MEMORANDUM

TO: Stephanie Thurman, Office of the Provost, CB # 3000

FROM: Steve Jones, Dean

DATE: February 23, 2004

SUBJECT: Salary and Workload Policies

This memorandum is in response to a January 6, 2004 letter from Bernadette Gray-Little. Its purpose is to describe the policies and procedures that KFBS uses to establish salaries and workloads for tenure-track faculty.

SALARY POLICY

KFBS sets annual salaries for each faculty member after the annual review process, which is conducted each May and June. The school uses a standard format for annual reporting of performance on research, teaching and service (See Attachment A for an example of a hard copy form used in the past. We now collect these same data electronically.). Each faculty member provides a vita and a summary of his activity over the last two years (e.g., this year we will request a summary of research, teaching and service activities from May 2004—April 2004). Faculty are also asked to list the classes they will teach during the upcoming academic year and specific research and teaching goals for the next year.

These materials are assembled for each faculty area, after which each area reviews the performance of its own faculty members. Each area is allowed some discretion in the way this evaluation occurs but the approach typically involves reviewing the materials of colleagues and providing input to the Area Chair. The Area Chair then integrates the comments, makes his own assessments, and drafts a letter of evaluation for each faculty member. The letter details (a) the faculty member’s contribution in research, teaching and service during the prior two years, (b) the major anticipated contributions of the faculty member during the next year, (c) the faculty member’s course teaching load and (d) the specific courses to be taught in the following year. This draft is sent to the Senior Associate Dean of Academic Affairs. Next, each faculty member meets with his Area Chair, the Senior Associate Dean, and the Dean to discuss the assessment of his performance.
Documentation of Performance Reviews

Following the meetings, the Senior Associate Dean revises the letters of evaluation based on the performance reviews. The Dean then sends the revised letters of evaluation to all faculty members, with copies to the Area Chairs.

Annual Salary Adjustments

This assessment of the faculty member’s performance and anticipated contributions to the school becomes a major input into his salary adjustments. Once budgets are established and the Dean determines the size of the pool for salary increases, specific percentage salary increases are determined for each faculty member.

Salary Catch-up Plan

Unfortunately, some of our key faculty who make the largest contributions to the school are so substantially below-market that we do not anticipate being able to restore their salary to a competitive level this year. Thus, we are undertaking a more extensive review process this winter and spring to establish the market value of each of our faculty:

First, we have collected salary survey data from the top 50 business schools as determined by Business Week. The survey data are for nine months and grouped by area and rank and broken into quartiles and extreme deciles. The data are further stratified by the Top 10 schools, schools ranked from 11-20, schools ranked from 21-30, and schools ranked from 31-50. For example, the median nine-month salary for a full professor in marketing at the top 10 schools is $182,000.

An ongoing task is to determine where each of our tenure-track faculty members lies along this continuum. For example, if we were to determine that the record and contributions of one of our full professors in marketing equaled that of a median full at the Top 10 schools, we would state that his market value is $182,000. We would hope to adjust his salary to $182,000 this year, but if that is not possible (because of budget constraints) we will communicate to the faculty member both our assessment of his market value and our commitment to provide that level of contribution as soon as feasible.

The most difficult part of this process is assessing a faculty member’s market value. To the extent possible, we will rely on objective, quantifiable measures. For example, in the research area, which largely establishes external market value, we are collecting data on publication records in the top academic journals over the last 15 years by faculty at the top 25 schools. We are using these data to construct a set of faculty records against which to compare our own faculty. This process is designed to enable us to determine the appropriate position of our faculty (e.g., median full at a Top 10 school). We will then adjust up or down to take account of the individual’s non-research contributions in teaching and service.