

Get best practices for increasing efficiency, control and employee satisfaction.



The success stories of industry peers can help you optimize the value of Visa® Commercial card integration in your own organization. This case study highlights the numerous benefits realized by one mid-size company.*

Company Profile

Manufacturer and distributor of bicycles, parts and accessories

This mid-size company manufactures and distributes their products throughout the U.S. and in global markets.

Payments Challenge

Slow, cumbersome T&E reimbursement process

Prior to 2004, the company offered employees a personal liability corporate card for travel and entertainment (T&E) expenses. The personal liability design of the program frustrated employees who traveled extensively for business. The weekly manual expense reporting was time-consuming and inefficient. Many employees incurred interest charges due to the delay in expense reimbursement. Given the lengthy reimbursement time frame, employees often did not charge costlier items such as airline tickets.

Visa Commercial Card Program Goals

Streamline and simplify T&E processes—increase spend visibility

The company’s Corporate Controller initiated an analysis of the potential benefits of a Visa Commercial card program, which is designed specifically for such mid-size organizations. It functions as a corporate “one card” by combining traditional T&E card functionality with purchasing card functionality for procurement processes.

The company’s immediate goals for a commercial card program included:

- Save time on reimbursement processes
- Improve cash management through additional float
- Increase employee satisfaction by streamlining the purchase, reconciliation and reimbursement processes
- Provide the company with greater visibility of employee spend
- Achieve charge volume of \$200,000 per month

Company Statistics

Annual Revenue
\$150 Million

Annual Card Spend
\$10.2 million

No. of Employees
350

No. of Cardholders
235

* For information about the best practices study methodology, see Study Overview on page 4.

Pilot Implementation

Analyze controls, reconciliation process and more

To ensure that a Visa Commercial card program would achieve their goals, the company implemented a pilot program focusing on travel and entertainment expenses. The pilot program helped determine card program design, such as Merchant Category Code (MCC) blocking and transaction limits.

Ten of the company's frequent business travelers were provided with Visa Commercial cards. During the pilot, they tested the issuer's online reconciliation process to ensure the card data feed and GL mapping were accurate.

Program administrators tested individual transaction limits. Limits were increased during the pilot when it became clear that pre-approvals required by hotels, especially when traveling internationally, were higher than the established limits.

Program Rollout

Applying best practices for a successful launch

With the information gleaned during the pilot, the company rolled out their Visa Commercial card program to approximately 150 employees. Their successful launch was due primarily to:

Training

Cardholders were required to attend a training session on cardholder responsibilities, policies and procedures and the new online reconciliation process. The Card Program Manager also communicated the benefits of the new commercial card program to business travelers, including the switch from weekly to monthly expense reporting.

To encourage active participation, employees were quizzed throughout the training and received prizes for correct answers.

Senior Management Support

Endorsement from the Chief Financial Officer provided credibility to the program and encouraged program adoption.

Program Flexibility

Program administrators were deliberately lenient about certain details during the first several months. The intention was to elicit an immediate positive response from cardholders, encourage card usage and minimize initial frustration. For example, the number of blocked MCCs was limited; and administrators did not automatically shut off cards for cardholders who were late in submitting expense reports through the new online reconciliation process.

Program Expansion

Optimizing efficiency, savings and control throughout the organization

With the completion of the Visa Commercial card program rollout, the company realized their immediate goals, including the target of \$200,000 per month in transaction volume. Based on this success, they wanted to identify additional opportunities for incorporating the Visa Commercial card in other payment processes. Their issuer advised them to extend their program to include procurement spend, which added more than 50 new cardholders.

The company implemented a number of best practices for expanding the Visa Commercial card program into their procurement operations:

Identifying Visa-Accepting Suppliers

Working with the Accounts Payable department, the Card Program Manager identified the company's current suppliers that could be paid with the Visa Commercial card. The company's issuer helped them match their supplier list against a list of Visa-accepting suppliers.

“Training went a long way in making the implementation a success.”

“Support from our Chief Financial Officer was key.”

CARD PROGRAM MANAGER

The Card Program Manager and Accounts Payable Manager used the list to prioritize the local Visa-accepting suppliers that were traditionally paid by check. The Accounts Payable department contacted these suppliers to advise them of the new order placement and payment process, while the Card Program Manager communicated the new process to appropriate cardholders.

Targeting Specific Spend Categories

To drive greater efficiency and time-savings benefits, the company analyzed their spending. They identified specific industry categories that should be targeted for Visa Commercial card payment, including:

- Office supplies
- Maintenance, repair and operations (MRO)
- Computer and IT equipment
- Cellular service
- Building renovations and repairs
- Legal services

The company plans to continue evaluating spend categories to identify more Visa Commercial card payment opportunities in the future. Potential categories include annual memberships, taxes and contractors.

Implementing Declining Balance Cards

To further expand their Visa Commercial card program benefits, the company implemented declining balance cards to be used for:

- Event Planning—The company hosts a number of athlete and sponsorship events, many of which cost over \$1 million. Event planners are provided with declining balance cards for their event-related purchases. This results in more accurate tracking and better control and compliance. In addition, the company has used transaction data to negotiate better rates with venues and event suppliers.

- Sponsored Athletes—The company sponsors over 100 professional bicyclists, who receive travel and meal reimbursement. In the past, the manual reimbursement process for the athletes was time-consuming and inefficient. It was also difficult for the company to track spending against each athlete's contracted amount. By providing the athletes with declining balance cards, the company has streamlined reimbursement and increased visibility into the athletes' spend.

Program Benefits

Taking full advantage of a Visa Commercial card program

Four years after implementing their Visa Commercial card program, the company has achieved these benefits:

- Growth in annual card spend from \$2.8 million to over \$10 million
- Significant cost savings through program improvements (identification of Visa-accepting suppliers, targeting spend categories, declining balance cards)
- Reduction in Accounts Payable employee annual time of more than 350 hours, due to the elimination of almost 10,000 manual checks
- Increased card use for airline tickets— with cardholders now willing to purchase tickets weeks ahead, the company is realizing advanced-purchase savings

The company plans to continue optimizing their card program benefits by identifying additional savings opportunities in the future.

“We couldn't imagine going back to a manual expense reporting process with our sponsored athletes.”

“We achieved the results we wanted, and we will keep looking for additional savings opportunities.”

CARD PROGRAM MANAGER

Study Overview

As part of an ongoing commitment to thought leadership in the commercial payments segment, Visa commissioned Deloitte Consulting to conduct a *2008 Visa Global Procure-to-Pay and Commercial Card Best Practices Study* on leading commercial card practices. To identify the best practices, Deloitte conducted 90 in-depth interviews in June and August 2007 with over 60 global/multinational, mid-size and large corporations as well as federal and local government agencies around the world. This information was used to develop comprehensive best practices that highlight leading trends in the market as well as unique practices that organizations have developed to optimize their Procure-to-Pay processes and commercial card programs.

As part of the best practices study, Deloitte identified mid-size companies that demonstrated a strong Visa Commercial card program. These companies were selected for in-depth interviews focusing on the companies' best practices and key success factors.

For more information about Visa Commercial card program benefits, contact your issuer, or visit visa.com/midsize.