



**Travel & Expense Management- How to get it right!**



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## ABSTRACT

***Travel & Expense Management- How to get it right!*** explores the problems of Travel and Expense (T&E) Management and elucidates how certain measures can help organizations solve the various facets of this complex problem. This white paper captures the wide array of pain points of travel and expense and gives readers a deep insight into the different aspects of T&E.

## INTRODUCTION

With the pace of globalization, travel and other field related expenses are becoming a major part of any organization's costs. Like any other cost structure, they need to be managed and controlled to achieve efficiencies. This paper can be broadly categorized into the following sections:

- **Problems pertaining to T&E Management**
- **Consequences of letting these problems persist**
- **Summary of the paper**

### Problems Pertaining to T&E Management

The problems that can be caused by an inefficient T&E cycle are manifold. This is primarily due to the large number of steps involved in the processing of a single expense claim. Any decently sized company has to process tens of thousands of expense claims in a month, thereby leading to a large probability of error, time wastage and even capital loss.

#### Expensive nature of the Manual T&E Process

**3-4 people** are involved in creating a single report. People involved are the **person creating the expense report**, the **manager/approver**, and the **person reconciling with receipts and reports** that are run to upload it back into ERP or other systems.

Thousands of applications as **expenses are individually applied** for (not in a single report). The errors made during expense claim processing also lead to huge losses for companies and the time taken to process a single report can be better utilised. **2% Organizations** feel the need to reduce expense report processing costs.

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## Time Consuming

### A) Submission of claims

**45%** of the employees **fail to submit** their expense reports on time. Reports are filed by attaching receipts against each expense along with other details such as dates and expense category. The whole process is very time consuming.

### B) Processing of Claims

**More than 76%** reimbursements take **more than 3 days**. Managers have to **review policy violations** against policies manually and against acceptable and unacceptable expenses. Untimely reimbursements lead to **lower employee retention rates** for organizations.

## Receipt Handling

The capture and maintaining of receipts creates the following problems:

**Employees:** Preservation of receipts till the end of the month becomes mandatory. **50% employees** stated receipt preservation as the biggest pain point of travel and expense management.

**Finance Department:** They get access to the expenditure by an employee only after the employee has applied. The data is not real time and budget management becomes difficult.

### Lack of Expense visibility and manual methods not in sync with latest business models

Errors on expense reports (incorrect codes, amounts, etc.) account for 28% of the organizations looking to automate their T&E practices. A manual approach wastes valuable time on implementing the individual rates on these services.

No real time visibility of expenses has a negative impact on company-wide budgeting or bookkeeping. Allocation of human and financial capital becomes impossible.

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## Consequences of letting the problems of T&E persist

The consequences of maintaining the status-quo with regard to manual practices for T&E Management be detrimental for the organization. The results can lead to potential slumps in the operational and financial situation in the organizations.

### 1) Negative effect on budgeting

Lack of real time visibility can lead to disproportionate allocations. This can have an adverse effect on the company's plans.

### 2) Denial of reimbursements

Loss of receipts by employees or fail to submit a report on time can lead to the expense claim being rejected altogether.

### 3) No adherence to T&E policy

An organization having a consolidated T&E Policy is not sufficient anymore. This is because implementation of the same requires an adaptable and fair system. The current pen & paper and Microsoft Excel procedures don't provide a base that is strong enough to sustain T&E in an organization.

### 4) Unnecessary increase in paperwork

The managers/auditors have to tally each expense against policy (for permitted expenses for the employee's designation) and the consequent GST tax slab for that good or service. This leads to a lot of extra paperwork. Loss of these files can incur huge losses for the company involved.

## Summary

To make an informed choice about which type of T&E Management process an organization wants to implement, it is of the utmost importance to have a clear understanding about the problems that persist within the entire process. It is safe to say that the manual approach is close to obsolete and prevents an organization and its employees to maximize profits and productivity. Furthermore, sticking to the manual process for reimbursement decreases the probability of successful and accurate reimbursement for an expense claim.