

XLERANT

Case Study

"We knew we needed a very different solution"
~A.T. Still University

The Customer

A.T. Still University is a privately held graduate health sciences institution, best known for being the founding school of osteopathic medicine. For most of its history, ATSU was a single-campus, one-college institution. Over the past 25 years, however, the university has grown rapidly. Founded as the American School of Osteopathy by Andrew Taylor Still in 1892, what began in a two-room building in Kirksville, Missouri, has evolved into a multi-campus university with 3,100 students from over 35 countries. Today it boasts six colleges, with an additional campus in Mesa, Arizona, and eight clinics with more than 100,000 annual patient visits.

Their guiding principles are to serve as a learning-centered university dedicated to preparing highly competent professionals through innovative academic programs with a commitment to continue its osteopathic heritage and focus on whole person healthcare, scholarship, community health, inter-professional education, diversity, and underserved populations.

The Problem

"Because much of ATSU's life was as a 'one-college school', historically budgeting was simple," explained Tonya Grimm, Assistant Vice President of Finance/Controller and an 18-year employee of the university. *"The process was handled entirely by the Chief Financial Officer, who had direct knowledge of the single college, the dean's needs, and where money needed to be allocated."*

As the university grew, the number of people involved in the budgeting process grew, with assorted deans, operating unit managers, and university executives outlining needs for their respective areas. In 2008, ATSU brought on dedicated budget personnel. Using Excel, the team began passing spreadsheets around. *"The budget process was not well-defined, the process for decision-making was confusing, and the finance office was attempting to make decisions that should have been made by deans and other vice presidents,"* said Grimm. *"We lacked the complete picture to know what was important to them."*

Planning, who joined ATSU in 2013 after a 14-year career in banking. *"We had a lot of work to do to arrive at a point where we could all collaborate together and move forward. When the CFO came on board and looked at the budget with all of the requests, he described it as a 'list of wants, hopes, and dreams.'"*

A window into the larger picture was missing, and there was little to no communication on detail behind a budget request, and rationale for increases or new line items. Grimm explained: *"We used to get phone calls all of the time from managers questioning expenses and not remembering whether they budgeted for something like memberships, for example. They would ask us, 'Did I budget for this membership?' And we'd respond, 'We don't know. You told us you needed \$2,000 in memberships. But we don't know why or what the reasoning was behind your request.'"*

At the same time, ATSU had decided to implement their own version of zero-based budgeting with a 5 year rotating cycle. Each school goes through zero based budgeting once every five years. Zero-based budgeting encourages examining the shifting priorities of a fast-growing organization. Not an easy feat to accomplish across 6 colleges!

They also brought the previously outsourced five-year forecasting in house. *"We'd been getting those forecasts as a PDF document and because it was static, it was almost immediately outdated as soon as we received it,"* said Grimm.

The tools on hand were no longer right for the university's changing needs. They needed a tool that would foster communication and collaboration, that would encourage strategic thinking among all users, and would help manage long-term as well as year-to-year budgeting.

"When we looked at where we were going over time, we knew we needed a very different solution," said Bonnell. *"And BudgetPak was a very attractive option. Not only did it have everything we needed, it was easy to use."*

The Implementation

The XLERant Team encourages a train-the-trainer approach for the BudgetPak product so the university can easily

"It was a fairly siloed approach between our different academic units," added Courtney Bonnell, Director of Budgeting and

self-manage onboarding new users and provide refreshers to those who haven't used the system recently. "We had wonderful support from the team at XLerant. They were able to really walk us through each and every step of set-up and preparation," shared Bonnell. "Then they assisted us as we trained our users 'live' for the first time."

With the new system up and running, it was now much easier to introduce new processes. "Budgeting is typically a six- to seven-month process at ATSU, beginning in September. Deans and vice-presidents receive an initial memo, so they can start their planning and be aware of due dates," explained Bonnell.

The budget is due in early February, giving a several-month window for departments to discuss needs and start entering details in BudgetPak. Rolling deadlines help to ensure the process keeps pace. "Our first big deadline is in mid-October," Bonnell shared. "That's where we're really looking for the big pieces of our budget puzzle. We want to have a full list from them by the middle of October of their needs in relation to capital, new positions, and new initiatives."

In-person meetings help the finance team understand priorities from deans and vice presidents. Bonnell explained, "There is an incredibly strong relationship between the academic departments, where most of our revenue dollars come from, and the finance office. The relationship we have with the leaders in those areas are imperative to the success of our plan. The president and the board of trustees are also very well informed on the goal and the process. So it's really been a wonderful implementation for us."

The Solution

"What's interesting and what's really fun about this is it gives us the opportunity to be transparent," Bonnell said. "Transparency was a big part of what was missing. Faculty and staff didn't understand who was making these decisions and why they were deciding to do what they did. Getting the schedule out in front of them, reminding them whose turn it is to do zero-based budgeting this year is key."

Because the software allows involvement starting at the departmental level, those managers now own their own budgets and can build their department-level strategy. And since 90% of the ATSU revenue is tuition-driven, the academic departments really are the driving force of the university.

"The primary benefit that I have seen is the ability to enter the detail behind the individual budget lines," said Grimm. "The

departments thought that we were keeping track of what's in that dollar amount and we thought they were keeping track, and really no one was. A lot of times the requests were arbitrary. 'Oh, we asked for \$5,000 last year. We're going to ask for \$6,000 this year.' "

In addition to tracking budget line details over time, and the ability to carry that detail forward every year, BudgetPak helped with collaboration. Instead of getting lost in acres of spreadsheets, staff were able to easily focus on their department and their needs, as well as to understand and participate in the decision making process more easily.

"It really did help dismantle the siloes," said Bonnell. "The system allows staff to focus on their department and their needs, while understanding what's going on with the broader picture. And it serves as a communication channel for adjustments and updates."

BudgetPak also made it much easier to tackle zero-based budgeting (ZBB). Using a hybrid approach, the ATSU team broke up the ZBB process into a rotating 5-year cycle. This approach broke the complex ZBB process into obtainable pieces and enabled the team to develop the process as they go. "We couldn't have done it without an innovative system in place that everyone can actually use," said Grimm. "Because BudgetPak stores all the historical details, it's easy to bring the data forward and our managers are excited about the tools they now have available to them. They feel like they are a partner in the process."

We can involve everyone at every level in the organization in the budget development process, and now because of the proper communication and transparency they know what is happening. They are very supportive of the way that we are spending the tuition dollars that are coming into the university," said Bonnell. "Buy-in is essential for transitioning your budget process and getting everyone on board with the strategic plan."

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