



# 4 Keys to Effective Spend Management



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# What is spend management? And why it matters

## WHY I STARTED SPENDWISE

*“As a controller, I experienced first-hand the pain of trying to stay on top of spending with manual processes and thought there must be a better way. After searching and only finding expensive, difficult-to-use systems, I started Spendwise to solve the problem.”*

— Ryan Belcher,  
Founder and CEO

Spend management is the practice of procuring, sourcing, and purchasing effectively, maximizing spend value. Investing in spend management sounds like common sense, but it's easy to overlook.

The consequences of neglect are serious. From lost paperwork (like approval emails and purchase orders) to lack of visibility, managing spend ineffectively creates chaos and frustration. Teams may be surprised by sudden invoices or lurking errors, stymied by duplicative efforts and stalled resources. What to do?

## WHAT YOU'LL GET FROM THIS EBOOK

When you streamline your spend management, you'll **save precious resources, directly and indirectly**. Examples: reduced operational costs, improved sourcing, and less paperwork. What's more, you can:

- **Reach goals faster.** With greater efficiency, you'll free up resources to achieve your objectives more quickly.
- **Make better decisions.** Increased visibility means decreased risk and more strategic spending.
- **Make your team's lives easier.** Reduce tedious manual tasks and improve morale.
- **Focus on what you do best.** Spend your time creating value for your company.

Next, learn our 4 keys for transforming spend management: **effective budgeting, common sense purchasing policies, automation, and analysis & iteration**. Let's get started.



# 1. Effective Budgeting

## PLAN YOUR RESOURCES WISELY

Setting budgets is our first key to effective spend management. Budgets help you prioritize objectives, spend deliberately, and have confidence that your organization will avoid unexpected funding gaps.

## TIPS FOR ESTABLISHING BUDGETS

- **Plan your budget calendar.** Give yourself enough time to complete budgets before the budgeted period begins.
- **Collaborate with stakeholders.** Budgets require input. Senior leadership, department heads, and other key personnel should all weigh in.
- **Capture appropriate information.** Decide what level of detail to budget to. Budgeting by category (account), department, and projects should be considered. Interval (monthly, quarterly, yearly) is also important.

## TIPS FOR ENFORCING BUDGETS

- **Meet with budget holders.** Meet with budget holders at the end of each period to review actual results against budget. Discuss variations and impact on plan.
- **Report on results.** Prepare reports on budget to actual results and share results with budget holders, senior management, and other stakeholders.
- **See how you're tracking against your budget in real-time.** Using spend management software can get everyone on the same page and empower budget holders. More about solutions in Section 3.
- **Provide incentives for managing to budget.** Reward your staff for staying true to their budgets with bonuses and other positive reinforcement.



## 2. Common Sense Purchasing Policies

### SET STANDARDS AND METHODS FOR SOURCING, COMPLIANCE, AND MORE

Our second key, common sense policies, is critical to avoid maverick spending and reactive decisions, and make the most of limited resources.

### IMPORTANT POLICY COMPONENTS

Effective purchasing policies should include the following four components:

- **Vendor controls.** Establish requirements for vendor qualification and vetting (examples: quality, pricing, compliance, diversity, conflicts of interest), authorization, onboarding, and oversight.
- **Best value guidelines.** Define what personnel must do to get the best value when sourcing products and services. Example: get 3 quotes if purchase is over a certain dollar amount.
- **Purchase and contract authorization.** Identify who needs to approve purchases and contracts. Consider setting approval levels and hierarchies based on the total amount and nature of the transaction.
- **Roles and processes.** Determine who is doing what and how.

### ENFORCING POLICIES

It's important to ensure policies are understood and followed. Here are a few ways:

- **Document and communicate policies clearly.** Keep them handy! You may want to include in employee training.
- **Reinforce process flows with a spend management system.** A solution can provide guardrails and save your team mental energy. Requests and approvals can be auto-routed, forms auto-populated, dollar limits enforced, etc.
- **Spot-check your processes.** Was this authorized properly? Do we have 3 quotes? A system can also keep a repository of daily details.



## 3. Automation with Spend Management Software

### SAVING TIME AND MONEY ACROSS YOUR ENTIRE ORGANIZATION

Our third key, automation, is illustrated by an Aberdeen Group benchmark study looking at 622 enterprises, which found that spend management automation improved spend under management by an average of **35%** and reduced maverick spend by **41%**. Businesses also reduced their requisition-to-order cost by nearly **100%** and more than halved their transaction cycle time!

### SPECIFIC WAYS A SYSTEM CAN OPTIMIZE YOUR WORK

**Simplifying approvals:** At scale, requests can become buried in your inbox or filing system. Team members may waste time physically walking forms around for signature. With a system, you can approve purchase requests with the click of a button, automatically route requests to the next approver and more.

**Auto-filling out repeat information:** Often purchase requests require providing the same information over and over. Systems can store and auto-fill information like vendor details, item info and more.

**Finding what you need:** Instead of searching through folders and filing cabinets, spend management software allows you to find the information you need in one easy-to-search place.

**Eliminating bottlenecks:** If you have multiple people who need access to the same tools and information at the same time, a cloud-based system can open things up and eliminate delays.

**Increasing visibility:** A system creates greater transparency. You'll be able to see how you are doing in real-time, make more strategic decisions, and reduce waste.



# 3. Automation with Spend Management Software

## PREPARING FOR A SYSTEM

Taking steps now can ensure your system adoption goes smoothly.

1. **Start the change management process early.** Collect stakeholder feedback and communicate benefits clearly. Full system adoption requires leadership and buy-in.
2. **Decide on major requirements.** We recommend prioritizing:
  - a. ease of use for multiple roles
  - b. compatibility with organizational workflows
  - c. ability to easily transfer data between systems
  - d. speedy implementation
  - e. budget-friendly (simpler systems have fewer hidden costs)
3. **Bring on internal champions and implementation leads.** They'll keep the project moving forward.
4. **Prepare for training and support.** Tap your implementation leads to prepare processes and materials for onboarding users.

## KEY FUNCTIONS OF A SPEND MANAGEMENT SOLUTION

- **Requisitions:** Different users across your organization should be able to create purchase requests and route them for approval as needed.
- **Purchase orders:** Purchase requests should easily convert to purchase orders that can be sent to vendors if required.
- **Receiving:** Track what's been received and see what's still outstanding to better understand commitments.
- **Three-way match:** Ensure proper financial control by matching vendor invoices with what has been ordered and received.
- **Budget to actual analysis:** Look for the ability to upload and track a budget.
- **Approval management:** It should be easy to see who needs to approve, send notifications and reminders, auto-route, and batch tasks in a list view.

**Myth-busting: A spend management system does not need to be complicated or expensive!**



# 4. Analysis & Iteration

## UNDERSTAND AND COMMUNICATE RESULTS

Our fourth key is to track how your business is doing and strive to continuously improve. A system can give you visibility into how you are doing, and the ability to report and share with your team.

## IMPORTANT AREAS TO MEASURE

- **Review your budget** to actual results on a regular basis.
- **Check for compliance** with policies, such as authorizations and qualification.
- **Examine vendor performance**, such as time to delivery and pricing compliance.
- **Look at purchase process efficiency**, comparing time from purchase request to final approval, due date to receipt, and more.
- **Review company performance at large** to see how you're performing against your goals.

## START WORKING ON WHAT MATTERS

It is easy to be complacent with the status quo, and not realize how many resources are wasted on doing things the old way. If you're tired of chasing paperwork and being surprised by expenses, we've been there and can help. You can streamline your spend management and start working strategically on what truly matters.

**Yes, I want to see a spend management solution in action!**

## ABOUT SPENDWISE

Spendwise is an affordable, easy-to-use system that helps organizations manage spending efficiently. Learn how our solution can automate your spend management processes, so you can focus on what you do best.

[BOOK A DEMO](#)