How to build a scalable company spending process

spendesk

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Introduction

Every startup founder dreams about that first big cash injection. What was once a scrappy, hack-at-all-costs operation is now a secure business with a bright future.

Spendesk has gone through this very transition. After raising our Series B in September 2019, we committed to **opening new offices around the world and tripling the workforce in less than two years.**

It's an exciting and hugely rewarding journey, but of course it comes with countless challenges. Chief among them: to create processes and policies that function smoothly for each new hire.

When the company was only 30-strong, **I was able to sit down and walk each new team member through our most important processes.** If they had questions, they could come to me directly.

As we moved past 100 employees, my time with each has naturally reduced. And when we hit 300, and then 500, this will be even more true. And it's not just me. Managers have to start thinking one-to-many more than one-to-one.

Onboarding new staff is vital. But you need to focus on culture and job performance, rather than internal processes.

Which brings us to spending. **Employees need to spend to do their jobs well.** Work trips, software subscriptions, and incidentals are all part of running a successful business.

And a company spending process that scales is one that anyone can pick up and understand immediately. One that doesn't require endless questions and visits to the finance team. And definitely **one that minimises errors.**

This guide helps you identify a company spend culture that won't scale as your company does. And it shows you how to implement one that will.

Whether that's with Spendesk or not is up to you. Of course, I certainly hope it is.
To scale without fail!

Rodolphe Ardant
CEO @ Spendesk

What is a scaleup?

The word "scaleup" - just like "startup" - means different things to different people. So it's important that we provide a working definition for this guide. This will help you identify whether you meet this definition (or might in the near future).

If so, this guide should prove very helpful.

Our definition

Some publications define this term in numbers. For example, the OECD **defines "scaleup" as** a company with "an average annualized return of at least 20% in the past 3 years with at least 10 employees in the beginning of the period."

But while this might be technically accurate, what's more important are the working conditions for the company in question. In other words, *what does a scaleup feel like?*

For the purposes of this guide, "scaleup" means the following:

A company in a rapid growth phase - usually as a result of new funding - typically with between 50 - 500 employees.

Key scaleup indicators include:

- Targeting new markets
- Opening offices in new countries
- Workforce doubling (or more) in size each year
- Emphasis on new customers and gross revenue growth

As we'll see, this also means more spending. And while growth comes before efficiency in most cases, CFOs and finance teams still need to know where the money goes.

This guide is here to help solve this issue. First, let's start with the most common problems scaleups face.

Typical scaleup challenges

Few moments are more exciting to a company than a large fundraising round. But rapid change leads to common issues that need to be addressed immediately - often easier said than done.

Less financial oversight

In a startup, virtually all spending goes directly through the CEO or a senior executive. They have the company credit card, and they (more or less) know what's spent.

But in scaleups, spending becomes decentralised. You have different teams with their own budgets, and it's simply unthinkable that all of this could be micro-managed in the same way.

One of the biggest scaleup priorities is to implement spending policies and processes, before this situation gets out hand.

Fewer face-to-face hours

Policies and processes also help to deal with the next major issue: you can't help every individual employee one-to-one anymore. When the company was smaller, team members could come to the CEO or finance manager directly when they didn't understand something.

As your workforce climbs into the hundreds, you no longer have time for this. So processes need to be carefully explained and easy to follow for each new employee.

More money and more spending

New funds means more money for your business teams. And since growth is the priority, teams need to be able to spend.

Most startups track spending in a simple Excel sheet. And while there's nothing wrong with Excel, scaleups can't hope to manually keep on top of budgets - and stay legally compliant.

More errors wasting more time

Startups and scaleups both see their fair share of mistakes. The difference is that, in a startup, hacking issues and finding solutions are a key part of the journey.

In a scaleup, **small process errors can mean hours and hours of wasted time.** What was once papered over is now a significant problem affecting hundreds of employees and thousands of staff.

How to scale company spending

The typical startup spends money in a haphazard fashion. When a team needs a new tool or a salesperson needs to travel, they ask an executive for permission and everybody "makes it work."

This is exacerbated by two common fixtures in most companies: company credit cards and expense reports. These tools are both widely used despite significant flaws in each.

Tools that don't scale

Expense reports

These are the result of a simple problem: employees need to spend as part of their jobs, but don't have access to a company payment method. They pay with their own money and wait to be reimbursed by the company.

Expense reports have several clear drawbacks:

- They put pressure on employees who don't have money to spend on the company
- They're slow to process, and you don't know what's been spent until it's too late
- Proofs of purchase are easily lost
- They're rife with fraud!

In short, expense reports are a bad workaround when employees need to spend. And there's no way to speed this process up - the more reports you have, the more time it takes.

Company credit cards

Company credit cards were largely created to reduce the need for expense reports. But while they do give some team members access to company funds, they too have significant issues:

- They're shared around and it's hard to track who made each payment
- Not every travelling team member can have their own card

Tools that scale

Virtual credit cards

Team members don't need physical credit cards to spend online. In fact, virtual credit cards offer a safer and more trackable option.

Each employee can create unique card details from their computer. So no need to share the company card, and no more ghost payments.

Why they scale

- Created from anywhere in the world, by any team member
- Each employee can have their own access in seconds
- Every payment is tracked to the right person and budget
- Receipts uploaded directly to the platform - no email chain
- No paperwork or internal communication required

Debit expense cards

For in-person payments, you still need some kind of corporate card. But not everyone can have the real thing - too risky. Even if you trust your team, you can't afford to have a major issue with the credit card.

Debit expense cards take all of this risk away. Each has its own limit set by a manager or financial controller, and it's not connected to the company bank account. So every travelling team member can have one, and nothing can go wrong.

Why they scale

- Each card is unique and belongs to one team member
- A problem with one card doesn't affect others
- Spend anywhere in the world
- Order new cards easily online

As the company grows, you keep full control over spending without having to micromanage.

Expense automation

Occasionally, team members may be forced to spend their own money on company matters. When this happens, they need an easy and efficient way to claim reimbursement.

Automation lets them record their payment (and the receipt) the moment it occurs. This is sent to their manager for approval, then the finance team for payment. All with a mobile app.

Why it scales

- Removes the vast majority of errors in claims
- Mobile apps walk employees through the process
- Finance teams can process hundreds of claims in moments
- Requires no extra training or communication
- The process is identical for every employee wherever they are

Spending approvals that scale

We've just seen payment methods that scale. But **one of the trickiest aspects of managing company spend is staying on top of managerial approvals.** These are an essential part of the spend process. But done manually, they always mean more work for everyone involved.

This is again where automation always beats the papertrail.

Approvals done manually

This is the typical approval process in most smaller companies :

- Employee needs to pay for something. They ask their Budget Manager verbally for approval.
- Budget Manager agrees, and Employee makes the payment.
- Financial Controller sees that payment was made on company credit card. They email the whole company to see who made the payment - usually at end of month.
- Employee replies, copying in Budget Manager.
- Budget Manager agrees that they approved this payment and that it comes from their budget.
- Financial Controller can now reconcile this payment.

This requires the Financial Controller to go out of their way to track down approvals and keep a clear paper or email trail. When the company is small, maybe it's manageable. But when you scale, a few payments turn into hundreds, and this becomes completely unworkable.

Automated approvals

By contrast, automation keeps all of the necessary touchpoints but without costing time :

- Employee creates a payment request inside the software from anywhere
- Budget manager sees this request and can approve or deny
- If approved, Employee makes the payment and uploads a receipt
- Financial Controller reconciles this payment at the end of the month

Every important detail and interaction is recorded, and there is never a question of who authorised the payment or which budget it should come from.

Clearly, scaling companies need a way to automatically record approvals at the time of payment. This lets the company operate smoothly, and keeps your finance team sane.

Golden rules for scaling tools

As you move into this new period of growth, you'll need new software to manage key business processes. You'll get a platform for payroll, one to **manage expenses**, another for invoicing and **accounts payable**, and so on.

Every employee (including the ones that haven't arrived yet) will soon rely on them as the only way to complete a given task. Which means they need to be good.

Here are seven golden rules to help as you search for new tools.

#1. Decentralise wherever possible

Any software that impacts the vast majority of employees should ideally be managed by those employees themselves. Otherwise, when that one person is away sick or on vacation, the company turns into a scrambling mess.

This is really the core idea behind Spendesk. Employees know their own spending needs better than your finance team or CEO does. They should be able to purchase their own software and arrange their own business trips.

Because if you still rely on just three company credit cards, you'll always have the same problem: when the card is away, nobody can pay.

#2. Keep it in the cloud

Most startups are already well aware of this, but CD-ROMs don't scale. If you can't access a tool or software from anywhere, new hires are going to have even bigger problems.

Choose tools that you don't need to download. Even better, **make sure they work on mobile and tablet.** Because you never know when a team member's going to need to look something up from the back of an Uber or in an airport lounge.

#3. Reliability is a must

If your data is going to be hosted off-site, you need to be sure that it'll always be there when you need it. Not only that, but platforms need to be fast to load and quick to navigate around.

Even software that's completely browser-based can still be slow and clunky. And you don't want hundreds of employees losing time (and the will to live) as they search through a CRM or asset database.

Before you sign on with a software provider, it's worth reading a few reviews to make sure that they're reliable. Check their ratings on **Capterra** and **G2**, and look specifically for mentions of crashes or down time.

#4. Users should onboard themselves

Showing new employees the ropes is important. But there are so many internal processes to learn, and **the vast majority of information is quickly forgotten.**

When adding new tools, make sure that users can set themselves up quickly and easily. This is especially important for company-wide software: payroll, for example.

The HR manager doesn't have time to arrange a meeting or explain the process for the hundredth time. Choose software that helps you avoid this.

#5. Integrations are crucial

Your sales team doesn't use the same tools as HR, and neither does the product team. If you don't already, **you'll soon have dozens (if not hundreds) of platforms** on which your teams rely.

And while some of these work well in isolation, you'll likely need data to pass easily from some tools to others. If they can **integrate smoothly** with one another, you'll be far better off.

When it's time to add something new, **see which tools would slide nicely into the stack you already have.**

#6. The more intuitive, the better

For the same reason that users need to be able to onboard themselves, the software you choose needs to be as intuitive as possible. You simply don't have time to teach everyone how to use every tool. **And every little question from a new user to their manager adds up.**

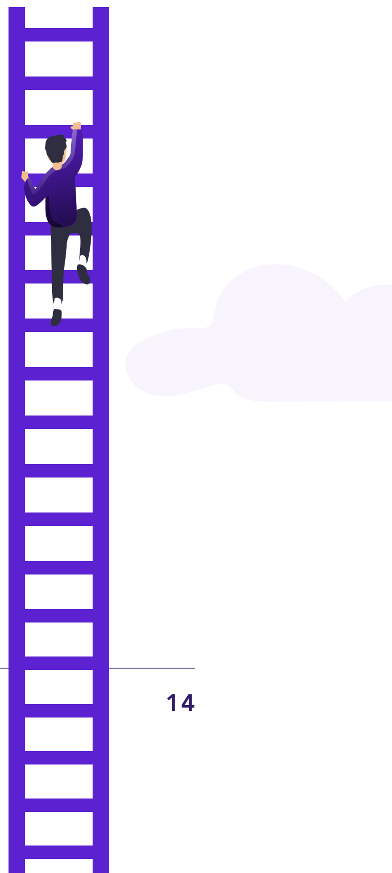
So favour platforms that show them what to do from the moment they log in. Uncomplicated dashboards, clear headings, and obvious navigation are so important.

#7. Knowledge should be readily available

This is both a golden rule and a software recommendation. **Create a knowledge base today**. And then, emphasise the importance of documentation and knowledge sharing as often as possible.

When you're small, you everybody knows pretty much everything about the company. A lot of processes and strategies are stored in your team's brains. But soon you'll be adding team members faster than you're ready for, and **knowledge simply won't flow the same way.**

As long as you have a good culture of documenting processes, your knowledge centre will grow organically and allow every new employee to find what they need easily.



The scalable spend checklist

Is your company spend culture ready to ramp up? Check whether you meet the following criteria.

- Every employee knows how to pay at work, and doesn’t need to bother the finance team.
- Our team members don’t need to spend their own money on company expenses.
- We track payment approvals easily, without relying on long paper trails or email chains.
- We don’t use the same 3-5 company credit cards to pay for all subscriptions and online spending.
- All receipts and invoices are digitised, and there is no manual data entry for our finance team.
- If necessary, team members can claim reimbursement quickly and entirely without physical paperwork.
- We can spend in different countries easily, and we have expense cards loaded with the currencies we need.