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## Talent Management in Portfolio Districts

*Christine Campbell, Michael DeArmond*

CRPE Working Paper #2010-4



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Christine Campbell  
Michael DeArmond

Center on Reinventing Public Education  
University of Washington

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## THE PORTFOLIO SCHOOL DISTRICTS PROJECT

Portfolio management is an emerging strategy in public education, one in which school districts manage a portfolio of diverse schools that are provided in many ways—including through traditional district operation, charter operators, and nonprofit organizations—and hold all schools accountable for performance. In 2009, the Center on Reinventing Public Education (CRPE) launched the Portfolio School Districts Project to help state and local leaders understand practical issues related to the design and implementation of the portfolio school district strategy, and to support portfolio school districts in learning from one another.

### A Different Vision of the School District

Traditional School Districts	Portfolio School Districts
Schools as permanent investments	Schools as contingent on performance
“One best system” of schooling	Differentiated system of schools
Government as sole provider	Diverse groups provide schools

### Analysis of Portfolio District Practices

To understand how these broad ideas play out in practice, CRPE is studying an array of districts (Chicago, Denver, Hartford, New Orleans, New York City, and Washington, D.C.) that are implementing the portfolio strategy. The ongoing analysis looks at what these districts are doing on important fronts, including how they attract and retain talent, support school improvement, manage accountability, and re-balance their portfolios by opening and closing schools when needed. The work compares different localities’ approaches and adapts relevant lessons from outside sources such as foreign education systems and business.

#### The Portfolio Network

Participating districts currently include Baltimore, Boston, Chicago, Cincinnati, Cleveland, Denver, Detroit, Hartford, Indianapolis, Los Angeles, Milwaukee, Minneapolis, New Haven, New Orleans, New York City, Oakland, Philadelphia, Rochester, and Washington, D.C.

#### Connecting Portfolio Districts

In addition to fieldwork and reports from the study districts, CRPE has built a network of districts interested in portfolio management. This network brings together local leaders—mayors, foundation officers, superintendents, and school board members—who have adopted or are considering a portfolio management strategy. Like the strategy itself, the network is a problem-solving effort. Each city is constantly encountering barriers and developing solutions that others can learn from.

### CRPE sponsors the following tools for supporting portfolio districts:

- **Semi-annual meetings of the portfolio network.** The majority of participants are involved in day-to-day portfolio implementation, resulting in content-rich and highly informative meetings.
- **Portfolio online community.** Outside of the network meetings, members collaborate and participate in online discussions and share resources around emerging issues.
- **Portfolio web-based handbook of problems and promising solutions.** Built around the needs of member districts, the handbook is a growing resource available to anyone interested in school and district performance management. It includes special analyses done by CRPE and synthesized best practice materials from member districts. (Under development)

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## INTRODUCTION

One of the most important things a school district can do to improve student achievement is ensure that students have effective teachers. Recognizing that human resource management systems are often not up to the task, some urban school districts are reforming how they recruit, hire, develop, and retain teachers by streamlining processes and procedures and aligning them with the district's broader reform strategy. This paper looks at how such reforms are playing out in portfolio school districts. The results should be of interest not only to leaders of portfolio districts but also to leaders in non-portfolio school districts who are interested in transforming their human resource management systems to better ensure that all students have effective teachers.

Like many reforms in public education, the portfolio district idea demands a lot from people working in schools and central offices. It demands teachers and principals who have the capacity and initiative to drive self-directed school improvement in a strong accountability environment; and it demands district officials who can negotiate a host of complex relationships, support and monitor a differentiated system of schools, and manage the overall performance of the portfolio.

Portfolio school district leaders can sometimes find these skills among the people in their existing schools and district offices, but too often their staffing systems leave talent to chance, doing little to seek out high-quality candidates, develop them, and retain them.<sup>1</sup>

Emerging evidence suggests that portfolio districts are rethinking the way they manage human capital from end-to-end—how they hire, train, place, evaluate, and reward teachers and school leaders. These efforts amount to a crosscutting “talent strategy” that examines how the entire system, not just the district's human resource (HR) department, helps or hinders the district's ability to attract and retain the teachers, principals, and central office administrators it needs.

To illustrate this approach, we look at two school districts: New York City and Washington, D.C. Even though these districts' reform efforts differ (see sidebar), together they highlight four courses of action that portfolio—and perhaps traditional—districts can take to transform talent management from a bureaucratic staffing system into a core leadership function:

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<sup>1</sup> See D. Balter and W. Duncombe, *Teacher Hiring Practices in New York State School Districts*. (Albany, NY: Education Finance Research Consortium, Center for Policy Research, Rockefeller College of Public Affairs, University at Albany-SUNY, January 2005); T.B. Corcoran, *Helping Teachers Teach Well: Transforming Professional Development* (New Brunswick, NJ: Rutgers University, Consortium for Policy Research in Education, 1995); M. DeArmond and D. Goldhaber, *A Leap of Faith: Redesigning Teacher Compensation* (Seattle, WA: Center on Reinventing Public Education, University of Washington, 2008); R. E. Slavin, “Students at Risk of School Failure: The Problem and Its Dimensions,” in *Effective Programs for Students at Risk*, eds. R. E. Slavin, N. L. Karweit, and N. A. Madden (Needham Heights, MA: Allyn & Bacon, 1989), 3-17; R. P. Strauss, L. R. Bowes, M. S. Marks, and M. R. Plesko, “Improving teacher preparation and selection: Lessons from the Pennsylvania experience,” *Economics of Education Review* 19 (2000): 387-415.

1. Assign talent strategy to a senior reform executive
2. Distinguish strategy from routine transactions
3. Redesign policies and practices to support flexibility and performance
4. Change the culture to focus on performance

The remainder of this paper explores each of these actions and some of the challenges they raise for districts that pursue them.

### **Two Priorities for Reform**

When district leaders in New York City and Washington, D.C., took the helm in their districts they confronted HR systems that, in their words, were “broken.” Characterized by passive recruitment efforts, a reliance on local labor pools, unfocused professional development programs, and weak incentives for the best teachers to work where they were needed most, these systems largely left talent to happenstance.

Both districts had slightly different priorities for improving the way they acquire and develop talent. In New York City, Chancellor Joel Klein prioritized finding and developing high-potential principals, giving them discretion to run their schools—including a school-based teacher hiring system—and holding them accountable for performance. In D.C., Chancellor Michelle Rhee focused on upgrading talent across the board, with aggressive recruitment strategies and new evaluation and accountability policies to improve or replace under-performers.

And yet, as this paper describes, both districts took similar steps to transform the way they *managed* talent, changing it from a bureaucratic system into a core leadership function of the district.

## Assign Talent Strategy to a Senior Reform Executive

One of the first steps that these districts took was to put a core member of their top leadership team in charge of the district's talent strategy. In New York City, Chancellor Klein has given specific Deputy Chancellors a mandate to advance the district's talent strategy. In D.C., Chancellor Rhee assigned the talent strategy to her only Deputy Chancellor.

These leaders were charged with overseeing policies and practices for the entire employee lifecycle: sourcing, development, deployment, performance management, rewards, and retention. Usually, school districts spread the oversight and management of these functions over various units and offices; as a result, no one has the authority (or accountability) to ensure that all of the various parts of the system work together to support the district's talent needs. By assigning HR reform to top leadership, the districts created a point person to address this problem. As the Deputy Chancellor in D.C. explained, someone needs to do "the bigger thinking and redesign of all of the pieces of the HR continuum."

*... unless you are thinking about the entire human capital continuum and the effort to recruit, develop, keep, and reward good people, then your efforts will only be so good and go so far. It needs to be part of an integrated whole.*

In New York City, the Deputy Chancellor for Strategy and Innovation helped push the transformation of talent management by taking "everything involving people and bundling it into one place."

*I took this big lumbering bureaucratic HR Department, I took everything having to do with professional development and training, I took all the recruitment systems for hiring teachers, and all the systems for evaluating and getting rid of the teachers and principals and bundled that up. I formed something called the Talent Office to make the focus around talent, rather than transactions.*

As this quote suggests, a talent strategy encompasses administrative reforms in HR departments, but is not limited to them. It cuts across various aspects of district operations, policies, and practices that affect who teaches and leads, in which schools and classrooms, and with what supports and expectations. By assigning the crosscutting talent strategy to a single reform leader, these districts raised the profile, power, and significance of talent management and signaled the executive team's engagement. Talent management went from being a second-order concern in the bureaucracy to a central part of the district's improvement efforts. Indeed, the Deputy Chancellor in D.C. went so far as to say, "Our talent strategy is our theory of action."

## Distinguish Strategy from Routine Transactions

Once the talent management leader was on board and working with the core leadership team, these leaders created structures to recognize and support the distinction between the strategic and transactional dimensions of talent management. The strategic demands of talent management require thinking about the district's human capital needs, from recruitment to promotion or termination, and how the entire system of talent management can serve those needs. The transactional demands of talent management, by contrast, include activities such as processing hiring paperwork or leave-of-absence requests and managing payroll and benefits—the traditional work of district HR departments.

To ensure that the district performs both sides of talent management well, district leaders assigned them to different groups. In D.C., for example, the district created special “strategy teams” that operate independent of the HR department. These strategy teams are responsible for conceiving and designing strategic innovations in talent management. According to D.C.'s Deputy Chancellor, the strategy teams do the “bigger thinking and redesign work” around talent management to inform the work of the HR department. She explained,

*Each year the strategy team will dive into a particular issue, such as selection. Once the innovation is developed, it goes back into HR where they manage the implementation and continue to improve on it. The point is that HR couldn't have made the huge innovation leaps that the strategy team has the time and space to work on. We have to make room for both the thinking and the doing.*

The districts have also created new structures to support the “doing” (transactional) side of HR. In New York City, the district worked to improve the basic management processes in HR—ensuring, for example, that payroll was accurate and timely, and by creating “HR Connect” (modeled on a credit card call center) to better serve the district's more than 80,000 teachers and principals by answering questions about benefits, leave, and other important issues. The district's Chief Talent Officer called HR connect “one of the most important” parts of the reform because it improved HR's efficiency and effectiveness and allowed district officials to focus on strategic issues.<sup>2</sup>

<sup>2</sup> New York City officials also say that HR Connect helps the district communicate with teachers about new programs and changes in the district. One official said, “As we began to morph into a more strategic, talent-aligned HR system, we enhanced HR Connect so that it absorbs information about our new programs and is prepared to explain them to teachers and principals.” When the district launches a new initiative or negotiates a change to one of its labor contracts, it trains the HR Connect staff so that they can answer people's questions about it. A district leader said, “We've tried to imbue in all our executives, ‘When you're doing something new, you need to tell HR Connect.’”

In addition to renaming or creating new units inside the central office, portfolio districts are, like many districts, redesigning jobs in the HR department to provide better customer service to schools. New York City, for example, created new “generalist” positions to help principals address all their staffing needs. These “HR partners” act as one-stop consultants rather than specializing in only one aspect of the hiring process. This transition to providing tailored support to schools around talent management, however, is in some ways a work in progress; district leaders note that they are still figuring out the types of skills HR partners need to have and the level of support they should provide to schools.

### **Redesign Policies and Practices to Support Flexibility and Performance**

In addition to separating strategy from transactions, the districts took concrete steps to redesign a host of practices and policies governing talent management to be more flexible and performance-driven.

The districts tried to make talent management policies more flexible by removing bottlenecks and speeding up staffing processes to help the right people with the right skills get to the right places. For example, New York City renegotiated its teachers’ contract to give principals more control over teacher hiring, curtailing seniority privileges, ending the “bumping” of junior teachers, and requiring “excessed” teachers (those who lost their positions for a variety of reasons, including enrollment declines or school closures) to apply for vacancies instead of being assigned to them. The ending of forced placement and bumping—along with a transfer plan that allows any teacher to transfer without regard to seniority—has resulted in a system that gives the principal much more discretion about who they hire to teach in their schools, helping advance the idea of talent management at the school level as central to a principal’s success.

In addition to rethinking teacher contracts, the districts also examined ways to make certification rules more flexible. In D.C., district leaders revised certification rules so they could expand their pool of teacher applicants. One official explained,

*Previously, in order to get a math license here, even in the alternative certification program, you had to have 32 math credits—a math major. Few people major in math, so even Teach For America (TFA) or DC Teaching Fellows couldn’t get enough candidates, so we worked with the state to allow for a broader pool of people to come in. Last year, TFA could get me two math candidates. This year, they plan on bringing me thirty.*

As this quote suggests, the districts strategically expanded the applicant pool by forming selective partnerships with outside talent providers. For classroom teachers, these groups include well-known organizations such as TFA and The New Teacher Project that help support city-specific Teaching Fellows programs. For principals, they include city-based leadership academies—such as the New York City Leadership Academy—that tap and develop leadership talent inside the district, as well as national groups like New Leaders for New Schools.

Alternative talent providers give districts greater access to a wider pool of nontraditional, entrepreneurial teachers and leaders than traditional certification routes and, especially with regard to school leadership, populate schools with people whose skills are aligned with the reform agenda. A top official in New York City credited alternative certification programs like the district's Leadership Academy with recruiting principal candidates from the system “who are disruptors, not master navigators.” In D.C., “about a quarter of the work in the district” is getting done by promising college students and recent graduates working as central office interns.

It is worth noting that although district leaders looked outside for new types of teachers and principals, they did not see them as the only answer to their HR needs. Outside talent providers cannot, for example, be relied upon to provide enough candidates to address all of the district's hiring needs, and sometimes districts might seek more experience than these programs can offer. As a top official in D.C. explained, the district is now searching almost exclusively for experienced principals with proven records of urban school success, remarking, “We don't have three years to wait while a principal gets her sea legs.”

The districts are also redesigning hiring, evaluation, and compensation policies and practices to focus more on performance. In New York City, for example, the district has revised its principal selection protocols to include a wider array of performance assessments and work samples, including having candidates provide a writing sample, evaluate a complicated piece of data in front of judges (a budget, a student achievement problem or crisis in the school), and evaluate a videotape of a teacher conducting a lesson. The district has also worked with leadership training institutions, including colleges of education, to adopt the district's “leadership competencies” into their preparation and development programs. New York City also requires teacher candidates to submit a writing sample, and has created a candidate quality index to assist principals who are seeking new teachers for positions in their schools.

Across the districts, leaders have revised their principal and teacher compensation systems to include financial rewards for performance. In New York City, for example, principals are eligible for an annual bonus of up to \$25,000 based on student achievement results. Leaders in D.C. are revising their evaluation systems so that they help identify and recognize differences in performance, rather than provide everyone with a ‘satisfactory’ rating. New York State has recently passed legislation requiring the use of student learning impacts in teacher evaluations (previously the state had barred the use of so-called value-added measures of teacher effectiveness in job evaluations). In both districts, leaders are investing in collecting and analyzing performance data to ground selection and development practices on demonstrated evidence of performance.

### **Change the Culture to Focus on Performance**

Finally, to ensure that district administrators and other central office staff had the talent and incentives to support the talent strategy, both New York City and D.C. complemented their restructuring efforts with investments in the capacity of people in the central office and efforts to build a new culture of accountability and performance.

To increase capacity and also reorient the central office culture, leaders in the districts hired people from outside the district with new talents and professional backgrounds. In both New York City and D.C., leaders brought in some “new blood” to the leadership of their talent strategy. Starting at the top, the Deputy Chancellors both came from outside of the school districts; in New York City, the talent strategy leader came from Edison Schools; and in D.C., the leader came from The New Teacher Project. Both were experienced in working with schools, but brought fresh thinking from non-traditional jobs in education. To underscore the shift in the central office, both districts asked incumbents to “reapply” for their positions in HR and hired others who fit a new emphasis on customer service and accountability. According to officials in D.C., the district’s HR department is now fairly evenly split between long-time incumbents and outside hires after nearly a year of reorganization. “While we fired a handful of people,” said a district official, “the new culture and new way of operating also drove people out who didn’t want to be there.”

The districts also used new types of job assignments and training to build capacity and shift the culture. To build managerial capacity and create a culture of strategic innovation, some upper-level managers in New York City are given “stretch assignments” that lead either to their advancement or removal. Leaders in New York City also use job rotations and reorganization to expose upper-level managers to different parts of the system, helping to build informal bridges to further the portfolio reforms and to prevent stagnation by staying too long in one department or on one task.

New York City and D.C. also invested in training for HR personnel, including customer service training for people working on HR transactions. D.C.'s HR staff, led by the Deputy Chancellor, studied the practices of businesses like Nordstrom, Disney, and Bank of America. As a leader in New York City said, "It's really hard to give good customer service on Friday at 4:59 p.m. when you get the same call that you've been answering all day. But we train our people to recognize that that person is just as important because they don't know that they're the last person to call you for the day. One bad story will negate 99 satisfied ones. That's been our central theme."

The districts also tried to change the culture in the central office through the use of new performance metrics and accountability tools for central office personnel. In D.C., for example, top district managers have weekly reviews with the district's executive management team to go over their goals and progress (called SchoolStat, modeled after New York City's Crimestat). For HR, this means reviewing a host of metrics, such as the number of vacancies in each school and across the system; the percentage of teachers who meet the *No Child Left Behind Act's* "highly qualified teacher" requirements in each school; recruitment and application trends; and the quality of customer service calls (for example, duration to solution and outcome of inquiries).

It is hard to say how this combination of new people, training, and new accountability systems is changing the way people work in HR in the districts, but practice seems to be shifting. For example, consider how D.C. is approaching principal recruitment. Prior to the reform, the district followed a passive approach to recruitment—post an opening, process applications. Now, D.C. district recruiters are aggressively poaching talent from outside of the district. They scan other districts (with an emphasis on a 250-mile radius from D.C.) to identify schools that have seen sharp increases in performance and send these principals a letter of congratulations—and a pitch to work in D.C. They follow up with a phone call and encourage the principals to visit. For principals who work far away, the district arranges webinars led by the Deputy Chancellor to answer questions about D.C. Candidates are tracked and the Chancellor monitors the process monthly. This aggressive approach is part of shifting the central office culture—not just its organizational chart—so that it stresses commitment, engagement, and accountability.

## Transformation Is a Work in Progress

On balance, efforts to transform talent management from a bureaucratic system to a core leadership function involve crosscutting initiatives that move human capital front-and-center, including rethinking the structures in which people work, the policies and practices they use, and the culture of district administration. Table 1 sums up the four courses of action that these districts are employing and the rationale for following them.

**Table 1.** Four Courses of Action for Talent Management in Portfolio School Districts

Course of Action	Why Do It?
Assign talent management to a senior reform executive	<p>To coordinate policies and practices that encompass the entire employee lifecycle in support of the reform agenda</p> <p>To promote commitment, engagement, and accountability for talent management among top executives</p>
Distinguish strategy from routine transactions	<p>To improve commitment and accountability for the strategic and the transactional sides of HR</p> <p>To improve customer services to employees and school leaders</p>
Redesign policies and practices for flexibility and performance	<p>To remove bottlenecks that make it harder to attract and retain talent</p> <p>To improve commitment and accountability for performance</p>
Re-culture HR to focus on performance	<p>To ensure that people working within new organizational structures and jobs have the skills and incentives to perform</p>

The courses of action in Table 1 are not single-shot events; instead, they are on-going and evolving projects. Occasionally, they run up against the limits of a district's resources or knowledge, or encounter resistance from people who support the status quo.

For example, all of these courses of action took additional resources—investments in call centers; new incentives for performance and hard-to-staff schools; investments in training; and salary increases to encourage union participation. Taking these courses of action also requires know-how, some of which can be found inside of traditional school districts, but some of which requires training or outside expertise—another cost. School districts that are in financial crisis might be unable to make some of the investments needed to transform their staffing systems into a more strategic part of district reform. But on closer examination, some of these actions may not require major additional funds: for example, elevating talent management to a cabinet level, or reorganizing along strategy and transactional lines.

Many of the changes associated with these actions—shifts in resources, the elimination of jobs, and new expectations for performance—threaten established interests and values. Districts pursuing these changes are likely to encounter conflict as supporters of the status quo try to hang on to established arrangements. In D.C., for example, reformers have famously created a charged political environment that, according to some observers, contributed to the defeat of Mayor Fenty. In New York City, the chancellor's fight against "last in, first out" layoff policies has pitted him against senior teachers and the teachers union.

All of this is to say that portfolio district leaders who are pursuing a talent strategy need to balance the push for ambitious (and sometimes controversial) change with sensitivity about its disruptive and threatening nature—for people inside and outside the district. Through careful diplomacy and coalition building, and regular communication about the "how and why" of reform (clarifying what will happen and dispelling rumors), district leaders might ease some of the inevitable tension associated with reform.

Clearly, the courses of action outlined in this report are not easy. And yet they appear to be critical levers for transforming long-standing bureaucratic staffing systems into a more strategic and crosscutting approach to talent management, one that supports the performance and flexibility at the heart of the portfolio school district idea.