



The hidden cost of company spending

2018 REPORT

An insight into the spending,
expense and reporting habits
of 4,000 UK businesses.



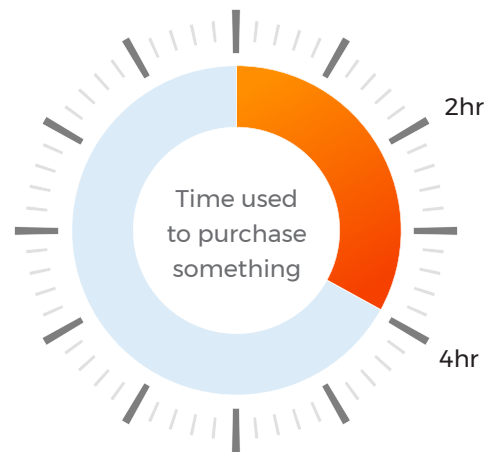
UK Spend Management Report 2018

In November 2017, Soldo commissioned YouGov to independently survey 2,000 employees and 2,000 Financial Decision Makers in UK in order to extrapolate a picture of how companies manage their cash flow in the UK. The picture that emerged was one of opportunity for UK companies to utilise new technology and shed the hours that are currently reserved for managing spend, with huge potential to streamline the systems that currently lead to significant levels of wasted money.

From overspending and missing receipts, to remnants of travel budgets not being returned to businesses, and the writing off of unfathomable purchases, the report also highlights a significant opportunity for businesses to empower employees with the autonomy to undertake spending independently. Whilst also cutting down on the widely reported grievances of employees who are frequently reimbursed more than a week later for personal money spent on behalf of a company.

Spanning small, medium and large companies, the report shines a light on a plethora of hot spots in a company's spending cycle that SMEs can now tackle effectively through the utilisation of newly available technologies.

Executive summary - Soldo's findings at a glance



20% of businesses use between 2 and 4 hours every time the company needs to purchase something.

- 61% of finance teams said that purchasing something on behalf of their business took up to an hour
- 12% of businesses said it took more than 8 hours to purchase something on behalf of the company



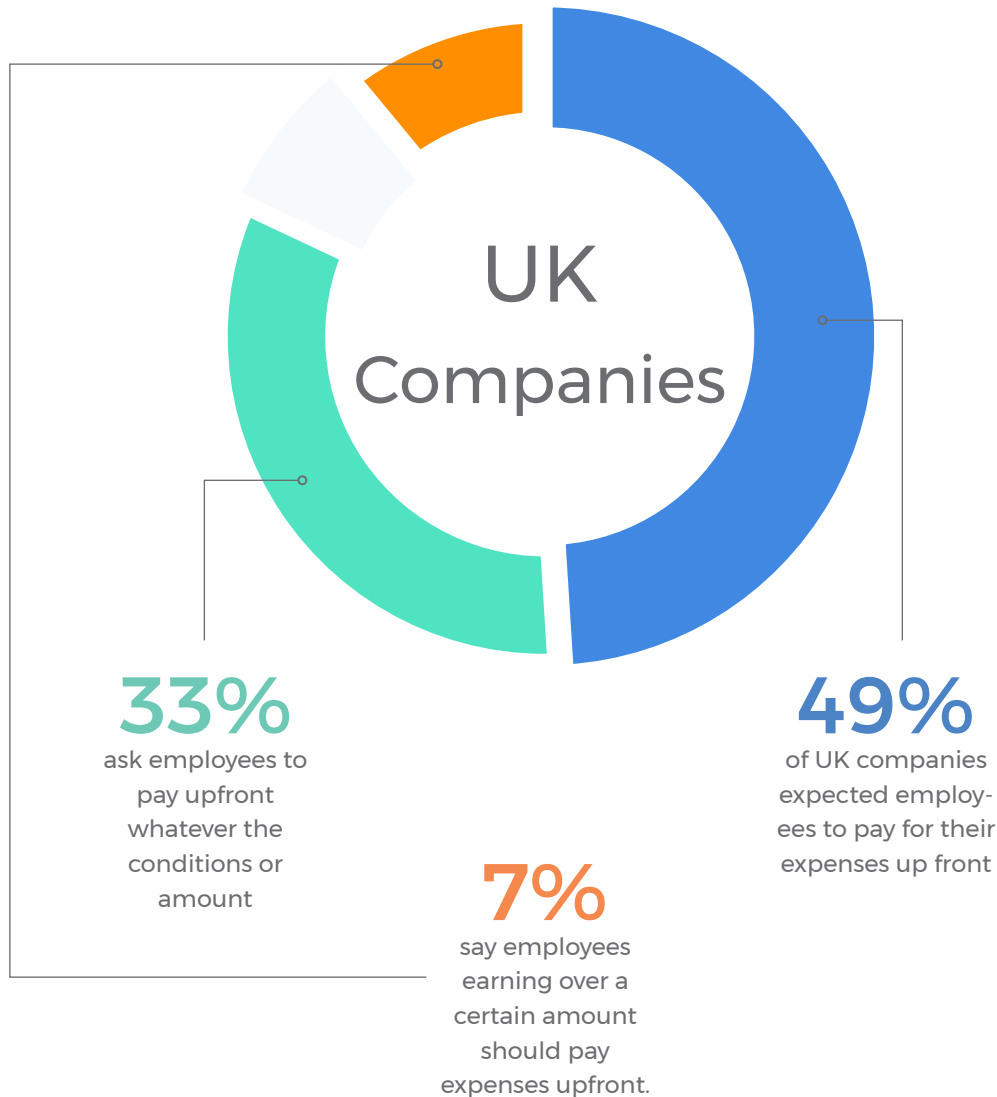
36%

of UK companies
do unnecessary
financial detective
work

More than a third of UK companies (36%) have to do unnecessary financial detective work at the end of each month to determine who spent money, where they spent it and why.

This happens for both employees' personal expenses (e.g. travel, meals etc.) as well as items bought directly for the business (e.g. office supplies, software, advertising etc.)

- Nearly a quarter of all businesses **(22%)** take between 2 and 4 hours to do financial detective work at the end of the month, in order to reconcile company spending.
- **5%** of companies spend more than 8 hours a month on financial detective work.

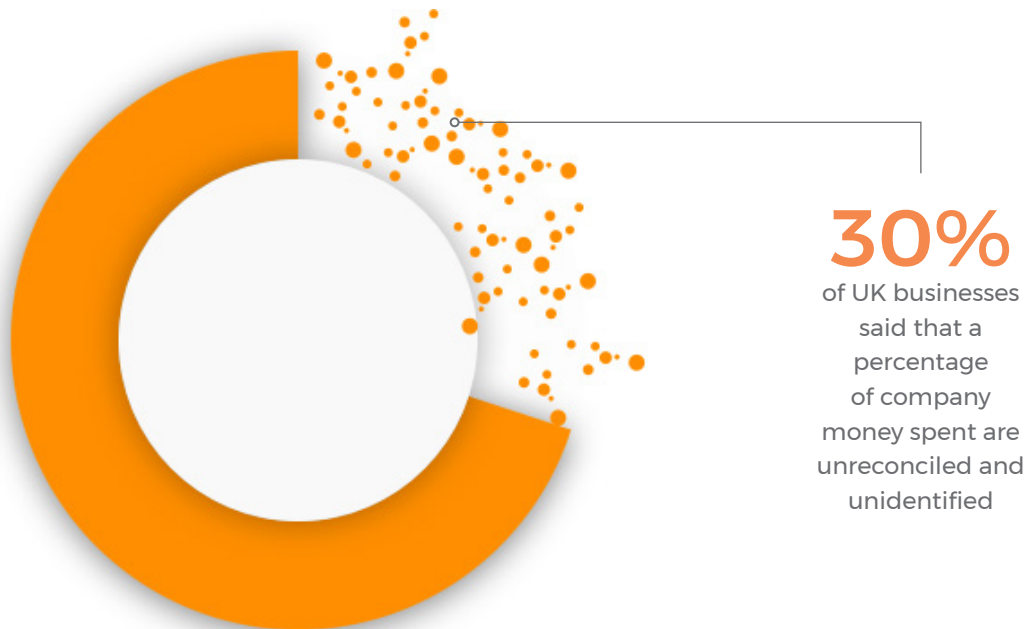


The majority of UK companies (49%) expected employees to pay for their expenses up front, and reimburse them at a later date: an interesting statistic when considering this was one of British employees' main bug bears, with 1 in 10 employees saying they had to wait longer than a week to get their money back.

33% of UK companies ask employees to pay upfront whatever the conditions or amount.

7% of companies say employees earning over a certain amount should pay expenses upfront.

- Only 9% of businesses currently give employees cash in advance to cover any expenses.



30% of businesses are willing to leave a percentage of company money spent as unreconciled and unidentified at the end of each month.

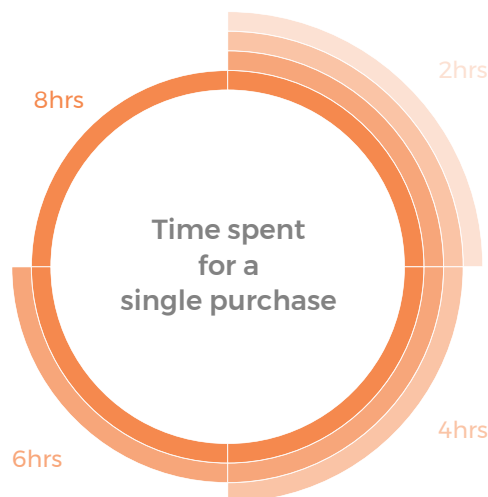
- Nearly a fifth of businesses (18%) are willing to leave up to 10% of company spending as unreconciled.
- Almost 1 in 10 (7%) are willing to leave up to a staggering 20% of company spending as unreconciled at the end of each month.
- Half of the finance decision makers in UK companies think that if employees were given spending cards that could be controlled fully, trust would increase in both the business and the overall financial process used inside the company.

As a business grows in size so does the complexity surrounding the purchase process.

When something needs to be purchased for a business, there is a process in place that needs to be followed.

On average, 61% of finance teams said that purchasing something on behalf of their business took up to an hour. However, when a business grows to over 50 employees time to purchase increases dramatically. Only 38% of finance teams said it took up to 1 hour to purchase: while for businesses, 16% said it took up to 2 hours, 20% said it took up to 4 hours.

However, Soldo found that even making a single purchase on behalf of a business can take up to a staggering 8 hours+.



An average 5 in every 100 finance teams are spending more than 8 hours to purchase something, but when the company size grows, the number of finance teams spending longer than 8 hours to purchase something rises to an astounding 12%.

Nearly a third of finance decision makers in bigger companies (27%) believe that if employees had a spending card that could be fully controlled where expenses were reported seamlessly and spending could be monitored in real time, they would spend more responsibly on behalf of the business.

44% said that if employees were entrusted with a controlled spending card it would increase trust in the business itself and nearly half (47%) said it would increase employees' overall trust in a company's financial process.

THE SPEND MANAGEMENT CYCLE UNCOVERED: FULL RESULTS FROM SOLDO'S STUDY AMONG 4,000 UK COMPANIES

Employees Spend More Time Than They Need Reporting Expenses, With The Majority Of Staff Not Enabled To Handle Company Money

One in five (22%) of employees spend up to an hour a month reporting the money they spend on behalf of a business, and as an organisation grows in size, so too does the time spent on reporting as the processes involved become more complex.

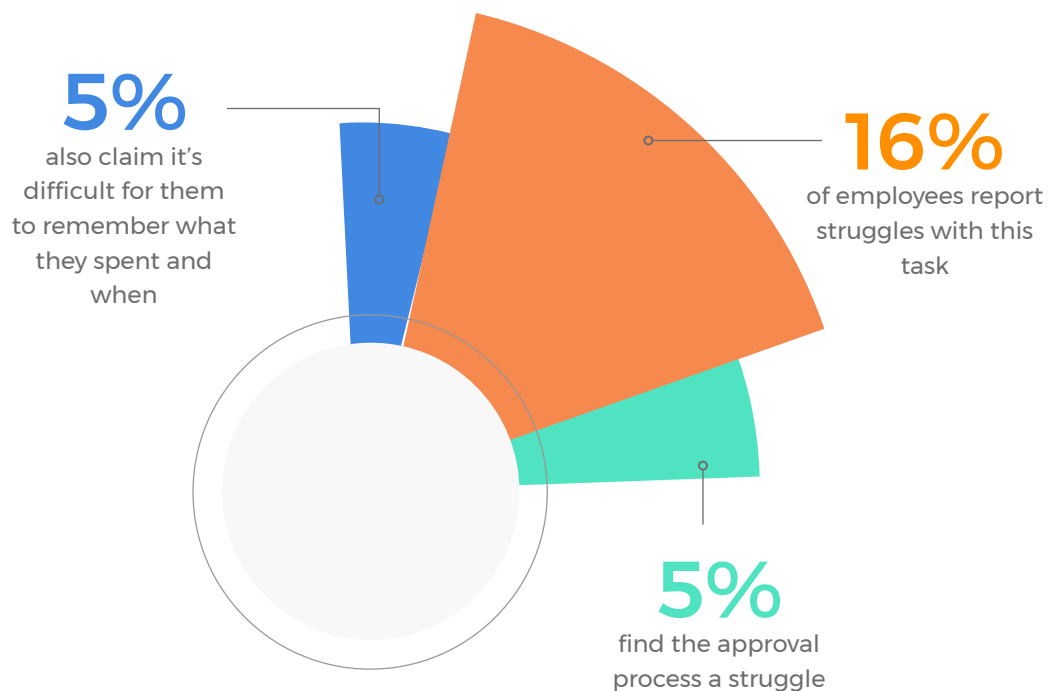
As a company grows in size the percentage of people able to spend autonomously when they need to reduces in size.

In fact **64% of employees of bigger companies are not enabled to spend on behalf of the company**, compared with 57% of employees who are unable to spend when a company is smaller. Soldo believes that by enabling controlled autonomous spending by staff and departments, finance teams are freed up to concentrate on more strategic areas of driving a business forward.

Managing Company Spend Is An Unrewarding Struggle For An Employee

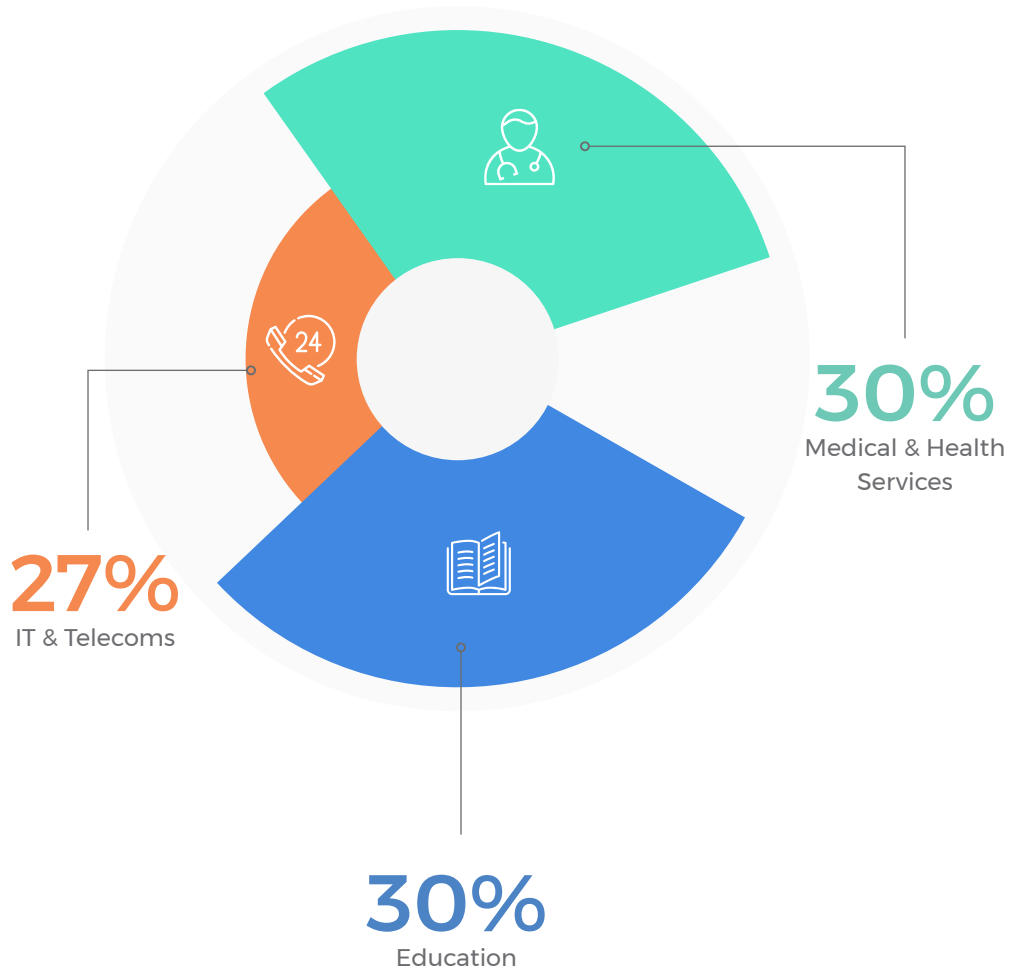
Of all the activities associated with spend management, the activity that employees struggle with the most is reimbursement. On average, 10% of employees reported having to wait more than a week to be reimbursed for business spending increasing to 12% for larger companies.

Closely following reimbursement is the task of managing receipts for expenses (remembering where they are and submitting them).



The least troublesome task was knowing who to report their expenses to.

Management of receipts becomes increasingly challenging for those working in:



Overseas Travel And Wasted Cash: A Missed Opportunity

When business employees are working abroad, they are typically supplied with cash in a foreign currency or given a company credit card, but does the unused cash always return back to the business afterwards? It appears there is room for improvement in tightening up this process and patching up the leaky boat.

7% of those questioned do not know their company's travel expenses policy and on average 3% reported cash wastage of between 5-10%.

For larger companies it can be as much as 15% of foreign currency is not received back.

With an increasingly mobile workforce operating in a global environment, having a clear and streamlined system that allows employees to easily spend from a corporate account without the lengthy process involved of reporting, converting foreign currencies and then accepting currency back is a point in the spend management cycle that could hugely benefit all staff who travel.

Maintaining control over company money: Soldo sheds light on how many employees spend when they shouldn't

Soldo was interested to find out how many employees admitted to spending company money in situations where they were not authorised, or overspending on items they should not be using company money for. The YouGov survey found that over 10% of employees are either purposely or unknowingly spending company money when they should not. 12 in every 100 employees will either admit spending company money on items not related to the company, or they preferred not to say if they had, or did not remember if they had.

4 in every 100 employees admit that they have knowingly overspent and 8 in every 100 reported not knowing or preferring not to say. The percentage of those over-spending is at its highest for those working in Finance and Accounting (6%) and Media/Marketing/Advertising/PR & Sales (6%). The results also show that employees are less inclined to overspend if they are working for a small company compared to those in medium and larger companies.

Here Soldo sees a clear opportunity to eliminate any potential incidents of over-spending whilst bolstering a sense of trust and autonomy amongst employees through the distribution of intelligent spending cards. If employees had the opportunity to spend using a company card, yet finance teams had full control over where, when and how the card was used, plus real-time access to usage, data and reporting, phenomenal gains could be made - of money, time, and in employee morale and productivity.

Finance Departments Shed Light On The Spend Management Cycle

Soldo commissioned YouGov to speak with 2,000 financial decision makers in UK SMEs about how they managed company and employee spending, and which areas of the spend management cycle proved particularly problematic for the finance department.

The Purchase Process Needs Shaking Up

Taking responses from both finance teams and employees alike, it is clear that the purchase process needs shaking up. Rather than creating more work, spending on behalf of a company should be painless and streamlined, and in particular, not burden the finance team with unnecessary administrative tasks linked to purchasing.

When it comes to the amount of time taken to make a business purchase (including buying the item seeking approval and reporting) the results show plenty of opportunity for streamlining operations.

61% of finance teams reported that purchasing something on behalf of their business took up to an hour.

20% of businesses reported having to take between 2 and 4 hours every time the company needs to purchase something and a staggering 12% of businesses said it took more than 8 hours to purchase something on behalf of the company.

Soldo thinks that company spending should not generate more administrative work than needed, and clearly there are areas inside the purchase process that are not conducive to reducing the admin burden.

Detective Work At The End Of The Month Is A Pain Point For Finance Teams

Finance departments frequently waste time undertaking detective work to uncover its employees expenses that are seemingly impossible to identify. Time that could be eliminated with the adoption of technological solutions. In fact, nearly a quarter of all businesses (22%) take between 2-4 hours to do financial detective work at the end of the month and 5% of medium sized companies spend spend as much as 8+ hours a month.

Unidentified expenses are the bane of the finance department's working life

At the end of each month finance teams are responsible for reconciling company spend, and making sure that each penny is accounted for. Soldo asked 2,000 finance directors what the maximum percentage of company and employee expenses the business is willing to leave as not fully identified at the end of each bookkeeping period.

The results suggest there is room for improvement amongst a significant portion of companies:

22% of businesses are willing to leave a percentage of company money spent as unreconciled and unidentified at the end of each month.

Nearly 1/5 of medium sized businesses (18%) are willing to leave up to 10% of company spending as unreconciled.

Nearly 1 in 10 medium businesses (7%) are willing to leave up to a staggering 20% of company spending as unreconciled at the end of each month.

Trust And Control: A Delicate Balancing Act That, Once Mastered, Can Boost Productivity Within A Company

Half of the finance decision makers in UK businesses think that if employees were given spending cards that could be controlled fully, trust would increase in both the business and the overall financial process used inside the company.

Expectation on employees to pay for their expenses

The majority of UK businesses (49%) expect employees to pay for their expenses up front, to be reimbursed at a later date: an interesting statistic when considering this was one of employees' main bug bears, with 1 in 10 employees saying they had to wait longer than a week to get their money back.

33% of UK companies ask employees to pay upfront whatever the conditions or amount, 7% of businesses say employees earning over a certain amount should pay expenses upfront and only 9% of businesses currently give employees cash in advance to cover any expenses.

The Biggest Challenges Facing Finance Teams In UK Companies In 2018

According to Soldo's survey, nearly half of all UK companies (45%) said that the level of control over company spending is one of the biggest challenges to the business in 2018.

Nearly a fifth (18%) of businesses cited how money that has been spent is reported as their key area for concern. And with 22% of businesses willing to leave a percentage of company spending unreconciled at the end of each month there is clearly an issue with how long and complex the reporting process is.

Another fifth of businesses (17%) said their main concern was controlling in what situations employees or departments could spend company money

16% of businesses said that controlling what departments and employees could spend company money on was their key challenge.

As a business grows in size so does the complexity surrounding the purchase process

When something needs to be purchased for a business, there is a process in place that needs to be followed. As we've seen, 61% of finance teams said that purchasing something on behalf of their business took up to an hour. However, when a business grows time to purchase increases dramatically. Only 38% of finance teams said it took up to 1 hour to purchase: rather for businesses, 16% said it took up to 2 hours, 20% said it took up to 4 hours.

However Soldo found that even making a single purchase on behalf of a business can take up to a staggering 8 hours+. An average 5 in every 100 finance teams are spending more than 8 hours to purchase something, but when the company size grows to 50-249 employees the number of finance teams spending longer than 8 hours to purchase something rises to an astounding 12%.

Openness to a spending card solution

Nearly a third of finance decision makers in smaller size companies (27%) believe that if employees had a spending card that could be fully controlled where expenses were reported seamlessly and spending could be monitored in real time, they would spend more responsibly on behalf of the business.

44% said that if employees were entrusted with a spending card it would increase trust in the business itself and nearly half (47%) said it would increase employee's overall trust in a company's financial process.

Conclusion

As the report has highlighted, UK finance teams are spending up to 8 hours purchasing on behalf of a business and yet, only two-thirds of employees are empowered to spend autonomously. One third of finance decision makers thought that if employees had a spending card that could be fully controlled, where expenses were reported seamlessly and spending could be monitored in real time, they would spend more responsibly on behalf of the business.

With a full quarter of UK companies also reporting having to undertake unnecessary detective work for company and employee expenses and the same number again willing to leave expenses unresolved at the end of each month, there is a clear case for leveraging new technology, particularly in the form of accounts that allow the control and visibility of multiple cards in order to streamline and efficiently control company spending.

With cards connected to an intuitive admin dashboard, financial administrators can be updated in real-time. The pain point of late reimbursements to employees can also be effectively tackled and, moreover, a receipt capture feature within an app can put an end to lost receipts or forgotten submissions. The result is a happier and more productive workforce, with positive consequences on the bottom line.

SOLDO IS THE SOLUTION THAT HELPS BUSINESSES MANAGE THEIR SPEND MANAGEMENT CYCLE EFFICIENTLY

- Create and distribute Soldo Mastercard cards to employees and departments, and load them instantly for free, anytime you need.
- Stay in control by allocating budgets and setting spending limits to suit each employee perfectly; change limits in real time whenever necessary.
- See in real time exactly where the company money is being spent, who's spending it, on what, and why, from anywhere in the world.
- Generate reports that integrate perfectly with your company's existing accounting system, putting an end to the tedium and cost of traditional expense reports.

Find out more about Soldo and check how it can help your company at:

www.soldo.com.

