

## The ISM Stability Markers: The Fifth Iteration

The ISM Stability Markers' fourth iteration comprised 18 variables, each of which, according to ISM's internal reviews, correlated with private-independent schools' ability to sustain excellence over time.<sup>1</sup> In the fifth iteration shown following, our revised perspectives have resulted in 15 Stability Markers. Benchmarks, weighting, points of reference, and methods of calculation have been updated to conform to ISM's current position on each marker.

Based on our research, we have expanded the definition of excellence in executive leadership to include the School Head's level of flourishing across multiple aspects of psychological well-being.<sup>2</sup> Stability Marker No. 3, "Executive Leadership," is a measure of the School Head's leadership traits and points of emphasis that translate into his or her ability to lead a healthy faculty culture, and the School Head's flourishing was found significantly to predict the health of the school's faculty culture. Therefore, we have added the School Head's self-rated level of flourishing to the total score for Stability Marker No. 3.

A major change is in the second-tier Stability Markers, dealing with the Board of Trustees structure and function. Rather than four distinct (six points each) Stability Markers pertaining to governance, there is now but a single (24-point) governance item. This is the outcome of an ISM research project that resulted in weighted scoring for ISM's Strategic Board Assessment II, a self-scoring instrument for use by Boards.<sup>3</sup>

ISM's suggested approach to self-scoring entails forming an *ad hoc* committee chaired by the Board President, School Head, or by an administrative designee. The committee should include at least one (other) Trustee, at least one teacher, the technology person, and the Business Manager. The committee should distribute the data-collection and data-generation tasks appropriately. For example, charge the Business Manager with computing scores on the three Stability Markers that are explicitly financial. The technology professional determines which of the several surveys can be set up for electronic scoring. The Trustee communicates with the Board about the Strategic Board Assessment II.

Data may simply be funneled back to the Committee Chair, or the committee could schedule a data-reporting meeting. ISM recommends self-scoring on the Stability Markers at intervals of no greater than 24 months. Time this to have a fresh self-scoring completed shortly before the next strategic planning and strategic financial planning event (normally to occur, ISM suggests, at four-year intervals).

A total of 147 points is possible. Judge your school's total against the four-category array ISM has recommended for some time.

- **Category One (71 or fewer points).** A self-score in this range suggests that, in strategic planning, the entire focus of the new plan should be on strengthening your school's scores on the Stability Markers.
- **Category Two (72–101 points).** A self-score in this range implies that your school has developed enough strategic strength to undertake a set of modest initiatives—i.e., moderate risks—while still protecting the core Stability Marker scores already achieved.
- **Category Three (102–131 points).** A self-score in this range implies that your school has developed enough strategic strength to undertake constituency-based planning, if your situation calls for that. There are risks inherent to gathering together large numbers of your constituents and asking them to help construct a vision for your school's future. *Unless you*

*have a strategic financial framework in place to act as a constraint on the ideas that will be generated, you risk developing a plan you cannot afford. Nonetheless, if carefully planned and controlled, constituency-based planning can develop strong community support for your new plan.*

- **Category Four (132–147 points).** A self-score in this range indicates your school has achieved an enviable stability level. It can afford to undertake constituency-based planning without fear that the additional expense layered into your new plan will be likely to weaken the school and cause it to regress toward lower Stability Marker categories. This does *not* mean, of course, that the new plan should be financially reckless. It should guard its current high-scored Stability Markers just as judiciously as a Category-One school.

### ISM Stability Markers Scoring Instrument

#### Section A: First-Tier Items (Rank-ordered)

##### Stability Marker No. 1: Cash Reserves, Debt, and Endowment Mix

A. Sum all cash reserves—monies that can be accessed by Board vote, as distinct from true endowment, which cannot—and express as a percent of operating expenditures. Make these and all financial calculations based on a cash translation of your operating budget (e.g., expenses include interest and principal on loans, but do not include depreciation when depreciation is a "paper number").

Award points on a 0–15 scale, as follows:

20%+	=	15 points
15%–19%	=	12 points
10%–14%	=	9 points
5%–9%	=	6 points
3%–4%	=	3 points

B. Compute the market value of your endowment fund balance. Divide that balance by total debt to achieve a ratio. In situations in which there is none of either, award the midrange score of 7.5).

Award points on a 0–15 scale, as follows:

10 to 1 or higher	=	15 points
5–9 to 1	=	12 points
3–4 to 1	=	9 points
2 to 1	=	6 points
1 to 1	=	3 points

C. Ascertain annual debt service on outstanding obligations (interest and principal on debts). Express as a percent of operating expenditures (not operating revenues). Award points on a 0–15 scale, as follows:

0% to 0.9%	=	15 points
1% to 1.9%	=	12 points
2% to 2.9%	=	9 points
3% to 3.9%	=	6 points
4% to 5.9%	=	3 points

D. Average the scores for B and C (to yield "BC").

E. Average A with BC.

Enter E (range of 0–15 points): \_\_\_\_\_

**Stability Marker No. 2: Strategic Plan and Strategic Financial Plan (incorporating an updated risk-management plan) and Strategic-Plan-Based Budgeting**

Scoring is “all or nothing.” If you have a plan that:

- a. extends at least four years into the future (from time of development);
- b. deals primarily with viability-related items (those dealing with money, organizational structure, technology, facilities and grounds, and general positioning in the marketplace);
- c. deals with the financial and quantitative consequences of those items;
- d. displays the projected net tuition gradient and other hard-income gradients;
- e. displays the basic expense gradient;
- f. includes an updated risk-management plan;
- g. is in routine (at least monthly) use by the Board and administrative leadership; and
- h. invites the administration and Finance Committee to build the annual budget around the resulting planning document.

Award 12 points (0 or 12):

\_\_\_\_\_

**Stability Marker No. 3: Executive Leadership**

Using the “ISM Executive Leadership Survey,” (see the sidebar) set the items into a four-point scale and distribute the 20-item survey to all faculty members. With the results in hand, award one point for each instance in which at least 75% of the respondents selected 3 or 4 (i.e., the “good end of the scale”). Sum the 75%-plus items and multiply that result by 0.4 to earn a maximum of 8 points.

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Using the 8-Item Diener Flourishing Scale, invite the School Head to rate him or herself using the seven-point scale. Sum the total and divide by 14.

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Add two scores and enter the result (0–12 range):

\_\_\_\_\_

**Stability Marker No. 4: Hard-Income Driven**

Determine the total amount of “hard income” in the operations budget. This refers to monies that are billed—for example, tuition, fees, summer-program income, income from facilities rental, book-store sales—and to usable interest generated from interest-bearing accounts, such as endowment. (Use net tuition revenue for this purpose, i.e., gross tuition revenue minus your “unfunded tuition assistance”—your discounts—in all categories.) Divide that number by total operations expenditures, including debt service (principal and interest) but not just numbers on paper, such as depreciation.

Award points for day schools as follows:

100%+	=	12 points
95%–99.9%	=	9 points
93.5%–94.9%	=	6 points
92%–93.4%	=	3 points

Award points for boarding schools as follows:

80%+	=	12 points
78%–79.9%	=	9 points
76%–77.9%	=	6 points
74%–75.9%	=	3 points

Enter the result (0–12 range):

\_\_\_\_\_

**Stability Marker No. 5: The Faculty Culture and the Student Experience**

This item is scored by administering ISM’s Faculty Culture Profile II (to all full-time teachers)<sup>4</sup> and Student Experience Profile II (to all students in grades 5–12),<sup>5</sup> and converting the two scores into a 12-point summary score.

For the Faculty Culture Profile II, award one point for each instance in which at least 75% of the respondents selected 7, 8, or 9 on the nine-point scale. Multiply your final result on the Faculty Culture Profile II by 0.3 to convert to a six-point scale.

For the Student Experience Profile II, award one point for each instance in which at least 51% of the respondents selected 7, 8, or 9 on the nine-point scale. Multiply the outcome by 0.5 to convert the outcome to a six-point scale.

(Note: When scoring the Student Experience Profile II for any purpose other than awarding Stability Marker points, a completely different approach is used, resulting in a score for each of the instrument’s three scales: Predictability and Support, Student Satisfaction, and Student Enthusiasm.)

Sum the two six-point (maximum) outcomes and enter (0–12 scale):

**Stability Marker No. 6: Enrollment Demand in Excess of Supply**

Award as many as six points for a track record over the last three years, continuing through today, of a substantial waiting pool of mission-appropriate students (with appropriate balance between full-pay and partial-pay) wishing to enroll at your school’s major entry point or points. Award 0–6 points.

Next, determine your retention (re-recruitment) rate based on your track record over the last three years; award six points for an overall figure of 90% or greater. This part of Stability Marker No. 6 scoring is “all or nothing”: award six points or zero.

Record your estimate (0–12 range):

**Subtotal for Section A (First-Tier Items, range 0–75)** \_\_\_\_\_

**Section B: Second-Tier Items (Not rank-ordered)**

**Stability Marker A: The Strategic Board**

See the ISM survey instrument titled Strategic Board Assessment II. Administer the survey to all Trustees. Follow the scoring instructions shown as part of the instrument.

Enter the result (0–24 range):

\_\_\_\_\_

**Stability Marker B: Consistent Donor Engagement**

Score this item by considering to what extent your school fully and appropriately attends to your donors and prospects throughout the six stages of the donor cycle:

- a. identify;
- b. engage;
- c. evaluate;
- d. solicit;
- e. recognize; and
- f. steward.

Award up to one point for consistently high performance on each of the six stages.

Enter the result (0–6 range):

\_\_\_\_\_

### Stability Marker C: Development Office Management

Score by assessing the Development Office's ability to:

- collect, organize, and analyze financial and other data;
- provide direct and logistical support for all stages of the donor cycle; and
- provide data and analysis as needed to support school operations and governance.

Award zero to two point for performance in each of these areas.

Enter the result (0–6 range): \_\_\_\_\_

### Stability Marker D: Internal Marketing

Award up to 1.5 points for each of the following, up to a total of six points, for the existence of an Enrollment Management Team (by any name):

- made up of key administrators from all areas of the school (e.g., admission, marketing communication, development, finance, Division Heads, school counselors, or others);
- that regularly collects and reviews data (e.g., constituent satisfaction, enrollment, and school culture);
- that uses data to develop a schoolwide enrollment management plan; and
- that engages the faculty systematically in all internal marketing and re-recruitment efforts.

Enter the result (0–6 range): \_\_\_\_\_

### Stability Marker E: Faculty Salaries

Determine the faculty's consensus referent (e.g., local public school median, regional association data, national association data). Rate your school's salary structure (median, mean, low-end, high-end) against the consensus referent, using a six-point "competitiveness" lens to decide upon your estimate. (Example: With a public school median salary of \$75,000, award six points tentatively if your own faculty median is equal to, or higher than, that figure; five points tentatively if within three percentage points of that figure; four points tentatively if within six percentage points of that figure; and so on. The word "tentatively" is to suggest that the median-to-median relationship comprises only a portion of your estimate—low-end and high-end salaries must also be considered. The final estimate necessarily will be subjective.)

Record your estimate (0–6 range): \_\_\_\_\_

### Stability Marker F: Employee Benefits

Unlike the previous item, this is not a comparative or competitive Stability Marker. Rather, this Marker refers to the breadth of offerings in your school's benefits package. A sample list might include life insurance, health insurance, retirement plan, long-term disability, short-term disability, long-term care, dental insurance, vision insurance, employee assistance services, and Flexible Spending Accounts. Using a six-point lens, subjectively determine your school's rating, with the inclusion of six or more of the above being likely to justify the awarding of all six available points, three justifying three points, and one justifying one point.

Record your estimate (0–6 range): \_\_\_\_\_

### Stability Marker G: Budgeted Support for Faculty Professional Development

Determine from your operations budget the amount of funding allocated to faculty professional development. Express that number as a percent of total expenditures (ISM benchmark 2.0%). Multiply

that percentage by 3.0 to convert to a six-point scale. (Note the ceiling is six points.)

Enter the result (0–6): \_\_\_\_\_

### Stability Marker H: Quality of Facilities

Using "facilitation of the delivery of the school mission" as your lens, estimate your facilities' impact on the overall teaching and learning health of the physical environment. Consider the issue from all community viewpoints: student, teacher, coach, administrator, and parent. Consider all aspects of your facilities: classroom design and space, storage space, music and art spaces, technological adequacy, athletics spaces (indoor and outdoor), administrative spaces, "great room" spaces, other assembly areas, and worship spaces in schools with religious missions. Award six points for facilities that are judged to enhance mission delivery across the board, and zero for facilities that actually interfere with mission delivery.

Record your estimate (0–6 range): \_\_\_\_\_

### Stability Marker I: Master Property, Facilities, and Technology-Infrastructure Plan

Subjectively award six points for plan(s) that include a:

- facilities audit;
- master campus facilities plan;
- land acquisition plan; and
- technology-infrastructure plan, with projected revenue sources for each one.

Award (up to) two points for each.

Record your estimate (0–6 range): \_\_\_\_\_

**Subtotal for Section B (Second-Tier Items, range 0–72): \_\_\_\_\_**

**Add Subtotal for Section A (First-Tier Items, range 0–75): \_\_\_\_\_**

**Total Score (range 0–147): \_\_\_\_\_**

<sup>1</sup> See "The ISM Stability Markers: The Fourth Iteration," *Ideas & Perspectives*, 39-8-29.

<sup>2</sup> See "Head Support and Evaluation Committee: Reporting to the Board," *I&P*, 42-15-60.

<sup>3</sup> See "The Strategic Board Assessment II," *I&P*, 42-3-9.

<sup>4</sup> See "The Faculty Culture Profile II," *I&P*, 37-7-30.

<sup>5</sup> See "The Student Experience Profile II," *I&P*, 37-5-22.

**The scoring instrument for Stability Marker No. 3 involves the ISM Executive Leadership Survey, which includes 20 statements set up on a four-point scale.**

Our School Head:

- vigorously seeks a professional growth and development-focused faculty culture;
- gives public, positive reinforcement to deserving employees in all categories—especially in regard to laudable professional growth and achievements—and to students at all levels;
- actively promotes an ongoing faculty conversation about high expectations and support for students;
- seeks to establish a faculty-wide conversation about professional development;
- places great emphasis on the faculty's high expectations, specific to each student;
- demonstrates an inspired and inspirational commitment to the institutional mission;
- sustains a high level of self-knowledge, self-awareness, and self-management;
- exhibits determined pursuit of her or his own professional growth program;
- is respectful of others, regardless of their position in the organization;
- is a charismatic person;
- displays great flexibility;
- is a supportive person;
- is steeped in moral purpose, moral clarity, moral conviction, and integrity;
- is a highly ethical person;
- is predictable. One can rely on the consistency of her or his responses to events, both "good" and "bad";
- does not seem self-righteous;
- tries to be supportive all the time and with everyone, regardless of their successes or failures (i.e., gives support even when it may not be merited);
- shows respect for others in her or his formal interactions, such as presiding over meetings;
- is a contemplative person; and
- allows her or his humility to enhance her or his leadership.