

Why spending will be the most important thing to watch in 2021

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Businesses have seen a lot of disruption in 2020 - a global pandemic, the shift from working in the office to home, changes in business plans. These will likely still be key areas of concern in 2021. However, one of the most important things businesses need to keep an eye on in 2021 is spend. There's never been a more critical time to have a full view of spend given the worldwide changes businesses have worked through in the last year. The better visibility businesses have into what's being spent and where, the more confident they can be when it comes to controlling spend and knowing they can keep their business resilient despite economic uncertainty.



Photo by Mathieu Stern on Unsplash

Here are a few tips that will help businesses properly track and control their spending in the new year:

Make spending visible

Employees aren't buying the same things as they were last year. Over the past year, spend has changed. According to an SAP Concur report of its customers, spending in the second quarter of 2020 showed that categories such as fees/dues and Internet/telecom grew incrementally. The category labelled 'other' rose by 17% and is continuing to grow. It's hard to get a clear picture of what is going into the 'other' category, which makes visibility into spend challenging. With better visibility, businesses can see:

- How much spending is going on employees' personal cards and why
- How many supplier payments are showing up on expense reports when they should be covered by purchase orders (POs)
- If expense categories are working or if they're falling short

Businesses that want to remain viable need to ensure spending is visible. In order to do this, companies first need to re-

evaluate expense categories and create new ones, if needed. Employees also need to be educated on new spend groups.

Bring consistency to business spend

Businesses may have many ways to spend money – corporate cards, virtual cards, p-cards and digital payments. They're also managing invoices and expense reports (some on paper, some electronically) all across the company. In addition, they may have hundreds or thousands of employees making numerous buying decisions each year.

Consistency is key to keeping spend in control. Businesses should choose an expense and invoice solution that works seamlessly and offers:

- Digital efficiency, which can make paper receipts and invoices unnecessary
- Simple and standardised approvals as part of the workflow so managers can see spending decisions before they're made
- The flexibility to easily add unexpected expense categories
- The ability to put audit rules in place to curb out-of-policy spending on corporate and personal cards

Solutions that direct the right type of spending to the right payment method through the right process create consistency and give businesses more control. That, in turn, helps alleviate spending concerns for businesses.

Make it easier for employees to spend money

Employees may need to spend money in order to do their jobs – buying office or home office supplies, signing up for training, buying personal protective equipment (PPE) and even travelling. Businesses can't function without essential spend taking place. Making it harder for employees to spend money doesn't save more money. In fact, it makes it harder to see where money is going and also creates frustration for employees.

Simplifying the process with intelligent digital tools that make it easier for employees to buy what they need to do their job and get more work done is key to being able to see more and save more in terms of spending. Businesses also enjoy the added perk of additional productivity. For example, using an expense solution that allows employees to take a photo of a receipt and then automatically records, itemises and categorises it into a digital expense report means employees spend less time on paperwork and more time on actual work. Managers can also see what's been spent, what's pending and what's planned.

Heading into 2021, there's no doubt businesses large and small will have a lot on their minds and plenty on their plates. Concerns over recovery and viability will be top-of-mind. However, keeping an eye on spend – what has been spent, what is being spent, and what will be spent – can contribute to a business's success in 2021 and further into the future.

To set up a no-obligation 15-minute discussion on how focusing on just one key aspect of your business – employee spend – can help you maintain healthy bottom line and create some stability while the world around you recovers - please contact sean.clark@sap.com