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Topic: Thinking about outsourcing your financial aid? 7 key points to consider

## **Introduction**

The key to success with any College or University is to have relevant academic programs, strong faculty, and a well-run administrative support infrastructure. All three must be present to be truly world class. If we all had unlimited time and financial resources being world class would not present a problem, however, most Colleges and Universities have to balance competing demands and limited finances. Ultimately choices have to be made on how to allocate those scarce resources in order to deliver superior curriculum, faculty, and ensure student access whether it be via ground campuses or distance learning programs.

One strategy Colleges and Universities are evaluating is to outsource non-strategic administrative operations such as financial aid with the goal of improving enrollment, improving student service, reducing costs, and ensuring compliance. When done right, business process outsourcing is a valuable tool for Directors of Financial Aid. The outsourcer becomes the administrative engine while the Directors focus on strategy, policy and governance. Smart Institutions have the outsourcer pay for all the specialized application software, processing engines, contact centers, and reporting. This combined with flexible pricing can free-up Institutional capital to spend on faculty and curriculum and help get you to world-class. Ultimately outsourcing has a history of success because of focus, specialized techniques, and economies of scale. These techniques work for Public, Private, and Career Colleges.

Here are seven key points to consider if you are thinking about outsourcing your front office and/or back office financial aid administration.

### **Point 1 – Defined Goals and Objectives**

There must be defined objectives at the Institution and goals for the outsourcing relationship. They should be quantitative where possible. Examples include, conversion rates for prospects to those students processed for financial aid (whether eligible or not); cycle times for processing; etc.

### **Point 2 – Executive Commitment**

The Institutional executives must be committed to successfully pursuing an outsourcing partnership and the entire team must feel this commitment.

### **Point 3 – Dedicated Project Leadership**

Each outsourcing project needs the Director of Financial Aid to drive the process and bring together related parties such as Admissions, the Business Office, and Information Technology. There should be regular meetings, defined timelines, reports, and actions to ensure dates and deliverables are met.

#### **Point 4 – Integration of Institutional Processes and Outsourcer Processes**

Outsourcing companies deploy people, process, and technology to achieve business results. It is important to integrate the College processes with the outsourcing processes to achieve a best practice. A key concept of a best practice process is ‘speed wins’. With equal competitive programs the College that has the financial aid package completed first will be in a stronger position to have that student start at their College. This is because you demystify the process for the student.

#### **Point 5 – Integration of Technology**

Technology is an important tool that works in tandem with people and streamlined processes to achieve a business result. The College and Outsourcing technologies should have smart integration that gets the job done, ensures data is all in one place, and allows for state of the art reporting.

#### **Point 6 – Clear Service Level Agreements**

As part of the contract package there should be clear Service Level Agreements (SLAs) that contemplate cycle times, availability, customer service response times, etc.

#### **Point 7 – Continuous Focus on Improving Results**

There should be a shared commitment by the Institution and the Outsourcing partner to seek ways to improve the business result. This often means tweaking the process, deploying new technology, or adding services.

#### **Summary**

Though outsourcing is not for everyone it can be a great tool for those with limited resources seeking to become world class Colleges or Universities.

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