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MISSION BASED COMPENSATION: THE KEY TO FINANCIAL SUSTAINABILITY

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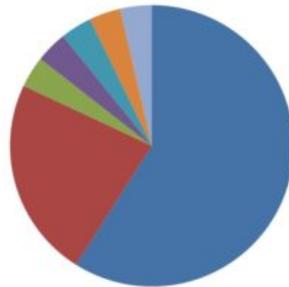
Financial sustainability cannot be discussed only in terms of enrollment demand, market pricing, endowment or other assets. It must be viewed in a larger context including: salary system and salary system designs; creative and cost/tax effective benefit plans; appropriate workloads and class sizes; faculty/staff productivity and morale; and the recruitment, retention, professional development and accountability of faculty and staff.

One could create a circle showing all these key elements that make up as much as 85% to 90% of a school's allocation of its scarce financial resources:



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- Salary Delivery
- Benefit Package
- Class Size
- Workload
- Recruiting, Training, Retaining and Rewarding Staff
- Accountability of Staff
- Staff Morale

The pie chart above is a visual aid that represents an average experience in the thousands of schools that we know on this topic. Obviously, for all schools the two largest pieces of the pie will always be salary and benefits. The other five pieces are real costs and will vary by school, but for the sake of simplicity and to illustrate our point, together they comprise the rest of the pie. We ask our readers to reflect on the “compensation circle” above and to estimate your own percentages that each topic represents. Why is this important?

In the school world it can be uncomfortable to address “work productivity.” However, in school cultures faculty attitudes, morale and perception of quality of life have a huge impact on faculty and student retention and hence, upon the overall financial health of the school. We should also not forget the non-teaching staff and take a good look at their salary delivery methodologies, benefit plans, workloads, morale, and productivity.

Why are we talking about class size and workload in this example about financial sustainability? The lower the class size and/or the smaller the work load the more expensive the staff. In addition,



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some schools give release time, i.e., teaching one less class, PLUS a stipend. In that case that teacher's workload represents even more expense to the school.

Another key piece of a school's financial health is how we recruit, retain and grow our professional staff and that relates not just to spending professional development funds wisely and as generously as possible but also how we hold staff and teachers accountable. Professional growth without accountability lacks any sense of measure for the funds spent.

The right combination of all of the above elements creates an atmosphere of greater staff productivity, less lost work time, fewer antagonisms between and among staff, or between staff and administration and staff and board. It also means less staff turnover and fewer disruptions to program and parent satisfaction. The end result is a stronger overall financial picture.

One client School has an average workload of five classes per teacher with 20 students in each class so 100 students on average. The workload includes a once a week advisory and a requirement for two extracurricular assignments such as coaching, or leading drama, model UN etc at NO extra pay. Beyond two, there is an extra stipend

Overall teacher morale at this School is very high and that is due to the long term leadership of an incredibly popular yet firm Head of school. People credit her with much of the positive school culture. However, there is also an English department Chair who also does college counseling who is the other individual that most teachers credit with the tone of the School. This teacher leads without overtly leading; he sets the tone without even meaning to do so; he is loyal to the Head and School, rarely complains and always supports his fellow teachers and staff. These two individuals account (according to teacher interviews) for a healthy school culture and a strong work ethic. How much is this "tone" worth? A lot in terms of overall successful student outcomes and hence, financial sustainability!

Another client School has a staff with an average workload of only three classes a day and an average of 40 to 60 total student workload with no after school requirements and no advisory role. Yet, this faculty is very unhappy and went on strike complaining of the demanding workload. How to compare and contrast these two schools? The faculty of the second School has little loyalty to the Head or to the School and its mission. Their sense of entitlement is a major issue. There is no single teacher or group of teachers who lead the School in a positive direction. Rather there is a coterie of 5 of 60 teachers who are unhappy and continually complain despite the fact that the facilities are lovely and the students are very bright. In addition, the total teacher compensation package of the second school is 25% higher than what the first one offers.

What accounts for these differences? Geography may be a factor; the quality of leadership plays a



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role; the way teachers are recruited and the kind of teachers recruited is important; the presence or lack of a strong faculty based leadership that leads in a positive direction plays a role. Schools need to think carefully about hiring for mission, paying for mission, orienting and training teachers properly, and leading them in a manner that signals strong vision and determination while also reflecting a genuine interest in listening, and learning and working in collaboration with staff. It is not just about dollars spent. The dollars need to be spent and allocated wisely.

Littleford & Associates works with boards, administrators and heads to design mission based salary, benefit and evaluation/talent management systems. Our Firm also designs customized surveys that analyze workload and can assist in improving school climate.