

A TALE OF TWO BUDGETS: JOHN A. LOGAN COLLEGE & SAN JUAN COLLEGE

From search to solution –
follow the journey of two higher
education institutions as they tackle
financial challenges by graduating from
Excel to purpose-built budgeting.



FOR HIGHER EDUCATION
FINANCE & LEADERSHIP TEAMS

“I’ve been in accounting over thirty years and never used the same ERP system twice – and I’ve never found an ERP that has a good budgeting tool. We’ve always used Excel for budgeting... always been looking for that budgeting tool that would work beyond Excel.”

*Russell M. Litke,
Vice President for Administrative Services
San Juan College*

THE CLASSIC BUDGETING QUESTION... BUY OR BUILD?

A paper airplane is shown in flight, moving from a rock on the left to a rock on the right. A dotted line path indicates the trajectory of the airplane. The background is a solid blue color.

Many higher education institutions continue to use Excel for budgeting.

The complex factors impacting a finance team's decision to “buy” a purpose-built solution versus continuing to “build” the budget in Excel – often results in sticking with the status quo.

It can be especially difficult to justify a new budgeting system with mounting financial pressures such as declining enrollment and reductions in tax revenues and state funding. However, for two higher education institutions – that was precisely the right time to graduate from Excel.

FROM SEARCH TO SOLUTION: AN IN-DEPTH LOOK AT THE BUDGETARY TRANSFORMATION OF TWO COMMUNITY COLLEGES

This eBook will explore the parallel, but distinctly unique journeys of San Juan College and John A. Logan College who made the decision to buy a purpose-built solution despite challenging economic times.

Read on to learn about San Juan College's and John A. Logan College's unique budgeting challenges, important lessons learned, and how the move to **purpose-built software has fostered a culture of communication, accountability, and transparency** within these institutions...

A TALE OF TWO COLLEGES



SAN JUAN COLLEGE

Russell M. Litke

Vice President for Administrative Services

In Accounting for 30 years; in Higher Education for 5 years at San Juan College.

Steve Miller

Interim Controller

At San Juan College for 2½ years; 20 years in education: from K-12 to 4-year institutions.

- Located in northwest New Mexico.
- Approximately **5,000 full-time equivalent (FTE)** students
- **Declining enrollment** over last three years.
- State has threatened a **drop in appropriations.**
- A large portion of revenue comes from local taxes, including a **natural gas production tax down 80%** from the high of 7-8 years ago.
- Facing the challenge of **budgeting with less revenue.**



JOHN A. LOGAN COLLEGE

Brad McCormick

Vice President for Business Services and College Facilities

Chief Business Officer for 17 years at two different community colleges. 26 years of community college experience, including the Office of Financial Aid.

- Located in southern Illinois.
- Like many colleges, John A. Logan is experiencing **declining enrollment.**
- **State funding has dropped \$6 million** over the past six years.
- Declining revenue has initiated the transition to a **zero-based budgeting** approach, keeping a closer eye on the numbers.



IMPETUS FOR CHANGE: “THE SPREADSHEET MONSTER”

Russell Litke, Vice President for Administrative Services at San Juan College iterates what Finance professionals have been saying for years: ***“Excel is not the most effective way to do a budget.”***



When Russell arrived at San Juan College five years ago, he was bequeathed his predecessor’s Excel workbook, which was, in Russell’s words, *“just horrendous.”* **There were over 100 worksheets, formulas everywhere, and no written instructions.** Russell says he couldn’t even find where to input data. *“You’d look at a formula, and it linked you to eight other formulas, which linked you to thirteen other formulas. It was a monster to try and decipher.”*

“During budgeting season, we were sending out individual spreadsheets from the 100-page workbook to each of our 100 or so budget monitors,” says Russell. *“It was impossible know where everyone was in the process; it was hard to bring new staff members up to speed; and the **spreadsheets always came back with broken links.**”*

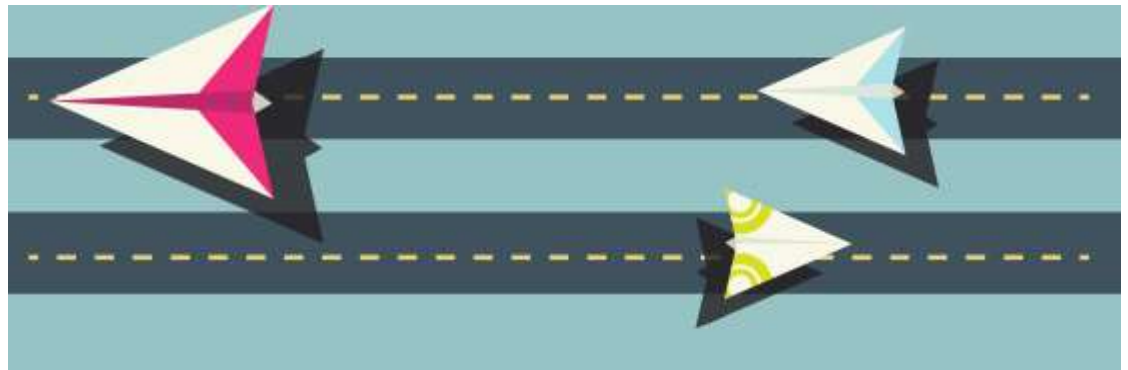
IMPETUS FOR CHANGE: “EXCEL IS FOR GUESTIMATES”

“Historically at John A. Logan, money was flowing a lot better than it has been,” says Brad McCormick, Vice President for Business Services and College Facilities.

Five years ago, declining enrollment and reduced funding forced Brad’s team to make some dramatic changes.

To get a better hold on their numbers, John A. Logan decided to adopt a **modified zero-based budgeting plan**. *“We needed to shift towards a very specific line-item-by-line-item, ‘what’s-the-money-going-to-be-spent-for’ kind of budget environment, and we had never done that before,”* says Brad.

Unfortunately, Finance had a lot of trouble meshing the zero-based plan with their Excel budget templates, which Brad called a *“platform for guestimates”* that had never been used as a management tool.



DEVIATING FROM HISTORY: THE SEARCH FOR A BETTER SOLUTION

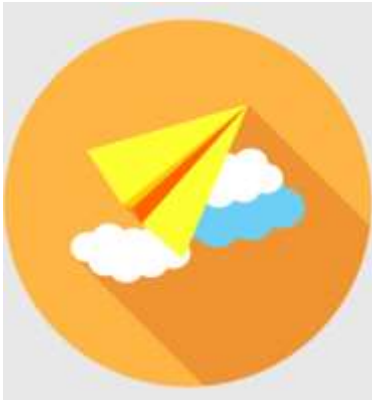
Russell made a valiant effort with San Juan's inefficient Excel system, but when enrollments began dropping in 2012, tough economic times called for a more effective budgeting plan.

San Juan College needed a better budgeting solution to:

- Engage budget officers with a **user-friendly experience**.
- **Help new staff** step in and understand the process right away.
- Make it **easier for Finance** to collect data, compile the final budget, and run reports.
- Get the final budget data **back into the ERP system**.

Russell and his controller began researching purpose-built software and after extensive evaluation decided on a **cloud-based budgeting solution in order to provide maximum flexibility for users**.





DEVIATING FROM HISTORY: THE SEARCH FOR A BETTER SOLUTION

“We had about seventy budget officers across the institution all working on spreadsheets,” says Brad. “And invariably they would modify the spreadsheet templates, so when we got them back they wouldn’t work anymore. In Excel, there was no way for budget holders to include the reasoning behind their numbers, which is a very important aspect of zero-based line-item budgeting.”

John A. Logan College needed a better budgeting solution to:

- Help budget managers record line-item data with **justification for their numbers**.
- Provide each department with **individualized templates**, pre-populated with pertinent fields and information.
- Bring in **historical data** from prior years.
- **Simplify the process** of data entry, approvals, accuracy checks, and reporting.

Brad’s team also sought and selected a purpose-built, cloud-based budgeting software – but their primary goal was finding a **solution to help them succeed with their zero-based budgeting strategy**.

CRITICAL CONSIDERATIONS FOR PURCHASING PURPOSE-BUILT BUDGETING SOFTWARE

“You have to think through a lot of decisions...there definitely is some work to be done.”
- Brad McCormick of John A. Logan College

Making the decision to move from Excel to purpose-built software takes consideration, planning and, of course, requires a shift in the status quo of the “usual” budgeting process.

For San Juan College and John A. Logan College this shift was even more pronounced – as they were already into their budget cycles – so the midstream decision to purchase new software was not taken lightly. Both organizations felt that the long-term benefits far outweighed the short-term costs.

In the following section, we will look at critical considerations in making the decision to “buy” versus build, including factors such as:

- ✓ **Cost justification**
- ✓ **Planning and implementation**
- ✓ **Hierarchical configuration**
- ✓ **Training protocols**



CRITICAL CONSIDERATION: COST JUSTIFICATION

Brad McCormick says that one of his biggest hurdles was the fact that John A. Logan College had recently purchased a costly new ERP system. Justifying the purchase of yet *another* software tool to a Board who had already spent a large amount of money on an ERP with the assumption that it could produce a budget – was a challenge, to say the least.

Brad's due diligence allowed him to present the board a clear picture of the benefits, including the promise of **seamless integration with John A. Logan College's new ERP**.

For San Juan College – cloud-based software offered significant financial benefits, with no hardware to purchase or maintain, and very little IT involvement.

"I remember sitting in a room of CFOs in Illinois," Brad recalls. "There was a presentation being made by one of the large ERP providers, and I asked the question, 'Who in the room uses their ERP's budget tool in their budgeting process?' And I don't think a single hand went up."

Russell Litke from San Juan College says, *"It's actually fairly affordable, at least for our college. But really, the cost wasn't as much of a factor as what it was going to do for us. We knew it would allow us to enable all 100 of our budget monitors to get their hands into it, update it, and put in requests very easily. So the cost wasn't difficult to approve."*

CRITICAL CONSIDERATION: IMPLEMENTATION TIMEFRAME

Often finance teams are so busy evaluating functions and features, that the subject of implementation is just something reviewed on a timeline. It doesn't really hit home until everyone is fully committed and knee deep in a difficult, time consuming and resource consuming implementation...and by then it's too late.

Ideally the move to a purpose-built software should take about eight weeks – and include planning meetings, data transfer and system configuration, builds, testing, walkthroughs, training, and rollout.

Time spent on the initial up-front implementation process can be recouped (and then some) from the previous Excel-based budgeting process, Steve Miller of San Juan College explains:

“Before, the process was quite long. I mean, can you imagine sending out 100 emails and attaching the appropriate Excel spreadsheet to that email? With this system, once you've loaded all the financial data and user information, everyone gets a user name and a password so they can log in and see the data and make their changes. And they have access 24/7, whenever they have time.”

CRITICAL CONSIDERATION: RETHINKING THE INSTITUTIONAL HIERARCHY

Every organization has a particular hierarchy – which, from a budgeting perspective, impacts things like reporting and workflow. **General ledger structures are not necessarily set up how things need to be thought about from a budgeting standpoint.** So, when John A. Logan and San Juan colleges implemented purpose-built budgeting software, they had decisions to make about how they wanted their hierarchies to work within the new system:



“We basically followed the hierarchy that we had used previously and organized the new system how we’d approached things before. We did this to make it easier for us when we built it, and also for the end users, so that they’re not seeing a big change in the process.”

- Steve Miller



“Our hierarchy changed when this tool came on the scene. It made us rethink some things and challenge our structure of who was reporting to whom. Just the process of having to go through and think about ‘why is this person the budget officer for that?’ caused us to make some important changes.”

- Brad McCormick

Purpose-built software provides a holistic, department-wide, enterprise-wide, or organization-wide view, promoting visibility and transparency. Unlike Excel, it’s possible for VPs and department heads to see a comprehensive view of the groups that roll up into them. Steve says it’s a huge improvement over spreadsheets, which only gave budget holders *“their little piece of it – they couldn’t see anything else.”*

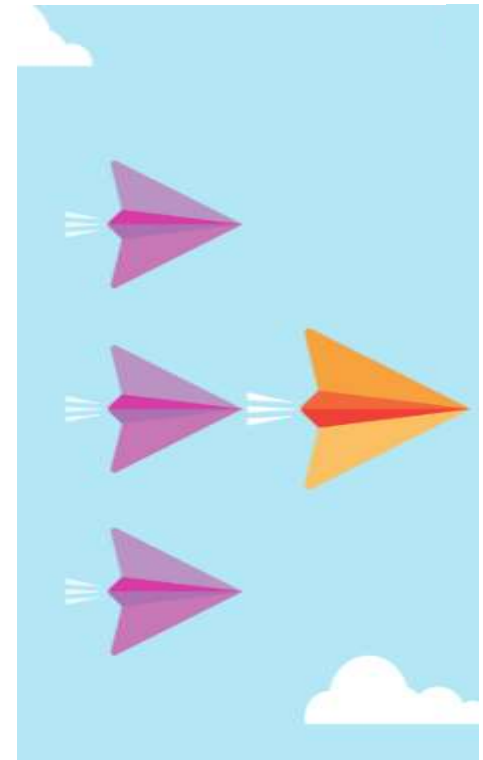
CRITICAL CONSIDERATION: TRAINING THE TEAM

Purpose-built budgeting software should be designed for ease of use – and ease of training. San Juan College’s and John A. Logan College’s Finance Administrators were able to grasp the ins and outs of their new systems with just 4 hours of hands-on instruction.

Both organizations appreciate how easy it was to train their budget managers – which only took about 60 minutes – and also how easy it is for new faculty and staff to step in and get started right away.

“It’s not a foreign system that people aren’t accustomed to. The system guides users through the process...you know, clicking to get where they need to go, just like they’re used to when they buy things online, for example.”

- Steve Miller of San Juan College



THE PROS OF PURPOSE-BUILT

San Juan College and John A. Logan College experienced multiple advantages moving from Excel-based budgeting to a purpose-built solution...including some unexpected benefits along the way.



The following section presents several key advantages realized by the two colleges, including:

- ✓ Improved guidance for budget managers
- ✓ Convenient controls for finance
- ✓ Enhanced budget method flexibility
- ✓ Justification for line-item detail
- ✓ Seamless budgeting for special initiatives

PURPOSE-BUILT ADVANTAGE: GUIDANCE FOR BUDGET MANAGERS

At San Juan and John A. Logan colleges the department heads are experts in their individual domains – but not experts in the nuances of the budgeting process. Brad McCormick and Steve Miller needed a purpose-built solution that provided non-financial managers with “how-to” guidance in getting through the process – so they could focus on their area of expertise.

“Throw those typical Excel spreadsheets at your department chair for humanities, and their eyes start spinning around,” says Brad McCormick of John A. Logan College. “But when you have a graphical representation of what a budget is, it meets with a completely different receptivity. People who aren’t comfortable with Excel are more comfortable in this kind of environment.”

With the right budgeting solution, everything is being entered and stored within a single interface, so it’s **easy to see progress throughout the process**: Has it been started? Has it been completed? Has it been signed off? Has it been approved?

“You can actually watch the budget process as it is evolving behind the scenes,” says Brad. “So not only do you know whether your budget holders have gotten started, you also get an advanced peek at what’s coming.”



PURPOSE-BUILT ADVANTAGE: CONTROLS FOR FINANCE



Purpose-built budgeting software gives finance top-down control over the system without having to learn a coding language. Finance Administrators can pre-assign custom target budgets or forecast numbers for each budget manager. In addition, the software should include administrative control features for regulating items like headcount access, calculated accounts, restricted accounts, security features, and approval workflow.

Steve says, *“We decided to lock down the salary piece so users could see who they had in their departments – without make changes. We used this as a verification process as well, to make sure we had everything coded properly and associated correctly between the new system and our general ledger. Most of the employee benefit piece was entered with formulas to automatically populate those fields. And we set up the system to allow users to make changes to their operational funding when money is available.”*

PURPOSE-BUILT ADVANTAGE: BUDGETING METHOD FLEXIBILITY

For both colleges, a significant benefit has been their newfound ability to utilize a variety of budgeting methods depending on the user's needs. With each particular expense or revenue account, the budget holder can decide which method to use. **Whether it be a percent increase, an annual amount, line-item details, or drivers, users have the ability to decide – with the guidance of the finance team – what will work best for different accounts.**



“For us, it has been based on directives. So for example, we had a 3% budget reduction in operating budgets, and we asked budget officers to go into the system and take that 3% from their budgets. The system gave them the freedom to take a little more from some areas and a little less from others, as opposed to a flat 3% across the board.”

- Steve Miller, San Juan College

PURPOSE-BUILT ADVANTAGE: JUSTIFICATION FOR LINE-ITEM DETAIL

Budgeting is a strategic planning function – and any effective strategic planning initiative starts with communication. A distinct advantage of a purpose-built budgeting solution is the ability to act as a **collaboration platform: capturing the thoughts, feedback, and rationale of budget managers** so that leadership can make informed choices about what to approve – and what to cut.



“We encourage putting in notes for each line item. As an organization, we want to track how much

money we’re spending on each one of our strategic objectives, so we’re using this feature to help us. We’re trying to train people that if they put in a note that says, ‘This is for strategic objective 3.3 E,’ then, okay, now that means a lot to us as we look at it, and chances are we’re going to approve your request.”

- Russell Litke, San Juan College



“In the first year of use, we told a lot of folks, ‘You need to use as many details as you can because that’s the way your

*supervisors on up the chain will know what you’re doing.’ We still had those who were simply applying a percentage increase and moving on. And then the second year, people began to learn that by putting in the details, it was less likely that their budget was going to get cut. So it’s building the momentum within the college for people to understand that **the more detail they provide, the more secure their budget becomes.**”*

- Brad McCormick, John A. Logan College

PURPOSE-BUILT ADVANTAGE: BUDGETING FOR SPECIAL INITIATIVES

For John A. Logan College, a unique feature of their purpose-built solution has been the ability to seamlessly budget for special initiatives.

Budget officers can use the software to create budget requests with supporting notes and documentation for department-specific projects, programs, or initiatives that are above and beyond their 'general budget.' Brad McCormick says **this has been the impetus for important discussions related to overall strategy and has sparked creative brainstorming** about funding through alternate channels, such as new student fees or grants.

Brad tells the story of how his users were inspired by the special initiative feature:

*"It unleashed everyone's wildest imaginations, and they came forward in the budget process. Of course, we couldn't approve every initiative – but one of the nice features for budget officers is **even if your special initiative is not approved, it doesn't get blown away.** It can be retained and saved for next year's consideration."*



THEN VERSUS NOW...MAKING THE GRADE

"We're always striving to improve our budget process; we want to be as transparent as possible."

- Russell Litke, San Juan College



Next up, learn about San Juan and John A. Logan college's positive outcomes, including:

- ✓ Reduced Targeted contingency dollars
- ✓ funding allocation
- ✓ Greater visibility and communication
- ✓ Better zero-based, line-item budgeting
- ✓ Easier data manipulation
- ✓ Time & cost savings

THEN VERSUS NOW: REDUCING CONTINGENCY DOLLARS

Brad McCormick says that with John A. Logan College's new software, he has been able to reduce the general contingency in the budget, something he never could have accomplished with Excel:

"Prior to this and going back many years, we would have as high as 8% of the total operating funds in contingency. With our new system, we've been able to get down to a total operating fund contingency of \$190,000 with a \$30 million budget, and that probably can come down a little more.

***It's because we're able to account for all the variables** – there aren't as many unexpected expenses. It's planned specific dollars, and people are beginning to support their justification with more than just estimates. They'll have copies of proposals that they've solicited ahead of time, or they'll have documented prices of things that they'll use as part of their basis for their budget justification. So I'm just peeling back contingency, and it's helping a lot to make sure that the budget is balanced on the front side – not balanced with a caveat that we don't spend the contingency."*

THEN VERSUS NOW: TARGETED FUNDING ALLOCATION

Steve Miller explains San Juan College's past process for adjunct fund distribution:

“Previously, our adjunct budget money pool of funds was divided up at the department levels. Every year it was either, ‘Well, yes, we need the same amount,’ or, ‘We want more.’ But we weren’t really able to look at whether that department actually needed the budget for adjuncts, for example, or overloads. It was simply based on historical allocation.”

San Juan College's new budgeting system has given them the tools to explore those previously hidden details:

“We’ve been able to take the process out of the department levels and move it higher up to the VP level, where they can dole it out according to actual need. The system gives us a way to pull it all together and better utilize those funds where they are needed at the time, as opposed to just based on historical information.”



THEN VERSUS NOW: VISIBILITY AND COMMUNICATION

Purpose-built software is designed to provide unprecedented insight and oversight into budgeting activity. Steve Miller of San Juan College explains how this promotes visibility and improved communication within his organization:

“Another nice feature is that you can see where everyone is in the status of things. You can look and see ‘So and so hasn’t even looked at their information yet.’ It’s useful in that aspect, because if you send out an email with an Excel spreadsheet, there’s no way to track it, and you might forget who’s doing what. You might forget to send them an email reminder.

*“**With this new system, it’s a global look.** You can see where everyone is at in the budgeting process, so you can make targeted phone calls to folks and say, ‘Budget’s due in a week. You need to get your part updated.’”*

THEN VERSUS NOW: ZERO-BASED, LINE-ITEM BUDGETING

Specialized built-in tools have given John A. Logan College the ability to fine-tune their modified zero-based budgeting process. Brad McCormick describes the new method:

*“Now when we get ready to kick off our budget process, and we have a meeting with all of our budget officers to set the broad parameters for the year, we can populate the fields in advance. And we can collaborate to make decisions on how we’re going to do that. There may be some fields we pre-populate with specific numbers. And there are other budget groupings or account numbers that we wipe out to zero for a starting point. **Within the system, we can give our budget officers history, and we get to choose the form of history we want to display.** We can give them a calendar year history. We can give them a physical year-to-date. Whatever we want to show them.”*

Brad explains how detailed line-item budgeting impacts financial decision making:

*“If I were looking at a staff development line-item for a conference, I’d see the name of the conference, how many people are going, and the approximate cost per person. **It gets into that level of detail.** If I’m trying to reduce expenses, this type of detail gives me the flexibility to say, “There are too many people going to this conference. Let’s pull that back by this much, and we’ll know how much we can reduce the cost.”*

THEN VERSUS NOW: EXCEL...HOW IT WAS MEANT TO BE USED

Although Excel isn't ideal for budgeting, it does offer valuable report-based functionality. **Purpose-built software designed to connect with Excel for easy data manipulation** seamlessly interfaces with tools that hook directly into the budgeting database. In this way, Finance teams can call upon Excel for quick analysis, pivot tables, or custom reports with charts and graphs.

Steve Miller explains how this feature has been helpful for his team:

*"We can download data out of the new system into Excel – to review it and make sure it's accurate. After making changes in Excel, we can upload it back into the system. **Editing in mass is much more efficient than the old way of changing things one by one.**"*



THEN VERSUS NOW: SAVING TIME AND MONEY

Brad McCormick notes significant time savings with John A. Logan College's new system:

"Another change I see is a compression in the time between the budget officers finishing their budget and Finance being able to produce a budget, because we've eliminated all that data work on the backside in the business office."

Dean for Financial Operations at John A. Logan College, Stacy Buckingham, explains that when the college's Vice President of Instruction retired, they used the new reporting tools to quickly provide her replacement with all of the necessary information, leading to **measurable cost savings:**

"We were able to give the new VP all her unit departmental information in groupings. By departments that report up through the various deans and by her direct reports. We extracted them all out of the budget solution in a PDF with detailed line-item descriptions, supplemental notes, and historical comparisons. We included all of the departmental names and the account structure within each department."

*The new Vice President of Instruction was able to work across numerous departments and quickly come back with a list of about 25 to 30 changes, **totaling around \$450,000 to \$500,000 worth of adjustments.** She gave me a nice list of which departments were affected, account codes, and the actual line-item requests she was adjusting, so that I could build out reports for the board's budget hearing. If we hadn't had such detailed, easy-to-use reporting, there's no way she would have been able to jump in cold and make such timely changes."*

READY TO GRADUATE FROM EXCEL?

In order to find the best purpose-built budgeting software for your organization, San Juan College and John A. Logan College recommend keeping the following criteria in mind:

- ✓ Is it an easy-to-use cloud-based solution?
- ✓ Does it provide users with a guided approach to budgeting?
- ✓ Does it offer situational budgeting flexibility?
- ✓ Does it include detailed headcount, salary, and planning?
- ✓ Does it offer built-in, easily configurable reports?
- ✓ Does it seamlessly integrate with your general ledger?
- ✓ Does it include what ifs, scenario modeling, and dashboards?
- ✓ Does it offer real-time integration with Excel for quick analysis, pivot tables, and specialized reporting?
- ✓ Does the software come with excellent references?



About XLerant

Helping Higher Education Institutions Transform their Budgeting Process with an Award-Winning Purpose-Built Solution

XLerant, Inc. helps higher education institutions allay the frustrations of Excel-based budgeting with BudgetPak, a cloud-based budgeting solution that has received high honors for outstanding ease-of-use and customer service.

BudgetPak's user-centered design and built-in intelligence pave the way for accountability and transparency by offering the tools for flexible and reliable budgeting, forecasting, and reporting. This user-friendly solution does more than make the process easier – it provides a platform for communication of the organization's annual objectives and ensures department heads and faculty are building their budgets in line with those objectives.

Because BudgetPak doesn't force users to think in a restricted 'row and column' Excel format, it is a much more engaging experience for non-financial users. At the same time, BudgetPak allows the Finance team to control the aspects of the budget that are important to them within a straightforward, finance-friendly format – and direct integration with Excel for analysis in a familiar environment.

XLerant offers a full suite of modules built into BudgetPak including expense planning, revenue planning, headcount, salary planning and asset planning, as well as approval workflow, what-if scenarios, out of the box reporting, variance reporting, dashboards, and custom reports. A unique feature called ActionPaks allows users to budget multiple line items at the same time for their department-specific projects and initiatives.

“We believe a system that has budget intelligence built into its core makes for a more robust and user friendly process for everyone involved – which ultimately delivers more meaningful results.”

**- Joanne E. Brunn
CEO, XLerant**



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Contact us to learn more and find out how we are helping higher education institutions like yours ace the transition from Excel to purpose-built software.

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