Business Office Services
for
Independent Schools

Empowering independent schools to transform their business offices through tailored solutions that improve efficiency and reduce costs while leveraging the legacy, expertise, and operational continuity that define their institution.

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Meet the Team

Eric Norman

Director, Business Office Services, Independent Schools

eric.norman@smith-howard.com

+ Nine years at Big Four firm in audit and consulting, specializing in the Education industry.

+ Almost three decades as a Chief Financial Officer in the independent school and higher education sectors, including:

- Higher Education (Law, Music, Liberal Arts)
- Independent Boarding and Day Schools
- Participated in two mergers in high education, spin-off into Investment Office, downsizing and outsourcing
- Oversaw all operational areas including HR, IT, Facilities & Capital Projects, Risk Management, Security and Auxiliary Services

Master of Business Administration, Finance, General, University of Connecticut

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Meet the Team

Jackie Young
Manager, Business Office Services, Independent Schools
jackie.young@smith-howard.com

+ Ten years as high school educator

+ Four years at an accounting and advisory firm in Delaware, providing accounting and consulting services to multiple clients, including Tower Hill School (outsourced A/P and A/R)

+ Two years overseeing business operations including tuition insurance, risk management, facilities, school store, dining, capital projects, and auxiliary services

+ Brings extensive experience in independent school operations, with a strong background in student billing, bookkeeping, and financial administration

+ Deep expertise in platforms such as FACTS, QuickBooks, and BILL

Bachelor of Arts in Biology, DeSales University
Masters of Education, East Stroudsburg University

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Agenda

+ **Independent School Macro Environment**

+ **Current Business Office Model**

+ **Impact of Technology on the Business Office**

+ **Tower Hill Case Study**

+ **Smith + Howard Business Office Services for Independent Schools**

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Independent School Macro Environment

The Challenge

Small schools (enrollment < 200) are particularly vulnerable.

30%   of NAIS member schools are small schools

38%   of small schools experienced 10%+ enrollment decline from 2020 to 2021

51%   are deemed under-enrolled from 2020 to 2021

25%   operate with negative operating margins (2024 BIIS)

14%   The "Gap" between Net Tuition and Student Costs Increased by 13.9% in 2024

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The Challenge

The Business Office model is broken.

Business Offices are a commodity, yet each school maintains its own staff, systems and processes, policies, and service providers.

Lack of Resources

+ **# of staff**

+ **Lack of expertise**

+ **Lack of experience**

+ **Aging and shrinking demographic of qualified personnel**

Expensive and Inefficient

+ **Median # of staff has increased, yet median tuition has not risen above inflation**

+ **Outdated technology**

+ **Manual processes**

+ **Finance positions are expensive and hard to fill**

Resistant to Change

+ **32,000 schools = 32,000 business offices**

+ **"Change" is a four-letter word; "in-house" is preferred**

+ **Systems and solutions have remained unchanged and not innovative**

Growing Demands for

+ **Human resources**

+ **Risk management**

+ **Endowment**

+ **Concierge-level expectations**

The Challenge

Results in pressure to reduce non-academic costs:

+ Reallocate resources to mission-relevant programming
+ Innovation is key. The business office is a prime area to reevaluate.

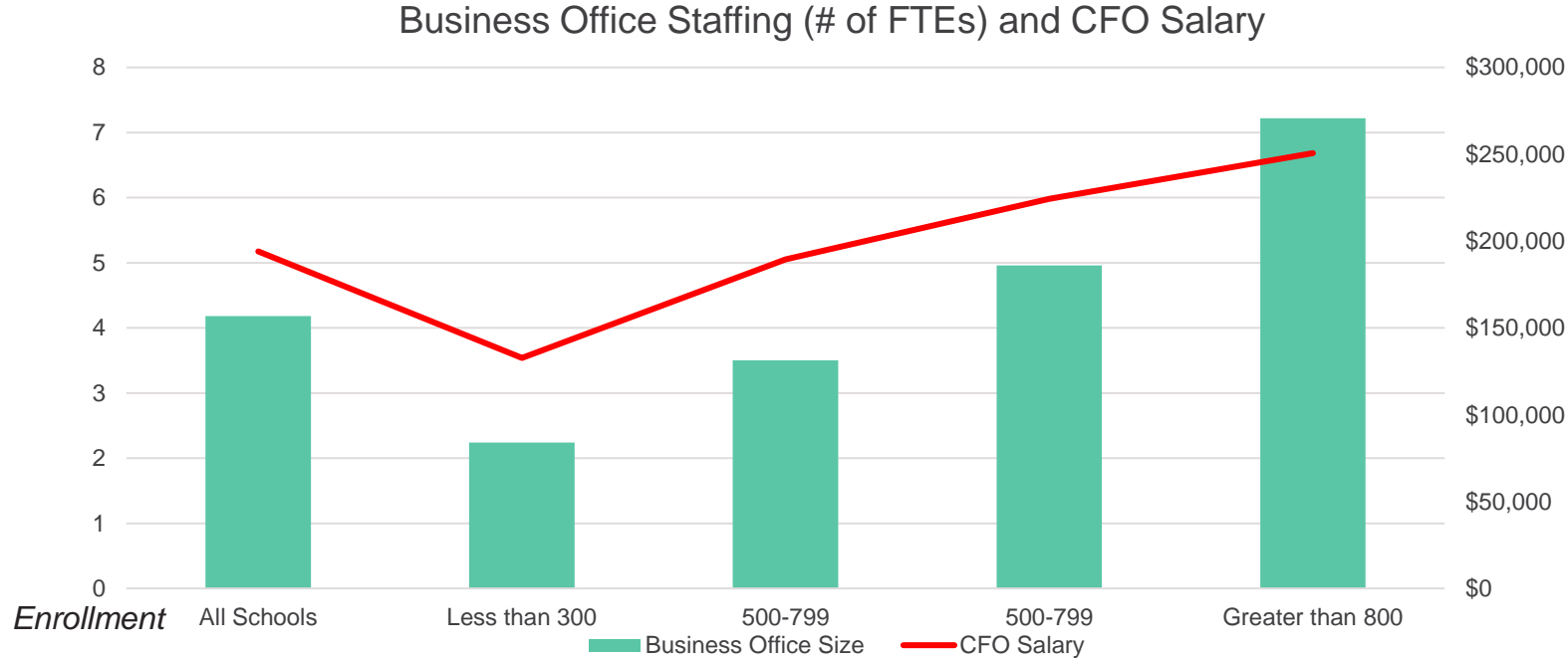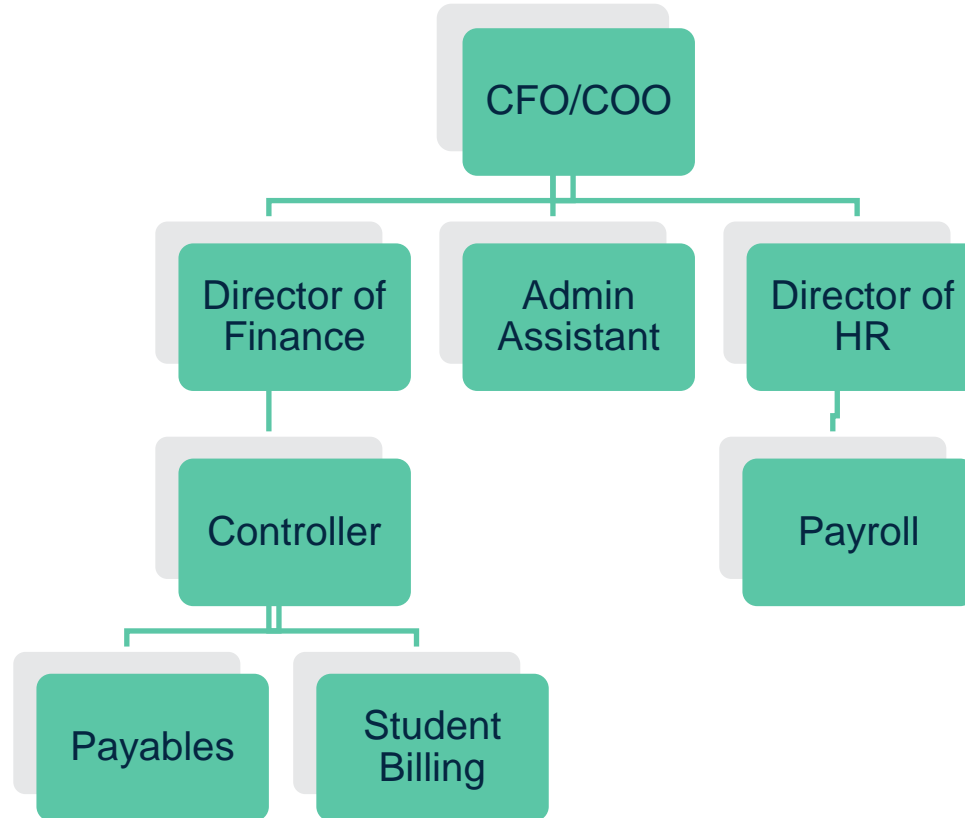SMITH+HOWARD

Current Business Office Model

Staffing and Salaries

Dependent on enrollment

Business Office Staffing (# of FTEs) and CFO Salary

Enrollment

Legend: Business Office Size — CFO Salary

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Current Business Office Model

Staffing is Challenging

Impact of Technology

Impact of Tech

Cloud, Open Architecture and Automation

+ Cloud-based systems allow for:

  + Flexible accessibility (opens door for remote work)

  + Leveraged infrastructure

  + Sole focus on business processes

  + Improved data security

+ Open architecture enables:

  + Efficient sharing of data (no more duplicate data entry)

  + Use of AI

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Impact of Tech

Cloud, Open Architecture and Automation

+ Automation of traditionally labor-intensive tasks, particularly:

  + Accounts payable and debit/credit cards

  + Student Billing

  + Payroll/Benefits

  + Financial reporting

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Best in Class Applications

G/L	Student Billing	Accounts Payable	Credit cards	Payroll
blackbaud	FACTS (A Nelnet Company)	paymerang	Divvy	paycom
VERACROSS	SMART TUITION	bill	ramp	paylocity
intuit quickbooks	VERACROSS	avidxchange	AMERICAN EXPRESS	ADP
sage Intacct	Clarity			

We do not endorse products.

AI + the Streamlined Business Office

+ Automation of Data and Data Driven Decision Making
    + Payroll processing, budgeting and A/P
+ Research, Predictive Analysis and Strategy
    + Forecast Trends, Manage Revenue
+ Audit-Fraud Detection and Data Security/Compliance
+ Customer Service
    + Bridge Language Barriers
    + Chat Bots (human speech)
+ Streamlined Recordkeeping and Documentation
    + Student Registration to Health Records
    + Forms/Surveys
+ Ultimately increase efficiency, reduce costs, and make more informed financial decisions

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Outsourced Business Office Model
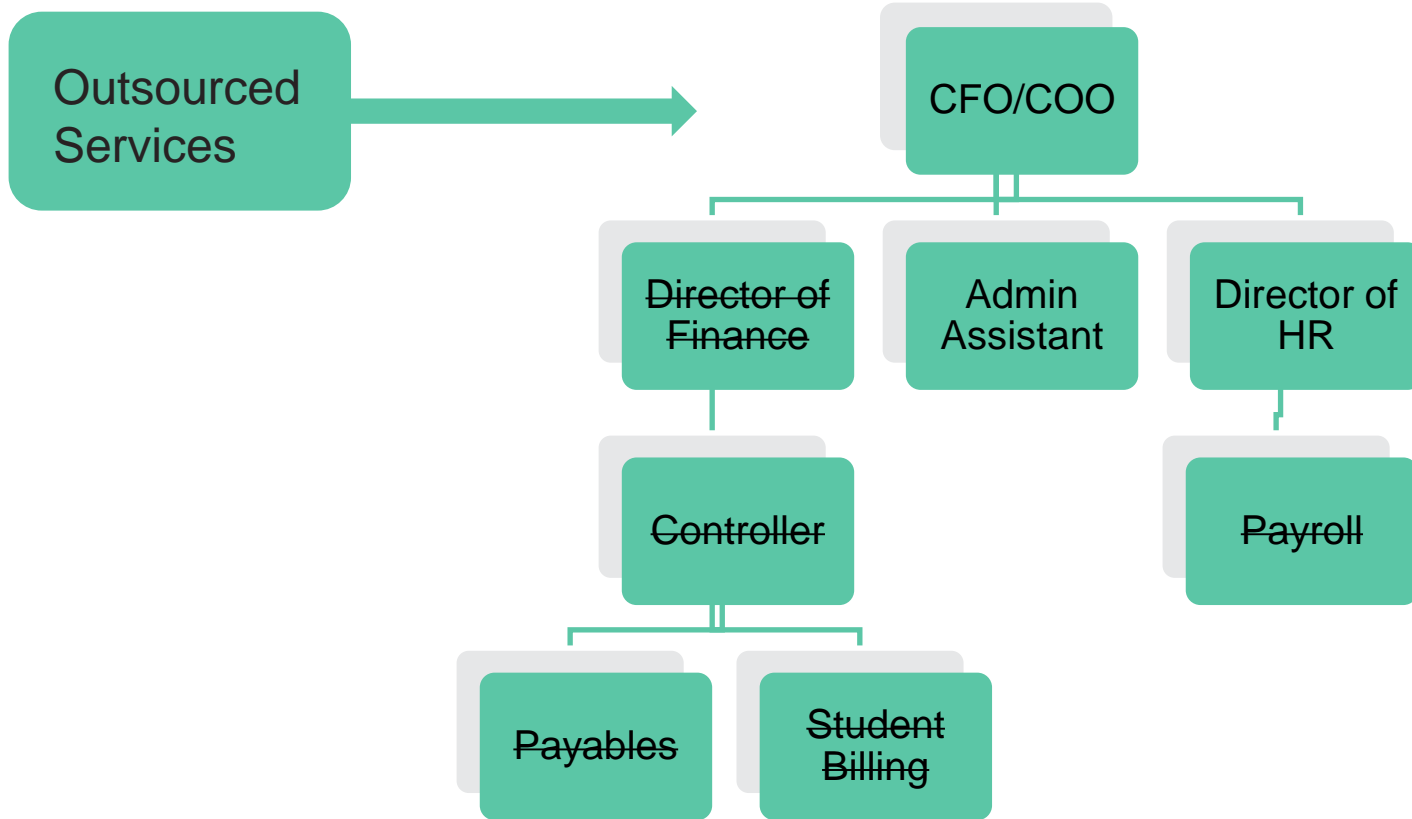
Support Automated Processes

Case Study: Tower Hill

+ Converted to QuickBooks Online Advanced and improved chart of accounts

+ Converted to FACTS from Smart Tuition

+ Converted to PayCom for payroll, benefits and applicant tracking

+ Migrated to Bill.com from a highly paper/manual accounts payable process

+ Implemented Divvy (BILL) purchase card as an expense management tool to reduce the number of expense reimbursements and implement spending controls and accountability

+ Added student debit card (ODIN) on ID Badge

+ All these enabled a fully-outsourced solution

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Outsourcing Approach: Tower Hill

Provided an opportunity to modify polices (which can be tailored for any school):

+ A/P and Payroll: approval process, payment schedules, documentation

+ A/R: payment plans, tuition insurance, delinquencies, and holds

+ Reporting: tailored based on individual school's reporting requirements (departmental budgets, Board of Trustees, Finance Committee, lenders, etc.)

+ Best of breed financial applications allow remote work and automate all business processes to both employees and families; improved tools for end users

+ Promote a customer service mindset with responses (personalization)

+ Generic phone numbers and emails allow users to appear as though they are school employees

+ Space saver (Remote and Hybrid workforce)

+ Make decisions jointly with school and have the latest updates on technology/systems available because of expertise and critical mass

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Benefits of Standardization

Opportunity to clarify and standardize:

- Systems
- Processes
- Policies / agreements
  - Enrollment contracts
  - Handbooks
- Payment plans
- Payroll cycles
- Chart of accounts
- Financial reports

+ Underscores importance of written policies and procedures

+ Outsourced firm can assist with implementation

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Outsourcing Considerations

+ Transaction-based functions can be efficiently outsourced

+ Fractional Specialty Roles can provide needed expertise at lower cost

+ Schools are already automating many of their functions

+ Can revamp the organizational structure of the Business Office

+ This model can build functional specialization and efficiencies

+ Can leverage the manpower and resources of a third party

+ Need to managing emotions and attitudes toward change; Change = Progress

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Business Office Services for Independent Schools by Smith + Howard

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Our Solution

Reimagining the business office model.

From assessments and single services to tailored service bundles that include fully outsourced solutions. We work with you to modernize and optimize your Business Office, generating cost savings and efficiencies.

Manual → Automated

In-house → Hybrid → Fully Outsourced
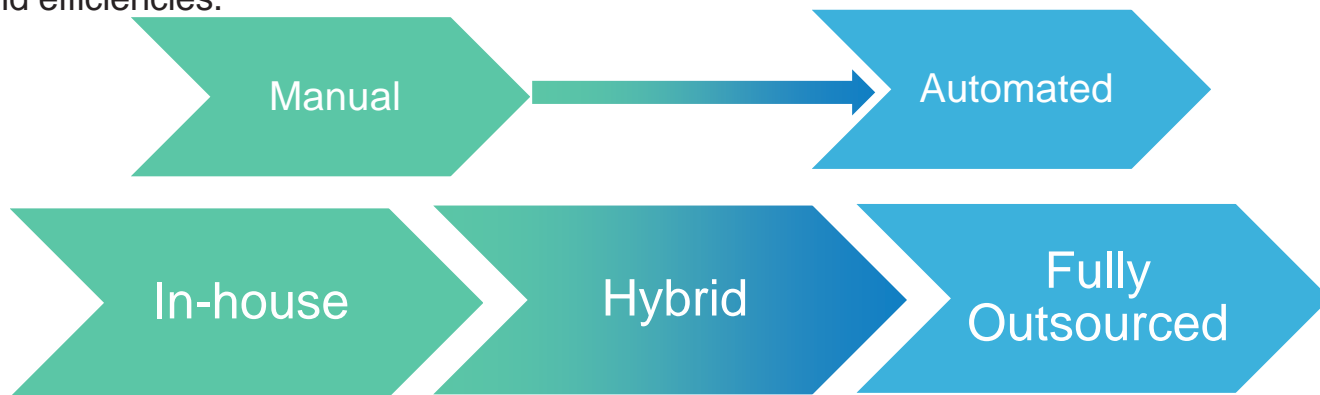
We support your current and future needs, collaborating with you every step of the way.

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Business Offerings

Creating the business office of the future.

We meet you where you are, partnering to chart a path to a future-focused Business Office.

Recurring Outsourced Solutions

+ Student Billing
+ A/P & Debit/Credit Cards
+ Payroll
+ Controllership/GL
+ Accounting/Reconciling
+ Ongoing Projections & Analysis
+ Custom and/or Full Outsourcing Options
+ Financial Reporting
+ Budget to Actual Distribution
+ Benefits Administration

Projects

+ **Business Office Assessments**
+ Audit Readiness
+ Financial Projections
+ Dashboards/Benchmarking/ Financial Analysis
+ Information System Review
+ HR Policies and/or Benefits Review
+ M&A Advisory Services

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Business Offerings

Creating the business office of the future.

continued

Fractional Work

+ CFO
+ Controller
+ HR
+ IT

Enhanced Access

+ Smith + Howard Family of Companies
+ Industry Leading External Partners

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Business Office Assessment

A roadmap for business office transformation

Review of Business Office: Campus Visit, Interviews, Schedule Request | Deliverable: Summary Report of Finding and Recommendations

FINANCE	HUMAN RESOURCES	OTHER

FINANCE

+ Reporting: Internal + External
+ Financial Forecasting/Projections
+ Operating and Capital Budgeting: Development, Monitoring
+ Chart of Accounts/General Ledger Structure
+ Enrollment Management: Contracts, Payment Plans, Insurance
+ Accounts Payable: Automation, Credit Cards, Purchasing
+ Treasury Management
+ Debt Structure/Terms/Covenants
+ Endowment Reporting and IPS
+ Advancement: Pledges, Unit Value Reporting

HUMAN RESOURCES

+ Employee Handbook + Policies
+ Benefits: Plan Design, Eligibility, Benefits Summary
+ Retrospective Underwriting Review of Medical Plan
+ Organizational Chart/ Job Descriptions/ Performance
+ On and Off-Boarding Procedures for Employees
+ Appointment/Hiring Letters

OTHER

+ Risk Management Review: Red Flag Report
+ Trustee Reporting: Committee Reporting, Charters
+ Information Systems for Business Office
+ M&A
+ Physical Plant Review: Deferred Maintenance, Capital Projects, Costs per Square Foot

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Business Office Assessment

External Business Partners

Third-party vendors have partnered with us to provide added value:

+ Benefits Review: Plan design, retrospective underwriting review of medical plan to consider self-funded model

+ Risk Management Review: Red Flag Report for deficiencies in coverage

+ Physical Plant Review: Deferred maintenance, plant costs per square foot

+ Information Systems Assessment

+ Review of Endowment: Reporting and IPS

+ Human Resources Assessment: Policies, Procedures

+ Merger & Acquisition Review

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Summary

+ Independent schools cannot afford to keep doing business the "same old way"

+ The need for business office efficiencies, expertise and cost savings supersedes the wish for each school to fully staff an independent, stand-alone team

+ As a base line, schools need to automate their business processes, including:

    + Leveraging cloud-based platforms

    + Improving systems and become a data rich environment

    + Replacing paper-based processes with electronic functionality

    + Implementing seamless business processes to improve student/parent/employee experiences

    + Understand what AI can do for your business processes

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What's Next?

Independent schools are benefiting from Business Office Outsourcing by:

+ Leveraging personnel and systems to build scalable, efficient business processes
+ Schools should consider outsourcing to:
    o Leverage personnel and systems to build scalable, efficient business processes
    o Build specializations
    o Standardize policies and procedures
    o Reduce in-house staffing concerns for Business Office

Outsourced and Fractional Roles will:

+ Support complex areas within the Business Office and School
+ Provide state of the art customer service
+ Save schools considerable money

Business Office Assessments can:

+ Provide a roadmap for improved efficiencies
+ Objective, third party review by experienced personnel

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What does the long-term future hold?

Business Office or Chatbots?

Thank you.

Please connect with us:

Eric Norman
eric-norman@smith-howard.com

Jackie Young
jackie.young@smith-howard.com

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