The ISM Stability Markers: The Fourth Iteration

The third iteration of ISM Stability Markers™ comprised 18 variables each of which, according to ISM’s internal reviews, correlated strongly with a private-independent school’s ability to sustain excellence over time. In the fourth iteration, no additions or subtractions have been made to the 18 third-iteration Stability Markers themselves. The new scoring structure does, however, better align with ISM’s Success Predictors™.

Benchmarks, weighting, points of reference, and/or methods of calculation have been updated to conform to ISM’s current perspectives on each. And one of these updates can be considered major: the movement of two first-tier markers (No. 5 and No. 6) to the second tier, replaced in the first tier by two previously second-tier items.

ISM’s suggested approach to self-scoring entails forming an ad hoc committee chaired by the Board President and/or School Head, or by an administrative designee. That committee should include at least one (other) Trustee, at least one teacher, the technology person, and the Business Manager. The committee should divide the data-collection/data-generation tasks appropriately. For example, the Business Manager will be charged with computing scores on the three Stability Markers that are explicitly financial. The technology professional will determine which of the several surveys (of students, teachers, and Trustees) can be set up for electronic scoring. The Trustee will communicate with the Board regarding the Board-specific survey.

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 24-month intervals, timed so as to have a fresh self-scoring completed shortly before the next strategic planning/strategic financial planning event (normally to occur, ISM suggests, at four-year intervals).

A total of 147 points are possible. Your school’s final total should be judged 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 new initiatives—i.e., moderate risks—while still protecting the core Stability Marker scores you already have 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 in 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 that cannot be paid for. 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 level of stability. It can afford to undertake constituency-based planning without fear that the additional expense layered into your new plan may 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 would a Category One school.

### ISM Stability Markers Scoring Instrument

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

**Stability Marker No. 1: Cash Reserves/Debt/Endowment Mix**

A. Sum all cash reserves and express as a percent of operating expenditures; award points on a 0–15 scale, as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%+</td>
<td>15 points</td>
</tr>
<tr>
<td>15%–19%</td>
<td>12 points</td>
</tr>
<tr>
<td>10%–14%</td>
<td>9 points</td>
</tr>
<tr>
<td>5%–9%</td>
<td>6 points</td>
</tr>
<tr>
<td>3%–4%</td>
<td>3 points</td>
</tr>
</tbody>
</table>

B. Compute the market value of your endowment fund balance; divide that balance by total debt to achieve a ratio; award points on a 0–15 scale, as follows:

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to 1 or higher</td>
<td>15 points</td>
</tr>
<tr>
<td>5–9 to 1</td>
<td>12 points</td>
</tr>
<tr>
<td>3–4 to 1</td>
<td>9 points</td>
</tr>
<tr>
<td>2 to 1</td>
<td>6 points</td>
</tr>
<tr>
<td>1 to 1</td>
<td>3 points</td>
</tr>
</tbody>
</table>

C. Ascertain annual debt service on all 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:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>15 points</td>
</tr>
<tr>
<td>1%</td>
<td>12 points</td>
</tr>
<tr>
<td>2%</td>
<td>9 points</td>
</tr>
<tr>
<td>3%</td>
<td>6 points</td>
</tr>
<tr>
<td>4%–5%</td>
<td>3 points</td>
</tr>
</tbody>
</table>

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

E. Average A with BC; enter the average of A and BC (range of 0–15 points):

**Stability Marker No. 2: Strategic Plan/Strategic Financial Plan and Strategic-Plan-Based Budgeting**

Scoring on this item is “all or nothing.” If you have a plan—by any name—that simultaneously (a) extends at least four years into the future (time of development); (b) deals primarily with viability-related items (those dealing with money, organizational structure, technology, facilities/grounds, and general positioning in the marketplace); (c) deals with the financial/quantitative
Stability Marker No. 3: Executive Leadership

Using the “ISM Executive Leadership Survey,” set the items into a five-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 4 or 5 (i.e., the “good end of the scale”). Sum the 75%-plus items and multiply that result by 0.6 to convert the outcome to a 12-point scale.

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, bookstore sales—and to useable 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 “paper numbers” such as depreciation.

Award points for day schools as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%+</td>
<td>12</td>
</tr>
<tr>
<td>95%–99.9%</td>
<td>9</td>
</tr>
<tr>
<td>93.5%–94.9%</td>
<td>6</td>
</tr>
<tr>
<td>92%–93.4%</td>
<td>3</td>
</tr>
</tbody>
</table>

Award points for boarding schools as follows:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%+</td>
<td>12</td>
</tr>
<tr>
<td>78%–79.9%</td>
<td>9</td>
</tr>
<tr>
<td>76%–77.9%</td>
<td>6</td>
</tr>
<tr>
<td>74%–75.9%</td>
<td>3</td>
</tr>
</tbody>
</table>

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) and Student Experience Profile II (to all students in grades 5–12), 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 75% of the respondents selected the 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 this 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 wishing to enroll at your school’s major entry point or points. (“Substantial” is here defined as a number of students that would more than fill one new section at a given level.) 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: Profiled Board

See the ISM survey instrument titled Strategic Board Assessment. Administer the survey to all Trustees. Attend in scoring this item only to No. 4 on the survey instrument. Determine the percentage of respondents who selected 7, 8, or 9 on the nine-point scale. Multiply your percentage outcome, expressed as a whole number (e.g., .85) by 0.06 to reduce the 100-point percentage scale to a 0–6 range. Enter the result (0–6 scale):

Stability Marker B: Board Leadership

Again using the outcomes of the Strategic Board Assessment that was administered to all Trustees, consider the results from items No. 3, 5, 8, 9, 11, and 12 in the 15-item survey. Award one point for each instance in which at least 75% of the respondents selected 7, 8, or 9. Sum the one-point awards. Enter the result (0–6 range):

Stability Marker C: Trustee Education

Again using the outcomes of the Strategic Board Assessment that was administered to all Trustees, consider the results from items No. 1, 13, and 15 in the 15-item survey. Award two points for each instance in which at least 75% of the respondents selected 7, 8, or 9. Sum the two-point awards. Enter the result (0–6 range):

Stability Marker D: The “Strategic Board”

Again using the outcomes of your Strategic Board Assessment, consider the results from all 15 items. Award one point for each instance in which at least 75% of the respondents selected 7, 8, or 9. Multiply the outcome by 0.4 to reduce the score to a six-point scale. Enter the result (0–6 range):
Stability Marker F: Development Office Management
Score subjectively by weighing Development Office performance over the last four years. Attend not to actual dollars raised, but to excellence in management's ability to (a) collect and organize financial and other data; (b) participate meaningfully in the school's marketing program; and (c) provide direct and/or logistical support for the previous Stability Marker (“Consistent Donor Cultivation”). Enter the result (0–6 scale). __________

Stability Marker G: Internal Marketing
Award six points for the existence of a vigorous Parent Retention and Education Plan—by any name—that successfully (a) helps re-recruit current families; (b) undergirds and enlivens all schoolwide fund-raising efforts; and (c) engages your faculty systematically in your student-retention program. Award (up to) two points for each. Enter the result (0–6 range). __________

Stability Marker H: Faculty Salaries
Determine your 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 will necessarily be subjective.) Record your estimate (0–6 range). __________

Stability Marker I: 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 health insurance, life insurance, long-term disability, short-term disability, retirement plan, Flexible Spending Accounts, dental insurance, vision insurance, and employee assistance services. 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 J: 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 K: Quality of Facilities
Unlike the previous item, this is not a comparative or competitive Stability Marker. Rather, this Marker refers to cultivation itself, as distinct from actual solicitation.) In awarding your score, do not attend to structures (i.e., School Head/Development Office/Board of Trustees organization; this Stability Marker refers only to function). Award six points for consistently exemplary performance on this item over the last four years. Enter the result (0–6 range): __________

Stability Marker L: Master Property/Facilities Plan
Subjectively award six points for plan(s) that include (a) a facilities audit, (b) a master campus facilities plan, and (c) a land acquisition plan, together with projected revenue sources for each. Award (up to) two points for each. Record your estimate (0–6 range): __________

Subtotal for Section B (range 0–72): __________
Add Subtotal for Section A (range 0–75): __________
Total Score (range 0–147): __________

1 See “The Third Iteration of ISM Stability Markers,” Ideas & Perspectives, 31-10-37.
2 The scoring instrument for Stability Marker No. 3 involves the ISM Executive Leadership Survey, which includes the following 20 statements set up on a five-point scale.

Our School Head:
1. vigorously seeks a professional growth/development-focused faculty culture;
2. gives public, positive reinforcement to deserving employees in all categories—especially in regard to laudable professional growth/achievements—and, as well, to students at all levels;
3. actively promotes an ongoing faculty conversation regarding high expectations and support for students;
4. seeks to establish a faculty-wide conversation regarding professional development;
5. places great emphasis upon the faculty's specific-to-each-student high expectations;
6. demonstrates an inspired and inspirational commitment to the institutional mission;
7. sustains a high level of self-knowledge, self-awareness, and self-management;
8. exhibits determined pursuit of her/his own professional growth program;
9. is respectful of others, regardless of their position in the organization;
10. is a charismatic person;
11. displays great flexibility;
12. is a supportive person;
13. is steeped in moral purpose, moral clarity, moral conviction, and integrity;
14. is a highly ethical person;
15. is predictable. One can rely on the consistency of her/his responses to events, both “good” and “bad”;
16. does NOT seem self-righteous;
17. 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);
18. shows respect for others in her/his formal interactions, such as presiding over meetings;
19. is a contemplative person, and
20. allows his/her humility to enhance his/her leadership.