

Travel and Expense Management: What Is It, Challenges and Best Practices



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You know it can be daunting if you're in charge of a company's travel and expense management.

There are many things to consider - what is allowable under the company policy, getting the best rates on flights and hotels, submitting receipts for reimbursement, etc.

In this blog post, we will discuss some of the basics of travel and expense management and some best practices to make your life a little bit easier.

What Is Travel and Expense Management?

Travel and expense management (TEM) is the process of streamlining an organization's travel spending.

TEM encompasses everything from booking airfare and hotels to managing ground transportation and expenses.

An effective TEM solution will help an organization save money, time, and resources while providing visibility into spending patterns.

The goal of T&E management is to ensure that employees only spend money on essential expenses while on business trips.

There are many different aspects of T&E management, but some of the most important include the following:

- Approving or denying employee travel requests;
- Pricing and booking flights, hotels, and rental cars;
- Managing corporate credit cards;
- Submitting and approving expense claims;
- Handling expense reimbursement;
- Auditing expenses for compliance; and
- Providing employees with guidance on company travel policies.

As you can see, a lot goes into managing business travel. But by implementing T&E management best practices, you can make the process simpler and more efficient.

Challenges of Travel and Expense Management

▪ **Employee Resistance to Change**

One of the most common challenges businesses face when implementing a new T&E management strategy is employee resistance to change.

Let's face it—most people don't like change, and when it comes to

something as personal as travel plans, that resistance can be even greater.

The key to overcoming this challenge is communication.

When introducing a new T&E management system, take the time to explain why the change is necessary and how it will benefit both the employee and the company as a whole.

If possible, allow employees to test the new system before it's fully implemented.

This will allow them to get comfortable with it and provide feedback that can be used to improve the system before it goes live.

• **Lack of Visibility Into Spend**

Another big challenge businesses face when it comes to travel expense management is a lack of visibility into spend.

This can happen for many reasons, but the most common is simply not having an effective system to track employee spending.

Without visibility into spend, it's very difficult to control costs.

You may be able to save some money here and there, but you'll never get a true picture of where your money is going and how you can save more.

Implementing an automated travel and expense management solution is the best way to overcome this challenge.

With such a solution, you'll always have visibility into employee spending, no matter where they are in the world, for more efficient spend management.

• **Manual Processes**

Many small businesses have a limited technology budget, many rely on manual processes, specifically spreadsheets, to track their data.

In the beginning, spreadsheets may seem like an efficient way for finance teams to track employee spending, but they quickly become unmanageable as your business grows.

Not only that, but manually inputting data into spreadsheets is time-consuming and error prone.

The best way to overcome this challenge is to automate as much of the process as possible.

By implementing an automated travel and expense management solution with approval workflows, you'll be able to eliminate manual processes and free up your employees' time so they can focus on more important tasks.

• **Lack of Policy Enforcement**

Another common challenge businesses face when managing travel and expenses is a lack of policy enforcement.

This can happen for several reasons, but the most common one is that businesses don't have clear policies around expenses.

Without clear policies, employees are free to spend whatever they want, whenever they want, with no consequences.

This can quickly lead to uncontrolled spending, which can strain your business's budget.

The best way to overcome this challenge is to create clear policies around travel and business expenses, including details about expense approval and the reimbursement process, and enforce them strictly.

Defining what can be an expense and what requires pre-approval as a purchase order will be an important part of any policy.

A separate purchase order policy can be defined for those scenarios.

By defining your policies, you'll be able to control costs and keep your budget healthy.

• **Filing Expense Reports**

Filing expense reports can be time-consuming and tedious—but it doesn't have to be! With the right tools, you can automate the process so that all you have to do is snap a picture of your receipts, and they'll be filed away automatically.

Using this approach creates a better user experience for everyone in the company.

• **Dealing with Reimbursements**

If your company reimburses employees for their travel expenses, you'll need a system to process those reimbursements quickly and efficiently.

Otherwise, employees may be left waiting weeks (or even months!) for their reimbursement check to arrive in the mail.

• **Fraud and Misuse**

Fraud and misuse of travel and expense management systems can be a major issue for your company, and it can result in significant financial losses.

Employees can misuse company funds by submitting false expenses or using company funds fraudulently for personal trips.

To prevent fraud and misuse, organizations need to implement measures to detect and prevent fraudulent activities.

This includes audits, expense policy enforcement, employee training, and automated systems to flag potentially fraudulent expenses.

It is also important to have clear policies regarding the use of company funds and to communicate them effectively to all employees.

• **Integration with Other Systems**

Travel and expense management systems must integrate with other

systems, such as your ERP, accounting and payroll, to ensure accurate and timely expense reporting and reimbursement.

Integration with other systems can help reduce errors and increase efficiency by automating data transfer between systems.

This can include automatically generating invoices, updating accounting records, and processing payroll.

Integrating travel and expense management systems with other systems can also provide real-time insights into expense data, allowing organizations to identify trends and optimize spending.

• **Employee Satisfaction**

While managing travel and expenses, it is essential to ensure that employees are satisfied and engaged with the process.

Lengthy approval processes, delayed reimbursement, and unclear policies can lead to employee frustration and dissatisfaction.

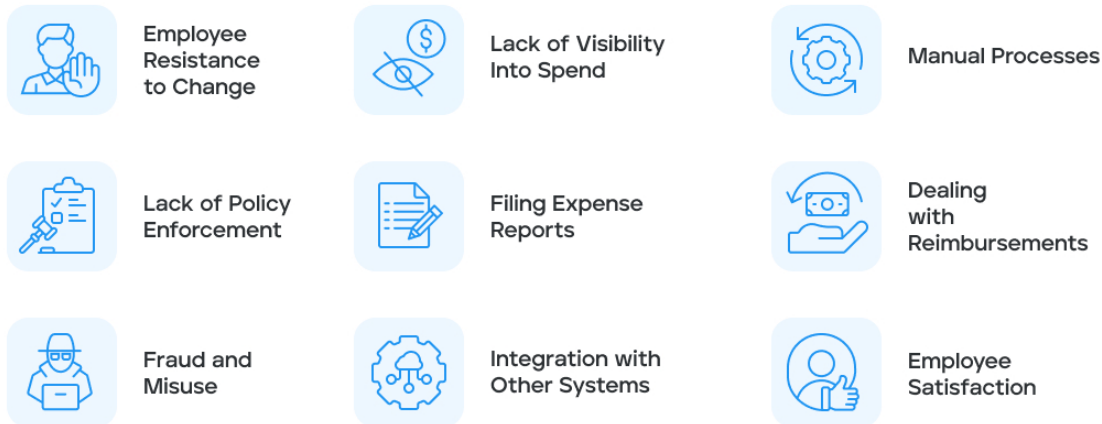
This can ultimately impact employee productivity and engagement.

You must ensure that the travel and expense management process is user-friendly and easy to use.

This can include providing employees with clear policies and guidelines, using mobile apps for expense reporting, and streamlining the approval process.

Providing employees with real-time access to expense data can also help increase their satisfaction by giving them more control over their expenses and reducing delays in reimbursement.

Challenges of Travel and Expense Management



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Start by developing processes, then evaluate solutions to help support those processes. Ask for employee feedback during the entire process.

Benefits of Effective Corporate Travel Management

• Cost Savings

Cost savings is one of the most significant benefits of travel and expense management.

By managing travel expenses effectively, organizations can reduce expenses, identify areas for cost-cutting, and optimize their travel spend.

Effective travel and expense management can help organizations negotiate better rates with travel vendors and reduce the incidence of fraudulent expenses, leading to substantial savings over time.

• Improved Compliance

Travel and expense management systems can help organizations ensure compliance with company policies and regulatory requirements.

By automating expense policies, organizations can ensure that expenses align with company guidelines and that all necessary approvals and receipts are obtained.

This can help minimize the risk of non-compliance and reduce the likelihood of legal or financial penalties.

• **Increased Efficiency**

Travel and expense management systems can automate manual processes, such as data entry and approvals, leading to increased operational efficiency and productivity.

This can free up employees' time to focus on other tasks and reduce the risk of errors and delays in processing expenses.

Automated systems can also provide real-time insights into expense data, allowing organizations to identify trends and optimize spending quickly.

• **Improved Visibility**

Effective travel and expense management can give organizations greater visibility into their expenses.

This can help identify areas for cost-cutting and optimize spending.

Greater visibility can also help organizations negotiate better rates with travel vendors and ensure they get the best value for their money.

• **Better Employee Experience**

A well-managed travel and expense management process can help improve the employee experience by reducing the administrative burden of managing expenses and providing timely reimbursement.

This can lead to greater employee satisfaction and engagement, ultimately benefiting the organization.

Benefits of Effective Corporate Travel Management



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Best Practices for Travel and Expense Management

• Create a Central Repository

Having all your travel and expense information in one place will make it much easier to keep track of.

Expense management software generally includes document storage to make it easier to manage all aspects of your travel program.

Use it to store travel booking confirmations, corporate card statements, transaction receipts, and more.

• Establish Policies and Procedures

Before employees start booking travel, ensure they're aware of your company's policies regarding travel expenses.

Will you reimburse for airfare, hotels, meals, etc.? What types of expenses need to be pre-approved? Will you require the use of a corporate card or can they use a personal card? Will you issue virtual cards for them to use?

Having clear guidelines in place can avoid any confusion or misunderstandings down the road.

• Encourage Employees to Use Company Cards

If your company offers corporate credit cards, encourage employees to use them for all business-related travel expenses.

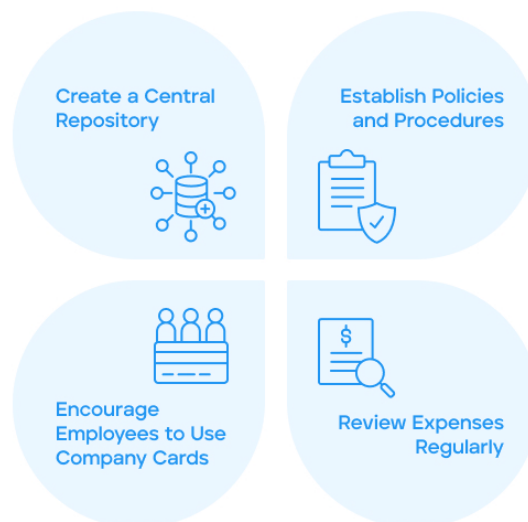
This will not only help keep track of expenses but can also help earn rewards like points or cash back.

• Review Expenses Regularly

Set aside time each week or month to review submitted expense reports. This will ensure that all employee expenses are accounted for and that there are no discrepancies.

If you catch an error or discrepancy, be sure to follow up with the employee right away.

■ Best Practices of Travel and Expense Management



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with PLANERGY

Overall, travel and expense management is fundamental to any successful business.

It requires hard work and dedication to maintain visibility into spending and keep costs under control.

While there is no 'one size fits all' approach to travel and expense management, businesses should look to select a strategy that best meets their organization's needs.

A dedicated travel and expense software, like PLANERGY, will have flexibility and control to match your needs.

Regardless of the approach taken, travel spends should be closely monitored throughout the year in order to remain compliant with internal and external policies while ensuring that more money remains in the bank.

When it comes to travel and expense management, planning ahead is key.

Adopting best practices can help reduce overhead costs quickly — setting the groundwork for long-term fiscal success.

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- Visit our Purchase Order Software page to see how PLANERGY can digitize and automate your purchase order process saving you time and money.
- Learn about us, and our long history of helping companies just like yours.

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