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**Beyond The Balance Sheet:**

The Top Challenges Facing Finance Teams

2021/2022



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## SURVEY DESIGN

# Methodology

We conducted a 10-minute online survey in the US, from April 16 to May 3, 2021.

We spoke to a total of  $n=500$  finance professionals in order to understand the challenges they face in their work lives, especially related to traditional, manual expense management processes.

To qualify for this study, respondents had to be...

- Aged 25+
- Employed full-time in their company's finance department at the manager level or higher
- Working at a company with between 50-5,000 employees





## EXECUTIVE SUMMARY

*Finance professionals face a growing list of challenges that prevent them from being as productive as possible and add lots of "busy work" to their days. Most are facing hurdles and dealing with frustration as they deal with outdated tools and technology, with employees who (mostly unwittingly) violate spend rules, and fluctuating company policies in light of the pandemic. Many even admit they lack confidence in some of the numbers they are reporting.*

*Moreover, basic but critical tasks like processing expense reports have become extremely time-consuming. With changing company policies over the past year, finance teams have observed an increase in employee errors and subsequent rejection of reimbursement requests.*

*All this leaves finance professionals with less time for the higher-order work that they would like to take on for their companies. These professionals are eager to make their teams more efficient and profitable. They believe that reducing tedious, manual finance processes and implementing more automated solutions will increase their productivity and free up their time to focus on more strategic work.*



***FINANCE PROFESSIONALS SPEND MORE THAN HALF OF THEIR TIME CARRYING OUT REPETITIVE TASKS, PREVENTING THEM FROM FOCUSING ON MORE STRATEGIC PRIORITIES AND LEAVING MANY LACKING THE CONFIDENCE IN THEIR NUMBERS***

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Finance professionals today are burdened by a plethora of challenges as they endeavor to tackle their mounting to-do lists. As companies have shifted to new work patterns in light of the pandemic, this has shone a light on the sometimes inefficient processes and insufficient tools that finance professionals deal with every day.

These professionals are frustrated by a lack of digital tools and automated solutions that could make their days more productive, their inability to access financial data in real time, and the pains of working apart from their team members.

All of this is leaving them feeling insecure about the numbers they are reporting each month.

A close-up photograph of a person's hand holding a blue pen, poised to write on a document. The hand is wearing a grey, textured sweater sleeve. The background is softly blurred, showing a desk with papers and a white mug. A semi-transparent white box is overlaid on the top left of the image, containing the statistic '42%' and a short paragraph.

# 42%

finance professionals report that they have to spend lots of time doing admin tasks outside of their job description

When it comes to challenges that finance professionals have encountered in their jobs, lack of efficiency is top of mind, whether that means spending unnecessary time on tedious, repetitive tasks or using inefficient tools.

Forty-two percent of professionals report that they have to spend lots of time doing operational administrative tasks that are outside their job description and don't utilize their skillset, while 40 percent say the same about attending unproductive meetings.

**Inadequate investment in tools and technology to make their jobs more efficient is also a problem.** Many professionals cite the lack of access to digital tools and infrastructure (37%) and the lack of automated solutions (35%) as key challenges, along with the inability to access financial data in real time (34%).

- Finance professionals working at larger companies (1k-5k employees) are particularly frustrated by lack of access to digital tools (44% vs. 33% for smaller companies\*) and automated solutions (42% vs 31% for smaller companies), as well as the inability to access financial data in real time (46% vs. 28% for smaller companies).
- Millennial professionals at organizations of all sizes feel similarly – as 43% struggle with the lack of useful digital tools (vs. 26% for older generations), while 41% lament their inability to access financial data in real time (vs. 23% for older generations).

\*Companies with 50-999 employees

## Top Job Challenges



**Finance professionals spend more than half their time carrying out repetitive tasks, all while dealing with inadequate staffing and management issues.**

In fact, finance professionals contend that they spend 55% of their time each month doing the same, identical tasks over and over, largely due to inefficient tools and lack of automated solutions.

This leaves finance professionals with less time to focus on other areas of their jobs. This is compounded by issues like insufficient staffing across teams (34%) and misalignment of goals and objectives across different functions and departments (33%).

Moreover, with the recent uptick in remote work over the past year, more than one-quarter (26%) acknowledge that not having their teams working at the same location has created difficulties.

## Weekly Task Time Spend

	Hours spent/week	Ideal hours spent/week	Difference
Transactional accounting	4.89	4.01	-18%
<b>Reconciliation</b>	<b>3.67</b>	<b>3.08</b>	<b>-16%</b>
<b>Record keeping</b>	<b>3.8</b>	<b>3.25</b>	<b>-14%</b>
<b>Expense report management</b>	<b>3.41</b>	<b>3.01</b>	<b>-12%</b>
<b>Business expense fraud monitoring</b>	<b>2.86</b>	<b>2.53</b>	<b>-12%</b>
Advising/sourcing longer-term financing	2.69	2.4	-11%
Cashflow management	3.41	3.09	-9%
Financial reporting and analysis	5.97	5.51	-8%
Tax management	2.8	2.62	-6%
Budgets and forecasting	3.95	3.81	-4%
Capital investment management	2.84	2.74	-4%
Purchasing approval processes	2.91	2.86	-2%

**Many of the tasks that are the most time-consuming are also the ones where they wish they could increase efficiencies.**

Finance professionals spend nearly 55 hours each month dealing with reconciliation, record keeping, expense report management, and business expense fraud monitoring alone – translating to about 7 business days of their time. They wish they could reduce the time spent on these tasks by 14%. This would help free up their days for more interesting, strategic work.

On average, finance teams spend

# 40.2 hours

completing month-end close

One of the most time-consuming tasks for finance professionals is month-end close. On average, this process takes finance teams 40.2 hours, and more than 1 in 4 finance professionals indicate their teams take 50 hours or more. Nearly 1 in 10 (9%) acknowledge month-end close can take upwards of 100 hrs+.

- Those who work at mid-size companies (500-999 employees) are the most burdened, spending 43.1 hours on average. A quarter of them (25%) claim they spend 56 hrs or more on month-end close, and 13% report spending 100 hrs+.

## Average Time Spend on Month-end-close (hours) by company size

### Small Companies

50-499 Employees

**37** hours

### Large Companies

1,000-5,000 Employees

**41** hours

### Medium

### Companies

500-999 Employees

**43** hours



**36%**

are not very confident that the numbers they report at month-end close are 100% accurate

Despite all the time finance teams spend on month-end close, they don't feel totally secure about their work.

Thirty-six percent of finance professionals indicate they're not "very confident" that the numbers they report at month-end close are 100% accurate.

Nearly 1 in 2 are not very confident that they could easily report on month-to-date spend at a moment's notice if asked by company leadership (49%), or that they could easily create an accurate report of up-to-date actuals versus budget and share it with department leaders at any time (44%).



## ***PROCESSING EXPENSE REPORTS IS A MAJOR HEADACHE AND TIME DRAIN FOR FINANCE PROFESSIONALS – AND CAN HAVE MAJOR CONSEQUENCES FOR A COMPANY’S BOTTOM LINE***

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Processing expense reports takes up a lot of time for finance professionals, especially when employees (senior executives in particular) lack understanding of company policies and processes. Much of their days are spent sending submissions back, asking for missing receipts, revising documentation, or even gently reminding employees what is considered “in policy.” Overreliance on outdated, manual processes, like spreadsheets and paper forms exacerbates the tedium.

All of this means that finance professionals are spending an average of 23 hrs/month – nearly three workdays - processing expense reports alone. Despite these frustrations, the pressure to do their jobs right is enormous, with most companies admitting they pay out tens or even hundreds of thousands of dollars each year in expenses that fall outside of policy.



Finance professionals claim that

**42%**

of company employees make business purchases over the course of a year

**A significant number of employees incur expenses each year.** In fact, finance professionals indicate that about 42% of employees at their companies make business purchases in a given year. For those working at mid-sized companies (500-999 employees), this rises to 46%.

**Many expenses are flowing through employees' personal cards – adding complexity to verifying expenses and increasing the pressure to reimburse quickly.** These teams end up paying out an average of \$32,210/month in expenses made on employees' personal credit cards.

**The number of individual reports that finance professionals process each month is growing.** On average, finance teams receive 39 expense reports a month, but some groups are flooded with even more. At large companies (1k-5k employees), this number rises to 45. And about 1 in 3 (31%) finance professionals say they are processing more submissions than before.



**Processing a single expense report takes time and patience.** In fact, it takes finance professionals 35 minutes on average – becoming a major time hog in their busy days. At large companies, this average rises to 40 minutes.

With finance professionals processing an average of 39 expense reports at 35 minutes apiece, this means they are spending nearly three business days (23 hrs) on expense report processing alone each month. And those at large companies are even more burdened – spending just under 4 business days (30 hours/month) on this task alone.

Often, these reports are completed incorrectly the first time around. Finance professionals have to send back almost a quarter of submitted reports to employees to address issues like correcting or updating erroneous information (26%), filling in missing information (25%), and uploading missing receipts (24%).

**And there are numerous hurdles they face when they are knee-deep in the process.** Nearly all (95%) finance professionals indicate they encounter challenges when processing expense reports and invoices. It's no wonder that nearly 3 in 4 (72%) admit that processing expense reports is one of the most frustrating parts of their jobs.



**Many of these issues stem from a gap in employee understanding of the process and policies.** According to finance professionals, the biggest challenges they face processing expense reports include the employees' lack of awareness of company spend policies (38%), their difficulty uploading receipts or documentation (32%), and mis-categorizing expenses (32%).

Finance professionals also struggle with ensuring employee spend is compliant with company policy (31%) and receiving surprise invoices that impact cash flow (30%).

**Mistakes and inaccuracies in expense reports are frequent.** Common errors include missing receipts (51%), misclassification of expense type (49%), missing required approvals (41%), incorrect transaction amounts (36%), and submissions that don't match the charges (35%).

**Some employee errors stem from a lack of awareness.** More than 3 in 4 finance professionals (78%) assert that many company employees are unaware of the entire spend policy, and 2 in 3 (66%) believe that employees are more likely *not* to follow protocols than to follow them when it comes to expense reports.



**Company executives are often the biggest culprits.** In fact, 70% of finance professionals contend senior-level executives poorly manage their expense reports, and 65% claim that they knowingly ignore policy. Meanwhile, junior staff are more diligent on average – 81% of finance professionals agree that junior-level employees take their expenses more seriously than their senior counterparts.

**Non-compliance with company spend policy is an expensive issue.** Finance professionals report that on average, their companies spend \$84,980/year on purchases that are made outside of policy. For larger companies (1,000-5,000 employees), this rises to \$113,250/year.

Overall, 13% of finance professionals admit their companies spend more than \$200,000/year on out-of-policy spend (this is true of nearly 1 in 5 of those working at larger organizations)



**Over-reliance on outdated, manual processes is also a source of frustration.** Nearly 1 in 3 complain that challenges their team has experienced include auditing expenses using traditional methods like paper and spreadsheet-based systems (29%), reliance on manual data entry (29%), and manual accruals causing delays on the financial close (28%).

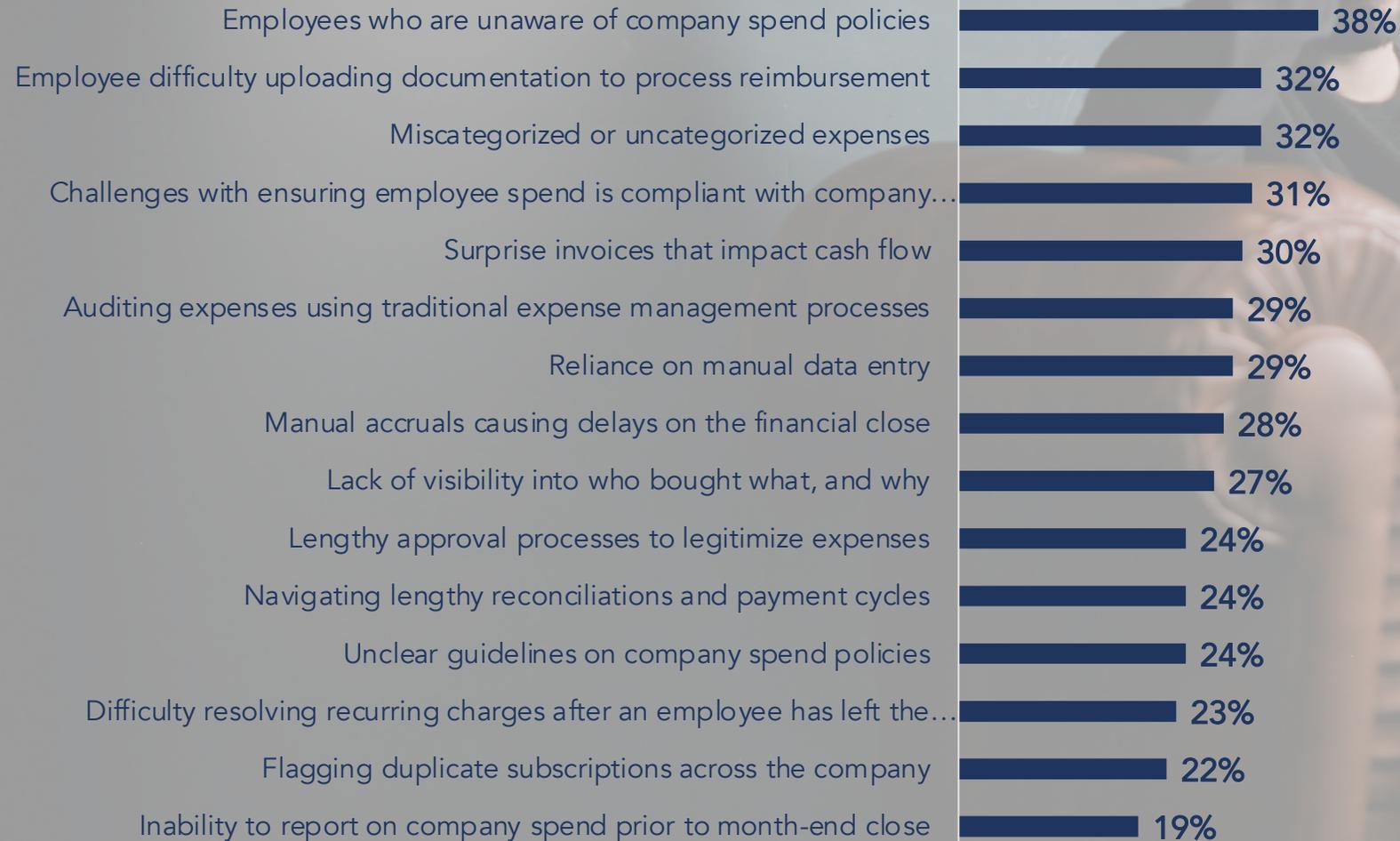
- *Those working at larger companies are even more fed up with paper or spreadsheet-based processes for auditing expenses (35% vs 26% for smaller companies\*), along with Millennial finance professionals (32%, vs. 27% of Gen X and 15% of Boomers)*

**Procurement policies can also cause headaches for finance professionals.** Nearly 1 in 3 (31%) grumble that employees spending out of policy is an issue. More than a quarter say approval processes can be slow (28%) and that they have trouble enforcing approval limits based on employee levels (27%).

\*Companies with 50-999 employees

When it comes to processing expense reports and invoices, finance professionals face a variety of challenges.

### Top Challenges Faced when Processing Expense Reports





## ***THE PANDEMIC HAS UPENDED COMPANY SPEND POLICIES AND PROCEDURES AND ADDED MORE TO FINANCE PROFESSIONALS' PLATES***

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*More than 9 in 10 (91%) finance professionals indicate that their company's employees have had to work at home at some point during the past year due to the pandemic.*

*As a result, many organizations have temporarily or permanently changed their spend policies – opening the categories of permitted expenses to include basic office items that used to flow through a centralized procurement process and brand-new perks.*

*With more employees submitting for reimbursement than ever before, these policy changes have added to finance professionals' workloads just as they, too, are adjusting to working from home.*

Expense reporting was already complicated enough, and now finance teams are having to contend with changing policies and procedures due to the pandemic. Nine in 10 (90%) finance professionals report that their companies have allowed employees to expense new things over the past year in light of the Covid-19 pandemic.

Nearly 1 in 3 (31%) finance professionals say these drastic changes in spend policies have added an additional layer to their jobs when they legitimize an expense – this rises to 35% among those working at medium or large companies (500-5k employees), compared to 25% among those working at smaller companies.

# 90%

of finance professionals report that their companies have allowed employees to expense new things due to the COVID-19 pandemic



Among finance professionals whose companies' expense policies have changed,

**52%**

report they can now expense basic office supplies



Among those whose companies' expense policies have changed, many new allowances are permitted to make the home office more comfortable.

This includes expensing basic office supplies (52%), new office hardware and equipment (48%), an upgrade in faster internet connectivity or mobile data plans (42%) and business furniture (37%).



**52%**

Basic office supplies



**48%**

Office hardware and equipment



**42%**

Connectivity upgrades



**37%**

Business furniture

**Other expenses consist of more employee perks and rewards.** In fact, of those finance professionals who report their companies have allowed employees to expense new things because of COVID, meals at home (34%) and wellness subscriptions or virtual fitness classes (30%) have been approved. Some organizations (34%) are even allowing their employees to expense at-home utility costs.



**34%**

Meals at home



**34%**

Utilities



**30%**

Wellness/Virtual  
Fitness  
Subscriptions

Among finance professionals whose companies' expense policies have changed,

**34%**

report they can now expense meals at home



With all of these policy changes, more employees are submitting expenses and using their personal cards to do so – adding to the workloads of finance professionals as they increasingly deal with colleagues who are less familiar with finance policies and procedures.

Close to 1 in 3 (31%) report that more employees are submitting expenses these days. This number varies based on company size:

**More Employees are Filing Expense Reports than Before**  
*by company size*



Additionally, 36% of finance professionals say that more employees are using their personal cards, putting more pressure on them to pay out reimbursements quickly.

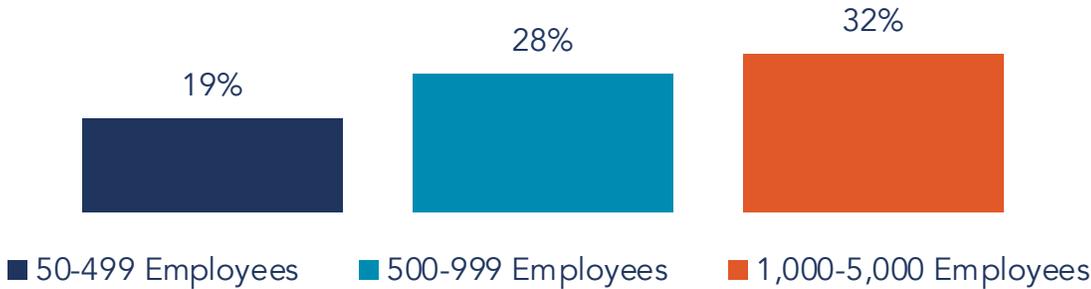


Nearly  
**1 in 3**  
finance professionals report that employees are submitting more expenses than before

All these shifting policies and procedures have caused an increase in errors and headaches with which finance professionals must contend.

Nearly 1 in 3 (31%) report that there are more inaccuracies in expense reports (31%), and 1 in 4 (26%) contend that more submissions are being rejected than before. This number varies by company size:

**There are More Unapproved Expenses Being Rejected than Before**  
*by company size*



With this increased workload, finance professionals acknowledge it's taking them longer to get through expense reports and close the books at month-end (34%). And all of this is occurring while they get more frequent requests to report on actuals (33%).



Nearly  
**1 in 3**  
finance professionals report that they are seeing more inaccuracies in expense reports



***FINANCE PROFESSIONALS ARE EAGER TO MAKE THEIR TEAMS MORE PRODUCTIVE, AND KNOW THAT REDUCING TEDIOUS AND ERROR-PRONE MANUAL PROCESSES IS THE WAY TO GET THERE***

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*Finance professionals have a laundry list of desired improvements that could help them do their jobs better – and they all boil down to getting proper support from management and increased investment in digital tools and automated solutions.*

*Increasing efficiency and reducing errors would free these professionals up to focus on higher-order goals like long-term strategic planning and business development and growth.*

**Finance professionals know what would help them do their jobs more efficiently.** They want executive management to better reinforce company policies (41%), and they also want to reduce the number of manual processes (37%) and paper invoices (36%) they handle. They'd like to increase real-time visibility into employee spend data (34%), invest more in spend management software (33%), consolidate spend information and activities on a single digital platform (32%), and automate the enforcement of company purchasing policies (32%).

- *Millennial finance professionals are the most eager for some of these changes: 38% want more investment in software (vs. 29% of Gen X and 12% of Boomers), and 37% want consolidated spend information on a single digital platform (v. 24% of Gen X and 27% of Boomers)*

**Finance professionals are eager to improve the way their teams operate.** When thinking about their team's top business priorities heading into the next fiscal year, more than 9 in 10 want to improve business continuity processes (95%), create more efficiencies within their department (94%), and implement a good infrastructure around real-time tracking and reporting of expenditures (93%).





**91%**

**of finance professionals want to see new systems or processes added to speed up time-to-close**

Many of their priorities center on increasing efficiency and investing in productivity-driving software and technology solutions. This includes improving finance operations by adding new systems or processes to speed up time-to-close (91%), supporting employees with a robust software-backed program that reduces the torment of manual processes (90%), and automating existing spend management processes for better visibility and control over all non-payroll spend (86%).

- *Millennials are more concerned about improving operations than their older counterparts. They feel strongly about adding new systems or processes to speed up time-to-close (95% vs. 84% for older generations), adding a robust software-backed program that reduces manual processes (93% vs. 84% for older generations), and automating existing spend management processes for better visibility and control over all non-payroll spend (92% vs. 77% for older generations)*

If they could increase spend management process efficiency, finance professionals would be free to tackle other priorities. They assert that they would spend that extra time improving other departmental processes (56%), focusing on strategic long-term planning (49%), leveraging financial metrics and data to create more accurate business insights (48%), and focusing their resources on business development and growth (47%).

# Appendix

## ABOUT THE SURVEY

# Quantitative Methodology

### Sample

This survey was fielded among n=500 finance professionals aged 25+ in the United States. Respondents all hold manager-level or above positions at companies with 50-5,000 employees.

The survey was conducted online during the period of April 16 – May 3, 2021 and has a margin of error of +/- 4.4%.

### Methodology

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.4 percent, from the result that would be obtained if interviews had been conducted with all personas in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.

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