



Top 10 Advantages to Partnering with a Student Account Management Firm versus Servicing Student Accounts Internally.

Q: *Why pay someone to do something you can do yourself?*

A: *Because they can do it better and cheaper! Here are 10 reasons why:*

1. **Core Competency.** Smart companies know what they know and focus on doing what they do best. Simple. *Really* smart ones do this by partnering with organizations that specialize in areas complimentary to their core revenue-generating functions. The trick is to find a good one! A capable partner-specialist will cost-effectively perform their area of expertise so you can focus on what you do best in a mutual win-win relationship. It's easy for businesses to want to control all facets of their success. But as a company grows it's often harder to manage internal operations than to work with an external partner. A business partner can be held to a much higher level of accountability than an internal operation and will have a greater incentive to meet goals accordingly. They'll also do it better and cheaper. In the education arena, success is often defined by volume and margins. With this kind of volume and scope, it is easy for a company to lose sight of its core revenue generating activities. To succeed today, it's important to keep it simple and trim – and focus on what keeps the lights on. Be weary of taking on too much operationally. Over-diversification is to lean, profitable operations as overeating is to a healthy diet. It will satisfy you in the moment but it'll slow you down in the long run. And in the short run, it's usually better to think in the long run. Buddy-up with a good student finance company who can manage your accounts, integrate into your enrollment processes, provide online visibility to your accounts, and will help you improve your receivables, retention, and revenue accordingly.
2. **They'll do it better.** A specialized partner's sole focus is to provide their services with excellence and speed. Their very business-existence relies on their ability to accomplish this efficiently! A strong student finance partner will do what they do more capably and accurately than other companies trying to duplicate the same service in-house. The specialist will have a highly trained technical support staff and customer service team for your students and schools, as well as well-trained, ethical collectors who will be incentivized for top performance. Consider the juggling metaphor. If the specialist juggles one ball and you juggle four, who's more likely to drop?
3. **They'll do it cheaper.** Partnering with a good student finance company is just flat-out cost effective. Period. In a cost/benefit analysis, the expense of a full-time staff of administrators to handle payments and reporting; the cost of collectors to follow-up with past due students; and the fees for all associated training, benefits, and overhead costs *far* exceeds the simple per-student/per-month cost of using a partner. Do the math! Alternatively, some companies might choose to utilize non-dedicated staff to ease some of the personnel cost. This not only leads to a lack of focus on the in-house payment plan itself, but it pulls staff away from other core functions such as student recruitment and other important school tasks. When all expenses are measured including supplies, technology costs, and the all-important

intangible costs from lost business resulting from an over-taxed, unfocused staff – the scales tip even further toward a good partnership.

4. **It can pay for itself.** Some student finance companies allow schools to charge a nominal interest rate of the school's choice (within the parameters of lending laws) that can cover their per-student monthly servicing fees. For larger tuitions and interest rates, this can also become an additional revenue stream once the partner's fees are covered. Even if a school elects not to charge students interest, a good financing partner should be worth its weight in gold by saving you the headaches of servicing the accounts – not to mention the increases in enrollment, retention, rapport, and revenue.
5. **You'll know where your money is.** It's about accountability. Nobody likes to talk about it, but all schools have student payments that are 'lost'. It happens. If a student pays cash to the school there is always the temptation of employee theft. And what about common human error? Checks vanish, credit card payment slips disappear, etc... Why not work with a strong partner incentivized for accuracy and accountability? Remember, a good account management firm handling multiple large clients will have controls in place to ensure account processing accuracy with rapid and professional customer service. Instead of having to run a missing funds investigation with your employees and lose productive staff-hours, let your partner worry about it. That's *their* job!
6. **Good cop/bad cop.** In the age of MySpace, Facebook, blogs, instant messaging, text messaging, and good old-fashioned gossip – nothing moves faster than a bad impression. And *nothing* puts a damper on the educational experience for students more than talk of finances. Schools that openly collect from students leave themselves at great risk of both private and public scrutiny from the bad will generated by these actions. Managing collections in house, even as a necessary evil, just does not go down well with students who view education as a right versus an investment. This practice causes tremendous ill will which spreads like wildfire through a school. What's worse, students will quickly inform their online friends of their dissatisfaction and create web pages via online social networks (e.g., MySpace, Facebook) that can damage your school's reputation far beyond your campus. The trick here is to minimize the bad taste of school-student financial discussions and avoid this potentially reputation-damaging scenario by changing the dynamic of the school-student financial conversation. The school simply doesn't have to be the bad-guy bill collector – *let the partner do that!* It's a much better account-servicing model to allow your student finance partner to *parent* the student on their responsibility to their educational investment. The partner/parent can remind the student to be on-time, catch-up, and not to fall behind again through consistent, prompt and 'firm but friendly' contacts. The school can be the counselor or '*grandparent*' and kindly remind the student of their responsibility and offer solutions to help. It then positions your school support staff on the side of the student as a partner in their success instead of in the adversarial role of a collector who is 'just after them for money'. It's a completely different dynamic that will keep your rapport at its best and avoid crushing scenes at the both the bursar's office – and online. Let your partner do the dirty work and be the good guy for a change. *This is of particular value to for-profits whom PR is an industry-wide concern.* It not only can improve student-school relations, but employee job satisfaction as well.
7. **Retention.** Following the parent/grandparent model, students will no longer worry about being hassled for payments when they come to school. This will

positively affect your retention as you will no longer have to be that bad guy-collector and may instead offer students guidance, counseling, and solutions to get their financing responsibilities back on track! This plays right into a school's natural strengths of education, life-skill development, and counseling. Gone will be the days that students stop coming to school for fear of walking by the bursar, running into the Dean, or being called from class for lack of payment – *the latter practice by the way, is an absolute rapport deflator*. With an outside partner working with your students - watch your morale, retention, attendance, referrals and potentially even academic performance – increase!

8. **Watch your collections and receivables increase too.** A good student finance partner has teams of trained personnel whose jobs are judged by their ability to keep your students' accounts active. If their accounts are behind, it's their job to bring them into balance. *They'll simply do it better as it's their core responsibility and the basis of their evaluation*. Additionally, with the changed dynamic of the school from collector/enforcer to counselor/mentor - your rapport and retention will improve and accordingly increase your receivables and revenue. Your students will be happier and happier to pay! In short, the partner will stay on top of the accounts better, *and* have to do so less as your rapport, retention, and attendance will improve thus adding up to increased receivables and decreased delinquencies.
9. **You'll gain a subject-matter expert.** A good student finance partner knows the ins, outs, ups, and downs of student financial management like no one else can. They have seen it, lived it, done it, made the mistakes, recovered from them, learned from them, and become great at what they do because of it. They will be an unbiased knowledge source for you and invaluable partner in your growth. Remember, their success depends on yours. They should be happy to consult with you on this and related areas.
10. **Linking the partnership Chain.** If your student finance partner is good, they know other education industry service providers that are equally adept in their areas of expertise. These additional providers can offer other high-quality services to you and allow you to reap the benefits of partnering in other supporting areas of your business. It'll save you some leg work, provide a good source of references, and help you separate the wheat from the chafe when sending out RFPs. Additionally, if they have the ability to allow you to integrate their services (and sometimes those of their partners) into your operations – then you're really on to something. In an integrated chain where systems and technologies can talk – the link won't kink.

Important Bonus! Their job is to take care of you and help you grow. A good partner takes care of their partner and treats them like they are their only client. The specialist knows that in the end, they help you help students, and that's what helps you grow.

Happy student financing in 2008. Partner-up!