Justin Draeger:	Hey, everyone. Welcome to another edition of "Director Download." I'm Justin Draeger with NASFAA.
Beth Maglione:	I'm Beth Maglione with NASFAA.
JoEllen Soucier:	I'm JoEllen Soucier, Executive Director of Financial Aid at Houston Community College.
Justin Draeger:	Welcome, JoEllen. We're really glad that you could come join us. How's Houston? Is it hot there still? What's it like in October?
JoEllen Soucier:	Wet.
Justin Draeger:	Are we in hurricane season still?
JoEllen Soucier:	Lotta rain. Yes, we are.
Justin Draeger:	So, you're getting the tropical-
JoEllen Soucier:	Yes. But it's been nice in terms of temperature. Just very rainy.
Justin Draeger:	Here's what I'll give Houston props for, and maybe not props, but DC almost always comes out in top five worst traffic in the United States. Almost always beat by Houston, though.
JoEllen Soucier:	That's a dubious honor.
Justin Draeger:	I think Houston compared to LA, you two exchange top spot for traffic. I just have to ask. I know this is sort of big city talk, but what's your commute? When traffic's terrible, you don't ask how far you live from work. You ask, "What's your commute time?"
JoEllen Soucier:	That's correct.
Justin Draeger:	Because it could be 10 miles, but it takes you an hour.
JoEllen Soucier:	If there's nobody on the road, I can get to work in 20 minutes. Most days, it's an hour and a half to two hours.
Beth Maglione:	Ouch!
Justin Draeger:	One way?
JoEllen Soucier:	One way.

Justin Draeger:	That is so terrible. How do you smile?
Beth Maglione:	She's smiling right now, talking about this.
JoEllen Soucier:	I love music.
Justin Draeger:	You love music.
JoEllen Soucier:	Crank it up.
Justin Draeger:	You must. Anyway, thank you so much for being here.
JoEllen Soucier:	No problem.
Justin Draeger:	Really glad you're here. We're talking today about outsourcing, and I think just the term outsourcing tends to have maybe negative connotations to it. Maybe people feel threatened by it, job-wise. Maybe it feels like less authentic, because it's not you doing it in house, but outsourcing's been around for a long time in higher ed, and maybe a little bit lagging in financial aid. But if somebody hasn't been considering outsourcing, I'm willing to bet that within their career in financial aid, they will at some point be considering outsourcing. It's already happening on college campuses. There was a report out of the Chronicle, and, Beth, maybe you could catch us up here, just on some of the size and scope of outsourcing that's happening on campuses, outside of financial aid.
Beth Maglione:	Yeah, it's pretty crazy, actually. So, they've been making these deals with private companies. For example, Ohio State leased all of its parking facilities to an Australian firm for the next 50 years and got $483 million out of the deal.
Justin Draeger:	Can you imagine doing a 50-year contract for anything?
Beth Maglione:	Yeah.
Justin Draeger:	That's incredible.
Beth Maglione:	That is amazing, but that is also a lot of money. The Texas A&M University system struck a deal with the Compass Group to let the company handle all of its landscaping and maintenance and custodial and dining services, and that was to the tune of $360 million in savings and revenue for the system. That's over a 10-year period. And the university system of Georgia, $517 million deal with Corvias Campus Living to build and manage three million square feet in residence halls.
Justin Draeger:	So, this is not new, but the size and scope of the deals might be getting larger. But this integration of private not-for-profit or public schools and private entities taking on some of the functions of those schools is not new. And JoEllen, on your campus, give us a little bit, first of all, how big your campus is,

	how many students, financial aid scope size, and then maybe talk just really quickly about what aspects you guys have outsourced.
JoEllen Soucier:	Okay, sure. Houston Community College is a system. We are one college, however, although we are split up into six regions. We have six presidents. Actually, we now have seven. We just opened up a fully online college, so we have a fully online college president. We span an area about the size of New Jersey, in terms of the area which we cover. We have 29 campuses. I'm located at the district office right in the middle of the city. And we have about 110,000 students that attend in one year. That includes all of our programs: our traditional students, our work-first students, our dual-enrollment, early college, all of that. So that spans a number of different types of students. We-
Justin Draeger:	Is your financial aid centralized or decentralized?
JoEllen Soucier:	Everything is centralized. We have just one OPEID number. I oversee the entire operation, both the district office, which is what I call behind-the-scenes work. I have about 50 staff there. And then I have about 75 staff at 14 different financial aid offices around the city.
JoEllen Soucier:	The staff is split up, again. Those staff that work with students, our advisors, our customer service representatives, they're at the campus. They don't do any answering phones. They don't do any processing with the exception of professional judgment decisions, because they work with the students and SAP appeals. Other than that, everything's done at the district office. The district office, I have a processing center of 18 people. All they do is verification, C-Code resolution, and file review all day long.
JoEllen Soucier:	And then I have a call center of 15 staff members at the district office, and all they do is answer the phones.
Justin Draeger:	And we'll talk more about how you reach these decisions, but what aspects are the outsourced pieces of your office?
JoEllen Soucier:	My IT person, he is a contractor. He doesn't work directly for the college. He's extremely talented. We had difficulty finding a full-time person with the right analyst and programming skills to do the kind of work for financial aid, because we're so complex. So, we do outsource our IT.
JoEllen Soucier:	We outsource our default prevention, so I don't have anybody on our campuses or at the district office that do the default prevention. When we hired the contracting firm to do that, we lowered our default rate from 22.5% down to 11.7%. So, there was a significant impact in hiring that outside firm.
JoEllen Soucier:	We also outsource our enrollment reporting through the Clearinghouse, which I know a lot of colleges and universities across the country do that. Our bookstore's outsourced, and I work very closely with our bookstore facilities

folks. And we outsource our refunds, so how we refund our credit balances to our students, which are significant dollars through that process. We just can't afford to do it internally.

Justin Draeger: So, you've got a lot of experience with the procurement process, trying to decide and weigh what you should and shouldn't outsource. Beth, maybe you want to talk about what NASFAA's operations that are outsourced

Beth Maglione: Yeah, we have chosen to outsource some of the tasks that are critical to our operations, but not necessarily a vital component of our strategy or, perhaps, our mission. So, obviously, we need good fiscal oversight in the form of a great CFO and accounting staff, and we outsource that piece. We also outsource our IT, and you mentioned a person. They've assigned to us a person who comes every couple weeks, but we also have a 24-hour call center through this IT firm, so that's very handy, since we tend to work weird hours.

Beth Maglione: And then project-based outsourcing. Some design work from time to time. We've outsourced video production for larger-format and longer-format videos we've done.

Justin Draeger: Research.

Beth Maglione: Yep, we hire researchers to do that sort of work when it's very specific and not part of our core operations. So, we do actually a ton of project research. We've outsourced marketing in the past. But you know that when I say that we outsource these functions, it's not that we don't have any staff doing that. We have an accounting professional on staff, who does accounts payable and receivable, who works very closely with the oursourced firm. So, I don't want to give the impression that this is all 100% off-site. It's definitely not.

Justin Draeger: So, this brings up what I think is a good point, because there's two components here. One is the mission of every organization, and the mission of your school, JoEllen, is, I'm sure, instruction, although there's probably a piece about access and completion.

JoEllen Soucier: Completion, yeah. Student success, that's our mission.

Justin Draeger: Student success. But ultimately, that's all quantified in them getting an education.

JoEllen Soucier: Correct.

Justin Draeger: For NASFAA, our mission is to help our members and serve them professional development and advocacy. That's sort of our core, our mission-critical, and I think for a lot of folks, when they look at outsourcing, usually you look, and it might be very critical to the running of your organization, but you wouldn't

	outsource the mission, the reason for being. That's something you would hold internally.
Justin Draeger:	So there's the mission piece, but then there's the financial piece. And, JoEllen, you mentioned something about this and so did you, Beth. ... Every organization, whether it's a school or a not-for-profit or a for-profit, they're going to create a profit-loss statement every month or every quarter, probably every month. And they might call it something else. Sometimes it's called a statement of activities. But it's basically showing the division between revenue and expenditures.
Justin Draeger:	And financial aid's a little unique, because you are bringing in revenue, because you're complying with federal and state laws to bring in that type of aid. But you're also the expense side, in that there's an expense associated with you, and anything on the expense side, you try to do as efficiently as possible. That means reducing the cost per unit, whatever that is, whether that's an hour of work or however you're processing something. And I'm wondering for you, JoEllen, on your campus, what are the conversations like when you're looking at outsourcing? I mean, how do you guys balance, is this mission-critical versus then also the expense side?
JoEllen Soucier:	I'll use our call center as an example. We considered outsourcing our call center, instead of having it internally. We were experiencing, about five years ago, about a 74% call drop rate, which is atrocious.
Justin Draeger:	So, this is people that call in, they're on hold, they hang up.
JoEllen Soucier:	They don't get someone and hang up. Correct. So, we weren't reaching the students' needs. We weren't meeting their needs. They weren't reaching us. So, what we did was, we took a look at what was causing the calls, first of all. What can we do internally to reduce the number of calls? And we found very quickly that we just didn't have a very strong communication plan. So, maybe we need to think about hiring someone to focus on our communications and what we're telling students, so they don't have to call.
Justin Draeger:	Be more proactive.
JoEllen Soucier:	Exactly. And then, what are we doing at the campuses to help? And then, we also didn't have online forms. We had paper forms. Those students had to call about everything. And so, we also outsourced our online forms process, which we started two years ago. And that significantly reduced the calls and the walk-in traffic?
Justin Draeger:	Did you have some resistance to the idea of outsourcing your call center? I mean, was there something there that you felt like would just be easier to retain it in house if you could just reduce the need for students to call?

JoEllen Soucier:	Actually, upper management supported the idea. They wanted an improvement in our call drop rate. The chancellor himself said we need to do a better job. Let's look at outsourcing. It was actually their idea to look at outsourcing. And I said, "Wait. Let's hold the phones a minute. Let's take a look at what is causing it first." So, sometimes it's not a matter of just solving a problem by using outsourcing. Sometimes the problem is beyond just what the need is.
Justin Draeger:	And the way that you guys solved this was partially outsourcing the online forms and partially through in-house staff through a proactive communications plan.
JoEllen Soucier:	Exactly. So that we were able to reduce the need for more people in the call center dramatically, so that we could fulfill the calls with the staff we had by improving other processes. And so now our call drop rate is less than 5%.
Justin Draeger:	Wow. So, that's a pretty marked improvement, and how long did you say?
JoEllen Soucier:	Four year period.
Justin Draeger:	Four years. There's also the math that I think folks do, maybe particularly in upper management. They might think by outsourcing, we're gonna save all of this money, without realizing there still has to be some management of the outsourcing.
JoEllen Soucier:	And training. You can't have call center staff giving out wrong information, because you pay the price for that. And you have to think of compliance also. So, you have to weigh the options. What's the reputation of the outsource call center? How informative are they in financial aid? And then, financial aid changes from school to school.
Justin Draeger:	They have to learn an internal process.
JoEllen Soucier:	So, how much training do you have to provide, and do they know your computer system and how it's set up? So, we saw a significant amount of training that would be needed to outsource the call center, which is why we chose not to outsource the call center. However, we did have significant need for outsourcing with Harvey.
Justin Draeger:	Hurricane Harvey.
JoEllen Soucier:	Hurricane Harvey, yes, thank you. We all know it in Houston as Harvey.
Justin Draeger:	Certainly, you all know. Other people are like, "Who's Harvey?"
JoEllen Soucier:	Hurricane Harvey, that happened last year, caused us to re-look at how we're going to service students, just for a short-term period. So, you talk about the short-term projects, we found that outsourcing was a significant help in being

able to deploy all of our district staff to the campuses to help students one-on-one, which we knew was gonna be needed and was needed.

Justin Draeger: So, I think this is a good point to sort of stop and pause for a second, because outsourcing, it may be an ongoing contract. It might be a very limited engagement, and, Beth, as you point out, we engage in both of those things and try to define the scope upfront.

Beth Maglione: Yeah, one-time project build-outs. So, we've launched some large technology products and services to members in the last few years, and every single one of those is partnered with a third party, for the most part. Or we've had our outsourced web developers build it for us. And sometimes we've got three different outsource vendors working on one project, and so then you must have a staff person to keep all those plates spinning, right? You can't let them all work together when none of them know what your core operations, your business needs are. I mean, that's a mission-critical that you've got that onsite project manager.

Justin Draeger: I think this is one of the things people need to go into outsourcing with their eyes wide open. So, in our case, we had several different vendors working together, and we needed staff time to actually manage that. So, if the idea is you're gonna save 100% staff time, the conversion doesn't work that way.

Justin Draeger: And for you, JoEllen, you had somebody doing online forms, you have another outsourced IT person, and then, you likely had to have somebody internally to try to coordinate all of this and make sure they understood your own policies and procedures and ways of doing things.

JoEllen Soucier: Absolutely, yes.

Justin Draeger: Yeah, so, one of the points that I think naively in my past, I think I would think, "Outsourcing is an augmentation. It's an outgrowth." And that's true, but it still requires it to be tethered back to you in some way, which requires constant communication, oversight, coordination sort of thing.

JoEllen Soucier: Sometimes it can be a cost-saver, but sometimes it has to do with improving your operations and improving your services to the students. So, it may not save you money, but it may do a lot more based on helping students complete-

Justin Draeger: So, this is the mission-driven aspect of it.

JoEllen Soucier: Yes, giving your institution a better reputation.

Justin Draeger: Give us an example here where maybe money is obviously a consideration, but it's more mission-driven. It's about who we are as opposed to the bottom line. Can you give us an example?

JoEllen Soucier:	The institution didn't have to provide the financial aid office with their own IT person. We have an entire IT staff that works for the college. And they have capabilities and abilities to do the job. They just don't have the time. So, financial aid was getting put on a priority list like everybody else, and it was causing significant delays in students getting their financial aid information and funding, because we didn't have a dedicated person that could do the work that has to get done in our complex world, which also means we were always worried about being in compliance.
JoEllen Soucier:	So, when the college decided to hire a consulting company to take a look at it, and we found a very talented person. Actually, we've had three different talented people from the same company. And they saw a huge different, huge improvement. Very expensive. It doesn't save us money. However, it's worth every penny, because we're able to function much more efficiently, due to the talents and the work that's done by this consulting person.
Justin Draeger:	So, your institutional IT department, did they have any concerns about you hiring your own outsourced IT person?
JoEllen Soucier:	It started through them, as a matter of fact. And they chose not to support the cost. So, I had to go and request that cost of the consulting person into my own budget, and that's how he ended up in the financial aid office, in my budget.
Beth Maglione:	But you both just touched on a finer point of delicacy here, a little bit of political choppy waters, right? Sometimes you could develop staff. They may even want to develop, and in enough time and money, they could develop, to reach out in the areas that are sort of outside of mission, but they're interesting. And you make a choice, organizationally, we need staff focused here. We're going to outsource this. And how you sort of navigate that is, I think, an ongoing challenge, because you always want people to have ongoing professional development, to grow into the areas they're interested in. At the same time, you gotta perform a cost-benefit analysis with your organization.
Justin Draeger:	It's a lot easier when the outsourcing doesn't result in job loss or job reallocation, but I'm curious, have you ever had to navigate those waters, where we are going to be outsourcing something so we are going to move you into something else or potentially-
JoEllen Soucier:	Not in my current institution, but I have at prior institutions, where it did cost someone their current job or job function, I should say. It didn't cost them their job, but it did cost them the function of their job. And so, we had to-
Justin Draeger:	How do you address that? I mean... I understand why people might take that personally, although it may have nothing to do with the job that they're currently doing. There might be all sorts of other reasons why.

JoEllen Soucier:	Correct. And sometimes it has to do with the fact that one person can't support the need. So, it's just a matter of outsourcing and getting more support in that area, where that person was very overwhelmed in their job. Loved it, but was overwhelmed. Could not handle the job, but the institution chose not to hire more people to do that same job. Instead, outsourced it altogether. That is a very difficult topic or difficult discussion to have with someone, especially when that person had been there a long time.
Justin Draeger:	Yeah, and... They still have intrinsic value in what they do and provide, but there might be other reasons we're leveraging an outsource solution here. I'm curious from both of you... Going into outsourcing, if you think back to when you first got into it or even maybe now, because we're constantly learning, but what unexpected issues arose through this process? What did you not necessarily expect? Like you've outsourced, and you expected it to go this way, but you've realized things had to change or alter in some way.
Beth Maglione:	I think I have encountered a mismatch of expectations between the vendor and the organization. So, to provide an example, I think that everybody out there selling their services has an idea, probably based on maybe your organizational size or the sector that you're in, the type of school you're at, about what your needs might be. And then, they-
Justin Draeger:	They estimate based on those needs.
Beth Maglione:	Right. They come in the door. They tell you what they can do. They make it sound... It's the sales people who do this, not the people who will be doing the implementing or the actual work, right? And they say, "Yeah, of course we can do all these wonderful things for you, and here's other organizations that we've done it for." But you don't know anything about those organizations' strategic needs. And also, then, the microphone is handed from the sales person, once you sign the contract, to the actual project managers at that organization, and suddenly, it's, "We didn't know you needed this. You might need this."
Beth Maglione:	So, we've encountered that several times, especially, you know, with web and IT vendors. I think there's just an assumption made about who we are, who NASFAA is, and we're actually quite heavily leveraged in those areas, IT and web, probably, compared to other organizations of our size. And so, we've had to right-size, increase the expectations of these vendors over time, and say, "This is actually what we need you to do." And maybe let's talk about if we need to change the contract around or whatever.
JoEllen Soucier:	And I've experienced similar challenges in that particular area, but what I've also had experience with, especially at my current institution, is when the contract comes to its close, and you want to continue the services, and so our procurement operation has a number of regulatory requirements that we have to follow, and they can be a lengthy process. So, the fear of the service being held up or the service halting for a period of time can be very stressful.

JoEllen Soucier:	And so, I'll use an example. We use a default management company that helps us keep our default rate down. And the first year we did it, they did a fantastic job, and they brought our default rate in half. And so, when their contract came to an end, it came to an end at a time when we weren't expecting it in August. And of course you know, financial aid folks are extremely busy in August.
JoEllen Soucier:	So, the services just stopped, and they stopped at a time when we couldn't afford it, because they come at a time when students start to go into default in the fall period. And so, having to get that back on track, it took over six months. So, I knew that I was gonna see my default rate go back up.
JoEllen Soucier:	And I was correct. It didn't go way up. It didn't double again. However, it did go back up a few points, which I didn't want to see happen for our school. So, those are the type of things that, you know, you don't have to worry about when you have staff internally doing it, especially if you have more than one person doing it. If someone leaves and you rehire, it's not a significant impact, where if the contract comes to a close and you don't renew it soon enough, and it hasn't gone through the procurement process, then you see an impact on your operation, which is beautiful.
Justin Draeger:	So, you mentioned the service disruption that can happen because of your required procurement process. There's also... Let me back up to one other piece about this. Sometimes you get into a contract with a vendor, an outsource company, the other piece is, you're in a contract. You're paying for that service, however you're paying for it. It might be on an ongoing rate or a processing rate or a straight rate. When that contract expires and renews, there might be price adjustments or increases. There's this calculus you kind of have to do about keeping an outsource solution, too, because there's a pain point to retraining a whole new company or starting over.
Justin Draeger:	And so, there is this sort of... You think, "It's outsource, so we should be able to transition easier." The truth is, once you get locked in, it starts to become rather difficult to unentangle yourself from that entity. So, have you guys changed any of your outsource solution providers, any major ones, and can you talk through that process?
JoEllen Soucier:	Not really. I mean, how we deliver our student refunds changed, but it didn't change because we changed providers. It changed because they sold the company and went to a new company. That was different at first. Our students are the type of students that rely on those student refunds to live off of. So, if there's a disruption in that particular service, it has a significant impact on the students' lives. So that one was painful. The college also completely changed banks recently, and I know our finance department spent a long time on that. A long time.
Justin Draeger:	And talk about disruptions.

JoEllen Soucier:	Right. Because you're talking payroll, you're talking major-
Justin Draeger:	Accounts payable.
JoEllen Soucier:	Accounts payable, major functions. So, I know that was a very huge task for our finance folks.
Justin Draeger:	Yeah, and on our end, Beth, you know, you think, "HR, there's always a process." So, if somebody's underperforming, there's this entire HR process, where you're providing due process, performance improvement plan. So, you might think with an outsource solution on that subject to all of that, so it should be relatively easy to change providers, we haven't always found that.
Beth Maglione:	Yeah, I mean, especially, as we were talking about, there's a great benefit and a natural rationale for outsourcing things that aren't part of your mission, but these things are part of your operations, and sometimes that's even more ingratiated in your overall daily work, right? Changing the people who do your finances? That's hard.
Beth Maglione:	We had to transition our accounting department and our paid staff, and that's a hard transition. We brought in a great new employee, but that person has to come up to speed. They have to learn how to work with the outsourced vendor. You know, it's painful, yes. And I gotta tell you, as you said, it's a different process when your outsourced vendor is not returning your emails than when your staff is, right? With my staff, I'd be like, "Generally, I expect you to at least confirm receipt of my email and tell me you're working on something within 24 hours." And I think most staff would understand that.
Justin Draeger:	With your vendors?
Beth Maglione:	Man. I will admit that I sometimes have to set little reminders, like ping them again in a week if I haven't heard back. And when that stuff becomes endemic, that's when you really do have to make that hard decision and say, "Is this worth it? Is it worth going through the pain of extricating myself from this vendor, because they're so ingratiated in our operations? Or do I just keep reminding them every week that they need to send me this document?" Or whatever the thing is.
Justin Draeger:	One of the upsides of using outsourcing is the continuity. So, if you have someone in a critical position in-house, and they quit, because they found a different position or they're moving or whatever, I mean, that can be very disruptive, particularly given the amount of time that they give you. So this idea that you have a long-established company whose always gonna be there is part of maybe the upside of outsourcing certain aspects of your operations.
Justin Draeger:	The downside of that is, you mention you had three different, very talented IT people, and maybe they were fantastic. That was also three different people

you had to train, get up to speed... I mean, there are different people who are moving through those companies, just as they might through your company.

JoEllen Soucier: Absolutely. And I've had a stable one for the last three years, and he's-

Justin Draeger: I'll knock on the desk for you.

JoEllen Soucier: And he loves working with us, so I don't think he's going anywhere, anytime soon. I just worry about when you get into tight budget situations. He's a high-dollar item, and so, I worry about the high-dollar items being questioned and having to justify continuing getting that service when, as you know, enrollment is shrinking at all colleges and universities across the country. So, they're looking at all the high-cost items to determine whether or not it's cost-effective to continue with those. But I've been pretty lucky that all of the vendors I've worked with at this point in time have been very responsive. So, I haven't had the issue where I couldn't get ahold of one or they didn't respond-

Justin Draeger: I guess we need to hire companies from Houston.

Beth Maglione: That's right.

JoEllen Soucier: Very responsive companies. We've been pretty lucky. I know that, in my operation, it's so large. I have so many staff that if we lose one, it doesn't have a significant impact. But the smaller colleges with smaller staff, if they lose one or two people, it's devastating to them. And so, sometimes they do need to turn to outsourcing options just to help them get over a hump.

Justin Draeger: Even if it's temporarily.

JoEllen Soucier: Even if it's temporarily, right.

Justin Draeger: So, for those aid administrators, aid directors out there who are thinking about outsourcing some aspect of their operations. Walk through, really basically, the calculus they should be doing. What are the main points that they ought to be considering here?

JoEllen Soucier: I want to know who else is using them. I want to know what their experience is with that outsourced company. Have they had a good experience? Has it helped them in their operations? That's the first thing I want to know. So, I will go to other colleges and universities and see it for myself, how it is integrated in the operation, because it's always going to be integrated. It's never going to be all-or-nothing. I've not seen it, anyways. I've not seen an all-or-nothing financial aid operation, in terms of outsourcing. So, I want to know, you know, who else is doing it.

JoEllen Soucier: Of course, the cost-benefit analysis is extremely important. I have to go through an RFP process at my institution.

Justin Draeger:	You're a public institution.
JoEllen Soucier:	Because we're a public institution. Luckily, we can piggyback off of other public institutions in the state, and I don't think a lot of directors realize that. If you're in a public institution, and you find another college or university in-state that's also public, you could piggyback off of their RFP. So, we've been able to do that in some of our work, especially with our default management company. We're able to piggyback off of a couple of the larger universities in the state that are using the same organization. So, sometimes that saves you time.
JoEllen Soucier:	Sometimes there isn't another company doing that. We have a company that does all our videos for us, that explains, in very plain language, to students how financial aid works. There's not a whole lot of companies out there doing that, so then we have to go with sole-source. So, we have to go through the whole sole-source process, which is not hard, but it gets questioned, understandably. And they want to make sure no other company's doing it, and we have to go through the process every time our contract's about to expire.
JoEllen Soucier:	And pre-planning. Now we have a schedule, a very tight schedule, of what to do when one of our contracts is coming to expiration. We work very closely with our procurement office now to make sure that we don't have a disruption in services like we had last year.
Justin Draeger:	So, talk to me about budgeting for outsourcing. So, you get a bid. You go through the procurement processes. This is how much you think it's gonna cost, or at least according to them how much it's gonna... Do you build in upfront overages that maybe are unanticipated? How do you-
JoEllen Soucier:	We do. A lot of it has to do with IT functions, so we definitely work very closely with the IT office to determine what those might be, because a lot of it has to do with setup costs and computer integration costs. That's the biggest, sort of unknown that we experience when it comes to outsourcing, because there's almost always a system that has to integrate with our primary ERP system. So, those things you have to take into consideration, and you have to also plan for the time it's gonna take to do that.
JoEllen Soucier:	If you find a company to do an outsourcing task for you, don't think that you're gonna have it tomorrow. It's not gonna happen. There's a lot of work, a lot of setup, and a lot you have to prepare for that. And if you're ready to bring something back in-house, you have to consider how long that's gonna take. You can't just end somebody's contract, and then be ready to do it in-house the next day.
Justin Draeger:	So, there's a couple things, I'm glad you went in that direction. There's this other whole piece of this, which is when you need to break up with one of your outsource solutions. So, if you're bringing it back in-house, what are the thoughts and considerations there?

JoEllen Soucier:	You've gotta plan for months in advance. And when you're doing any kind of budgeting, whether you're going up or down in your budget, you're usually talking at least a year, year and a half in advance, because first you gotta get it approved. Even if you're going down, and you're changing the process from outsource to insourcing, it's still gonna cost you. So, you still have to account for that in your budget, if you're bringing it back in-house.
Justin Draeger:	And then, hiring up and training and the actual handoff.
JoEllen Soucier:	And also, testing. You gotta give plenty of time to test and make sure it's all working before you end the relationship with the vendor. You have to make sure that it's ready to go. You don't want to be doing testing after they've already ended the services.
Justin Draeger:	And at a public school, you have to re-up with vendors every so many years or something. Some of the private not-for-profits or private for-profit schools, you might be in a rolling contract, and so, you actually have to pay close attention to how you end a contract. You might not just be able to end a contract tomorrow without just cause. There is usually some sort of built into-
JoEllen Soucier:	Or else, you have to pay the rest of the contract, and that's not gonna make your executive team happy.
Justin Draeger:	No. That's right. Beth, anything on breaking up with a contractor?
Beth Maglione:	As the song goes, it's very hard to do. That's very true. ... There's an investment, even if you're moving from an outsourced solution to another outsourced solution, you've gotta have somebody to bridge that gap on staff, and we actually have a person, a very talented staff member, whose title is Director of Project Integration. She's the one who would help bridge that gap between vendor A and vendor B if they were to make a transition, or bringing things back in-house. I think having talented project managers, especially with IT projects, but aren't they all IT projects, at the end of the day?
Justin Draeger:	It seems that way.
Beth Maglione:	That's really make or break, and I think folks sort of are like, "They tell me it's just plug and play." But it's never plug and play. But the sales folks will tell you it's plug and play. So, I feel like we sort of learn that, and now we're staffed up, and we know going into it, we write the RFPs, the specifications of our real business requirements, and we do that by casting a really wide net and saying, "Okay, all stakeholders, let's make sure that you've had a look at this, and that you've had a piece of forming what the requirements are for this next project."
Beth Maglione:	We cast also a wide net on the selection group, those people who are going to be evaluating the vendor. Cast a wide net, be inclusive. That's my thoughts there.

JoEllen Soucier:	Absolutely. We're looking at a new Siarum solution at our institution, and so, we've got a number of people involved in that process. And it's lengthy. We've been talking about it for over a year now, and we're not any closer to actually making a decision on which vendor we're gonna be going with, in terms of that solution. It takes time.
Justin Draeger:	It does take time, and I will say that one of the things that I've learned the hard way over the years is that you shortchange the requirements phase at your own peril. I find a lot of times you pay for it in the end. So, if you haven't taken the time to figure out exactly what you're going to need and be as inclusive as possible, the price will be paid at some point when it's unexpected or a department that you didn't expect is impacted, and it doesn't integrate just right or your staff has to go through 20 extra steps to do something, because it's not plug and play.
JoEllen Soucier:	You can't make these decisions in a vacuum. That's for sure.
Justin Draeger:	Any other points that you want to talk about, that you think it's important for schools to hear when they're thinking about outsourcing?
JoEllen Soucier:	If you're going to request any kind of outsource service, you gotta do a really good job on your presentation. I'll tell you that right now. Especially at a large organization, you have to make sure you've dotted every i, crossed every t, thought of every scenario or any argument that might be coming your way, so that you can get the service you're looking for. Because I find in financial aid, most of the services are fairly expensive that you want to do, in terms of outsourcing.
Justin Draeger:	Because it's difficult to automate. It's people-heavy.
JoEllen Soucier:	It is.
Justin Draeger:	And anything with a lot of people is going to be more costly.
JoEllen Soucier:	Of course. And so, what you need to do is make sure you do a really good job on the initial presentation, because you want to wow whoever you're trying to sell this budget item to. And-
Justin Draeger:	And be couched in, here's the problem. Here are the other solutions we considered. Here's why this is the best solution. And back it up with data and numbers.
JoEllen Soucier:	Back it up with data, I'm glad you said that. That is extremely important. Nowadays, in our data-driven decision-making world that we live in, the data is extremely important. I'm glad you mentioned that. Definitely want to do it. I don't just go with a problem and here's the solution. That's not gonna get you any more money.

Justin Draeger: Spend more money is not often the solution most presidents want to here.

JoEllen Soucier: No, no, no. They want to see a lot more than that. A lot of vendors will give you the cost-benefit analysis for you. They ask you a lot of questions. They pull a lot of data from you. They're asking for that data for a reason, so feel free to give it to them, because they're gonna go through the hard work of-

Justin Draeger: Helping you justify.

JoEllen Soucier: Exactly.

Justin Draeger: And then, I assume, on an ongoing practice, you're also reporting back, then, how it's going. So, you have benchmarks in place, outcomes that you've anticipated that you have to be transparent about. Is it actually working?

JoEllen Soucier: Right, I mean, I think as long as you do your homework and choose the correct vendor and do it all correctly in the time it takes to do it, don't try to rush it, you're gonna see the results automatically. You're not going to have to provide that. The results are gonna speak for themselves.

JoEllen Soucier: Recently, I say recently, about two years ago, we paid one of our vendors to build a student survey option in their product. So, we also outsource our program that we record students who come into the office. They have to sign in, and then we do the advising, and then they sign out. Upon signing out, we had them build in a survey process, where the students can tell us how we did, and then we get those results.

JoEllen Soucier: And when the results are not good, we follow up. And when the results are good, obviously, we report it, and we give everyone kudos. So, in doing that, we can give that information to the upper management, and it speaks for itself, in terms of the work we're doing. So, a lot of the improvements that have been made from the outsourcing that we've done, shows in the data, automatically.

Justin Draeger: You're able to see that you are getting actionable data that you can actually act on it, and it's resulting in a favorable outcome for your students.

JoEllen Soucier: Absolutely. So, a lot of the changes we made using outsourcing already spoke for itself. We didn't have to provide it. The students provided it for us.

Justin Draeger: Thank you very much for coming in and talking to us.

JoEllen Soucier: You're welcome.

Justin Draeger: Folks that are interested in reaching out to you to maybe talk more or pick your brain, you're open to that?

JoEllen Soucier: Absolutely.

Justin Draeger: You're available in the NASFAA membership directory. Maybe we can provide JoEllen's information on the page notes when we publish. All of these podcast episodes are being done in preparation for the NASFAA Leadership and Legislative Conference, which will be held here in Washington, DC, February 25 through 27. We look forward to another edition of "Director Download." Send us your comments, remember to subscribe, and tell a friend.