



THE COUNCIL OF  
INDEPENDENT COLLEGES



# **Aligning Senior Leadership Rewards & Retention With Performance & Mission**

**CIC Presidents Institute  
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# Presented by:

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Spelman College

*A Choice to Change the World*

## **Aligning Senior Leadership Rewards & Retention with Performance & Mission**

- How can presidents work with their boards to develop effective strategies for the recruitment, reward, and retention of high-performing, mission-focused campus leaders?
- What are appropriate measures of performance in mission-critical areas, and how might they be benchmarked with peer institutions?

# Issues to be discussed

- What rewards higher education executives?
- What is the range of executive compensation plans today? (traditional to incentive)
- What are the implications of current plans?
- How do Boards and Presidents engage in dialogue about the choices & consequences – what factors to consider?
- How are choices communicated to stakeholders?

# How two colleges approach the reward / retention issue

- **Spelman College – Beverly Daniel Tatum**
- **Robert Morris University – Gregory Dell’ Omo**

# Spelman College: A Mission-Centered Community

Spelman College, a historically Black College for women and a global leader in the education of women of African descent, is dedicated to academic excellence in the liberal arts and sciences and the intellectual, creative, ethical and leadership potential of its students. Spelman empowers the whole person to engage the many cultures of the world and inspires a commitment to positive social change.

# Spelman College Budget and Compensation Philosophy

- Minimize increased cost to students while insuring reasonably competitive salaries, and adequate staff to meet critical needs and support programs
- “Reasonably competitive” defined as at least 80% of the benchmarked average using both local and national cohort data to determine benchmark
- As of 2007-08 every employee earning at least 80% of the benchmarked average
- Board-approved “incentive” compensation plan for CEO discontinued at president’s request

# Spelman Focus on Psychological Rewards and Retention

- Set high expectations and look for demonstrated commitment to mission in hiring process
- Invest in professional development – continuing opportunities for growth
- Invest in team development – increasing interpersonal satisfaction
- Show genuine appreciation – publicly and privately
- Result has been excellent retention

# Robert Morris University Current Plan

- Base salary plus Short Term Incentive Plan (STIP)
- STIP—annual lump sum payment tied to achievement of individual annual goals
  - ➔ Up to 30%--President (amount determined by BOT)
  - ➔ Up to 25%--SVPs
  - ➔ Up to 15%--VPs
  - ➔ Up to 10%--Chiefs & Athletic Director
- No Long Term Incentive Plan (LTIP)

# Robert Morris University Proposed Incentive Plan

## ■ STIP

- ➔ Annual individual goals
- ➔ Include 3 annual shared goals for all participants (academic, financial, and development)
- ➔ Shared goals will only have an achieved or not achieved status
- ➔ Weighting of shared goals toward individual's operational unit (based on level of influence)
- ➔ Circuit Breaker and Clawback provisions

## ■ LTIP for Leadership Team (Pres, SVPs, VPs, Deans)

# Robert Morris University Proposed Incentive Plan

## ■ LTIP

- ➔ Performance metrics (team based) tied closely to University strategic plan, covering five categories:
  - ◆ Academic Selectivity
  - ◆ Academic Progress
  - ◆ Academic Quality/Outcomes
  - ◆ Operational Effectiveness
  - ◆ Financial Capacity
- ➔ Establish RMU baselines for each metric and compare to pre-determined peer groups based on 3-year averages and percentiles
- ➔ Accrue incentive pay over a 3-year period based on results that reach threshold, target or maximum levels

## **Follow-up to Panelists' Observations:**

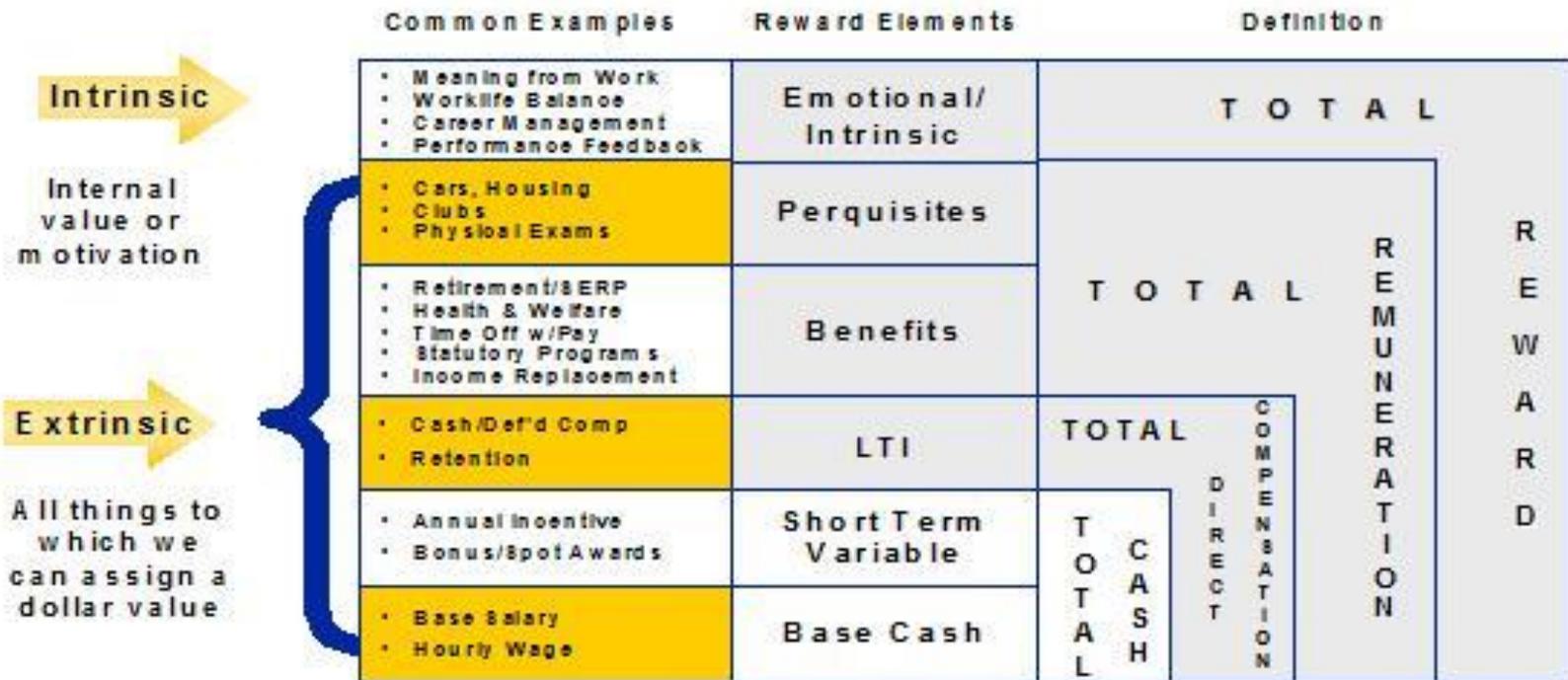
- **Audience Institutions**

- **Casagrande Consulting Observations**

# Follow-Up Questions to Panelists (and audience)

- How best for presidents to work with their boards to develop effective strategies for the recruitment, reward, and retention of high-performing, mission-focused campus leaders?
- How best for Boards and Presidents to engage in dialogue about the choices & consequences – what factors to consider?
- How best to communicate plans to stakeholders, and make them part of the fabric of the institution?

# Factor #1 – Components in Reward / Retention of Staff



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# Factor # 2 : Challenges in designing & implementing incentive / retention plans

- Optics
  - ➔ IRS 990 – Schedule J
  - ➔ Chronicle of Higher Education – Ratio of Faculty to President Pay
- Effectiveness
  - ➔ Do people stay?
  - ➔ Possibility of buyout?
  - ➔ Different needs of executives
- Goal Setting
  - ➔ Short term vs long term
  - ➔ Stretch
- Regulations
  - ➔ IRS
  - ➔ Department of Education