

Section Heading

Can *YOU* Continue to Ignore Travel Expense Management?

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Does travel and entertainment reporting cause you no end of grief? Are you bogged down with invoices that hit your accounts payable area and disappear into the quagmire of an overworked and increasingly frustrated department? A significant portion of the business world has failed to move to address these problems - despite the simple ways available to do so, and the potential penalties for not taking action.

Is there a panacea to deal with all of these? Definitely not. Is there a simple way to move down the path towards agility and compliance - definitely yes!

Resolve to learn from the sources of information available; begin an exercise to move towards a structured series of improvements that will bring your juggernaut on course.

What types of tools can you bring to bear to improve your processes, reduce costs and facilitate business re-engineering? Here they are in the order in which they will most dramatically impact your business.

Purchasing (Procurement) Cards: With proper planning, implementation design and roll out, the financial and business impacts can be staggering. Transactional savings will vary dramatically - what is agreed by all is that these are *huge*.

Do not rush to put a programme in place. Although the opportunities are significant, the potential for a failed programme to impact in a negative way is just as great. Take advantage of what is available to you to do this right:

- Best practice guides: from organisations like VISA, MasterCard and American Express;
- Programme Implementation Methodologies: from card providers specialising in Purchasing and Travel & Entertainment card programmes;

- Expense Management Software: an absolute essential to any successful programme.

Absolutely key is access to information. The improved reporting and auditing functions available from the card issuer and the expense management platform provide valuable sources of information for:

- Contract negotiations with suppliers;
- Purchasing patterns and budget maintenance;
- Access to information for financial oversight compliance;
- Decreased effort and improved accuracy of VAT submissions;
- Automation of posting processes - to improve accuracy, shorten information turnaround, and free up resources.

Corporate (Travel & Entertainment) Cards & Out of Pocket Expenses: likely the least controlled area of your financial operations. Have you implemented a spreadsheet to replace your paper form? This often provides the first real opportunity to impose a standard approach, improved reporting, and process re-engineering; however, it does not eliminate the pain of the process, and contains few real controls.

Have you already implemented a corporate travel card? Have you shied away because you fear employee abuse? The common misconceptions around these programmes have stood in the way of many organisations getting their spend under control, and the costs attached to doing it the old way are often, at best, misunderstood.

How can you begin to bring this significant area of expenditure under control? Quick steps in the right direction would be:

- Implement a Corporate Card: lots of options are available here. The best programme will usually be a corporately liable card, settled by a direct debit from the employee's account. Corporately liable means the employee is not exposed to a credit check - employee settlement provides the lever to make sure that expenses are reconciled and approved, on time. Most programmes include insurance against employee abuse, and the cards themselves provide significant controls;
- T&E Expense Management Solution: again, absolutely essential if your programme is going to work. Some providers will enable you to select a single platform for managing purchasing card and travel & entertainment;
- Take advantage of available information on implementing a T&E program - card providers have documentation on methodologies, policies, implementation plans. EMS providers have extensive experience in best practice - as well as exposure to what works, and what does not;
- Redraft your Expense Policy: your existing policy will be out of date, and inadequate. It will also be based on principles and assumptions driven by outmoded processes. Start from scratch and do it now - you will be glad you did!
- Re-vamp your travel booking process: if you have a travel management company handling your travel arrangements, then your current contracts will need to be revisited and revamped. Take the opportunity to improve reporting and cost control by moving from lodge PCards (if you have them) to use of employee cards through your corporate programme. Only keep lodge cards where the

detailed information (i.e. airline data) justifies this.

Non-card commodity expenditure: Review your portfolio of suppliers, and assess whether you are able to move them to a card based settlement process - that is part of a properly planned and managed PCard programme. There will be other suppliers where it may be more appropriate to follow an e-invoice approach. Examples include:

- Mobile phones- secure access to your billing file data, and use expense management tools to automatically

process this information for various purposes - payment, reporting, posting, employee personal use recovery.

- Utility Billings - work with your suppliers of these services to provide your billing and usage information as data - and manage this through the EMS. This may have value even if you are able to pay by PCard, as the increased granularity of data through the invoice file will improve cost allocation, tax management, and information for planning.

A word of warning; do not target all these areas at once. Do them in the order

shown - as this will provide the greatest benefit, and will be simpler to implement. There is an initial pain, but the long-term business gains, not to mention the cost benefit, will have you wondering why you had not done it sooner. ■

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