Components of the educational management model

School leaders across the nation are exploring ways to better educate students and improve school performance. School-based management (SBM) offers a way to promote improvement by decentralizing control from central district offices to individual school sites. It attempts to give school constituents--administrators, teachers, parents and other community members--more control over what happens in schools.

Endorsed by many organizations, including the National Governors' Association, SBM is being tried in districts of varied size and wealth. But so far, we have only a small bit of knowledge about how to make SBM work.

Decentralized management has a longer history in the private sector, however. For several decades, organizations have been implementing "high-involvement management," a practice that like SBM decreases centralized control to encourage self-management by employees.1 Studies of decentralization in the private sector suggest that high-involvement management is most appropriate in organizations where the work (like teaching in schools) is complex; is best done collegially or in teams; involves uncertainty in its day-to-day tasks; and exists in a rapidly changing environment.

Research on the private sector also points out that control over four resources needs to be decentralized throughout the organization in order to maximize performance improvement: power to make decisions that influence organizational practices, policies and directions; knowledge that enables employees to understand and contribute to organizational performance including technical knowledge to do the job or provide the service, interpersonal skills, and managerial knowledge and expertise; information about the performance of the organization, including revenues, expenditures, unit performance, and strategic information on the broader policy and economic environment; and rewards that are based on the performance of the organization and the contributions of individuals.

This issue of CPRE Finance Briefs offers a new definition of school-based management and describes strategies for decentralizing management to improve the design of SBM plans. The design strategies focus on the four components of control: power, knowledge, information, and rewards.

The brief draws from a national study of school-based management being conducted by Priscilla Wohlstetter and Susan Albers Mohrman for the Finance

Center of the Consortium for Policy Research in Education (CPRE) and is based on a series of commissioned papers (see sidebar). Researchers are studying public schools, private schools and private companies, that have decentralized in order to identify strategies that can improve the implementation of school-based management and enhance school productivity.

Research on the private sector shows large-scale change, such as decentralization, cannot be simply installed. Rather it unfolds over time through a gradual learning process. Therefore, the transition to SBM is best approached by establishing structures and processes that enable groups of people to discuss new directions, try new approaches, and learn from them. The second part of this finance brief offers strategies for managing the change to school-based management.

In the education arena, school-based management has been viewed largely as a political reform that transfers power (authority) over budget, personnel and curriculum to individual schools. Little attention has been given to empowering school sites with control over information, professional development (knowledge) or compensation systems (rewards). Furthermore, when SBM programs are analyzed, the general conclusion is that the extent of decision-making responsibility transferred to site teachers and administrators is limited.

Experience from the private sector suggests that to effectively implement school-based management, districts need to design plans that not only transfer real authority to school sites but also expand the definition of SBM to include control over information, knowledge and rewards. Drawing from successful decentralization approaches in public schools and in the private sector, strategies for decentralizing resources in each of these four areas are discussed below.

Power. The main focus of school-based management has been the decentralization of power. The question is, "Who at the school site is the power given to?" Power is shifted most often from the central administration to a council at the school site. Councils may be composed of administrators, teachers, parents, community members and sometimes students. In this way, SBM empowers groups who typically have not had much power in managing schools.

The idea of using SBM as a vehicle for giving more authority to classroom teachers is common. Indeed, SBM often is seen as synonymous with empowering teachers. Most districts that instituted SBM through collective bargaining--such as Dade County, Florida and Los Angeles, California--provided teachers with majority representation on site councils. In doing so, districts simultaneously

decentralized power to the schools and elevated teachers' influence to higher levels in the organization.

It may be, however, that group empowerment is not the most effective means of school management. Studies of effective public schools agree that a strong central leader, like the principal, is key to successful management. An effective leader can set the school's vision, serve as an instructional leader, coordinate reform efforts and rally support for the school. A few districts--such as Edmonton, Canada and Prince William County, Virginia--have empowered the school principal under SBM. This model also is used by independent elite schools that tend to have high student achievement: power belongs to the head.

A second concern in designing SBM is what powers should be given to school sites. SBM programs generally delegate at least some control over budget, personnel and curriculum decisions, however, some SBM programs limit control to only one or two of these areas. Budgetary powers usually are the first to be decentralized.

Some private sector organizations have increased performance by establishing small self-managing production units with full authority over resources, including budget and personnel. Following this model, the most effective SBM programs would be ones where schools are given lump-sum budgets to allocate according to local needs and the authority to hire and fire school staff, including principals and teachers.

The transfer of power in the private sector occurs through various strategies. Each strategy aims to empower the organization's employees, which in education would be mainly teachers and administrators. One strategy is self-contained teams, made up of employees who produce a defined product or deliver a service to a defined set of customers. Within schools, teams might be defined by grade level or academic department. Such teams could be given the authority to make resource trade-offs and to manage the way they perform their jobs.

A second strategy that also breaks big companies into smaller units is the creation of mini-enterprises. Mini-enterprises in schools could be groups of students organized into "houses" or "cadres" and taught by teams of teachers, similar to school designs advocated by Theodore Sizer and Henry Levin. In the private sector, each mini-enterprise typically is empowered to make decisions about resource allocation and is given incentives to optimize performance.

A third approach is to use special purpose, or "parallel" structures. Quality improvement teams, often made up of employees at varying levels, and union/management committees have been used to build consensus among employees with different responsibilities on what organizational improvements should be made and how changes should be designed.

Finally, companies in the private sector have used representative task teams to enable operating units to have input into decisions that are best done uniformly throughout the organization for reasons that include economies of scale, demands of the marketplace or legal requirements.

School districts that are implementing school-based management should consider these additional mechanisms for participation and involvement. As pointed out, each is suitable for a different purpose. SBM plans should create participative mechanisms that are geared toward improving specific areas such as curriculum, teaching, and day-to-day operations.

Knowledge. In the private sector, three kinds of knowledge and skills are important to decentralized management. First, employees need training to expand their job skills and increase the breadth of their perspective, so that they can contribute in more ways to the organization and more knowledgeably to decisions about improvements. Secondly, individuals need teamwork skills for participating in high-involvement management: problem-solving, decision-making and communication skills. Finally, individuals need organizational knowledge. This includes budgeting and personnel skills, as well as an understanding of the environment and strategies for responding to changes in the environment.

School districts under SBM have given at least some attention to the first two areas. Districts routinely offer training, primarily to school-site councils, on how to organize meetings and how to develop consensus, although perhaps not with sufficient attention to the particular kinds of issues and problems council members will face. In addition, districts pay some attention to expanding teachers' knowledge about the instructional and programmatic changes of the schools, including knowledge about teaching, learning and curriculum. Such efforts, however, are not necessarily considered part of SBM and usually provide much less professional development than is needed.

Districts under SBM have done even less to develop general organizational skills among SBM participants. This is a serious shortcoming, given the focus in many districts on decentralizing functional tasks, such as budgeting and personnel. There

also has been an absence of training for district office personnel whose roles likewise change under SBM. Thus, school districts implementing decentralized management need to encourage a wider variety of training experiences that support new operating practices in both the district office and school site.

A common practice in many districts is to have district offices provide training and consulting services to the schools. Implicit in such plans is the belief that central office staff have the knowledge that individuals at the site lack. Sometimes this is true, but often it is not. A few districts have recognized the need to draw upon the knowledge of educators at the school site. For example, Dade County established the Dade Academy for the Teaching Arts which offers training that is planned and operated exclusively by teachers for teachers. Some districts under SBM, such as Chicago, Illinois, and Edmonton, Canada, allow schools to purchase staff development services from experts outside the district.

Although there is yet very little research about the role of new knowledge in SBM, lessons from the private sector suggest that participants in the process need a complex understanding of both decentralized school governance and instructional reform. However, it does not appear that the only strategy for increasing knowledge lies in moving curriculum and instruction experts from the central office to the schools. Rather, studies indicate that the more promising approaches are joint efforts. These efforts draw upon the knowledge of teachers, administrators and outside experts and feature ongoing staff development in which participants at all levels enrich the system with their acquired knowledge and insight, while drawing on new sources of understanding.

Information. Power can only be decentralized if the individuals to whom power is entrusted have access to the information necessary to make good decisions. In the private sector, as well as in public education, much information historically has been available only at the top of the organization.

Companies practicing high-involvement management have developed ways to collect and share information about organizational goals, finance and cost structures, environmental issues, the customer and organizational performance. The companies provide trend and "benchmark" data to allow units to compare their performance over time, and with other organizational units and other organizations in the field. Further, they find ways to disseminate innovations that are occurring in their organization and in other organizations that are dealing with the same issues.

Public schools implementing decentralized management have not focused much attention on sharing information among participants, particularly at the school site. Indeed, the major focus in districts under SBM appears to be how information is shared vertically between individual schools and the district office, and whether schools are adhering to regulatory policies. Many districts provide schools with standardized test data.

School districts under SBM, however, are only beginning to provide sites with the information about organizational performance needed to develop school-based plans, for instance. To the extent schools are expected to meet districtwide goals, individuals at the school site need information about their performance relative to those goals. In addition, schools, like companies, must have information about their performance relative to other schools, whether or not they are competing with others as in a market-based choice plan.

Finally, schools need information about the extent to which they are meeting their clients'--parents and students--needs. All such information, moreover, needs to be available to schools in a timely fashion, so that modifications can be made inroad to improve organizational performance.

A mission statement is one tool that can be used by educators at the school site to help them to define school goals, measure progress toward reaching the goals, and to share information with the community-at-large. Research in the 1980s on effective schools found many of them have written mission statements defining the school culture and environment. Such information also is prevalent at independent schools whose survival depends on their ability to communicate unique attributes to prospective parents and students. Independent schools also stress business information since sound finances, information about tuition, salaries, enrollments, sources of income and types of expenditures also are crucial to the schools' survival.

Besides the content of information, how information is transmitted to the school community is important. With public schools, informal methods of communication are most prevalent: parent-teacher conferences, collegial sharing among teachers, and ad hoc meetings with visible, accessible administrators. By contrast, independent schools tend to favor more formalized approaches for transmitting information. Explicit written codes of conduct have become the norm.

Procedures dealing with conflict management, faculty compensation, job descriptions, strategic plans, and methods and timetables for meeting goals are

typically written down and distributed to the school community. This written information is one way heads of independent schools communicate the school's mission to the community.

Studies in the 1980s of effective public schools suggest that they also transmit formal written information about performance expectations for students and staff, but not to the extent of independent schools.

School districts under SBM need to develop more systematic and varied strategies for sharing information at the school site, as well as with the district office and with other schools serving similar student populations. Portfolio assessments, such as those used in Vermont and districts such as Pittsburgh, Pennsylvania, Rochester, New York, and San Diego, California, may be one way to broaden information systems and provide feedback on school productivity.

Rewards. Translating decentralized reward structures of business to education is probably the greatest challenge to SBM. Skills-based pay schemes in decentralized private sector organizations reward employees for the knowledge and skills they possess. In education, reward systems tend to use indirect, proxy measures of knowledge and skills, namely the years of education and experience a teacher has accumulated.2

Decentralized management plans in the private sector often include components that reward employees collectively for performance. A key lesson from the private sector is that decentralized management is most effective when there is consensus on performance measures and units can be held accountable for performance. Employees need to see the relationship between pay and performance. Such conditions, however, do not often exist in education. Furthermore, it is understood in the private sector that high performance will lead to greater profits, but funding in public education is rarely affected by evidence about performance.

Few districts engaged in SBM have decentralized financial rewards. Teachers continue to be paid on a standardized salary scale and districts continue to allocate funds on a per pupil basis. The issue of performance-based rewards in schools is elusive for many reasons, including the multitude of purposes that various stakeholders have for the schools, the value differences that divide educators and the community, and the resistance of teachers and teacher organizations to the concept.

For example, policymakers often like the idea of rewarding successful schools with more resources, but budget constraints often would oblige them to allocate less to schools that are failing, an untenable approach to school improvement. Competitive merit pay plans exist in a few places. However, the systems tend to differentiate little among teachers and schools, and tend not to last over time.

Several districts actively involved in SBM continue to develop districtwide career ladders. However, such reforms typically are not skills-based pay schemes but strategies for increasing the pay of teachers who take on more work. For example, both Cincinnati, Ohio and Rochester identify lead teachers who assume special responsibilities and earn extra pay.

Monetary rewards are not the only extrinsic (or external) motivator available. Other possibilities include sabbaticals or opportunities to pursue full-time studies. In addition, prestigious mentor teacher positions could be created to help guide less experienced teachers. Another possibility would be to provide teachers with opportunities to further their education through professional conferences, classes at local colleges and universities, or involvement in teacher networks focused on some aspect of curriculum, teaching and assessment.

It is clear from research about work in schools that an effective reward system also must include opportunities for achieving intrinsic (internal) rewards. There is substantial evidence that although pay is an important concern, many teachers are motivated strongly by intrinsic factors such as achieving success with students or enjoying collaborative work with peers.

Consider, for example, teachers in independent schools who are paid considerably less than their public school counterparts. The evidence suggests non-monetary factors--an environment conducive to learning, seeing positive results in student performance and control of the classroom--motivate these teachers.

School districts under SBM need to devise new approaches--both extrinsic and intrinsic--to reward participants. Rewards can motivate individuals to use their enhanced resources (power, information and knowledge) to further districtwide and school-based goals. Rewards also can be used to align the goals of people at the district office and school sites who have different preferences and value different outcomes.

Managing the Change to SBM

The transition to SBM entails large-scale change in educational organizations. Successful decentralization requires that systems and processes be redesigned so that power, knowledge, and information accrue at the operating levels of the school, and so that rewards are contingent on performance and contribution. New recruitment practices are needed to attract people who will thrive on the challenge of working in a decentralized setting; development practices must be altered and greatly supplemented to ensure that participants have needed competencies. The transformation eventually involves all organizational components, including strategy, structure, technology, processes, rewards and other human resources systems. All of these components need to fit with the new way of managing and with each other.

Large-scale change is threatening to the people involved, because it entails new roles and responsibilities and because it challenges traditional assumptions and values. The change process has to be carefully managed. Several change management strategies are discussed below.

Vision. Large-scale change such as a transition to SBM is such a disruption of the status quo of an organization that it will not be successful unless a compelling case is made for it. Districts embarking on SBM should be very clear about the need for change and the ultimate purpose of the change process.

In the private sector, need is clearly established by the market place--by the changes that are required to successfully compete and to meet the demands of customers. School districts will have to make a case for the need for change based on gaps in the schools' abilities to meet demands being placed on them and to provide educational services needed by their communities.

Understanding the need for change is the first step in a transition. Having a vision of what the change entails and what it is trying to accomplish is the next. This includes defining high performance in a manner that can be agreed to by the various stakeholders who become partners in the effort. An explicit focus on educational outcomes frames the change to SBM in a way that replaces issues of who gains and who loses power. Developing a shared vision of the organization links people together and provides goals and criteria for change activities and ongoing decisions. School districts and the schools within them should involve stakeholders at all levels in forming the vision, and then in giving it substance at the local level. Superintendents and principals will play a key role in making this happen.

Change structures and roles. In school-based management, creating and empowering the site council often has been the main change intervention. The council is expected to make decisions to change the nature and effectiveness of the education that goes on in the school. Thus, councils become change agents in schools, and should be educated accordingly.

They will have to know how to design change in the school and how to manage the dynamics of change, including the natural stages of transition and the resistance that is associated with it.

In addition, as implementation unfolds, the council will likely spawn other change structures to develop and implement new approaches, and the work of various change groups will have to be coordinated and nurtured.

In the private sector, multi-stakeholder steering groups have needed education regarding their own group process, organizational design principles and change management approaches. Although SBM councils often receive training in group process, a more extensive set of skills and knowledge will be required, if the council is to play out its potential to spur meaningful change and improvement in the school.

The role of school management--principals and superintendents--has not received much attention in SBM plans. Private sector experience has found that such roles are pivotal in successful decentralization. The management role changes from directive and control-oriented to a role that involves creating an empowering environment in which teachers can easily try out new approaches. The new role includes facilitating and coaching for high performance, ensuring that proper resources are in place, making certain that the development needs of participants are addressed, and freeing teachers up to make changes so that school sites truly become the focus of continuous improvement.

Superintendents will have to actively model new leadership roles, set expectations and provide feedback to district-level managers and school principals about the change expected in how they perform their roles. Principals, as the heads of organizational units, will have to provide leadership in the organizational transition, and model and reinforce the new behaviors. Increasingly, principals will find themselves exerting leadership in collective forums, such as councils, where their influence is exercised as a group member rather than hierarchically.

The role of teachers also changes in a fundamental way. Although they have always managed their own classrooms, SBM implies an extension of their focus to include participating in shaping the school environment, creating the school vision, working with other stakeholders to determine goals and objectives, and taking responsibility for resource allocation and use. Their influence shifts from individual control over their classroom domain to influence exercised in a variety of collective forums, including councils, problem-solving groups, and various kinds of work teams.

Other roles also change extensively. Participation by parents, students and other community stakeholders on school councils implies a basic shift from advocating personal viewpoints to participating in a forum that must take a school wide view and address the concerns of many different stakeholders.

This will require considerable team building to develop trust and willingness to work through differences and develop a consensus.

Even the role of district staff changes from planning and overseeing various aspects of school functioning to becoming responsive service groups whose customers are the operating units in the schools. Increasingly these groups will exist to support changes emanating from the schools rather than to initiate change that will be rolled out to the schools.

In sum, the transition to SBM involves extensive change in roles that must be accompanied by intensive development of new skills and capabilities. It cannot be understood simply as a transfer of power. Rather, it is the establishment of new and vital roles for many stakeholders, and it will not succeed unless development is planned and resources are provided.

Resources. In the private sector, the transition to decentralized management has been found to unfold over a minimum of three to five years, during which the capabilities of the organization are gradually enhanced and the systems, processes and structures are brought slowly into alignment with the new decentralized vision. This process requires a tremendous amount of resources: time, energy and money. It is an investment in the capabilities of the organization.

Among the key resources are time and money for the extensive skills-development process required to support the new way of functioning. Development of individuals' capabilities and team development of the various councils and other collaborative structures require finding expertise to help with the process and time

for it to occur. Schools will have to find ways to free-up participants for such development.

In addition, school districts will have to invest in the development of new site-based information systems, including measurement and feedback systems, financial and budgeting systems, and new reward systems. The development of these systems will take expert time, but also should be done in a participative way so that the various stakeholders understand and help shape them. Again, this involves freeing up people to participate.

State and Local Policy Implications

Redesigning educational systems to improve student learning and school performance requires considerable initiative and effort by individuals at the school sites. For the process to be successful, however, there also needs to be encouragement and support by those at district and state levels. Here are some initiatives that can be undertaken by states and local school districts based on what we know about successful decentralization in the private sector.
Power

States could devise a timeline for transferring budget and personnel authority to school sites and require full transfer by some specified date.
Local districts could exercise oversight over outcomes rather than process. Districts also could take the lead in redefining the role of the central office as supportive rather than compliance-oriented, and encourage the development of new structures at the school site to move power closest to those responsible for educating groups of students.

Information

States could develop a prototype information system of fiscal, student, teacher and outcomes data that includes all the key elements needed to engage in SBM. States also could devote resources to disseminating information about educational innovations to SBM participants throughout the state.
Local districts or consortia of local districts could design the computer systems needed to make information available on-line to each school site about how resources are being utilized, satisfaction indicators, achievement indicators, and other relevant measures, so that schools could track trends and compare themselves with similar school units.

Knowledge and Skills

States could set aside, over a five-year time period, a fixed percentage of total education revenues (2-3 percent) for professional development that is more in line with skills development budgets at the most productive private companies.
Local districts could initially use those funds to train council members, district and school leaders, and teachers in their new roles and responsibilities. Over time, the funds could be given to schools for use in ongoing, site-based professional development activities.

Rewards

States could devote resources to developing templates for a pay system that would include skills-based pay, cost reduction gain sharing for schools that are able to increase performance while decreasing costs, and other forms of group-based performance pay, like Kentucky is in the process of doing. A state-mandated accountability system could peg performance rewards to a structure of goals and legitimate performance measures.
Local districts could offer to pilot the new pay system in individual schools for which the district has waived personnel regulations, including union contracts. Individual schools, in turn, would have the flexibility to design specific features of the pay system that would make it operational at their school site.

Conclusion

School-based management is an organizational approach that expands the local school site responsibility and authority for the improvement of school performance. Ideally, it provides local mechanisms for the introduction of new approaches to education that result in enhanced outcomes and that better fill the needs of the local community.