



# No Expenses Spared:

How Your Employees  
Spend Company Money

## THE STATE OF EXPENSE MANAGEMENT

Everyone hates filling out expense forms and businesses often hate dealing with them. It's an archaic, laborious and menial process and yet it is something that many businesses and employees have accepted as a fact of life. In this day and age, a significant number of businesses still get their staff to fill in spreadsheets with their expense claims – even when they've updated all other processes across the business.

If you're a business owner, it's essential to know that there's so much more to managing expenses than making sure that employees aren't spending money that they shouldn't be. At Soldo, we believe businesses shouldn't stop employees from spending money - but rather give them a smarter way to spend that allows for better management. By exercising more control, you can see where your money is going, how much you're spending, and better understand your cash flow.

By managing employee expenses properly, you become more financially aware, and you're armed with the relevant knowledge to fix bad spending habits and cultivate better ones.

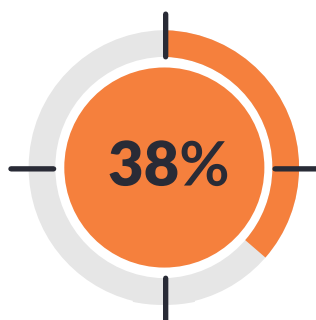
In June 2018 we surveyed 2,500 British employees to explore the current state of expenses. We also commissioned business neurologist Dr Lynda Shaw to analyse attitudes towards expenses, and what business owners should know about the spend personalities that are likely to exist in their company. Here's what we found out.

### FALSE CLAIMS

According to our research, more than 1 in 10 employees submit expenses most days, a fifth submit most weeks and another fifth submit most months.

So how many are reporting expenses incorrectly – or making false claims?

Over a third (38%) admitted to wrongly filing expenses. On average, our respondents incorrectly claim £117 a month – which amounts to £1.9 billion per year on a national scale.



**Admit to sometimes claiming for things that they shouldn't.**



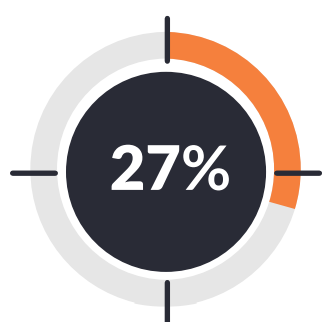


So which dubious claims are the most common?

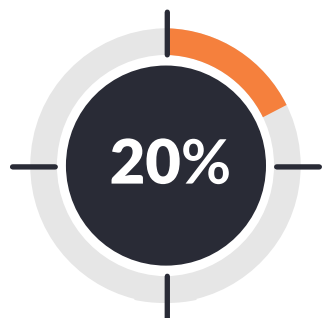
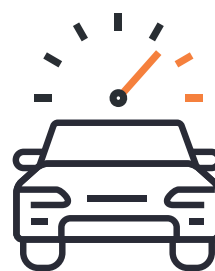
Mileage (not) driven (27%) comes first – followed by office supplies that employees keep for themselves (20%), altering taxi receipts so that the fare is higher (16%), and a round of drinks at the pub (20%). Others admitted to expensing meals out with family/friends (16%) and buying laptops/phones/tablets for their kids or family members (12%).

Yet more claims included cigarettes, lottery tickets (none said that they planned to share their winnings with their boss), cat litter, condoms and even a holiday.

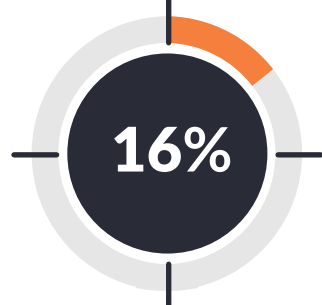
### The most common spending habits employees admitted to included:



**Exaggerated the number of miles they have driven.**



**Bought office supplies and then kept them for themselves.**



**Altered taxi receipts so that the fare was higher.**



The majority (60%) expressed little remorse, citing extensive overtime, a feeling that the company owes them, or a simple belief that everyone files false expense claims.

This high level of activity may be related to the fact that only 17% have previously been caught out by their bosses. Of this small group, most were found out by social media (30%) receipt anomalies (24%), or the fact that their expenses were always higher than their colleagues (24%). So if you're expensing a holiday – and you shouldn't – don't post your beach snaps on Instagram!



**Other items claimed included:**

**Cigarettes, lottery tickets, cat litter, condoms and even a holiday.**

## HOW COMPANIES (TRY TO) MANAGE EXPENSES

Unsurprisingly, most respondents (65%) are comfortable using the company card. The reasons vary, but the circumstances are mostly legitimate: respondents said they'd use the card if they think the purchase will benefit the company (33%); if they're out at a party or event, at a work social, or entertaining clients (17%); or if they don't think they can afford to pay out of their own pocket (17%). In fact, most (49%) say they take the same precautions as they would with their own money and avoid unnecessary spending.

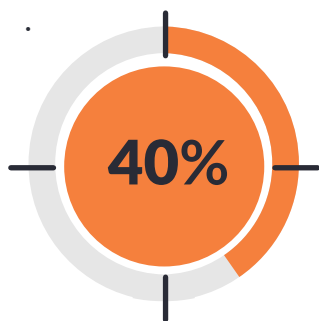
Those that aren't comfortable with spending on a company card (35%) are worried about spending too much (43%) or are worried about losing it (28%). Most think they would spend less on a company card if the company strictly enforced its expenses policy (24%); if they think they can afford to pay for it themselves (22%); or if one of their colleagues has already been punished for fiddling expenses (19%). Even those who are comfortable spending on a company card, the majority (63%) are somewhere between somewhat and very scared of their company's expenses policy.

And most claim to actually be owed money from their employer. Over half (57%) believe they are out of pocket for work items that they have bought on a personal card – largely due to lost receipts and paying out for small purchases like stamps and bus fares.

## ALTERNATIVE WAY TO MANAGE EXPENSES

Managing expenses is a time-consuming and often archaic process. It's a fine balance between keeping control, and empowering your employees. They need to feel trusted, and your company should be spending money to ensure growth.

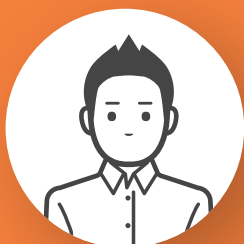
If finance teams can exercise greater control over where, when, and how employees use company cards – and spend company money in general – costs, morale, and productivity could significantly increase.



**Respondents said that having tighter spending controls or a monthly limit on their company card would influence them to spend more responsibly.**

## TYPES OF SPENDERS AND HOW TO MANAGE THEM

To realise these gains, it's important to contextualise and personalise the issue of expenses management. Our research highlights a few common archetypes that represent the most egregious repeat offenders. In conjunction with business psychologist Dr Lynda Shaw, we have developed personas for the most common expense personality types – with advice on how to manage them.



### RECKLESS RALPH

Reckless Ralph is the type to buy a round of drinks, party hats and a new TV on the company card in the name of 'office morale'. You might hear him say 'whether it comes out of my pay check or the company card, it's coming from the boss so what's the difference?' He probably spends his own money quite liberally, too.

Dr Shaw warns that a Reckless Ralph is inclined towards impulsive behaviour which can lead to anxiety, which may lead to more impulsive behaviour. Beware of Reckless Ralph and keep an eye on his spending.



### DEVIOUS DAN

Ever wondered why one of the expense forms from your employees always comes in that little bit higher than the others? Does it seem odd that one member of the team drove an extra 10 miles to get to the same party when you all left from the same office and insisted on getting his suit dry cleaned for the event? You might have a Devious Dan on your hands. More likely to try his luck getting an extra few quid consistently over time than to be as bold as Reckless Ralph and claim for everything at once.

Dr Shaw warns that devious people are often manipulative and find it hard to understand boundaries. So, he's the type you need to keep an eye out for to avoid your expenses creeping up over time.



## SENSIBLE SAMANTHA

A Sensible Samantha is a good member of the team – you always need a sensible person if you want to get anything done. When it comes to expenses, she generally toes the line and sticks to the rules – she might slip through the extra mile or two on her expense form, but that's probably because she took a different route to avoid heavy traffic.

She likely feels that false expense claims for small amounts of money are not worth risking one's reputation or job. Sensible Samantha is a voice of reason, conscientious, steady and reliable.



## CAUTIOUS CHRIS

Cautious Chris is the chalk to Reckless Ralph's cheese. He's too scared to use his company card at risk of losing it, buying the wrong thing with it or spending too much and getting in trouble. Whilst this means he doesn't cost the company much money, it also means he is spending more time on admin working out costs after the event and claiming them back.

Dr Shaw reminded us that, on the flip side, this can be a good thing, because Cautious Chris is probably prudent and has a finely tuned attention to detail.



## FORGETFUL FIONA

Is Fiona forgetful because she is disorganised? Or perhaps she is stressed and overwhelmed? Or could it be that Forgetful Fiona has more important decisions to make and perceives expenses to be a low priority? Whatever the answer, Forgetful Fiona needs your attention to either help her become a bit more organised, or to support her if she is overwhelmed, or to give her space so that she can see the bigger picture and do some great work.

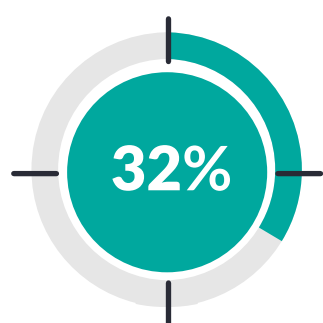
Whether Forgetful Fiona is disorganised, stressed or highly intelligent the least you can do is make sure she is paid monies she is owed by the company.

## A NEW WAY TO MANAGE EXPENSES

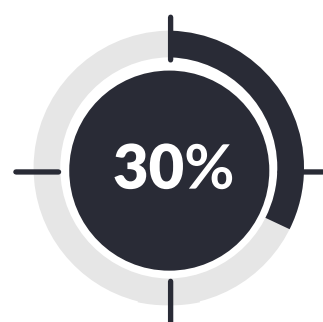
Staff manipulate expenses more often than you'd think. Mostly their reasons for doing so will be legitimate and, more often than not, they're not even claiming back for the smaller things that they're entitled to, because keeping hold of receipts takes too much effort. And they're right – submitting expenses via Excel and keeping receipts is archaic. Staff shouldn't have to spend their own money for the sake of the business. There must be a better way.

Having a good relationship and trusting your staff is a great way to start but giving them a card that you can control is even better. That way, you can empower your staff whilst keeping on top of expenses before they become an expensive problem.

At Soldo, we know that enabling controlled autonomous spending by staff and departments, frees up finance teams to concentrate on more strategic areas of driving a business forward.



Respondents said that they would be more careful if their colleagues had visibility into their spending habits.



Respondents said the same if their boss received a notification every time they made a purchase.

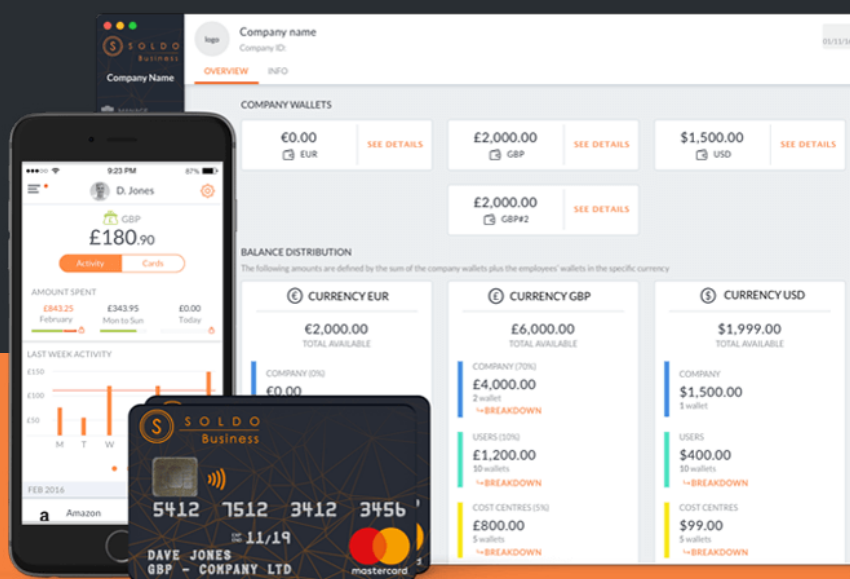


## THE SMART SOLUTION

Soldo is designed with the SME in mind, giving you back more time, more efficiency and more control. Soldo Business is a multi-user spending account, complete with Mastercard® cards, intuitive admin and effortless reporting. It simplifies the entire business expense cycle, from beginning to end.

Employees pay with their Soldo cards and expense reports are generated automatically. You can customise everything from budgets to spending limits and permissions. Each intelligent spending card is personalised with the employee's name or dedicated to a specific department.

Find out more about Soldo and check how it can work for your company at [www.soldo.com](http://www.soldo.com)







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