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THREADING THE NEEDLE: ADDRESSING FACULTY COMPENSATION CHALLENGES WHILE AVOIDING MAJOR RISKS

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A new client decided twenty years ago to adopt the salary scale of a local US public school system. At the time it seemed like a conveniently quick and reasonable idea. The scale was simple and the area teachers whom the School was trying to attract would consider it competitive. Now twenty years later, the School leadership has realized that there are many drawbacks to putting the same salary structure in place at a tuition based nonprofit as in a local tax supported school district. The most obvious issue is that your own faculty expects the school to keep pace with the public school district's upward shifts in compensation. But when the local public school froze its salary scale in 2008-2010, the private school teachers felt it was unfair for their school to follow the local district's compensation trend. The private school could not win by tying its scale to that of the public schools.

Years ago, after our Firm worked with an excellent school in Brussels on the topic of salary system design, the Head of HR at another fine international school in Europe called to say that she had heard positive things about our work at the Brussels school and inquired about whether that "template" was "for sale". It was a legitimate question. She did not understand that a school cannot adopt another school's salary model successfully and expect that in the long run that model will match its unique mission, vision, faculty culture and tone.

Another client in Latin America has a local currency based salary scale for locals and a separate salary scale in USD for the expat teachers. The two groups receive different benefits as well. Real confusion exists about what constitutes a "local hire" versus a "foreign hire." For example, if a person speaks and teaches in fluent English and has a degree from a US University but was hired from another local school, he or she could be considered an overseas hire.

Over time, former Heads granted exceptions in order to land a key teacher. Some local teachers with very good bargaining skills also made a case for receiving expatriate pay and/or benefits. As a result, the distinctions between local and foreign hires became blurred. Even in this very polite



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culture some underlying resentment developed among the locals over these disparities. The salary scales for local and foreign hires are the result of much tinkering over the years so that the relatively new Head is still trying to decipher how some of the present anomalies occurred and how to manage them. It takes courage to tackle such a problem with a long undocumented history.

Another School adopted a banding model as a more creative alternative to its lock step salary grid that was based upon years of experience and advanced degrees. The intention was reasonable but the implementation was hasty. At the outset, the Administration did not set restrictions, quotas, limits or very high standards for attaining the status associated with the top ladder. Over time the faculty successfully negotiated for fast movement along the ladders or bands. As a result, most of the teachers are on or close to the top band. It feels like "grade inflation". It is too costly for the School.

These examples are from Schools that adopted systems without modifying them to their own culture, history and mission or did not implement them carefully according to important and specific guidelines. Littleford & Associates specializes in helping schools design or redesign salary, benefit and evaluation systems that meet the mission/culture of the school and have "community buy in" to ensure a successful rollout. We have done this work in over 2400 schools worldwide since 1983.

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