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WHAT IS A PHILOSOPHY OF COMPENSATION?

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Littleford & Associates has been helping schools design salary and benefits systems since 1983. Over thirty years later, we find that the leadership of most schools worldwide still has no idea about what a philosophy of compensation really is and what it represents; how important it is; and how all benefit systems and salary systems should flow from that statement of values.

Fewer still seem to realize that a philosophy of compensation must be different from that of any other school. Why? Because it is supposed to flow FROM the mission, and the mission for every school should be as distinctive and unique as possible. Just the other day, I along with many others who are members of one international network received an e mail from a Head of School. She was asking if any Head might be willing to share his or her school's philosophy of compensation. Clearly this Head recognized that her school should develop one but did not know that one does not "borrow" one from another school. That defeats the purpose.

A philosophy of compensation must have the ultimate approval and "sign off" from the board and its leadership including not only the head but the CFO, division heads, and advancement and admission teams. It must also have a cross-section of the faculty, especially long term valued teachers who understand the school's unique culture, history and traditions, engaged in creating that statement. All of these individuals should be involved in this process as they are all a part of supporting the mission.

A single sex school will have a mission different from a coed one. A Quaker school will have a mission different from that of a nonsectarian, Jewish, Roman Catholic or Christian day school. Conservative, progressive and culturally specific schools should have mission statements that do NOT look like each other's. Just as prospective parents should be able to tell by a school's mission statement what is unique about it, the philosophy of compensation statement should also indicate to prospective teachers and employees what is valued or NOT valued in this school.

A philosophy of compensation is NOT a goal to provide a total faculty compensation package ranking among the top 10% of packages that independent schools in Atlanta or California or in NAIS provide or that prominent New England boarding schools offer their teachers. Those are GROUPINGS. Few folks who are informed would say that the culture of Taft is similar to the culture



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of St. Paul's even though both are New England boarding schools; or that the culture of Brearley is similar to that of the Hamlin School (both schools for girls); or that Proctor Academy has a culture similar to that of Groton. In the international school realm, the culture of the American School in Paris is not going to resemble that of the Anglo American School of Moscow or the International School of Beijing, nor should their missions be similar. All these schools grew out of a distinct past and have a history and a legacy of incidents, experiences and memories that help to define the mission.

Thus starting with a clear and unified mission, a group of board members, administrators and teachers should engage in a deliberative, collaborative process with or without outside consulting assistance, but generally having that assistance is helpful and advisable. Their charge should be to develop a compensation philosophy that is based upon the mission and becomes a starting point for refining or redesigning the salary system and corollary benefit package. That philosophy of compensation should not be so generic as to be like other schools' statements. It should clearly outline the kind of teachers that the school does and does NOT want to attract.

One School in the Middle East wants to be a banner model for inspiration and leadership, peace and prosperity for a region seeking stability but often not yet finding it. This School wants to serve that region specifically and wants its teachers to live in the boarding residences; coach sports; advise students; and engage in a wide variety of after school activities, clubs and leadership options. It does not want teachers who come at 8:30am, leave at 3:30pm and only want to teach four classes a day with two preps. This School pays well but it does seek out ONLY those who want to immerse themselves in boarding school life. Its salary system clearly rewards these teachers by honoring both longevity of service through steps and qualitative achievements in other components of school life besides classroom teaching.

Often new heads inherit old systems, both evaluation systems and compensation plans. Many of these have been tinkered with and gerrymandered over time to fit the needs of the cohort of teachers whom the head or director is trying to hire at the time. These might be new teachers fresh from the marketplace; mid career teachers with energy and children; or perhaps teachers with the empty nest at home who want to recommit themselves to their teaching career. Adjustments to the system or scale that meet the hiring needs of the moment then become irrelevant or outdated.

One school Head who invited me to come on site to help assess the current compensation and evaluation systems asked me what I had found most interesting. I, in turn, asked him a question: "Did he realize that at this wonderful School in a dangerous but beautiful part of the world, he had more single women on his faculty that I have ever found in similar settings?" The Head did not. I said it was because in the international network of schools this place was known to provide single



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women with homes, not apartments, and these homes often had yards, horse paddocks, gardens, even small farms. All came with full security and security guards.

My question to him: Was this an intentional policy to draw these folks? He had no idea as he had just arrived there as the new Head. Sometimes policies evolve over time, and the school leadership and the board no longer understand their original purpose.

Schools devise benefit systems in a similar fashion. For example, at one time a school may have covered all medical costs for the family, provided tax free tuition remission for faculty children, and perhaps extended day care benefits, free lunch, etc. But then schools may find that they need to attract single teachers as well who tend to be more willing to be the "triple threat" teacher who can coach, advise and teach and maybe even serve in the dorm. Single folks often tell this Consultant about 50,000USD of tax free tuition benefits that goes to those staff with children, whereas the single person or person with grown children will never see that money in any form coming to them. They are right. Is the benefit system currently meeting the mission and philosophy of compensation or was it accidentally evolving over time?

The same is true for evaluation processes. Are they mission-based? Is the purpose of evaluation to assess performance? To grant tenure (real or just political)? To determine retention? Solely to award PD funds or summer grants? To engage teachers in goalsetting with minimal supervision and assessment? Is the evaluation process the same for new, mid career and senior teachers? Do the outcomes of evaluation affect compensation, promotion or quasi administrative assignments like HOD, and IB, PYP, MYP coordinator roles?

The vast majority of board members who are responsible for the fiscal health of an independent school have no idea about how 85% of the budget is spent. That 85% goes to staff salaries and benefits and most boards really have little or no knowledge of the following: the theory or of the practice of the current salary system; how the benefit systems functions; which group(s) of teachers and staff are most hurt or most favored by the current compensation and benefit package; why and whether all of this is intentional and mission-based versus accidental. Can you imagine this situation occurring in a functioning healthy corporate setting?

When a new head arrives he or she inherits the systems of the preceding heads. Most new heads find special deals that were never formally documented or based upon evaluation but based instead upon individual teacher negotiation and pressure. This happens even in public schools and even in independent schools with lock step lane and track salary scales that were created ostensibly to avoid deals and inequities and to ensure transparency.

Despite the best of intentions eventually all salary systems collapse under the weight of individual



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negotiations and/or efforts to recruit or retain certain groups of teachers. Almost all no longer serve the same purpose and role they once did. That is why the board, the administration and faculty must periodically engage in a purposeful review of this important connection of mission to philosophy of compensation to salary, benefit and evaluation systems.