

Building Board Excellence: Best Practices in Chief Executive Performance Review

Marisa Guerin Ph.D.

marisaguerin1@gmail.com

<https://www.guerinconsulting.com>

215-990-6186

Presentation Outline

- ▶ What we know about best practices in chief executive evaluation
- ▶ Why we find it difficult to implement these practices.....
- ▶and what to do to support more effective action
- ▶ Resources and tools

Start with fundamentals

- ▶ One of the required areas for the exercise of Board stewardship is performance management of the chief executive – selection, annual goal setting and evaluation, professional development, compensation. succession.
- ▶ Annual evaluation works best when implemented against an agreed set of performance goals and leadership behaviors (the “**what**” and the “**how**” of the leader’s job)

The Annual Review Cycle: 1

Early 1Q of fiscal year:

- ▶ Mutually agree on the chief administrator's annual performance goals based on organizational priorities and plans.
- ▶ Can be done by the Board chair, or by the Board Executive Committee or comparable small group that includes the Chair.

The Annual Review Cycle: 2

Ongoing:

- ▶ Provide timely feedback if significant areas of concern are noticed before year-end.

During 2Q or 3Q of fiscal year:

- ▶ Discussion of professional development goals and activities, long range succession planning conversation

The Annual Review Cycle: 3

Early in 4Q of fiscal year:

- ▶ Engage Board members, appropriate staff, and other key stakeholders in providing performance feedback on the executive to the Board Chair or Exec. Committee
- ▶ Integration of feedback in a way that does not reveal sources into an overall Board evaluation of the chief administrator.
- ▶ Invite chief administrator to prepare self-evaluation on same criteria.

The Annual Review Cycle: 4

4Q of fiscal year or early 1Q of subsequent:

- ▶ Face to face meeting between the chief administrator and the Board Chair or Board Executive Committee to review performance versus goals and expectations;
- ▶ Communication of any action implications (compensation, coaching/training, performance improvement plan, or other follow-up);
- ▶ Documentation of the review.

HOWEVER.....

...This isn't really news, is it?

Why is performance evaluation so straightforward to understand, and so difficult to implement?

Reflect on barriers...

- ▶ What are some of the **practical** reasons why performance evaluation might be difficult to implement?
- ▶ What are the **emotional** or **social** reasons?
- ▶ What **else** might get in the way?

Lots of reasons!

1. Time required for a thoughtful review.
2. Lack of skill or experience in performance review.
3. Board member discomfort with holding authority.
4. Obligation to evaluate an esteemed figure.
5. Awkward to start if not a regular practice.

Barrier #1: **It takes time to do well.**

- ▶ Even highly effective long-time performers deserve a well-considered annual review that specifically affirms their successes and gifts and that provides objective feedback on areas for further development.
- ▶ There is a temptation to confine the process to the end of the year only...but it actually requires a “bookend” approach, with goals set at the beginning and reviewed at the end.
- ▶ A respectful “best practice” performance review will add a narrative to a compilation of number ratings on a form, and will provide an opportunity for a mutual discussion about the executive’s experience of the year.

Advice for time efficiency...

- ▶ The procedural steps involved in the confidential administration of the performance feedback instrument can be delegated to another board member or a trusted support person working directly for the Board chair.
- ▶ Build on available resources – adapt a generic performance review instrument for your purposes.
- ▶ The most important time investment is what it takes to identify the messages to be conveyed and the most effective couching of these messages.

Barrier #2: Lack of skill or experience.

- ▶ Board chairs may have outstanding credentials as professionals, but not all Board members have had experience as supervisors or managers of others.
- ▶ Performance reviews are a combination of “technical” steps and “adaptive” work.
- ▶ Technical = finding or creating an appropriate evaluation form (instrument); sending it to Board members and appropriate others to solicit confidential feedback; composing a narrative that highlights messages of affirmation as well as any gaps or development needs to address.
- ▶ Adaptive = conducting the personal meeting in which the feedback is delivered with sensitivity and with honesty in a way that can be heard, and which concludes with a mutual understanding of the feedback and its implications for pay or other actions.

Advice for skill-building...

- ▶ The Board orientation process and reference book should contain clear information about the process used for executive evaluation and the role of the Board member in implementing it.
- ▶ When evaluation is conducted by an Executive Committee or similar small group, rather than only by the Board chair, newer Board members can learn the process and all evaluators can complement one another's perspectives.

Barrier #3: Discomfort with holding stewardship authority.

- ▶ A Board role is more than advisory, it holds authority and responsibility. However, many Board members are recruited and agree to serve with an expectation of being supportive, being advisory, writing checks, etc.
- ▶ Boards formed by an entrepreneurial founder are often “following Boards”, not “leading Boards”; they may not identify with their role as the institutional guarantors of the organization’s sustainable future.

Barrier #3: Discomfort with ... authority (continued)

- ▶ Evaluating the executive requires the Board chair and members to act from their formal governance role – namely, as the ones who hold institutional authority on behalf of the organization, and who are accountable to judge the adequacy or excellence of the work of the person they formally oversee.
- ▶ Even when the evaluation is mutually conducted, the roles are not equal. The performance review is one of the few interactions when a relationship that might be one of friendship or collegiality must also reflect differential power, in the service of the organization and its mission.

Advice for holding authority.

- ▶ Watch your Board selection process! Your best bet is recruiting Board members with this capacity for internal self-authorization.
- ▶ Orient and encourage Board members to take up their roles as trustees, stewards, and “governors” of the organization and its mission, including managing its risks and guiding its direction.
- ▶ Support Board members in maturing into their governance identity...”grow” them from entry, into committee roles, into committee leadership, into Board leadership. It will take time.
- ▶ To Sponsors, Administrators– Observe and respect the role of the Board in each of its duties, without undermining or treating it as a pro forma activity.

Barrier #4: Obligation to evaluate an esteemed individual.

- ▶ Some Chief Administrators are organizational founders or esteemed community leaders – making the Board evaluator’s authority doubly uncomfortable.
- ▶ Lay persons who have responded to the call to support a nonprofit through Board membership feel natural deference to an organizational leader, especially if he/she is a member of the founding religious community.
- ▶ Also, if the evaluating Board members and the chief administrator are *mostly* members of the same religious community, it can be hard to take up the proper institutional authority role for the ministry without being influenced by many factors from history, community culture, personal relationships, etc.

Advice re esteemed others.

- ▶ The wise founder or powerful chief administrator sets the stage by asking for and responding appropriately to an annual evaluation from the Board.
- ▶ Do not assume that just because a ministry leader is well-known, or very experienced, or a founder, that she or he is not open to feedback or desirous of a conversation about how things are going.
- ▶ In faith-based nonprofits, use prayer or reflection resources to instill the themes of shared commitment to the mission as a context for the evaluation process.

Barrier #5: Awkward to start if not a regular practice.

- ▶ Attempting to begin performance evaluation after many years without such a practice can feel awkward.
- ▶ Years of precedent for pro forma or superficial evaluation are just as unhelpful.
- ▶ Unfortunately, it will be *BOTH* especially difficult *AND* especially necessary to start if there are performance gaps or concerns.
- ▶ There is a paradox here – the more regular the practice of performance review, the less likely that any issues will rise to a crisis level; the less regular the practice, the more vulnerable the system becomes to the eventual, inevitable appearance of a gap.

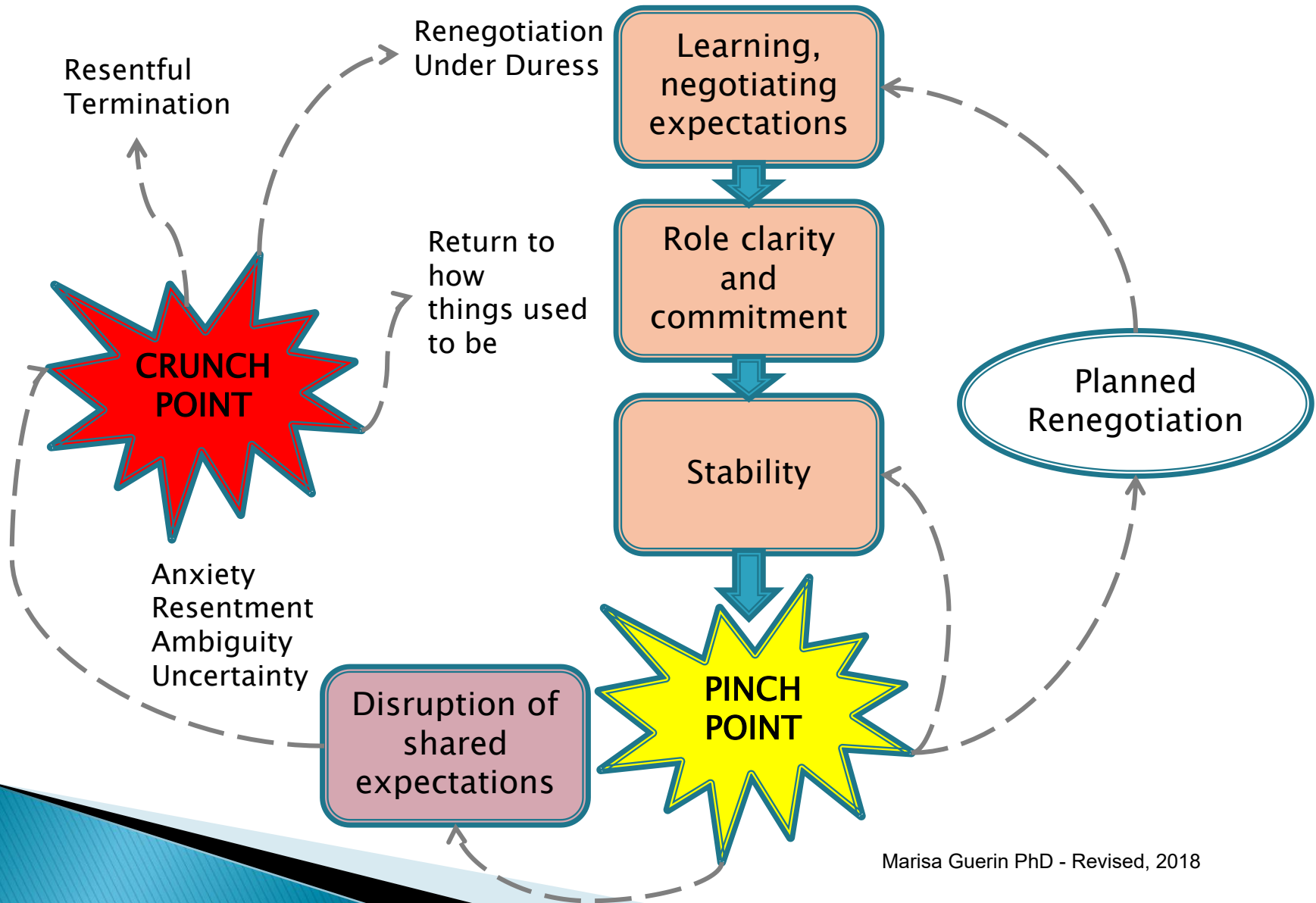
Advice about starting up.

- ▶ Best to position it as a step-up in best practices for good governance, much as one might do if beginning other newly-regular practices such as Board formation sessions or annual Board self-assessment.
- ▶ Explicitly adopt a mutual norm of naming and not overlooking “pinch points”* that might highlight early or small concerns that, left untended, could become significant.

* See next slide for reference to Pinch Model

Planned Renegotiation (Pinch-Crunch Model)

Original Concept, Sherwood and Glidewell; The Pfeiffer Library Volume 26, 2nd Edition; Jossey-Bass/Pfeiffer



Benefits of Annual Evaluation

- ▶ Establishes a relationship of ongoing dialogue between Board and leader
- ▶ Provides affirmation, support, and recognition of accomplishments
- ▶ Provides course corrections on a timely basis
- ▶ Keeps annual goals and objectives of the leader aligned with organizational priorities
- ▶ Fulfills the duty of accountability to mission and good stewardship of the ministry.