

Board Development

Evaluating Your Executive Director's Performance

A key responsibility of the board is to evaluate the performance of the executive director. To be effective, this evaluation needs to be carried out on a regular basis, and in a planned and thoughtful manner. However, there is not *one single correct way* to conduct the evaluation.

It is important to keep in mind that evaluation of your executive director happens — whether or not you use a formal process. In fact, informal assessment starts the day your executive director begins his or her job, or when a new member joins your board. These informal assessments come from a variety of sources that include:

- Board members' observations at formal meetings and sessions, and at informal gatherings
- Comments heard from clients and customers
- Observations from members, stakeholders, and community members
- Conversations with staff

If not handled properly, informal assessments can damage your organization and your board's relationship with the executive director. Therefore, the board chair needs to bring this information to the board in order to correct misunderstandings, and to resolve individuals' opinions about the executive director's performance. However, no matter how well informal assessments are handled, they cannot replace the need for a planned evaluation of your executive director – a formal performance appraisal.

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**Board Development:
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*Celebrate what you want to
see more of.*

— *Unknown*

*If you wouldn't write it and
sign it, don't say it.*

— *Earl Wilson*

What Are the Benefits of a Formal Performance Appraisal of Your Executive Director?

A thorough performance appraisal of your executive director takes time, energy, skill, and resources. Therefore, you want to be sure that everyone is clear about the benefits of this process. In fact, a good way to begin this process is for board members to develop a list of the benefits that they expect. This list can be used to establish objectives for the evaluation process, and to assess the success of the process itself.

Based on experiences of other boards, here are some of the benefits of a well-planned performance appraisal:

- Having the board focus on, and agree about, performance criteria related to the organization's direction and priorities
- Making sure that the executive director is being evaluated on organizational goals and accomplishments, rather than on personality traits
- Enabling the executive director to give staff clearer directions for their work and performance
- Identifying opportunities, challenges, and strategic issues that the board and executive director can address before problems arise
- Giving the executive director a clear picture of how the board perceives the quality of his or her work
- Improving the performance of the executive director and the organization
- Building a better working relationship between the executive director and the board

Keep in mind that your board needs to have an ongoing process for monitoring your executive director's performance throughout the year. Thus, the annual performance appraisal should not be viewed as the place to tell your executive director all of the things that have gone wrong over the past year. Ongoing communication that shares what is going well and what needs to change can save your board, your executive director, and your organization unnecessary grief. In fact, big surprises during a performance appraisal meeting may indicate that your board and/or your executive director may need to work on clarifying expectations and improving communication throughout the year.

How Do You Conduct the Performance Appraisal?

There are many processes for evaluating the executive director's performance. At one end of a continuum is a short conversation with the board chair and/or other officer of the board. At the other end of the continuum is a series of interviews with board members, staff, and various stakeholders, conducted by an outside consultant. Some organizations use a committee to coordinate the process and to meet with the executive director to have the formal performance appraisal.

No matter which approach you choose, your board needs to come to agreement about the following questions:

◆ **Who will have primary responsibility for the performance appraisal?**

You may decide to use the board chair, the executive committee, the personnel committee, or the full board. One factor to consider in this decision is the size of your board. Large boards with over ten members usually have difficulty getting together to arrive at a consensus about the evaluation. Another consideration is how comfortable your board is with delegating this type of work to a committee or an individual. Will the board feel the need to redo the work of the committee?

◆ **What expectations does the board have of those doing the performance appraisal? What authority will they have?**

For example, will those doing the performance appraisal have the authority to offer a salary and/or benefit increase without checking with the board?

◆ **How will the board agree on the criteria for the evaluation? What will be evaluated?**

The purpose of the performance appraisal is to evaluate how well your executive director does his or her job. Personal issues are not part of the evaluation. A sound performance appraisal process focuses board members' individual expectations into a unified set of board expectations for the executive director's performance. Keep in mind that the dialogue required to create a common set of performance criteria encourages board members to articulate their unspoken expectations, and to agree upon what comprises successful performance by the executive director.

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One of life's painful moments comes when we must admit we didn't do our homework, that we are not prepared.

— Unknown

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◆ **What will be the time frame for the performance appraisal process?**

Be sure to allow enough time to do it well without dragging the process out.

◆ **How will input be gathered and synthesized from all board members?**

Many boards have found that a questionnaire, with a combination of quantifiable and open-ended questions, is very effective. Select an evaluation tool that provides you with information that you can use.

◆ **Will input be gathered from staff, clients, funders, and/or other stakeholders? If so, how will this input be gathered and synthesized?**

◆ **How will the executive director participate throughout the process? How will the executive director be allowed to respond to the evaluation?**

Be sure to include your executive director in all parts of the evaluation — from reviewing his or her job description to responding to the board's assessment. The overall purpose of the evaluation is to improve the performance of your organization. In order for that to happen, your executive director needs to feel like a partner in this process.

◆ **How will you evaluate the performance appraisal process?**

Allow time at the end of the appraisal process to review your process, and to decide how you can make the next appraisal even more effective.

Be careful about using processes and tools from books and other organizations, even though these can be a valuable starting point. You need to make sure that the process and any evaluation tools that you use are appropriate for your organization, your board, and your executive director.

What Do You Evaluate?

An effective performance appraisal begins with an up-to-date, comprehensive job description. If you do not already have this in place, this is may be your first task in the process. In addition to the job description, the board needs to assess whether or not the executive director has met other goals and/or expectations established by the board. Examples of these goals and/or expectations might include:

- Building a strong organization with high staff morale and productivity
- Creating or improving programs that work towards the organization's mission
- Developing effective management systems for such areas as finance or human resources
- Increasing the community's support of the organization
- Improving the financial condition of the organization
- Providing the board with the appropriate information and support to carry out its governance role

In addition to the executive director's job description, other information that can assist you with the evaluation process includes:

- Your strategic plan and your business plan
- Executive director's regular reports to the board
- Executive director's annual goals, with progress reports
- External feedback on the organization and executive director's performance
- Organizational performance indicators

Consider having your executive director write a self-evaluation as part of the process. Remember that performance appraisals are an opportunity to clarify expectations, and to strengthen the relationship between your board and executive director. While there may be differing opinions, it is important that everyone has a chance to share his or her perspectives. By working together, both those conducting the performance appraisal and the executive director will be more committed to the appraisal process.

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*What gets recognized gets
done and what gets rewarded
gets repeated.*

— William James

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*I may not be totally perfect,
but parts of me are excellent.*

— Ashleigh Brilliant

*Separate the performance
appraisal from salary
negotiations. By keeping
these meetings separate and
distinct, the benefits of
positive feedback to the
executive director during the
performance appraisal will
not be diluted by the bad
news of a small, or no,
salary increase.*

— *Hiring and
Performance Appraisal
of the Executive Director
Board Development, 1998*

If you do not currently have goals and/or expectations for your executive director, you may have to set a meeting with the board and your executive director to discuss goals, expectations, and expected outcomes for a certain period. During this process, establish checkpoints at which the board and the executive director will discuss progress on these goals. Agree to a time for your board to conduct a formal appraisal of your executive director's performance. By not delaying this process, you will be on your way to establishing a practice of ongoing performance appraisals.

How Do You Share the Evaluation with Your Executive Director?

Keep in mind that evaluation meetings are often uncomfortable for everyone involved. To help lessen this discomfort, everyone needs to be clear about the purposes of the performance appraisal meeting before it begins. Some of the purposes that you may want to emphasize include:

- Recognizing the executive director's accomplishments
- Building on his or her strong points
- Improving the executive director's performance by strengthening his or her areas of growth and development
- Measuring progress
- Establishing new performance goals for the organization and the executive director

Here are some points to think about as you plan the performance appraisal meeting.

- Be sure that the person leading the evaluation meeting is comfortable in this role. He or she needs to be able to keep the conversation on track, and to keep everyone involved – even when there is bad news.
- Set the meeting time to avoid outside distractions, so that everyone can focus on the purpose of the meeting. Do not hold the meeting over a dinner. If the meeting is held during work hours, make sure that there are no interruptions from staff, telephone calls, or visitors.
- Provide enough time for everyone involved in the performance appraisal, including the executive director, to discuss performance issues.
- Take time to carefully arrange the tables and chairs for the meeting. Try to arrange the chairs to encourage group discussion, with a free exchange of ideas and opinions. Avoid putting the executive director on one side of the table and the evaluator(s) on the other side.

- Start the meeting with accomplishments and positive statements. Be as specific as possible in your examples. Remember that you want to recognize what is going well, and to build on those strengths.
- Be diplomatic and specific in your suggested areas for improvement.
- Explore possible reasons that goals and/or expectations were not met. These might include:
 - The goal or expectation was unrealistic.
 - The goal or expectation was not specific enough.
 - There were insufficient resources and/or time to complete the goal.
 - The executive director did not have the necessary knowledge or skills to complete the goal.
- You need to decide whether you will drop the goal or keep it for the next appraisal period. If you decide to keep it, you must also decide what will be done to make its achievement possible.
- Establish goals for the next performance period. Make sure that these goals, expectations, and/or changes are within the executive director's control.

What Do You Include in the Written Performance Appraisal?

Whoever carried out the performance appraisal needs to prepare a final written report. This report includes:

- Accomplishments over the appraisal period
- Unmet goals, with an explanation
- Goals for the next appraisal period
- A description of any follow-up with the executive director
- Identification of professional development needs and opportunities

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*Write it down.
Written goals have a way
of transforming wishes
into wants;
Can'ts into cans;
Dreams into plans;
And plans into reality.
Don't just think about it —
ink it.*

— Unknown

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Board Development Self-Guided Workbooks

The Board Development Program publishes a series of self-guided workbooks on board development issues.

There are five workbooks available:

- *Developing Job Descriptions for Board Members of Nonprofit Organizations*
- *Drafting and Revising Bylaws*
- **BOARD BUILDING:**
Recruiting and Developing Effective Board Members for Not-for-Profit Organizations
- *Financial Responsibilities of Not-for-Profit Boards*
- *Hiring and Performance Appraisal of the Executive Director*

You can purchase these books:

- **In Edmonton:**
The Resource Centre for Voluntary Organizations
(780) 497-5616
- **In Calgary:**
Volunteer Centre of Calgary (403) 265-5633

The executive director signs and dates the report, indicating that he or she has read and understood the contents. You need to include a space on the report for your executive director to add his or her comments about the performance appraisal itself and/or the appraisal process. This can be valuable information to consider when designing future appraisals. All of the board members who were involved in the assessment meeting also sign the report. Whoever carried out the process files the report in the executive director's personnel file, and prepares a summary for the entire board.

What Is the Final Step?

The final step in the performance appraisal process is evaluating the performance of those who carried out the evaluation, as well as the overall effectiveness of the process. Use the objectives established at the beginning of the process to answer the following questions:

- ◆ What did we do well?
- ◆ What could we do better?
- ◆ What recommendations, if any, do we want to make to the board?

You might also want to ask your executive director to share his or her impressions of the process. Be sure to record these ideas so that they can be shared with whomever does the next performance appraisal.

Performance appraisals are not easy to do. They require time, energy, skill, and resources. However, when done well with honest, sincere, and open communication, performance appraisals can help to build a strong board and executive director relationship that leads to a more effective, high-performing organization.

Something to Think About

Some boards avoid evaluating their executive director's performance because a salary increase is not possible due to the organization's financial situation. If you find yourself in this situation, be sure to conduct the performance appraisal, and then look for other ways to recognize the executive director's accomplishments. For example, you might reduce the number of workdays per month, or you might increase the number of holidays. As long as your executive director is agreeable to this form of recognition, this is a positive way to acknowledge his or her hard work.

Adapted from *Hiring and Performance Appraisal of the Executive Director*

Board Development, 1998