

Corporate Expense Management Solutions

# How companies effectively manage costs while improving employee productivity

While most senior executives are optimistic about the economy, slower economic growth is anticipated when compared to the last two years. Accordingly, the majority of finance leaders are focused on controlling costs and increasing employee productivity. In fact, more than 40% of CFOs surveyed in a recent study by CFO Research Services expect to spend more on goods and services that are tied directly to employee productivity and business performance and less on the more discretionary categories.<sup>1</sup>

Best-in-class organizations are focusing on managing costs and using goods and services that make employees more effective and productive. There are specific actions that will generate results in these areas.

### Streamline administrative processes

#### Reduce check writing and cash advances

According to a recent study, finance executives state that corporate cards are more effective for employees to purchase what they need than personal cards, purchase orders and checks.<sup>1</sup>

Companies that used a corporate card program—instead of writing checks and issuing cash advances—were able to streamline processes and reduce administrative costs, resulting in average savings equal to 3.3% of their T&E spending, according to Accenture.<sup>2</sup> Companies that paid suppliers with a corporate card saved the cost and time required to process and pay by check, which can average \$7.30 per transaction from invoice to payment.<sup>2</sup>

Corporate Cards help lower process costs by reducing check writing to vendors and minimizing cash advances. Companies that use a card program can also reduce the financial exposure from unused cash advances.

#### Automate expense reporting process

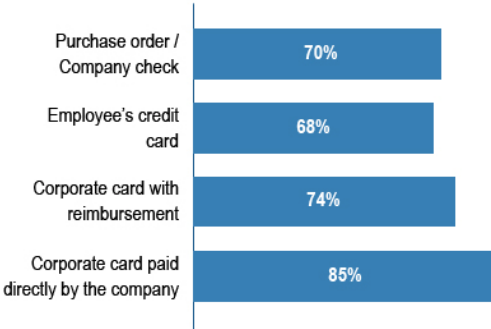
Companies that automate their expense reporting processes can cut their processing costs in half according to the Aberdeen Group.<sup>3</sup> For a company manually processing 100 expense reports a month, the average cost is \$3,140 per month and \$37,680 per year.<sup>3</sup> By automating the process, this could mean a savings of more than \$19,000.<sup>3</sup>

An easier automated process allows companies to:

- Increase compliance to travel policy
- Reduce costs completing and processing expense reports
- Improve employee productivity
- Reduce overall T&E spending
- Aggregate T&E data and improve overall visibility

Finance executives say corporate cards yield better information and control versus employees' use of personal credit cards.

Implementing an automated Expense Management system is the top strategic action planned by almost 70% of companies according to a recent expense management survey by American Express.<sup>4</sup>



How companies equip employees with the tools they need – rated according to effectiveness by financial executives

Source: CFO Research Services, 2007



A driving factor to advance the expense management process is to improve employee productivity and satisfaction. This includes the time spent creating, submitting, reviewing and approving expense reports, as well as the level of satisfaction gained from more timely reimbursements. For multinational enterprises, the ability to aggregate data globally for T&E expenses is critical.

## Optimize supplier relationships

### Use preferred vendors for better price, service and control

Based on the CFO Study, most companies have preferred suppliers for office supplies, computer products and wireless telecommunications products and services. They are less likely to have these relationships for gasoline, restaurants and conference venues. More than 90% say that they get better prices from preferred vendors. In addition, a majority say that their companies have received better service and have been able to control employee spending more effectively.<sup>1</sup>

### Actively manage and reduce meeting expenses

A recent meeting and events study by A.T. Kearney revealed only 49% of companies mention meetings in their overall expense policy; of these, a mere 20% have a specific meeting policy in place.<sup>5</sup> Establishing a meeting policy can improve data capture, giving companies a better understanding of their meeting spending. Enforcing compliance and leveraging spending with preferred suppliers can enable the negotiation of better deals. According to A.T. Kearney, companies that focus on managing the end-to-end meeting process with tools to improve spending identification and control can save 10-15% of meeting costs.<sup>5</sup>

Companies that use card data can realize average incremental sourcing savings of up to 7.2% of T&E spending, revealed a recent study by Accenture.<sup>3</sup>

### Use card reporting in supplier negotiations

Fully 70% of respondents in the CFO Research Services survey say they plan to use preferred vendor relationships more often in the next two years.<sup>1</sup> Yet 64% of finance executives cited gathering, analyzing and using information on employee spending behavior as a top challenge.<sup>1</sup> Capturing all business-related purchases on a corporate card generates data that shows purchasing trends in specific categories. Analysis of this consolidated data can help uncover opportunities to drive savings with suppliers. For example, Accenture found that using corporate card data in hotel negotiations could lead to incremental savings of up to 21%.<sup>3</sup>

Find out how your company can improve employee productivity while effectively managing cost by visiting [www.americanexpress.com/corporateservices](http://www.americanexpress.com/corporateservices).

1. CFO Research Services, 2007

2. Accenture: *Corporate Card Data Value Study*, 2003

3. Aberdeen Group: *Expense Management Automation*, 2007

4. American Express Expense Management Benchmark Survey, 2006

5. AT Kearney: *The American Express Meeting & Events Best Practice Study*, 2005