



Performance Pay Policy Miller School of Medicine

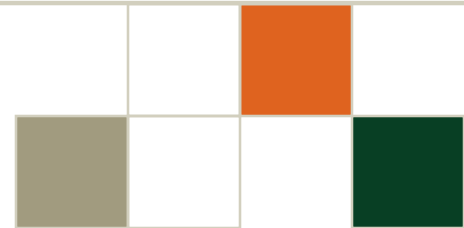
Faculty Council 10-28-2013

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Performance Pay

- Principle:
 - All people do what they are incented to do.
 - You will get more of what you incentivize; you will get less of what you don't.
- Need for written policy:
 - Clearly define expectations and processes required for leaders, administrators, and individuals
 - Articulate financial gates or triggers for payment
- Not a new paradigm



The Policy

- Purpose
 - Align faculty clinical, research, education, and leadership efforts with business, operational and strategic goals of the Medical School and the University;
 - Create systems and processes that link participants' pay with key predefined performance indicators; and
 - Clarify processes pertaining to the approval, accrual, and payment of faculty and staff incentives at the Medical Center.



The Policy

- Performance Pay Definition:
 - Lump sum payment for exceptional performance against pre-established, clearly defined goals which align with organizational and business unit objectives
- Payment set after the audited close of the fiscal year based on overall medical center and departmental financial performance
- Merit pay (recurring adjustment to base) administered separately



Gates: Financial Performance

- Principles:
 - Everyone contributes to overall fiscal and organizational success
 - You can't spend money you don't have
- Gates:
 - Departmental budget performance
 - Medical School budget performance
- Financial Performance sets available maximum
- Individual performance sets payout % of max



Gates: Financial Performance

- Achievement of triggers is determined following the audited close of fiscal year
 - Personal achievement of metrics accounts for 50% of incentive payment
 - Departmental performance accounts for 25% of incentive payment
 - Medical Center performance accounts for 25% of incentive payment



Gates: Financial Performance

- Medical center must operate at break even or surplus (i.e. overall year-end bottom line zero or better)
- If medical center in true deficit
 - No administrative or leadership bonuses paid
 - Faculty clinical, research, and education incentives may be earned up to 50% of overall bonus potential



Gates: Financial Performance

- Senior leadership shall review percentages (50% personal; 25% department; 25% medical center) and can change distribution at the start of each fiscal year.
- All incentive plans include same spread among personal, department and medical center goals.
- All payments are ultimately based on available funds at the discretion of the dean and senior leadership.



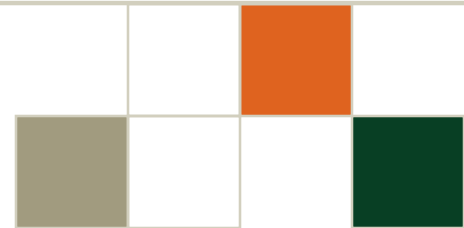
Participant Eligibility

- Types of performance pay plans
 - Department plans (require approval)
 - Individual contracts
 - Dean and COO Direct Reports
- All metrics or milestones must be prospectively defined, measured and scored



Participant Eligibility

- Faculty and Staff
- Eligible role for ≥ 6 months
- In good standing and on payroll when goals are assessed and paid out



Exclusion Criteria

- Needs Improvement or Unsatisfactory Performance Evaluation
- Disciplinary actions
- Temporary and per diem staff
- If employment has been separated or terminated for any reason, eligibility will be lost.



Process and Caveats

- Prospective approval required
- Metrics defined and measured
- Must accrue dollars for payment
- No “guaranteed” performance pay
- Payment dependent upon behavioral compliance with SOM / University policies



Policy versus Execution

- Defining policy is not enough: we must execute
 - Set clearly defined expected behavior
 - Measure actual behavior
 - Feedback, coaching in real time
 - Optimize chances of success (personal + organizational)
- Effective Performance Measures
 - Relevant
 - Objective
 - Interpretable
 - Actionable (achievable with stretch)



Data Types

- Quantifiable systematic data
 - Relevant
 - Can respond to individual effort
 - Be accurate, timely, objective
 - Interpretable
- Behavioral / observational data
 - Focus on observable behaviors
 - Measureable milestones



Metrics

- Things that influence your domain and contribute to future success of enterprise
 1. Mission Related
 2. Function or Department Related
 3. Strategic Aim of the Organization
 4. Personal discretion / evaluation driven



Mission Related

- Clinical
 - Increasing market share
 - Enhanced referral networks
- Education
 - Improving efficiency of education
 - Increasing MD-MPH
- Research
 - Grants
 - Research-related media
- Service to our community



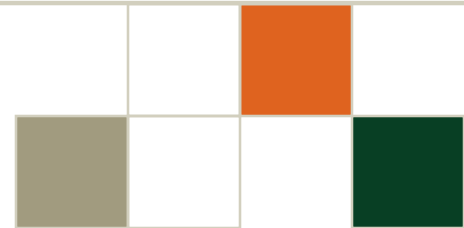
Strategic Aim of the Enterprise

- Sharing Resources across departments e.g. Shared Service Implementation
- Developing next generation of leaders
- Redesigning ineffective old processes and implementing new



Function or Department Related

- Budgetary (at the department or unit level)
- Strategic Departmental Growth
- Development – Fund Raising targets
- Program Development
- Improving Employee Engagement



Discretionary

- Reflection of citizenship
- Economic incentive for behavior change
- Based on leadership evaluation including citizenship, demonstration of code of conduct, shared decision making, role modeling leadership behaviors
- At the discretion of the Dean and COO

