

# Control Your Spend:

Financial Automation  
and Spend Management  
in Construction

briq

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# 1 Introduction

Nearly every contractor experiences challenges at some point with cash flow and financing. There are multiple causes, including the typically cyclical nature of the construction industry. Even if a contractor is working regularly, they face challenges related to financing. For example, owners may be slow in making payments. Also, erratic payments are typical.

**42%** of contractors pay their subcontractors and suppliers **before** they are paid by their customers.

*Source: Levelset and Quickbooks, 2019 National Construction Payments Report*

Many construction projects are victims of cost overruns. When a project goes over budget, contractors may see their expected profit dwindle or disappear, depending on how the contract is structured. Unexpected dips in profit can cause dire financial issues. Because such issues are related to both expenses and revenue, tracking and staying on top of finances is a constant battle for general contractors. It leaves those affected wondering what can be done to improve construction finance.



## 2 What is a financial automation platform?

A financial automation platform is finance 2.0. It is a tool that tracks every dollar spent by a company. This allows construction companies to recognize what, where, when, and how the business is using its money.

Knowing this information helps construction companies make smarter business decisions. By using an financial automation platform any construction company can get a better understanding of their spend through spend management.

### What spend management tracks:

- Accounts payable
- Employee expenses
- Corporate cards

### Why spend management works:

- Real-time reporting
- Approval workflows
- Financial automations



# 3 The three areas of spend management

Spend management focuses on accounts payable, employee expenses, and corporate cards in one place with automated workflows and real-time updates.

## ACCOUNTS PAYABLE

Automated accounts payable solutions exist to track and manage bill payments. But these systems silo bill payments and don't capture the full story of a company's spend.

When multiple systems need to be used for different tasks — like invoices, expenses, and corporate cards — the AP team needs to spend time on conducting reconciliations. Overall this approach still means financial periods are hugely time-consuming, and reporting on real-time spending is difficult, almost impossible.

Smart financial automations **save time** and make tracking spend easier.

**Free up time and resources** for your AP team with a spend management system that can **automate important tasks**:

- Extracting information from traditional POs and invoices.
- Reporting of spend in real-time by type, department, and individual.
- Creating bills from invoices.
- Inputting vendor details.
- Syncing to a company's general ledger.

With multiple contracts in various stages of the construction process and different subcontractors and owners on each project, tracking accounts payable is a big challenge for general contractors. So, having a financial automation platform with a comprehensive accounts payable feature is a huge advantage.

## CORPORATE CARDS

For the finance department, tracking spend on cards can be a significant challenge. Traditionally, there may be one or more cards for each department.

Determining who uses it and for what purposes is a time-consuming process for the finance team.

These details are necessary for reconciliation and spend management purposes.

Financial automation platforms address issues related to the traditional corporate card. By having —physical or virtual — corporate cards connected directly to the financial automation platform, managers have real-time insight into employee spend. Finance teams can set controls and limits on the cards and have the ability to update them instantly. This feature also saves time when it comes to reconciling.

Connected cards sync directly to the financial automation platform and through that to the general ledger. This makes **reconciling and auditing easier**.

### Control features of cards

- Spend limits
- Time limits
- Vendor limits
- Improved record keeping
- Real-time insight

## EMPLOYEE EXPENSES

Often, companies – including general contractors – allow employees to use their own money to buy work-related items and services. To be repaid for a business-related expense, employees need to submit documentation to confirm the purchase and cost of the item or service.

As with corporate credit cards, financial and accounting teams may have to chase receipts and play detective to make sure items and services are properly recorded. Another challenge is delays in receipt of documentation from busy employees, which can lead to the finance department needing to edit previously released statements.

By integrating into a single spend management platform, your construction company is better able to **control and monitor spend**.

There is software that allows employees to upload receipts for expenses but it tends to be cumbersome for the financial team and the employees. Employee expense reimbursements under the spend management system umbrella can be tracked, analyzed, and managed with ease.



# 4 The three benefits of spend management

## 1. REAL-TIME REPORTING

Owners expect their projects to be built on budget and on time. Yet, delays and budget overruns are the norm on construction projects. Therefore, general contractors who meet owner expectations are in greater demand and are more profitable.

Effective and thorough spend management can help your general contracting company keep projects **on budget** and be in **greater demand**.

A spend management system offers real-time expense reporting which empowers your company to move quickly and make decisions in real time rather than waiting till the end of the month, quarter, or other timeframe.

It will be clear how a project budget is tracking and where actual expenditures are exceeding forecasts. With construction projects potentially costing hundreds of millions of dollars and beyond, quickly recognizing excessive expenditures can lead to massive savings and keep a project from going over budget.

### When spend is effectively managed:

- Excessive spend in a specific area is **detected earlier**.
- Finance teams **save time** searching for excess spend.
- Projects get back, or remain, **on budget**.

How does a financial automation platform make this possible? With expenses captured in real time throughout the workflow, data is synced with the GL and instantly updated. Therefore, the platform has the data to create a clear and thorough picture for management to review, so they can act accordingly.

## 2. FINANCIAL AUTOMATION

Automation is a standard feature on many accounting and financial-related technologies. And of course it should be, as the benefits are obvious. Human error is reduced and the finance department saves time.

The time saved allows finance to focus on higher-level work, so a company can be more agile.

A lot of manual work for finance teams in construction is the reconciliation of financial information across vendors, projects, and expenses. With better spend management and financial automations, more time can be spent **reviewing projects** and gaining **insights** for future business decisions.

An effective financial automation platform eliminates the need to reconcile multiple systems. It's a holistic solution that supports the three functional buckets of spend management: accounts payable, corporate cards, and expense management. In addition to keeping tabs on all expenditures in one place, the solution should automatically categorize expenses.

### 3. APPROVAL WORKFLOWS

Managing spend starts with a well-defined approval process. This will enable your company to get a handle on spend. This translates to an approval process either before expenditures occur or afterward.

For compliance, every company should lay out the parameters of the approval process, such as tracking who made purchases and for what purpose, along with who is authorized to approve expenditures. Automated approval workflows ensure the process is completed correctly and on time.

With a financial automation platform, approvals can also be filtered through settings to make sure each **spend complies with the company's policies**.



The approval process creates an audit trail, so the finance department does not have to hunt down additional documentation and can go to the source of the expenditure or the approver when they have questions. Once expenditures are approved in the financial automation platform they become visible to the finance team.

Both steps create significant time savings, so finance teams can focus more on analysis and ultimately provide management with insights and suggestions rather than tracking down payments and keying in expenditures.

Department managers can also budget more effectively. They are fully aware of how their budget is being spent, by whom, and when. They can see the bigger picture around the effectiveness of each spend and adjust as situations demand.



# 5 Benefits of virtual cards

## GREATER SECURITY

Among the benefits is greater security. Since a company predetermines the amount on a virtual card and can tie it to a specific expenditure it is highly secure. Each virtual card has a unique 16-digit number. In addition, because the card is virtual, it can't be stolen or reused.

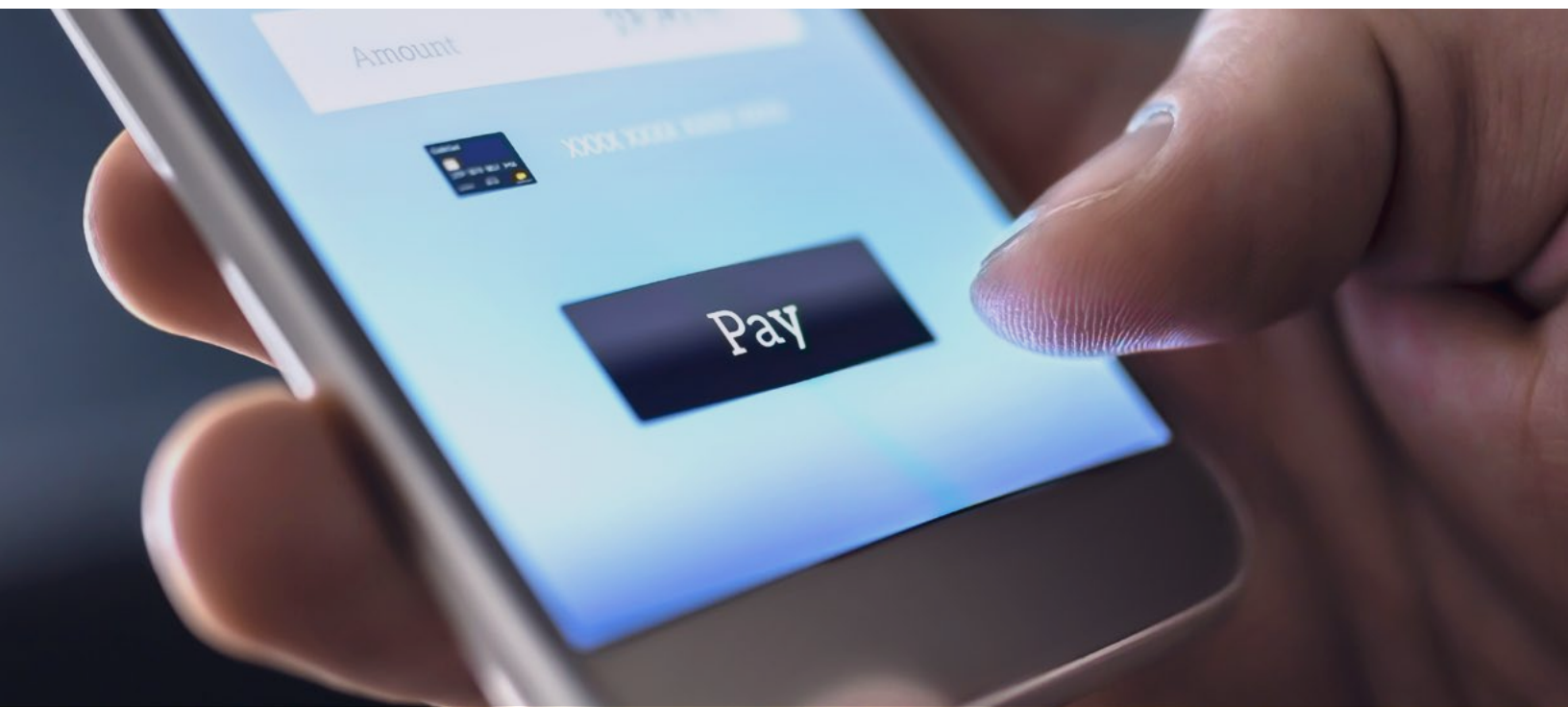
## MORE CONTROL

Because a virtual card is managed by your finance team, it's easier for your company to control. Tracking the expense is easy as the spend creates a full audit trail and can sync directly to the general ledger. There's no waiting and spend can be categorized before issuing a virtual card as part of the approval process. This leads to fewer unexpected submissions of receipts of purchases after money was spent.

## FASTER PROCESSING

Paying expenses with checks incurs costs such as postage and envelopes. Checks are also a slower payment method that requires more staff attention. Payments made electronically via direct deposit and other means may also incur fees. On the other hand, there are no costs associated with virtual cards. Your construction company may even earn cash back and/or rebates when paying expenses with virtual cards. This can potentially lead to earnings generated by the accounts payable department.

Ultimately, virtual cards **make spend more visible**, which makes tracking, managing, and controlling spend easier.



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## 6 Conclusion

For general contractors who work on multiple projects simultaneously in different locations, controlling and managing expenditures is challenging. This necessary task can leave many finance departments frustrated and bogged down. Gaps in knowledge and a lack of information hinder decision-making, leading to projects going over budget and losing profits.

### **Construction companies can benefit hugely from spend management.**

When finance departments have access to essential information they can develop meaningful and powerful insights. This can lead to proactive actions that keep a project performing as initially planned.

Clean up your tech stack with one **easy-to-use** spend management platform.

Consider Briq's spend platform, Briq Cash. It allows general contractors to provide virtual and physical company debit cards to employees. Finance teams and managers can put limits on cards to enable immediate insight into spend and expenses. The cards also offer a points system with bonus points on construction spend. Use Briq Cash, and gain control of expenditures.

Briq is a financial automation platform that enables construction companies to be more efficient and profitable. Briq does this by automating financial workflows, which connect the people, processes, and systems that general contractors use to run their business.



# briq

## Turn data into dollars.

Briq is a financial automation platform that enables construction companies to be more efficient and profitable. Briq automates financial workflows by connecting the people, processes, and systems that contractors use to run their business. By empowering contractors to make better business decisions, hundreds of companies rely on Briq to manage their budget, forecast, and spend.

[Learn More](#)

Contact us for a consultation to see how we can work together. Hint: If you're using Excel a lot, Briq can help.