

3 key areas of decentralised spending that need to be proactively managed

The benefits of being proactive

In large organisations, there are two broad categories of spending: centralised and decentralised. While centralised spending is often predictable and easy to forecast, decentralised spending is a much tougher proposition. So where does decentralised spending occur and how do you identify it?

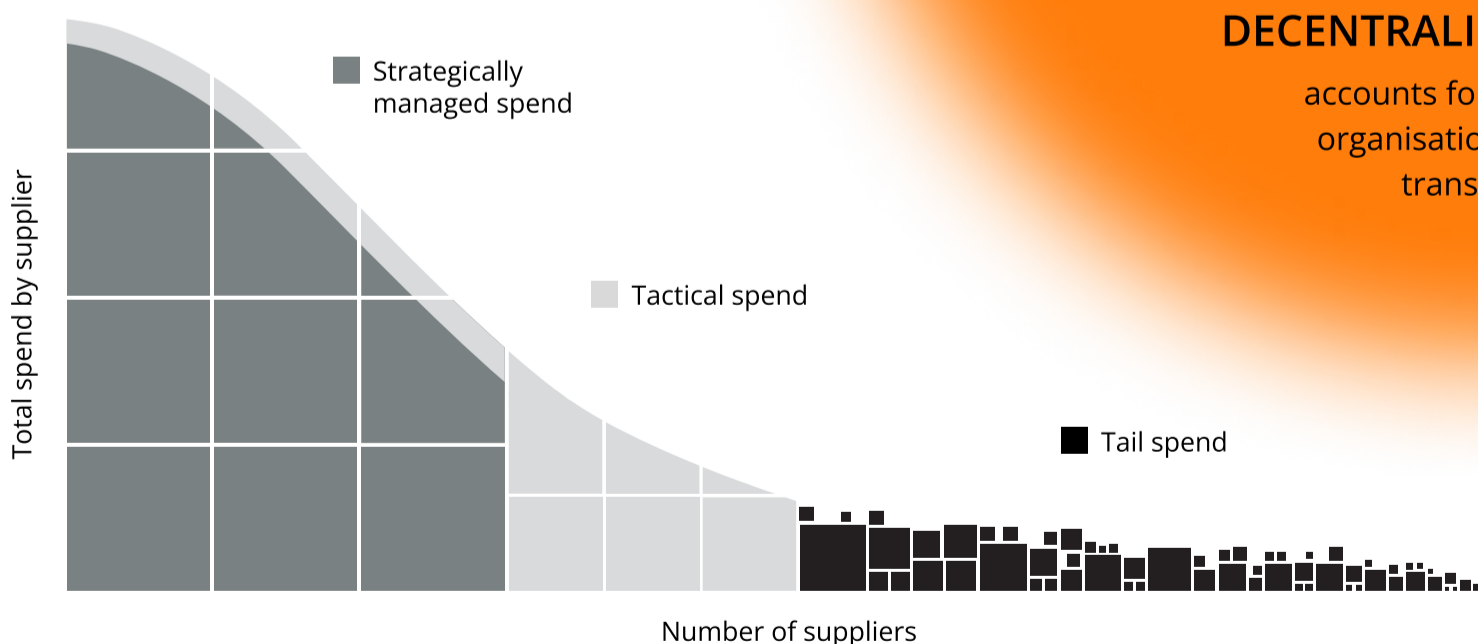
Decentralised spending usually happens ad hoc, as and when it is needed, and often outside of central procurement processes (centralised spending). This can lead to a lack of visibility and control, making it essential for finance teams to proactively manage decentralised expenditure.

Decentralised spending needs greater management and planning

CENTRALISED SPENDING

accounts for 20% of most organisation's spending transactions

Decentralised Spend Management



DECENTRALISED SPENDING

accounts for 80% of most organisation's spending transactions

This guide outlines three key areas of decentralised spending: unpredictable team spending, planned team spending and nomadic employee spending – and offers practical strategies for managing them effectively with Soldo's spend management platform.

Unpredictable Team Spending

Must-happen expenses to get the job done

Unpredictable team spend refers to the ad-hoc purchases that teams must make to complete their tasks. These expenditures are often necessary but difficult to forecast, making them a challenge for finance teams. For example, a marketing team might need to purchase last-minute advertising space to capitalise on an unexpected opportunity, or an IT team might require additional software licences due to sudden project demands.

How to proactively manage it

1. Set clear spending limits

Establish clear guidelines and spending limits for each team. This ensures that while teams have the autonomy to make necessary purchases, they stay within a controlled budget.

2. Real-time tracking tools

Implement Soldo's real-time spend management tool to monitor spending as it happens. This enables quicker responses to any overspend and provides better visibility into where funds are going.

3. Use automation to your advantage

Soldo helps you introduce automation at each step of the process to eliminate manual chasing by sending automated reminders to attach receipts and compile information.



Unpredictable team spending example

A product development team may need to purchase new testing equipment when a prototype encounters unforeseen issues. By having a pre-approved budget and clear communication channels, expenses can be managed without disrupting your overall financial plan.



Planned Team Spending

Sits outside of structured procurement processes

Planned team spend includes purchases that are anticipated and necessary but do not fit neatly within a structured procurement process. These might involve recurring costs, like subscriptions to industry journals, specialised training for team members or supplies unique to a particular project.

How to proactively manage it

1. Empower employees with the power to spend

Develop policies that accommodate the unique needs of different departments while maintaining overall financial oversight. The goal is to give every employee the autonomy to spend as needed. Set clear parameters and predefined limits.

2. Grant access with granular control

The ability to automate and assign budgets based on spending rules gives your team the control it needs. Soldo's spend management system helps apply these rules through pre-programmed company cards. Soldo lets you give spenders access to recurring standard budgets based on historical spend levels.

3. Easily capture receipts

Soldo offers immediate receipt capture and real-time spend notifications - so you no longer need to approve every single transaction. The system automatically flags any discrepancies by analysing receipts and matching them against transactions.



Planned team spending example

A research team might require a new, specialised tool unavailable through the standard procurement channels. With a flexible policy in place, the purchase can be made efficiently without sacrificing financial oversight and control.



Nomadic Employee Spending

Time and expenses on behalf of the business

Nomadic employee spend refers to travel and entertainment (T&E) expenses incurred by employees on the move, such as sales representatives or executives. These expenses can quickly add up and are often spread across numerous small transactions, making them challenging to track.



Nomadic employee spending example

A sales team frequently travels to meet clients and needs to cover meals, transportation and accommodation. By using Soldo's spend management tool, finance teams can track these expenses in real-time and ensure they align with company policies.

How to proactively manage it

1. Use corporate payment cards

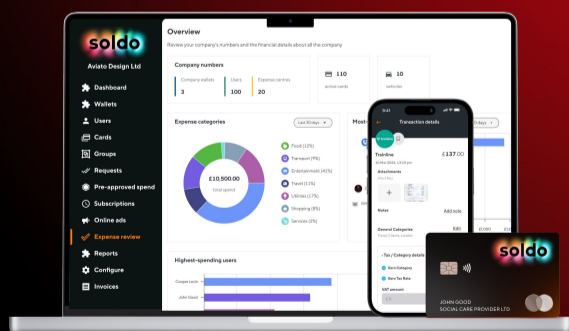
Giving employees access to pre-programmed cards which draw down from pre-approved budgets is a great way to ease the burden of expense claim admin. Soldo helps you issue and manage spend seamlessly.

2. Offer greater freedom with pre-approved expense categories

Define clear categories for pre-approved expenses, such as meals, transportation and accommodation. Soldo's spend management platform makes categories easy to set up, customise and continually manage.

3. Integrate with other line-of-business systems

Soldo's spend management platform can integrate with your ERP, payroll or finance system to manage deductions and reimbursements. Integration with your accounting/ERP systems can eliminate manual reconciliation tasks, saving time that can be used more productively elsewhere.



Soldo: The proactive way to manage decentralised spending

Progressive Finance uses spend management tools to deliver real-time visibility, enable early intervention in financial risks, automate routine tasks and empower employees.

Soldo combines a powerful spend management platform with pre-programmable cards to simplify business spending. Make Soldo an essential part of your Progressive Finance strategy.

Talk to Soldo today

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Liberate finance.
Accomplish more.