



How to foster a culture of responsible spending for business growth



Minimizing increases in operational costs is key for any growth-oriented business. Building a strong foundation of systems, processes and policies are critical for any scalable growth. As part of the foundational work, establishing a culture of responsible spending should be a component of your organization's business plan.

A well-executed commercial card program can help you create that culture. Implementing a card program, along with the following best practices, can help curtail unnecessary or excessive expenses, while decreasing the risk of possible expense report fraud.

Create a control strategy for your program

By creating a control strategy for your commercial card program, you can minimize noncompliant behavior and decrease the time and effort that's needed to enforce adherence with organizational policies. Your strategy should not only cover organizational policies but also procedures, technology integration, and audit procedures. In addition, this approach should balance ease of use for employees with strong controls for financial leaders.

Once implemented, make sure to review your card program reports – especially audit, compliance, and decline reports – on a regular basis. The reports can help you identify areas for improvement and controls that may need updating.

Create a well-defined and communicated expense management policy

Your employees will likely make responsible decisions regarding their expenses if they understand the budgets, limitations, and reasons your expense management policy is in place.

Strategically, you need to help your employees connect expense guidelines to positive business outcomes. Spending guidelines are less likely to be followed if they are perceived as arbitrary.

Tactically, providing guidelines that clearly outline what's considered a reasonable expense is an essential first step, whether for purchasing or travel and entertainment. Be as specific as you can about the types of allowable expenses and maximum spending levels.

Mandating that your employees pay with their company-issued commercial cards whenever possible will give you more control over spending. Commercial card programs allow you to set spending parameters based on an individual's job duties and budgets. For example, a maintenance manager might be able to use a card only at a certain category of merchant, while a sales rep might use their card only for travel and expenses (T&E).

Additionally, adding virtual cards to your commercial card program can help you gain even more control over your organization's spend. Uncarded employees – employees who don't have a commercial card – create manual expense management challenges that virtual cards can solve. Providing virtual cards to uncarded employees not only allows for greater insight and control over spend but also extends the value of your commercial card program by creating greater rebate potential.

Contrary to conventional wisdom, boundaries don't restrict team members; they empower them. Define the boundaries within which an employee can make his or her own decisions. In doing so, you give them freedom to act.¹



Finally, make sure that your policy is clear and easy to understand for all employees throughout your organization and communicate it broadly. Best-in-class companies regularly communicate their expense policies to employees and the impact adherence has on the organization.

Empower your employees to make financial decisions

Trust has a profound impact on employee performance. If your employees are trusted with financial responsibility and allowed to make decisions, they are more apt to make sound financial choices. Research has shown they'll actively look for deals — less expensive hotel rooms, smarter rides to the airport, and cheaper flights.

Spending limits and guidelines don't translate to restriction — they simply enable workers to make smart decisions within parameters they can respect.

Use your card program data to your advantage

One of the biggest benefits of using commercial cards is the wealth of detailed, transactional data they provide. Make the most of it by proactively and frequently reviewing how your organization's funds are actually being used. Developing reports that look at expense categories can help identify budgets that may exceed plan.

Expense fraud is a significant challenge for many organizations. Reviewing your card program data can help you gauge adherence to your policies and procedures. It can also help identify possible patterns of card misuse including unusual merchant categories or purchases at odd times. In addition to mandating commercial card use, it's also a good idea to audit a random sample of employee expense reports for policy adherence on a regular basis.

Employees who know that their expense reports will be reviewed are more apt to be careful with their spend.



Institute a review and approval process for all expense reports

Everyone's expense reports should be reviewed and approved before processing. Instituting a review process helps ensure that expenses are business-related, and that your employees comply with your expense reporting policies and procedures. Employees who know that their expense reports will be reviewed are more apt to be careful with their spend.

For emerging middle market organizations, the AP department may handle the review, approval and processing for all expense reports. But as the organization grows, consider having an employee's manager review and approve their expense reports. Even the CEO or company founder should have their expenses reviewed by the appropriate colleague on the senior management team.

It may be challenging for a growing company with an entrepreneurial mindset to implement these best practices. However, leaders who implement them as part of their commercial card program make it easy for employees to understand what's expected and make good decisions. In turn, this will lead to better decision making with regard to expenses and foster a culture of responsible spending that will help enable future growth.

¹Source: [2021 Travel & Expense Management Trends Report](#), Emburse.

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