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Adopting a proactive approach to client expenses with spend management

Stop chasing receipts. Start driving results.

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. And understanding the distinction could be the key to unlocking growth for both your firm and your clients.

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 subscriptions, or payments to vendors. It combines a powerful company card with free expense management software to help your clients track, analyze, and control spend.

Instead of discovering costs up to 30, 60, or 90 days after they occur, accountants can see and report on their clients' expenses in real-time—already mapped to the appropriate budget, coded, and with a receipt.

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

In this guide, we'll discuss:

- The traditional process for expense management, its dependence on after-the-fact accounting, and the challenges that come with it.

- How to evolve expense management with the spend management philosophy and what that looks like.

- How this new approach benefits your firm and its clients.

> "One of the reasons I love BILL Spend & Expense is because I believe in the power of the application. When you connect the underlying card with software to manage your expenses, magic happens."
>
> **Caleb L. Jenkins, EA, CQP**
> Leader of Client Accounting Services
> RLJ Financial Services

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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 has 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

01 Your client's employees make a purchase using their own credit cards or a company one.

02 They compile a monthly expense report and submit it to your accounting firm.

03 Your firm receives the report and reviews it.

04 Is information missing? You follow up, often multiple times, with employees.

05 You compare the spend to guidelines to ensure the validity of each expense.

06 If the expense falls out of guidelines, the outreach renews to the employee and potentially their supervisors.

07 You manually code and reconcile the expense.

08 The report is sent through for reimbursement.

09 Employees are reimbursed, often up to 90 days after they pay for the expense depending on your clients' processes.

10 Reconciliation efforts continue as you work to close the books.

11 Meanwhile, the cycle is beginning again.

The 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:

Little control of spend - There are often no mechanisms in place to control expenses beyond written guidelines.

Limited (if any) visibility into spend - Money has been spent before your firm is involved, so insight into budgets and cash flow is limited.

Too many manual processes - Coding, reviewing expenses, and following up with employees siphon off valuable time and resources.

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 essentials.

Delays in closing the books - Each day spent tracking expenses, coding, and hunting for receipts slows down the process of a month-end close.

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 and shared

- Spending happens without prior approval

- Automatic credit card approval for clients results in a lack of insight into credit fitness

Elevating **expense management**

You can elevate expense management for your clients—and create more opportunities for your 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 cash flow 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.

Get cards and assign budgets

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

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.

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 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 or Slack for timely approval.

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.

Spend management advantages

For clients, additional benefits include:

✓ **More protection from fraud**, through enforceable budgets, a different virtual card for each vendor, and dispute resolution.

✓ **Credit card rewards**—like cash back for spend, including software subscriptions, utilities, office supplies, and more.

The hidden cost of not knowing

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.

Modern spend management systems use AI and automation input codes, eliminate associated manual processes, and accelerate the entire process. This makes it much more viable for firms to offer spend 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.

Corporate cards for all?

Why all employees can have corporate 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.

> **"Thanks to BILL Spend & Expense, closing the books for a client, regardless of their size, takes five minutes."**
>
> **Steve Chaney, CPA**
> Managing Partner
> Chaney & Associates

How to tell if your clients are ready for spend management

These 7 questions will help you identify challenges for your clients and start a conversation on how they can benefit from spend management.

01 How much time do your employees spend submitting a reimbursement request?

02 How long after an employee spends on their personal cards until they get reimbursed?

03 Are your employees complaining about slow expense reimbursements?

04 How often do you see employees spending outside of company budget limits or outside of your spend policies?

05 Do the various methods of paying—like multiple credit cards and cash—limit your ability to identify expenses?

06 Is it taking too long to close the books?

07 Do you want timely insights into spending and cash flow?

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

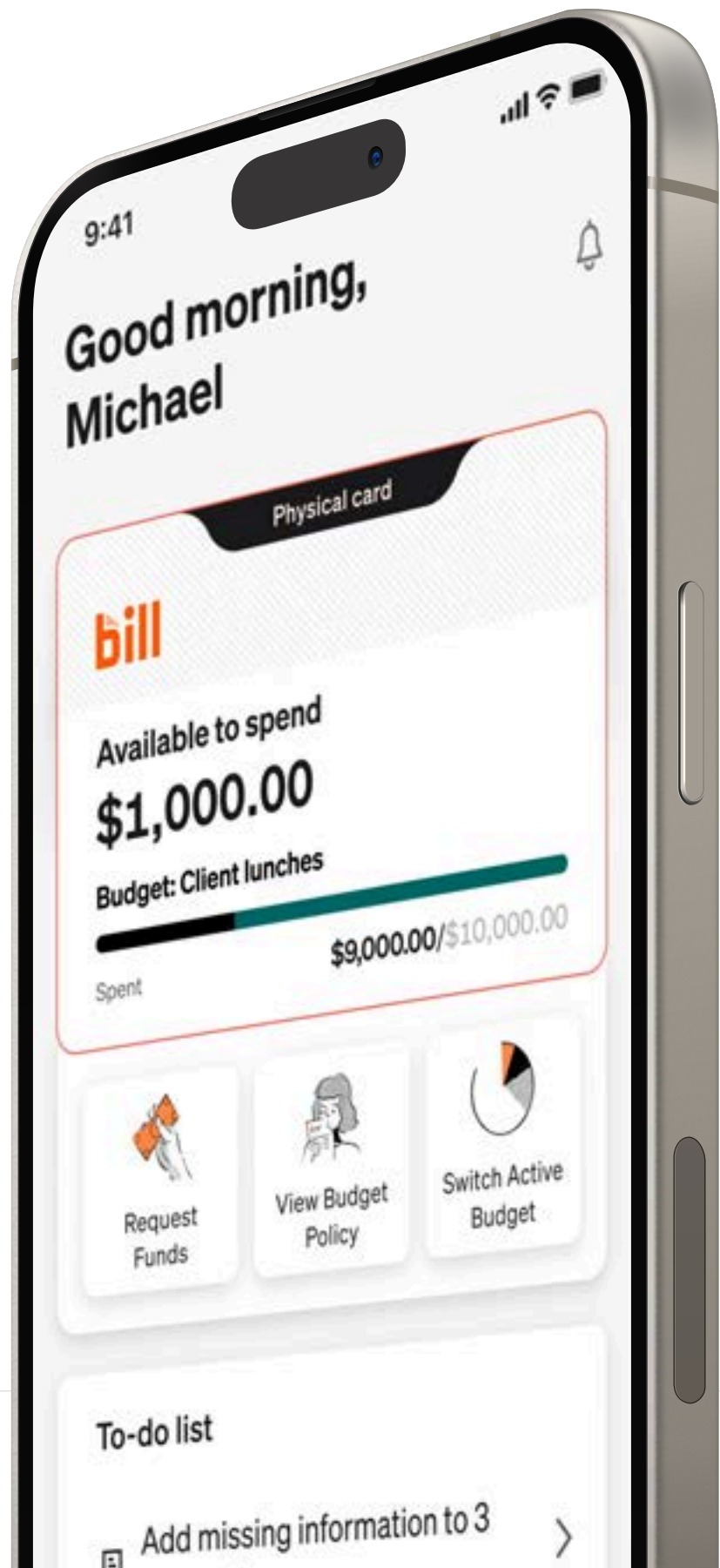- Enables you to close books faster

Schedule a demo or request more information by visiting bill.com/for-accountants

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

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 Card,[1] 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.

Learn how cutting-edge accounting firms use BILL Spend & Expense to change the way they do business

Request a demo

> "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."
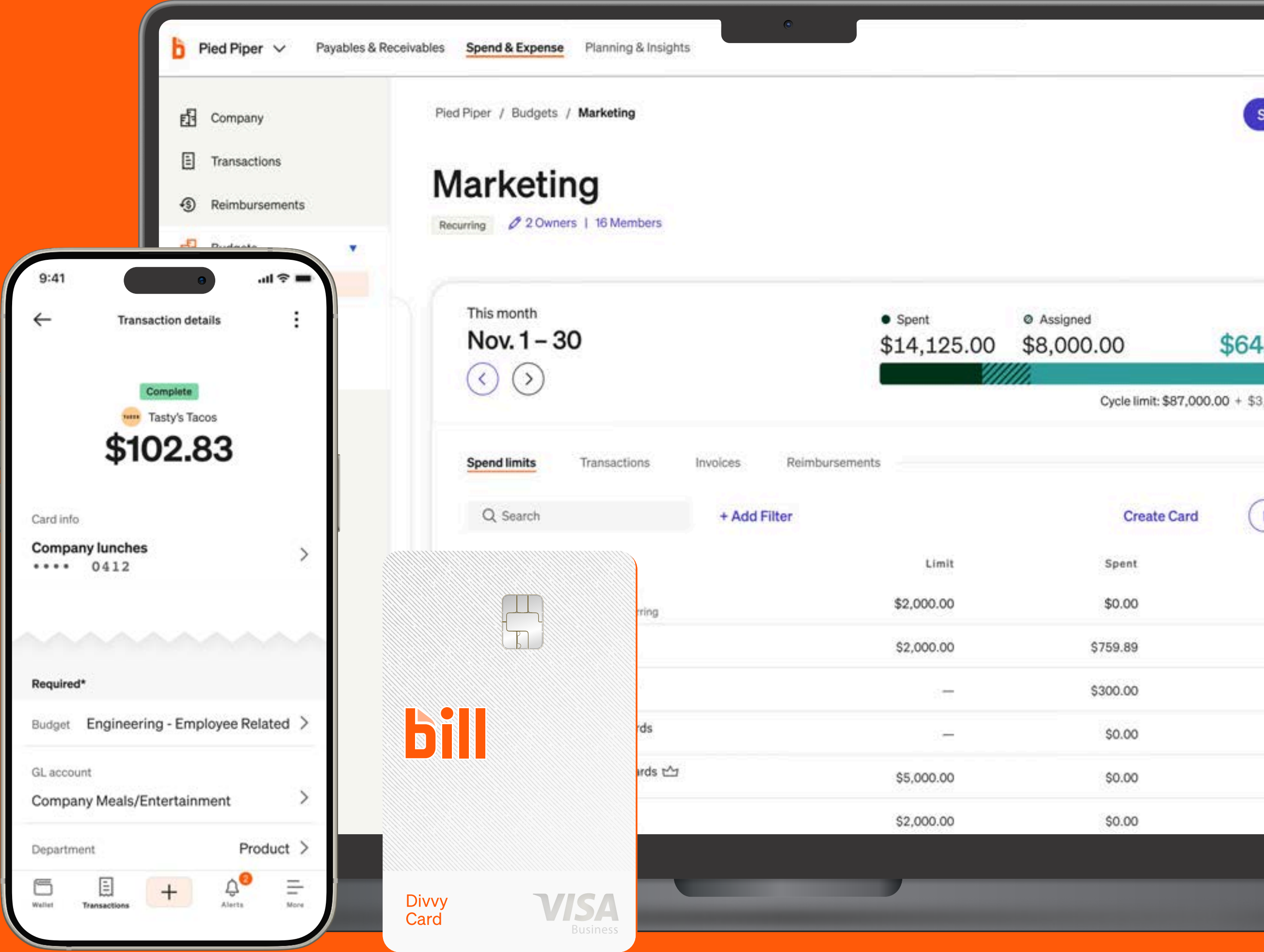>
> **Dan Luthi**
> Partner at Ignite Spot

Ready to help your clients spend smarter?

BILL Spend and Expense combines a powerful company card[1] with free expense management software and real-time reporting to give your clients more control over spend.

Request a demo

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