with Spend Management



# Introduction

As an accounting professional, you might consider expense management and spend management interchangeable words.

The ideas do overlap in some ways. However, the two concepts have a distinct difference.

**Expense management** focuses on the money employees spend on behalf of their company, including travel, events, meals, and more.

**Spend management represents a holistic approach to handling all cash flow**—whether it's for meals, online ads, software, or payments to vendors. Within this framework, it serves as an umbrella over both expense management and AP and offers valuable tools such as budget-based charge card spending.

The beauty of spend management is that it **provides a proactive path for accounting firms to help their clients track, analyze, and control spend**. Instead of discovering costs up to 30, 60, or 90 days after they occur, accountants can see their clients' expenses in real-time and attach them to the appropriate budgets. Further, they can work with their clients to control how much their employees spend—before it is even spent.

Welcome to the next evolution of addressing expenses, one that follows the principles of spend management.

In this white paper, we'll discuss:

- The traditional process for expense management, its dependence on after-the-fact accounting, and the challenges that come with it.
- The ability to evolve expense management with the spend management philosophy and what that looks like.
- How this new approach to expense management benefits your firm and its clients.

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## ONE

# Traditional expense management: an after-the-fact process

You can identify traditional expense management quickly. How? It focuses on capturing and processing expenses after the fact.

After-the-fact expense management has changed very little since the first reimbursement request. Your client's employee purchases something for their company and asks to be repaid. The expense is documented and reconciled and reimbursement is arranged.

Even as technology like the cloud, automation, and mobile access have accelerated this process, expenses are still discovered after they have been incurred. And it often involves manual and time-consuming work to reconcile and presents challenges to efficiency and transparency. Most importantly, a lack of timeliness limits insight into how your client's business is performing.

Let's take a look at how after-the-fact expense management commonly works today. This model represents an accounting firm handling every step of traditional expense management on behalf of its clients.

## A Typical After-the-Fact Expense Management Process





## TWO

# The ever-present pain points of after-the-fact expense management

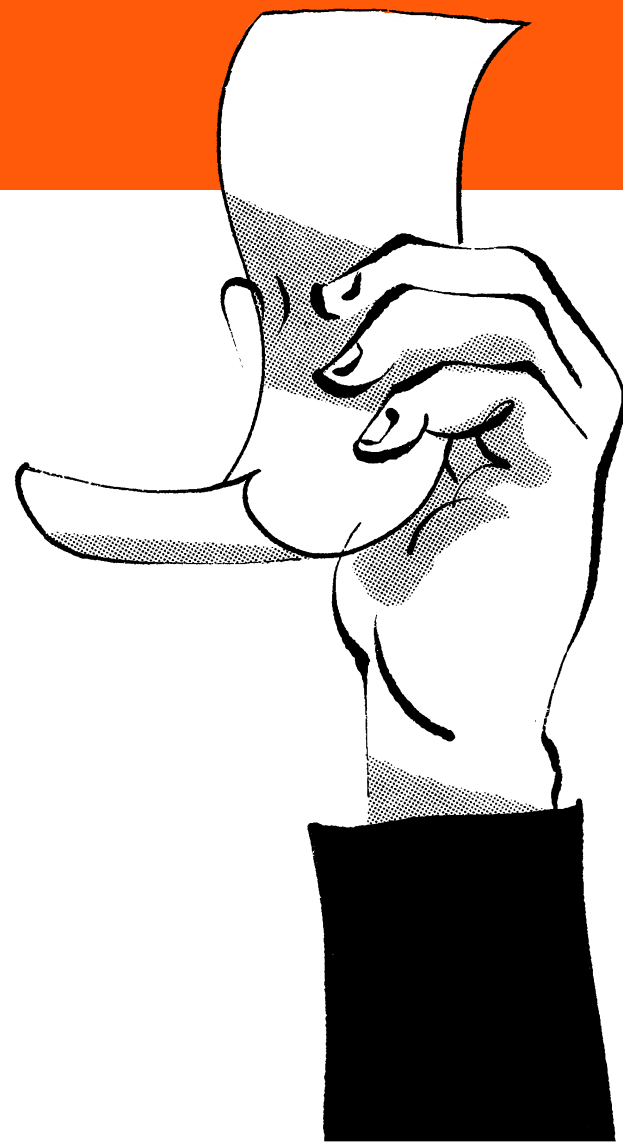
Even with the help of expense management software, capturing and processing expenses after they have happened saddles you and your clients with challenges. These include:

- 1. Little control of spend** - There are often no mechanisms in place to control spend beyond written guidelines.
- 2. Limited (if any) visibility into spend** - Money has been spent before your firm is involved, so insight into budgets and cash flow is limited.
- 3. Too many manual processes** - Coding, reviewing expenses, and following up with employees siphon off valuable time and resources.
- 4. Empty pockets** - Most often, employees pay out of pocket for expenses and have to wait a month or more for reimbursement—leading to frustration and a lack of willingness to spend on behalf of the company for essential travel, goods, and services.
- 5. Delays in closing the books** - Each day spent tracking expenses slows down the process of month-end close.

These challenges multiply when you factor in software that supports this long-established process of expense management.

## Common Problems with After-the-Fact Expense Management Software

- High, recurring fees for software, often based per user
- High-touch processes that drain efficiency
- Lack of technology innovation or integrations with accounting software
- Difficulties gauging software ROI
- Lack of security due to the number of personal cards being used
- Spending happens without prior approval
- Automatic credit card approval for clients results in a lack of insight into credit fitness



## THREE

# Elevating expense management

You can elevate expense management for your client—and create more opportunities for firm’s revenue streams—by incorporating it with spend management software. With this, you shift your clients to a proactive model that focuses on containing expenses, real-time access to data, and valuable analytics that inform business decisions.

Broadly defined, spend management is the ability to view, control, and manage a business’s cashflow in real-time and in one centralized location, providing actionable insights to key financial decision-makers. In addition to its holistic view of spend, it introduces business credit and proactive budget enforcement into the expense process.

Using spend management software, you can significantly improve expense management visibility and efficiency. Here’s how.

### 1. Get cards and assign budgets

The process begins with business credit. Your client’s employees who incur expenses are issued a charge card or virtual card. They are given access to spend on relevant budgets. Card, merchant, budget, and user rules are established before use, setting automatically enforced boundaries to expenses. Transactions are categorized as soon as they happen and employees can be added or removed by budget owners as needed.

### 2. Approve and purchase

Your client’s employee makes a purchase on their card. They immediately receive a mobile notification reminding them to categorize their transaction and attach the receipt. The expense is immediately documented and employees don’t have to think of it again. If an expense exceeds a budget or is unauthorized, the charge will not go through. If more funds are needed, an employee can request them through the spend management system’s app for timely approval.

### 3. Track and record

Since all spend is mapped to budgets and accounted for in real-time, you and your client can opt to forgo expense reports altogether. Further, your spend management software syncs with accounting systems to ensure spend data is accurate, eliminating extraneous data entry.

### 4. View in real-time

You see expense charges in real-time on the spend management software dashboard, along with budget information, documentation, credit lines, and balances. You can view spend activities for any given day, week, or month and see how your client’s business is pacing at any point in time.

## Charge Cards for All?

A Case for Empowering All Employees with Company Cards.

The thought of giving a company credit card to all or a majority of employees may make you and your client balk. After all, you don’t want to give employees unfettered access to the company coffers. But taking the proactive approach to expense management helps you maintain control, not sacrifice it.

## How?

You maintain oversight by setting budgets and managing spend limits. The spend limits are directly tied to employee cards, meaning charges don’t happen without prior approval.

As an extra bonus, employees are empowered to keep businesses moving forward and not mire essential, approved spending in red tape.



## FOUR

# Spend management advantages for your accounting firm

Instituting a new process for expense management—one that exists as a component of spend management—yields multiple benefits for your accounting firm.

First, it opens up **new opportunities for revenue growth**. The traditional, after-the-fact management of client expenses requires excessive time and resources from accounting firms. The manual work often drives up the price point for the service to deal-breaker levels for clients.

Spend management systems input codes, eliminate associated manual processes, and accelerate the entire process with automation. This makes it much more viable for firms to offer expense management as a service.

Second, it **enhances the “advisory” in client advisory services**. With real-time spend visibility, you have more data at their fingertips to advise on cash flow, business performance, challenges, and more. You can give guidance on leakage and benchmarks, as well as offer additional services helping clients establish budgets for projects, expenses, and more. As an added bonus, you’re no longer nagging your clients for expense information, removing annoyance from the staff and improving the client experience.

Next, it can accelerate closing for accounting firms and their clients—getting you one step closer to a continuous close.

For clients, additional benefits include:

- **More protection from fraud**, through enforceable budgets, virtual cards, and dispute resolution.
- **Credit card rewards**—like cash back—for spend they don’t typically earn rewards for including Google Ads spend, utilities, office supplies, and more.

However, most importantly, by uniting expense management under spend management, you’re bringing the same disciplined approach to all spending.

## Are Your Clients Good Candidates for The Next Evolution of Expense Management?

These seven questions will help you identify expense management pain points for your clients and start a conversation on how they can benefit from spend management.

1. How much time do your employees spend submitting a reimbursement request?
2. How long after an employee spends on their personal cards until they get reimbursed?
3. Are your employees complaining about slow expense reimbursements?
4. How often do you see employees spending outside of company budget limits or outside of your spend policies?
5. Do the various methods of paying—like multiple credit cards and cash—limit your ability to identify expenses?
6. Is it taking too long to close the books?
7. Do you want a timely insight into spending and cash flow?

## FIVE

# How to start with spend management

Starting your firm and its clients on the evolution of expense management begins with one step: Contact BILL. You'll learn more about spend management and how it:

- Automates manual accounting tasks
- Helps you and your clients manage spend with real-time categorization and customizable budget controls
- Integrates with leading accounting systems including Quickbooks Online, Sage Intacct, and Oracle NetSuite
- Allows you to easily track client spend in real-time from a single dashboard

- Stores everything automatically so you and your clients never have to worry about keeping paper receipts or invoices
- Enables you to close books faster
- Offers user-friendly mobile and desktop apps for your firm and its clients

Schedule a demo or request more information by visiting [bill.com/for-accountants](https://bill.com/for-accountants).

BILL Spend & Expense is the preferred spend management tool of CPA.com.



## SIX

# About BILL Spend & Expense

As the preferred spend and expense management solution of CPA.com, BILL Spend & Expense provides a new model for spend and expense management paired with a corporate card for your clients and new opportunities for your firm—plus, it's 100% free to use.

By combining seamless, no-cost expense management software with a BILL Divvy Corporate Card, BILL Spend & Expense allows you to spend less time chasing receipts and more time focusing on your firm's strategic goals, such as building efficient workflows, attracting new clients, and growing your proactive advisory services instead of managing reactive tactical operations. Plus, your clients will enjoy all the benefits that come with using BILL Spend & Expense, including enforceable budgets, a live transaction dashboard, and secure virtual cards.

“BILL Spend & Expense changed our methodology and approach to how we were communicating with clients. Now instead of being reactive and chasing and harping on people each month it turned into a proactive conversation about cash management solutions for the company.”

**Dan Luthi**, Partner at Ignite Spot

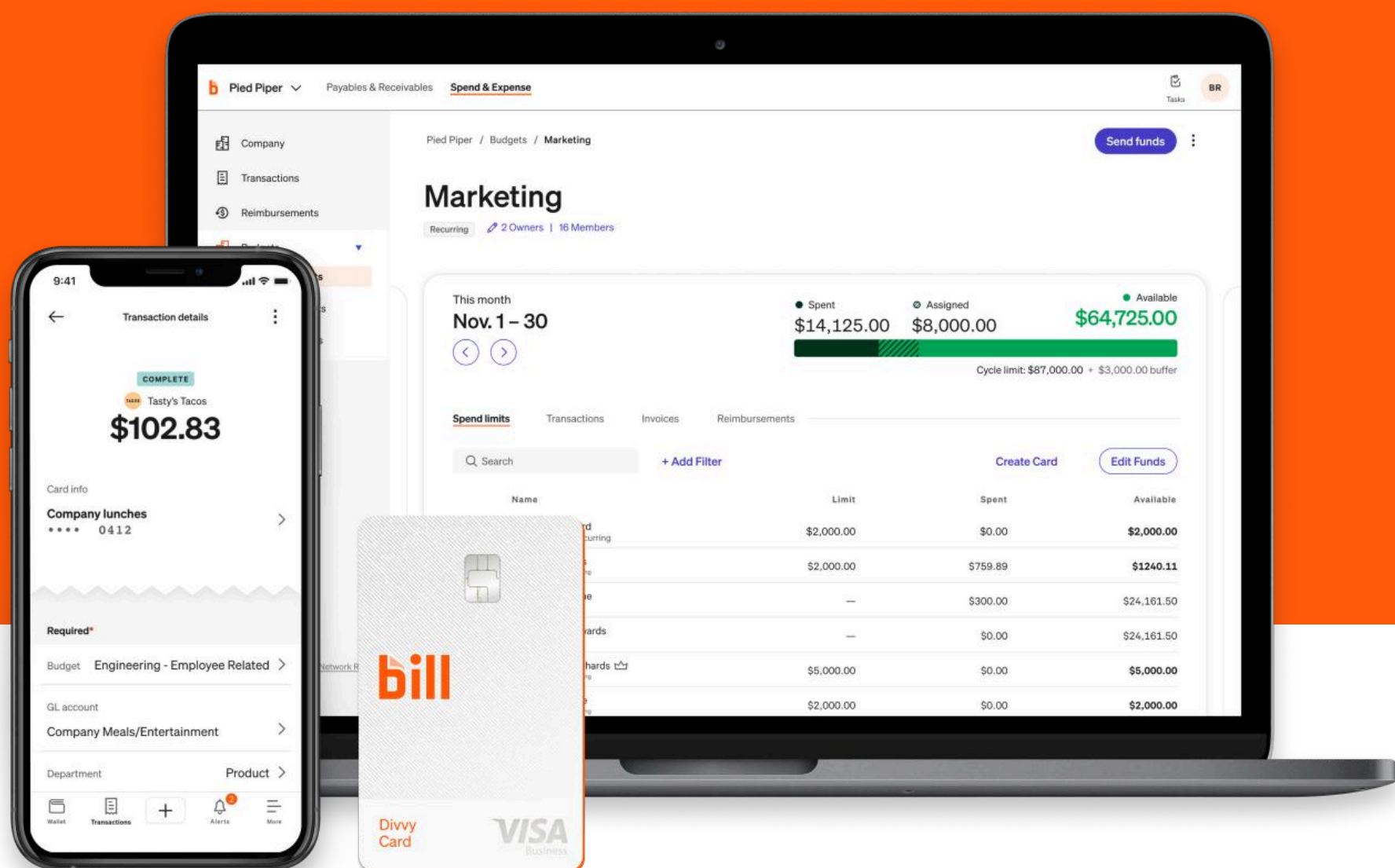


# About BILL

BILL is a financial operations platform that gives SMBs control over finances so you can confidently manage your business and help your business to thrive—on your own terms. BILL's integrated platform includes BILL Accounts Payable, BILL Accounts Receivable, and BILL Spend & Expense to help you automate AP, AR, and spend and expense management.

Learn how BILL can help you.

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