

PERFORMANCE APPRAISAL/EVALUATION OF THE EXECUTIVE DIRECTOR

One of the most important responsibilities of a board of directors in its relationship with the executive director, is to conduct regular performance appraisals. The organization's policy for all employees likely requires that an annual appraisal be completed. The board is bound by, and must follow, its own policy. It must complete an annual appraisal of its "one employee".

The board's appraisal process for the executive director will be somewhat different than those done by managers and supervisors with other employees. This is because the board is a group of volunteers who have only limited information about the director's performance. In addition, the board usually does not have professional skill or experience in conducting performance appraisals.

The process used must be developed before the appraisal is attempted and the process must be in writing. If the board has one or more members who have human resource management training, these members should be asked to play a consultative role as the appraisal process is developed and implemented.

Development of the appraisal process should be done in collaboration with the board, the executive director, and internal or external human resource experts. It should be transparent and enhance the trust between the board and their senior staff partner. *It should never be done by the board "in secret" and should never be a surprise to the executive director.*

Developing a Performance Appraisal Process

The steps for developing an appraisal process for the executive director are:

- ☞ The board (or chairperson) strikes an ad hoc committee to develop the process and to complete the appraisal. The committee should include board members with expertise in the area and an external expert in appraisals (if no board expertise exists), and *must include the executive director*.
- ☞ The committee develops terms of reference which includes two major tasks:
 - ☞ To create (or review and revise) the appraisal process.
 - ☞ To complete an appraisal of the executive director.
- ☞ Review the current policy with respect to appraisals for employees and identify what aspects of the policy apply to the executive director's appraisal process.
- ☞ Ask the executive director to use his/her contacts to request copies of appraisal processes and policies from other organizations. Review these policies to identify things you would like to include in your process.
- ☞ Discuss the steps for your appraisal process. Ensure you use the expertise of your executive director to develop the process. S/he has to be able to live with the process you are developing.
- ☞ Determine how the executive director will complete his/her self-evaluation.
- ☞ Draft the proposed process and submit it to the board for their approval (via motion).
- ☞ Develop an action plan (who will do what by when) for the appraisal and begin the process. Regard the first time through your new procedures as a "trial run". Keep track of what goes well and what needs to change in future years.
- ☞ When all information has been gathered, designate one person to review and summarize the information in a draft evaluation report.

- ☞ Review the report in an in-camera (i.e., without the executive director) session of the committee. Make changes as necessary.
- ☞ If necessary, propose changes to the executive director's compensation package.
- ☞ Present and discuss the draft report with the whole board in an in-camera session.
- ☞ Following board approval of the report, present the draft summary for discussion with the executive director. Be prepared for questions, concerns and feedback on the information presented.
- ☞ Negotiate compensation changes (if necessary) and discuss and agree on goals, indicators and timelines for the following year.

Key Elements of an Effective Appraisal

The board has limited information about the executive director's performance. This information is gained during board and committee meetings, via review of reports to the board, through informal conversations, and from comments from staff and service users or participants. This information is primarily subjective and anecdotal and, only occasionally, objective and/or factual. The board should ensure the process developed includes the following elements:

- ☞ A survey of a cross-section of employees, managers (who report directly to the executive director), board members, clients/service users (if appropriate), funders and other external contacts. Make the number of people surveyed manageable (about three or four people). Do not attempt to include "everyone" in all stakeholder categories; do guarantee anonymity to those who participate in the survey.

- ☞ Careful validation of the facts behind opinions regarding any major concerns expressed by one or more survey participants. All organizations contain a few unhappy people. This does not necessarily mean there is a problem with the executive director's performance. To the contrary, it may mean the director is making wise or difficult decisions even though s/he knows some people will not like them!
- ☞ If significant and/or repeated concerns arise, further investigation via in-person interviews with a few stakeholders to determine exactly what the concerns are and how serious the issues seem to be.
- ☞ Separation of any necessary disciplinary action from the appraisal process. Place the disciplinary process before the appraisal process. Delay completion of the appraisal if necessary.
- ☞ Review of the outcomes and results of the organization's work. This includes:
 - ☞ Progress toward completion of strategic goals.
 - ☞ Program or service evaluation reports.
 - ☞ Data on defined program outcomes.
 - ☞ Staff satisfaction survey reports.
 - ☞ Employee and volunteer turnover data (if available).
 - ☞ Attainment of required accreditation or certification.
 - ☞ Financial performance (budget-actual variances, funding stability, and "the bottom line" on financial statements).
- ☞ Review of the job description and completion of major responsibilities contained therein.
- ☞ Request from the executive director for a self-evaluation of their skills, strengths, accomplishments, and areas for growth and/or improvement. This should be done in writing and in response to a series of questions developed by the board.
- ☞ Record of attainment of personal and professional goals set in the previous performance appraisal.

Keep the executive director up-to-date on the progress during the appraisal. Ask for assistance with access to information when needed.

Probationary Performance Appraisals

In addition to the annual appraisal of the executive director, the board must complete a probationary appraisal of a new executive director. The appraisal must be completed within the timeline set by your provincial regulations on employment standards. This timeline may be shorter (it is three months in most provinces) than the probationary period set out in your policy or employment contract (which is often six months or longer). Provincial regulations take precedence over the policies of your organization.

The probationary appraisal may be a shortened version of a full annual appraisal process. The information available will be somewhat limited because the person has only been in the job for a few months.

Goal setting is a key outcome of the probationary evaluation. The executive director will have the next nine months (until their annual appraisal) to attend to personal or professional goals. S/he will be held accountable for progress made toward accomplishing these goals by the end of his/her first year.

Setting Goals and Indicators

It is important for the board to discuss and negotiate goals with the executive director. The board (or its committee) should not develop the goals for the director, although they may suggest or recommend certain goals. Two or three goals per year should be the maximum number considered.

A goal must be:

- ☞ **Specific.**
- ☞ **Measurable.**
- ☞ **Achievable and Realistic.**
- ☞ **Time defined.**

The goal should state “what” the executive director has agreed to achieve. The person may determine “how” s/he will go about meeting the expectations set out in the goal. Goals are always written as positive statements about what “will be” in the future.

An *indicator* is a way of determining a goal has been (or has not been) completed. For example, the goal may be, “To complete financial management training by December, 2005.” The indicator is more specific: “Attend and complete not less than three financial management courses and receive a certificate from the ABC Institute.”

Do's and Don'ts of Performance Appraisals

- ☞ **Do** involve and consult with the executive director during all stages of the process.
- ☞ **Do** review the process each year and make improvements based on the previous year's experiences.
- ☞ **Do** ask a broad range of stakeholders for feedback in a formal survey.
- ☞ **Do** expect to discuss comments and negotiate suggestions made in the report.
- ☞ **Do** expect the process to take two or three months to complete. Start early so you are done within a month of the director's anniversary date.
- ☞ **Do** include positive feedback, encouragement and recognition of progress and accomplishments.
- ☞ **Don't** begin the appraisal until the board has approved a written policy for the process.
- ☞ **Don't** try to survey everyone. Choose a representative group and choose different people each year.
- ☞ **Don't** over-react to criticism or negative opinions. Check them out and validate concerns before you present them in a report.
- ☞ **Don't** allow individual board members to gather comments or information spontaneously outside of the agreed-upon process.

Do's and Don'ts of Performance Appraisals

- ☞ **Don't** combine disciplinary action and performance appraisals as part of the same process. The appraisal should be positive and developmental. It should not contain any surprises (other than pleasant ones!). Performance issues should be discussed with the executive director as the concerns arise during the year. Springing concerns on the director during an appraisal may seriously damage relationships and trust.
-

Related Topics: Board-Executive Director Roles and Relationships, Committees, Compensation, Recruitment of the Executive Director.