Under Pressure: Operational Challenges for Finance Teams

2019 Expense Management Report

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CONTENTS AND INTRODUCTION

If you're like the finance professionals who participated in this survey, you spend a lot of time tracking expenses and processing invoices, at the expense of activities like strategy and planning or cross-department collaboration.

We wanted to learn from survey respondents about how they manage business spend. They said their biggest frustration is the amount of time it takes to produce reports, analyze data, and close the books.

We hear comments like this all the time when we talk to controllers and accounting managers. They audit expense reports manually. They guess at how much to accrue for late filers. And they perform feats of heroism in Excel to get expense data ready to send to the general ledger.

These tasks happen even when specialized expense software is in use. And yet, most teams soldier on. Three-quarters of those surveyed said their current expense process needs work, but only 7% said it was bad enough that it needs fixing immediately.

Time is a finite resource, and we are encouraged to see that the top priority for survey respondents is to streamline current accounting processes. We believe that when you automate transactional processing, you dramatically reduce the time spent tracking and auditing expenses—time which can be reallocated to higher-impact work like spend analysis, planning, and collaboration.
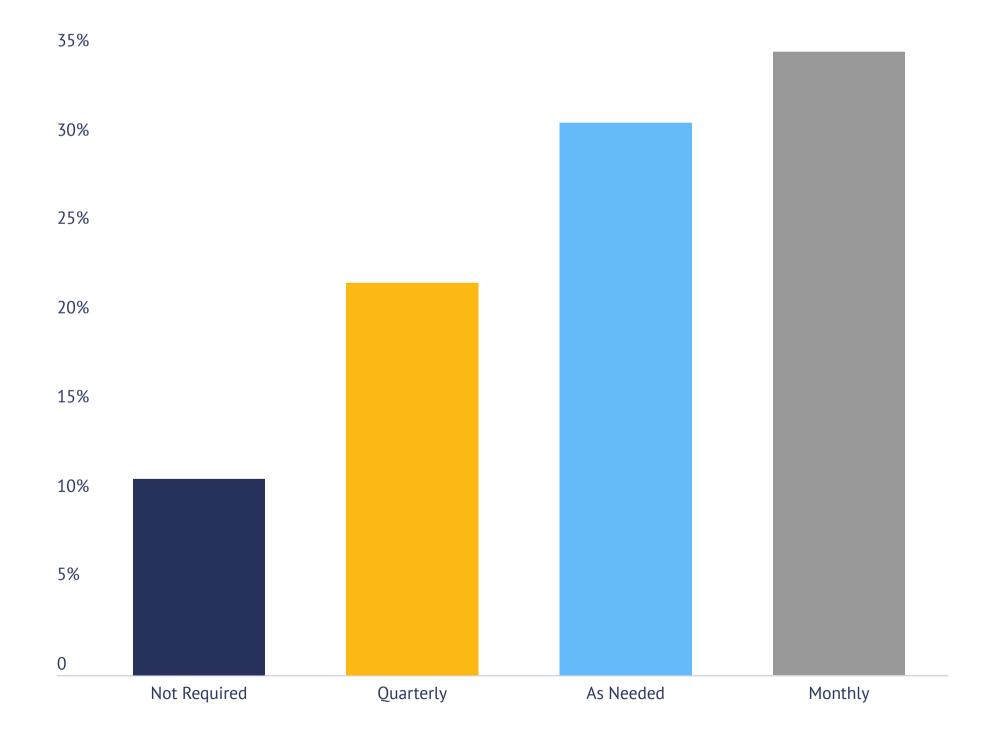
We hope this report provides useful insights that help your team achieve more.

Naveen Singh
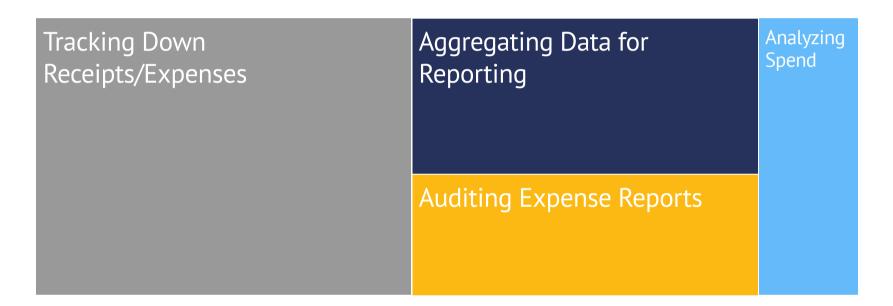CEO, Center

CURRENT TOOLS AND PROCESSES

THE TRUE COST OF EXPENSE REPORTING AND MANAGEMENT

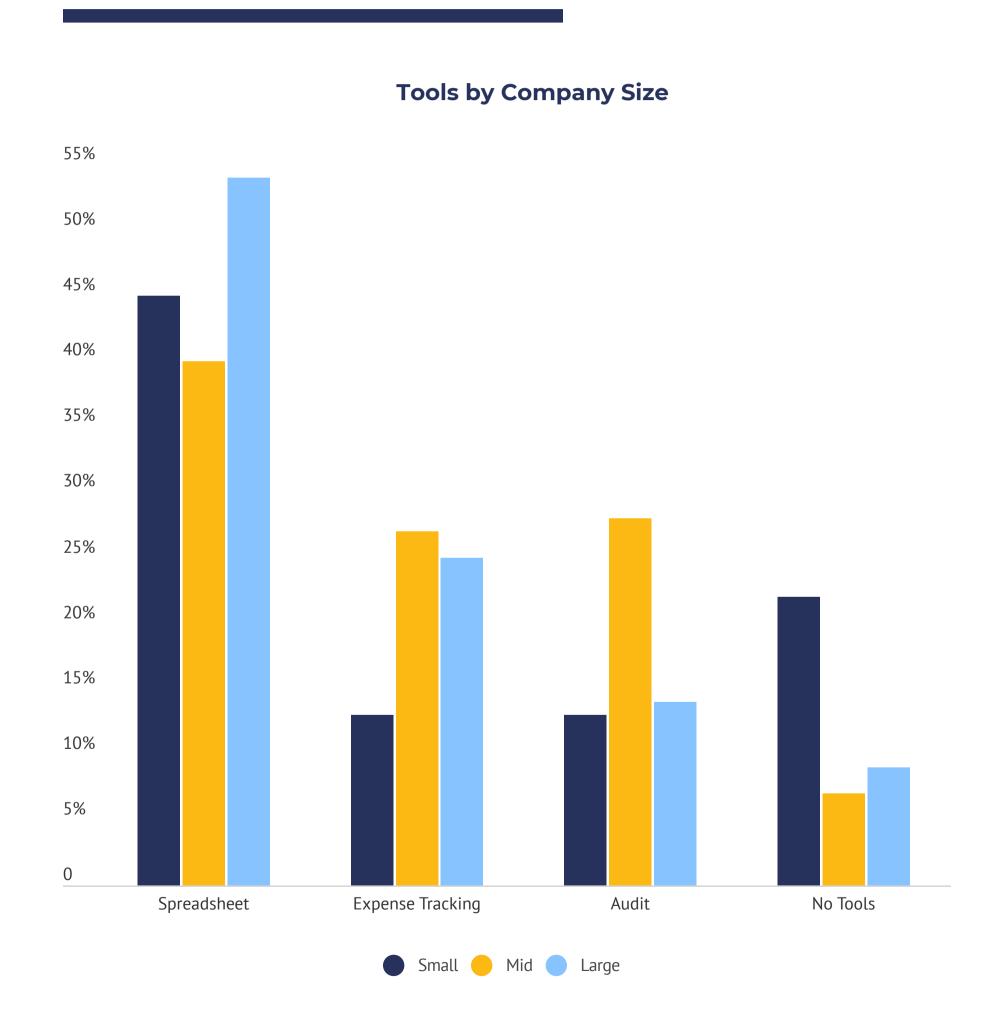Most employees are required to submit expense reports on a monthly basis or as needed, followed by quarterly.

When asked to rank expense management activities by time spent, respondents said tracking down receipts and expense reports takes the most time.

How Often Are Employees Required to Submit Expense Reports?

Tracking Down Receipts/Expenses	Aggregating Data for Reporting	Analyzing Spend
	Auditing Expense Reports	

TO THE POINT: The fact that analyzing spend ranked lowest highlights the fact that operational activities like tracking receipts and manually auditing expenses take time away from more strategic work. Spend analysis is critical for optimization efforts around vendor negotiation, policy refinement, and forecasting. Ideally, as finance teams adopt better tools, we'd hope to see these activities flip, with the most time spent on analysis and the least on tracking receipts.

45% OF RESPONDENTS STILL USE SPREADSHEETS TO MANAGE EXPENSES

Tools by Company Size

The survey asked finance professionals which tools they use to manage the entire expense process from start to finish. Spreadsheets are by far the most common, selected by 45% of respondents. By contrast, just 21% said they use expense tracking software.

Mid-size companies are more likely to use specialized software tools than smaller or larger companies. These tools include expense software, audit software, reconciliation software, and visualization tools.

Small companies are most likely to use spreadsheets or to say they didn't use any software to track expenses.

Regardless of size, companies continue to use spreadsheets as part of the process, even when other tools are in use as well.

TO THE POINT: Spreadsheets are the Swiss army knives of software, used for everything from data collection to pivot tables and charts for analysis and reporting. That said, relying on spreadsheets to manage expenses means a lot of manual work and complicated hacks. Specialized tools can automate the entire process, ensuring better compliance, more accurate data, and faster results.

58% OF COMPANIES TAKE 5+ DAYS TO CLOSE THE BOOKS

Time to month-end close is an important indicator of a finance team's efficiency. Everything from gathering data to reconciling statements to the number of accruals required can affect how long the process takes.
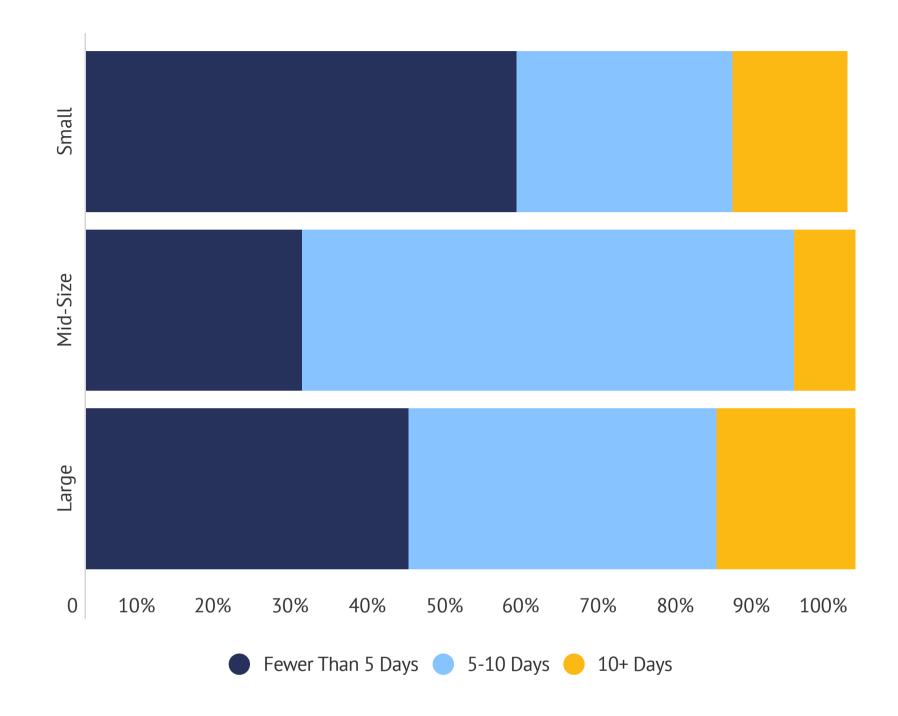
For the majority of respondents (46%), it takes their teams 5 to 10 days to close the books each month, which is in line with averages reported by Robert Half's *2018 Benchmarking Accounting and Finance Functions* report.

A large percentage (42%) of respondents said that they average under 5 days for month-end close. The companies who close the books faster tend to be under 100 employees or over 1000 employees.

Mid-size companies are much more likely to fall within the 5 to 10 day range.

The difference between mid-size companies and those that are on either the smaller or the larger ends of the scale may be attributed to less complexity for smaller companies and more robust systems in larger companies.
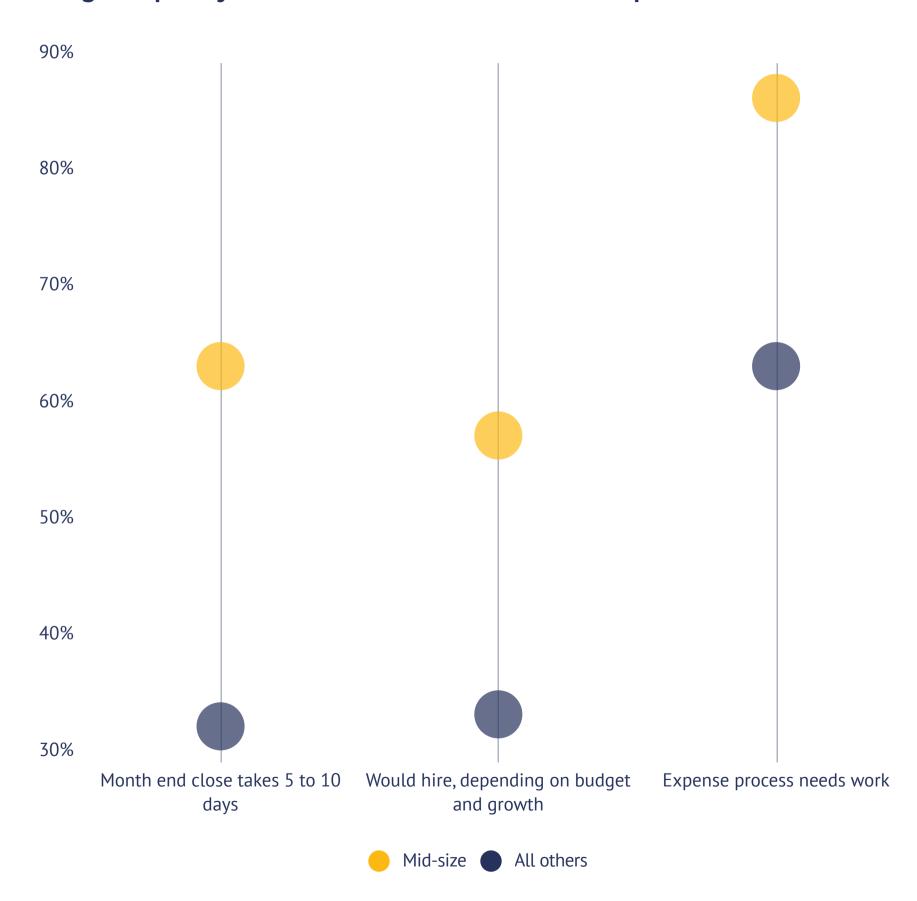
How Long Does it Take Your Team to Close The Books Each Month?

Legend: ● Fewer Than 5 Days ● 5-10 Days ● 10+ Days

TO THE POINT: Closing the books in a timely manner is an important goal for finance professionals. It enables more accurate forecasting, better analysis, and faster decision making. The good news is that 42% of respondents say they close the books in under 5 days. Companies with longer average closes should look for ways to streamline the process through improved workflows, better access to data, and automated systems.

SPOTLIGHT: MID-SIZE COMPANIES

Growing Complexity and Limited Staff Put Mid-Size Companies Under Pressure

Legend:
- Mid-size (yellow)
- All others (dark blue)

X-axis categories:
- Month end close takes 5 to 10 days
- Would hire, depending on budget and growth
- Expense process needs work

Finance professionals who work in mid-size companies, which we define as 100 to 999 employees, made up 40% of survey participants. Their responses often varied from those in small or large organizations, revealing the challenges companies face as they grow.

For example, 87% of respondents from mid-size companies said the expense management process needs work: it won't scale, can be improved by hiring help, or is chaotic.

Just under 30% of mid-size companies close their books in 5 days or less., compared to 41% overall.

Mid-size companies were most likely to say they'd hire additional staff depending on budget and company growth, a likely reflection of the fact that finance departments don't usually grow as quickly as other departments.

Mid-size companies are also more likely to use a range of tools to manage the entire process. They are more likely to have expense software, audit tools, reconciliation software, and visualization software.

Not surprisingly, then, their top frustration is "too many tools needed to get the job done," followed by too much time to close the books, analyze data, and produce reports.

TO THE POINT: Processes that worked for 50 to 100 employees usually can't scale to meet the needs of a more complex organization. Look for tools that streamline operations and free finance teams to work on optimizing resources.

APPROACHES TO AUDIT AND EXPENSES

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AUDIT APPROACHES VARY BY ROLE AND COMPANY SIZE

Most finance teams say they audit some or all expense reports (87%). The specific approach depends largely on company size and role.

The most common, according to 40% of respondents, is to examine each report individually. The next most common method, cited by 20%, is to use auditing software.
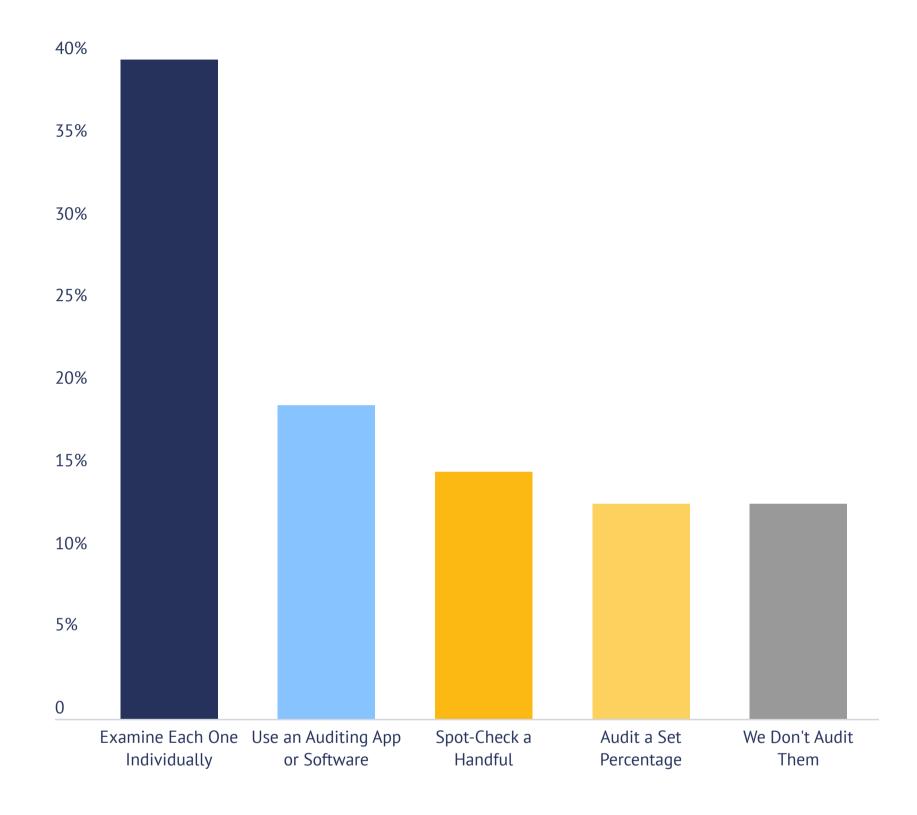
Out of all job titles, CFOs were far and away most likely to say that their teams examine each report individually (70%).

Controllers, accountants, and procurement managers were also likely to say they examine each report individually. This makes sense given that these roles are on the front lines of the spend management process.

This same approach is also the most common (51%) for small companies under 100 employees, which is feasible given the scale of reports to review. Surprisingly, "examine each individually" is also most common for large companies over 1000, although at a lower percentage (37%).

Of all respondents, mid-size companies are most likely to use auditing software compared to their smaller or larger counterparts.
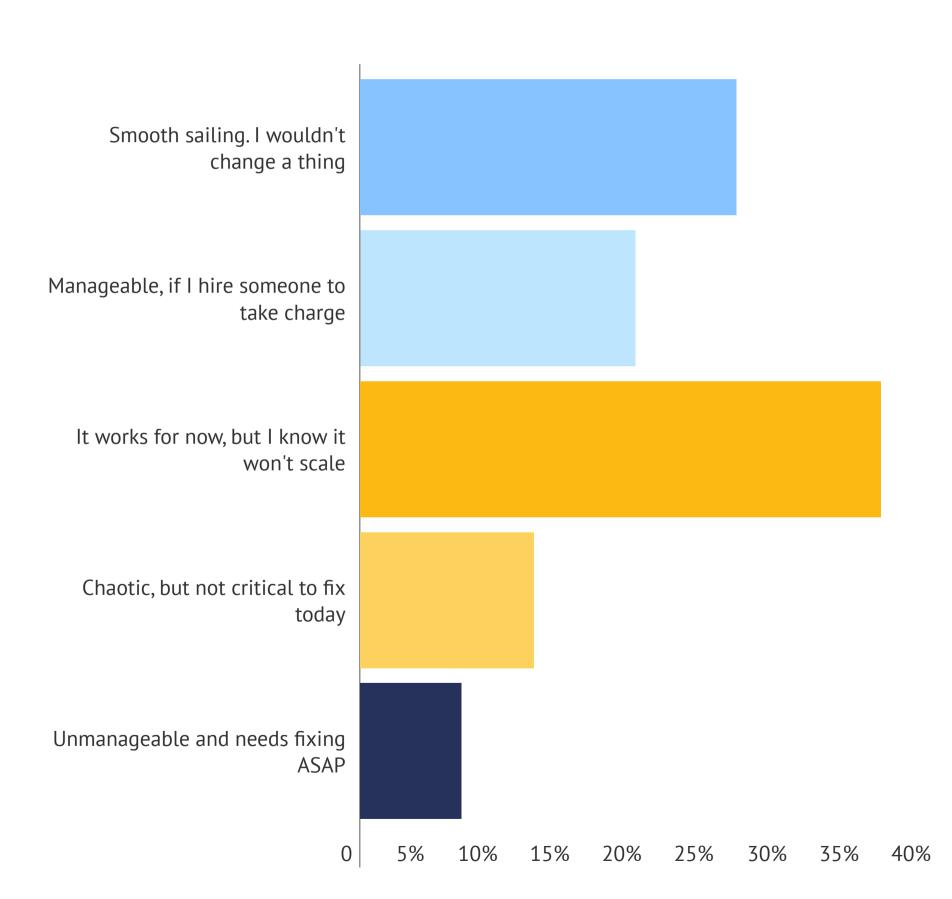
Which Best Describes Your Approach to Auditing Expense Reports?

TO THE POINT: Auditing expense reports is a critical part of the expense process for the majority of finance teams, although the responses may show a difference between the ideal and the practical. Auditing is a manual, time-consuming process made more difficult by the traditional batch-based expense report. Auditing software tools can make a huge difference by eliminating the need for manual review and ensuring that all spend is compliant and within policy.

ACCEPTING THE STATUS QUO

Which Best Describes Your Current Process for Managing Employee Spending?

Just a quarter (26%) of respondents are happy with their current expense management process, selecting "Smooth sailing. I wouldn't change a thing."

However, only 7% of respondents say the process is so bad that it needs fixing ASAP. The rest (67%) say it's manageable for now.

Interestingly, CFOs and procurement managers were most likely to choose "Smooth sailing" as responses (41% and 50%). All other roles, but especially those on the front line such as controllers, auditors, accounting, and FP&A, said the process works for now but won't scale.

Responses varied by company size. Those in large organizations were more likely to say "Smooth sailing" (38%).
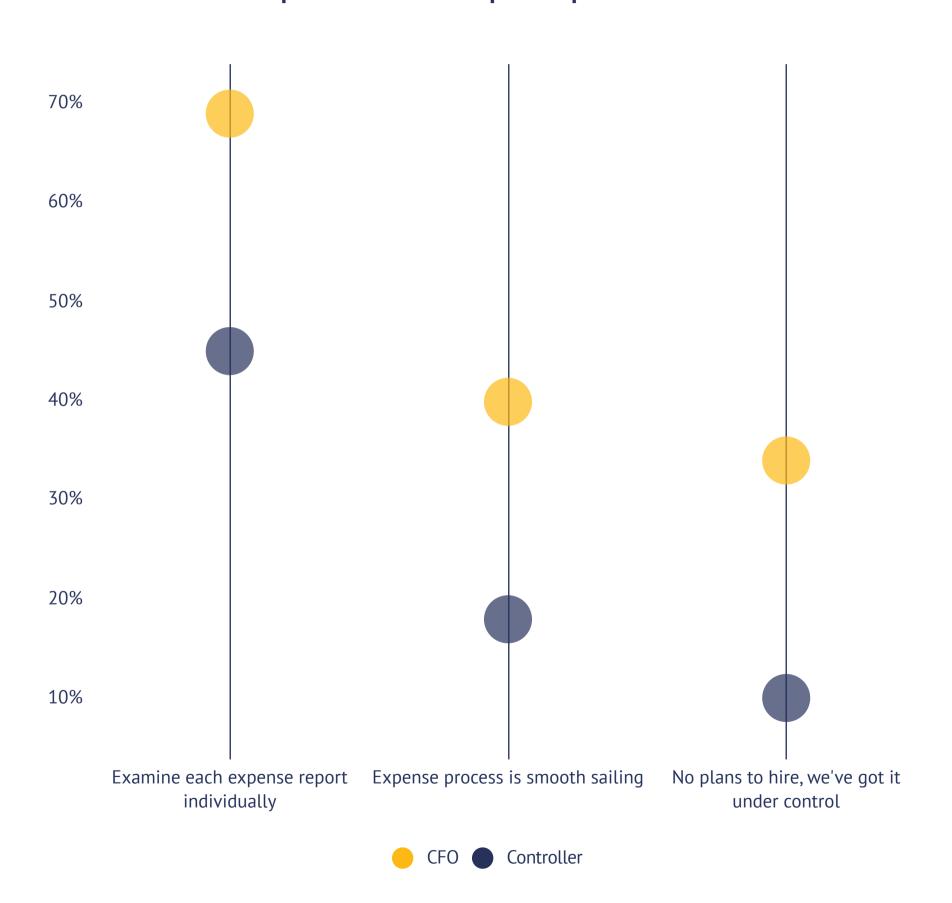
Mid-size companies were least likely to agree (13%). They were more likely to select "Works for now but won't scale" (45%) or "Manageable, if I hire someone" (20%). This last option was even more prevalent at the smaller end of mid-size companies (100 to 499 employees).

Small companies were almost evenly split between "Smooth sailing" and "Works for now but won't scale."

TO THE POINT: The fact that only 26% of respondents say they wouldn't change a thing about their process for managing employee spend but just 7% say it needs fixing ASAP points to a general complacency around expense management. Streamlining processes is important, however, especially as companies grow, so that activities like tracking and auditing expenses don't spiral out of control.

SPOTLIGHT: CFOs

CFOs Take a More Optimistic View of Spend Operations Than Controllers

| Examine each expense report individually | Expense process is smooth sailing | No plans to hire, we've got it under control |

🟡 CFO   🔵 Controller

CFOs had a much more optimistic view of the spend and expense process than other finance roles.

They were most likely to say they weren't planning to hire in the next 12 months because they had "everything under control."

They were also most likely to describe their process as "Smooth sailing. I wouldn't change a thing," in contrast to controllers, accounting, and auditors, who were more likely to say the process works for now but won't scale.

And 70% of CFOs said their approach to auditing expenses is to examine each report individually, as compared to 46% of all controllers and accounting respondents.

The top two frustrations for CFOs are the time to produce reports and managing and controlling corporate cards.

CFOs tend to spend more time on revenue recognition, reporting, and budgeting than other roles, and 75% of CFOs said they'd like more time for strategy and planning.

TO THE POINT: CFOs are often less involved in the day-to-day operations of spend management than controllers and accounting teams, so they may be less aware of the challenges facing their front-line teams. Improving processes like managing expenses and invoices will benefit the entire team by freeing up time and resources for the strategy and planning work prioritized by CFOs.

ALLOCATION OF TIME
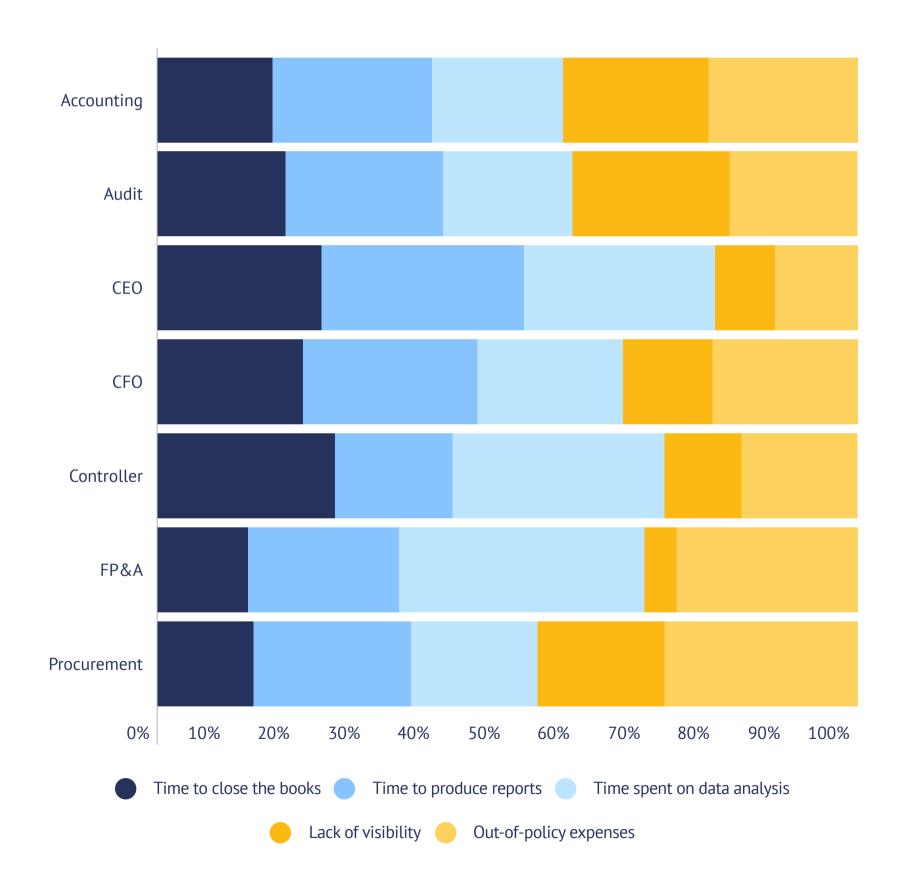
BIGGEST FRUSTRATION: TIME

We asked finance professionals what frustrates them most about managing expenses. Overwhelmingly, the answer was time:

- **Time to produce reports**
- **Time spent on data analysis**
- **Time to close the books**

Frustrations were common across organizations of different sizes, although mid-size companies were more frustrated than their counterparts with the number of tools needed to get the job done.

TO THE POINT: Despite the fact that most survey respondents use some kind of software to manage expenses, their biggest frustration overall is the amount of time required to produce reports, analyze the data, and close the books, suggesting that the backend process today remains largely manual and cumbersome.

What Are Your Biggest Frustrations in the Expense Management Process?

Legend: Time to close the books · Time to produce reports · Time spent on data analysis · Lack of visibility · Out-of-policy expenses

THE TIME TUG-OF-WAR: OPERATIONS vs. STRATEGY

We asked finance professionals about where they currently spend time and where they wished they could allocate more time.

Not surprisingly, the activities that take the most time today include manual, often paper-based processes like managing invoices and expenses.

As for where they'd like to spend more time, all roles in finance said they would like more time for process improvements—perhaps to streamline invoice and expense processing!

CFOs, controllers, and accounting managers were most likely to say they wanted more time for strategy and planning.

Cross-platform collaboration also ranked high for finance professionals.

TO THE POINT: Time is a limited commodity. When teams spend the majority of their time on operational processing, they have less time available for planning and collaboration. Investing in efforts to improve those processes will pay off in terms of more time to focus on strategic work.

Wish I Could Spend More Time On:

PROCESS IMPROVEMENTS

STRATEGY & PLANNING

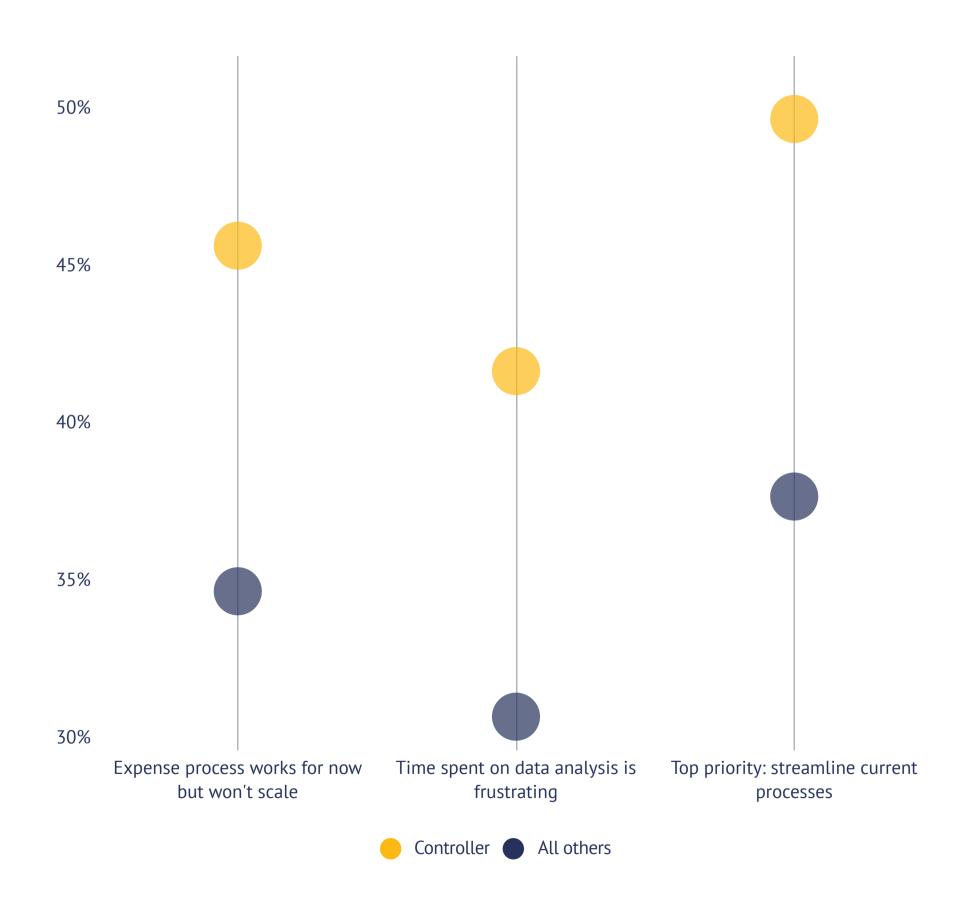CROSS-DEPARTMENT COLLABORATION

Spend the Most Time On:

INVOICE PROCESSING

EXPENSE PROCESSING

REPORTING

SPOTLIGHT: CONTROLLERS

Controllers Know Operations Could Be More Efficient

- 50%
- 45%
- 40%
- 35%
- 30%

Expense process works for now but won't scale

Time spent on data analysis is frustrating

Top priority: streamline current processes

● Controller   ● All others

Controllers tend to be more focused on the operational side of finance compared to CFOs, so it's not surprising that their responses were a little more pragmatic.

They were more likely than general respondents to say that their expense process "works for now but won't scale" and much less likely to say the process is "smooth sailing/wouldn't change a thing."

Controllers had the same top two priorities as general respondents (streamlining current accounting processes and increasing planning and forecasting accuracy), but their next highest priority was staff training, which ranked 5th overall.

When controllers were asked about plans to hire, only 12% said "No, we've got everything under control," compared to 33% overall. They were also more likely to cite lack of budget as the reason.

Controllers also tended to select a wider variety of approaches to auditing compared to CFOs, who overwhelmingly said they examine each report individually. This difference is likely due to what CFOs expect to happen, as opposed to how the work actually gets done.

TO THE POINT: Controllers know finance operations could be more efficient, but making improvements takes time, which is often lacking, especially given the cyclical nature of the work and the continued amount of manual effort required to process expenses and invoices. Next-generation software aims to cut down manual processes dramatically, which will help controllers and their teams.

PLANS FOR FINANCE TEAMS

The top priority for finance teams in the next six months is streamlining current accounting processes, selected by nearly 40% of respondents. This seems well in line with the fact that most also said they wished they could spend more time on process improvements.

Streamlining current processes was most often chosen by CFOs, controllers, accounting, and procurement managers. It was also the top choice for small companies.
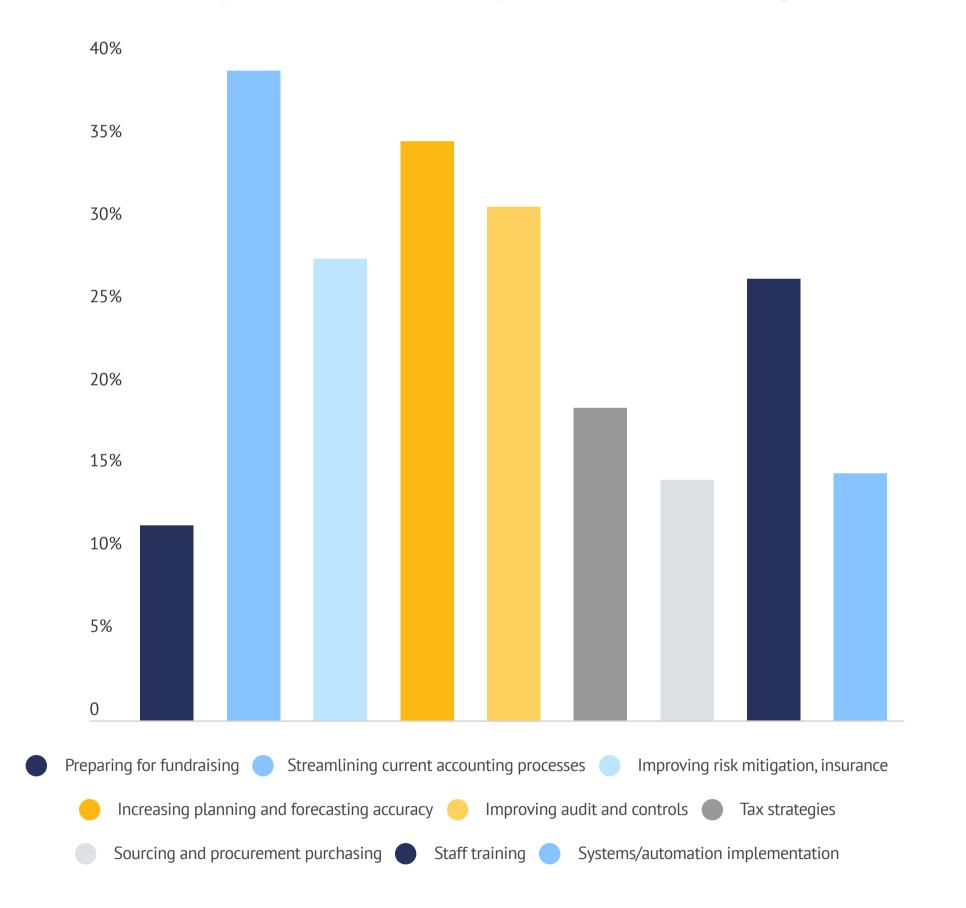
Increasing planning and forecasting accuracy was a close second, chosen by 35% of respondents. It was the top choice for CEOs, FP&A, and audit roles, as well as for large companies and mid-size companies.

The third highest priority was improving audit and controls. Given respondents' answers about the audit process as well as frustrations around managing corporate cards and out-of-policy expenses, this makes sense. It was the second highest priority for accounting managers, FP&A, and audit.

TO THE POINT: Finance professionals spend a significant amount of time managing invoices and expenses, and they know that their processes won't scale. Making those processes more efficient not only makes sense as a top priority; it will also help them achieve their second and third priorities as well. More efficient processes enable faster results, more accurate data, and better compliance for a triple win.

PRIORITIES: IMPROVING PROCESSES, ACCURACY AND AUDIT

What Are the Top Priorities for Your Department in the Coming Six Months?

Legend:
- Preparing for fundraising
- Streamlining current accounting processes
- Improving risk mitigation, insurance
- Increasing planning and forecasting accuracy
- Improving audit and controls
- Tax strategies
- Sourcing and procurement purchasing
- Staff training
- Systems/automation implementation

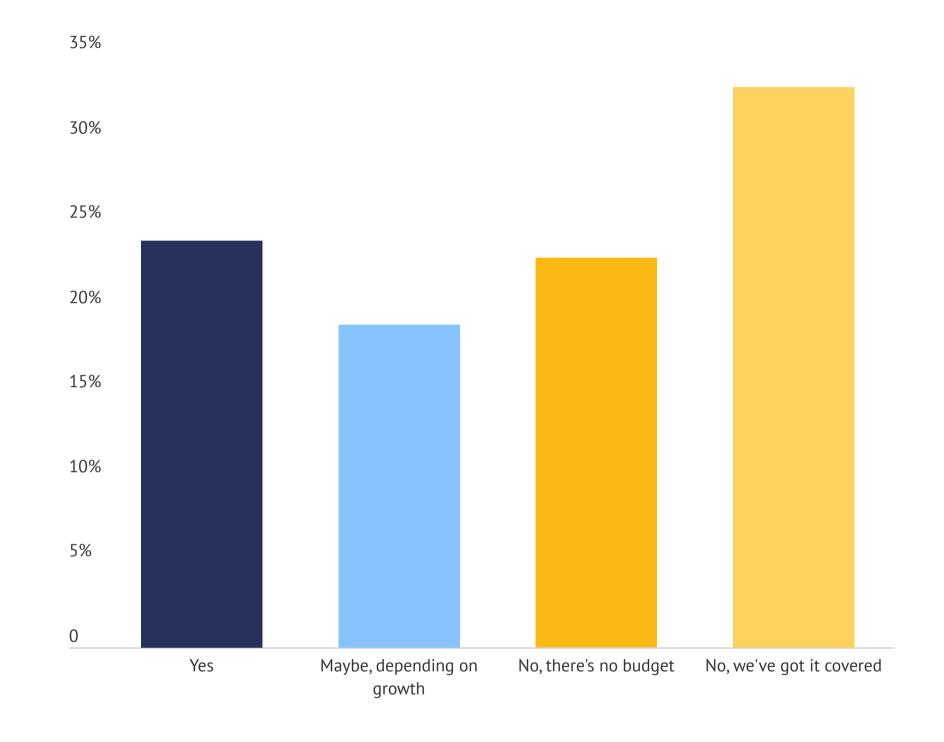# HIRING PLANS FOR FINANCE TEAMS

We asked finance teams about their plans to add staff in the coming year. The majority (54%) said they were not planning to add staff. The balance said they would consider hiring depending on budget and company growth.

Of all respondents, just one-third said that they had everything under control. The rest indicated that if possible, they could use additional team members.

Mid-size companies were least likely to say everything was under control (23%) and most likely to consider hiring. Small companies were least likely, either because they were the right size or didn't have budget.

Of all the different roles, CFOs and accounting managers were most likely to say "We've got everything under control."
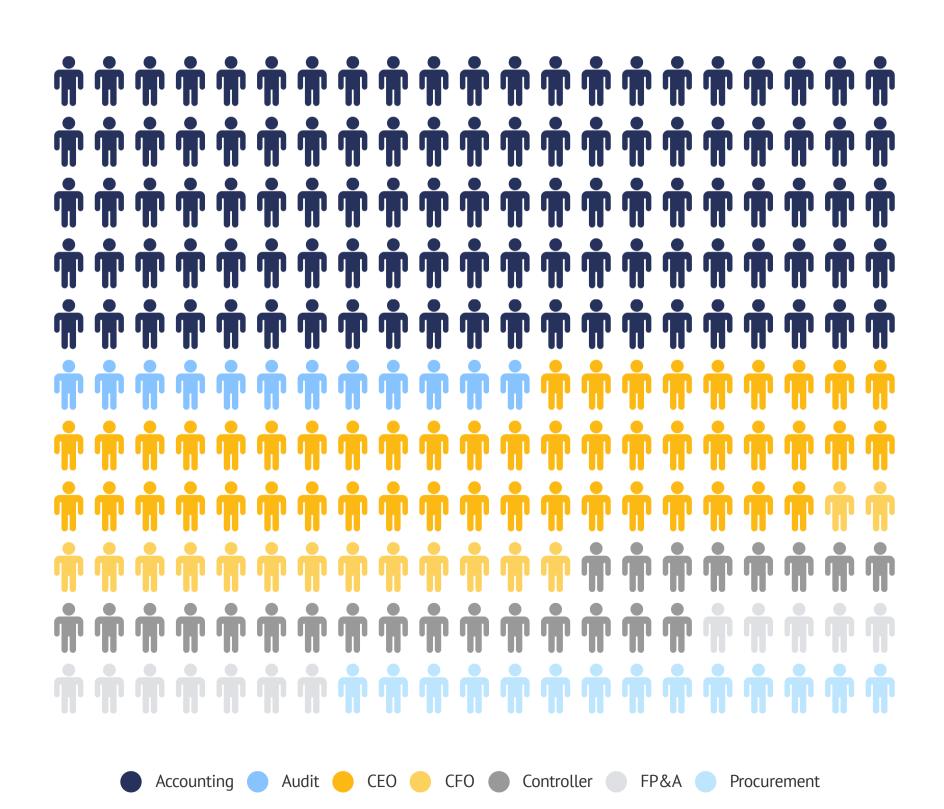
Are You Planning on Hiring Within the Finance Team in the Next Twelve Months?
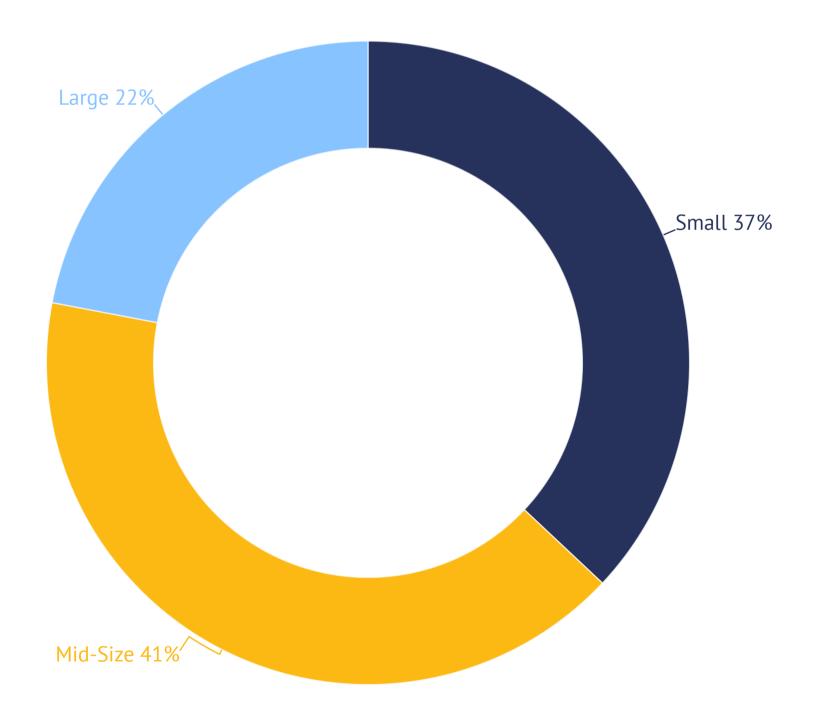

TO THE POINT: Finance teams often run lean in terms of size compared to the organizations they support. While a majority of survey respondents indicated an interest in hiring additional team members, very few were actually recruiting. Adding staff is just one way to increase the capacity of finance teams. Those who'd like additional help but don't have budget to hire might consider reviewing their current workflows and technology solutions to see where they can improve the process. New software can streamline the operational work of managing expenses while freeing up time for more strategic planning and analysis.

RESPONDENTS & METHODOLOGY

The survey of over 250 professionals was conducted in May 2019. Respondents were selected for their involvement in finance functions in U.S.-based companies of all sizes.

For the purpose of comparing based on company size, we defined small companies as under 100 employees, mid-size companies as 100 to 999 employees, and large companies as over 1000 employees.

● Accounting ● Audit ● CEO ● CFO ● Controller ● FP&A ● Procurement

Large 22%
Small 37%
Mid-Size 41%

CONCLUSION

Finance teams in companies of all sizes are being asked to play a more strategic role in helping their organizations achieve goals, but they're often burdened by time-consuming operational work like managing expenses, processing invoices, and running reports.

While some companies try to reduce the operational workload by hiring additional people, most finance teams get by, often with a combination of creative Excel hacks, a few late nights every month, and dogged persistence. They know, as our survey respondents said, that things "work for now but won't scale."

Finance teams don't have to just accept the status quo any longer. At Center, our goal is to help companies optimize business spending and achieve more.

We believe that the next wave of technology can help solve the problems highlighted in this survey: too much time spent on operational processing and too little time spent on strategic planning.
We call the solution to those problems SpendOps, which is a combined effort to reduce the burden of transactional operations and increase focus on optimizing business spend and outcomes. SpendOps is a new approach used by finance teams to manage business spend, incorporating AI-powered technology, real-time data, and dynamic workflows for true digital transformation.

center™

About Center

Center helps finance teams radically reduce the time they spend on manual, resource-intensive operations like expense management so they can focus on high-impact activities.

Our first product is a complete corporate card and expense management solution that integrates the entire spend cycle from planning through purchase, processing, and posting to the GL. The Center SpendOps Suite includes CenterCard® Visa® Business Debit and AI-Powered Expensing, Audit, and Insights.

Together, these tools help finance teams streamline operations, gain real-time visibility into expenses, reduce time to monthly close, and surface insights that optimize spend and strengthen fiscal culture. Learn more about Center at centercard.com.