



Collaborative Performance Evaluations: A Pillar of an Effective Board/CEO Partnership



in Partnership

Transition Management Solutions, LLC

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Introductions

- Give us your name, organization, position
- What do you want to learn in this seminar?

PLEASE BE BRIEF!

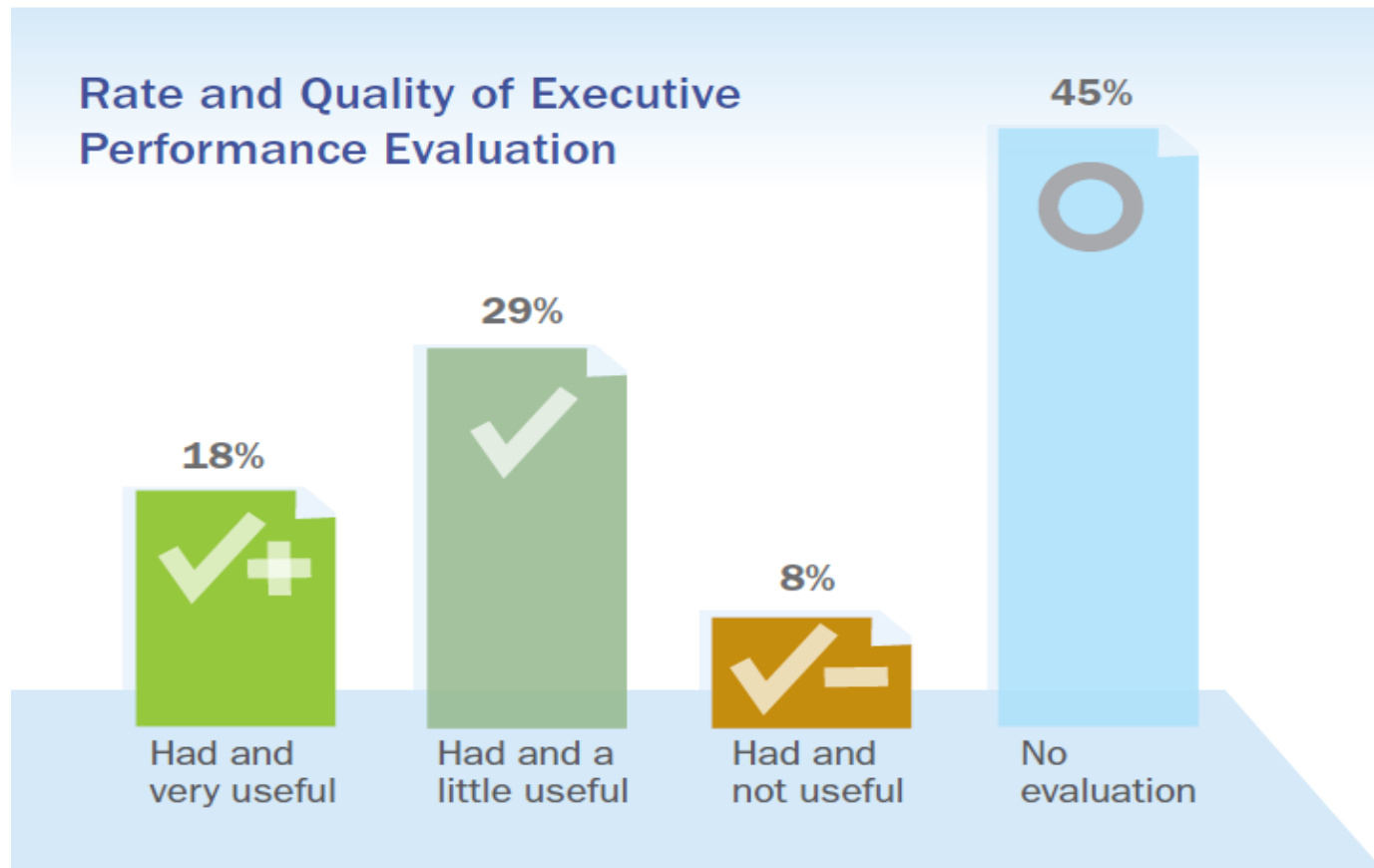
Objective of the Seminar

To bring together nonprofit Executives and Board Chairs to walk through the intricacies of an effective performance evaluation while addressing **essential strategies** leading to a successful evaluation.

Seminar Overview

- Why Performance Evaluations are Important
- Board's Reluctance to Conduct Performance Evaluations
- Process and Format for Boards to Conduct Effective Evaluations

Current Research on Nonprofit CEO Performance Evaluations



Source: *Daring to Lead 2011: A National Study of Nonprofit Executive Leadership*

Why Performance Evaluations Are Important

- Fulfills the mission . . . meets organizational goals
- Success depends on chief executive
- Helps board meet its duty
- Helps understand expectations
- Enhances communications
- Develops the chief executive . . . ultimately enhances performance
- Provides written record
- Sets the example
- Just makes sense . . . Why would you not want to do it!

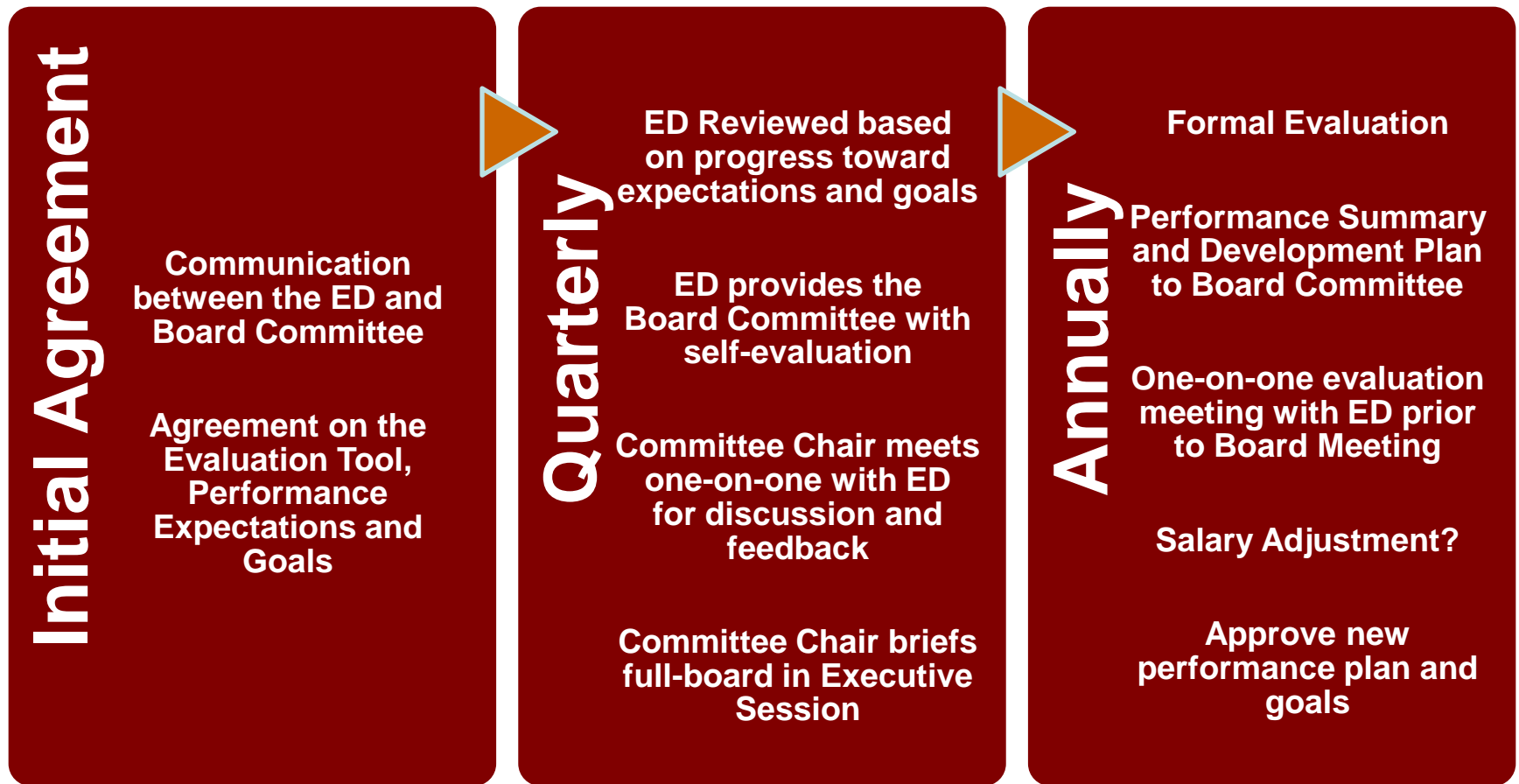
Why don't Nonprofit Boards like doing Performance Evaluations?

- Board members feel uncomfortable
- Pressures of day-to-day activities
- Takes time
- Board members lack skills
- Underperforming Board
- Chief executive does not insist
- Dominating chief executive
- No formal policy or procedure
- No job description
- Not important to organization
- Never has worked before

The “Pillars” of Nonprofit CEO Performance Evaluation

- Committee of the Board
- Collaborative effort
- Established date for evaluation
- Standing agenda item

A Process & Format That Works

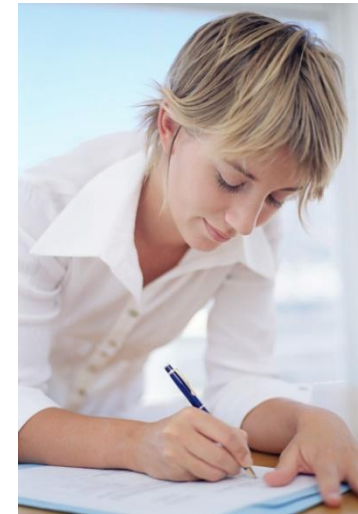


Initial Agreement

I agree, my major areas of responsibility are...

Goal #1: Increase membership by 30%

Let's talk about your upcoming evaluation



Quarterly Updates

- Prior to the Board meeting
- One-on-one discussion
- Brief in Executive Session (without the presence of the Executive Director)

Annual Review

- Prior to the Board meeting submit Executive Director Performance Evaluation and Development Plan for the period to be evaluated
- One-on-one evaluation with the committee
- Committee discusses evaluation in Executive Session with the full board and recommends merit salary adjustment (if warranted)
- Also, at this time ED submits an updated position description, proposed performance expectations and goals for the coming period which will be mutually agreed upon

Salary Limitations

- Some boards avoid evaluating their ED's performance because a salary increase is not possible due to the organization's financial situation. This is a mistake!
- Many organizations are strapped financially and cannot provide a bonus, let alone a merit salary increase for the executive director; even when they are: (1) doing an excellent job and deserve an increase or; (2) are at the maximum compensation within the salary range for their position.

No Money...what do you do then?

- Consider a “one time token” of the board’s appreciation:
 - small cash award
 - dinner for two gift certificate
 - theater tickets
 - get-away weekend at a local resort
 - a few added vacation days, etc.
 - or just a BIG THANK YOU.

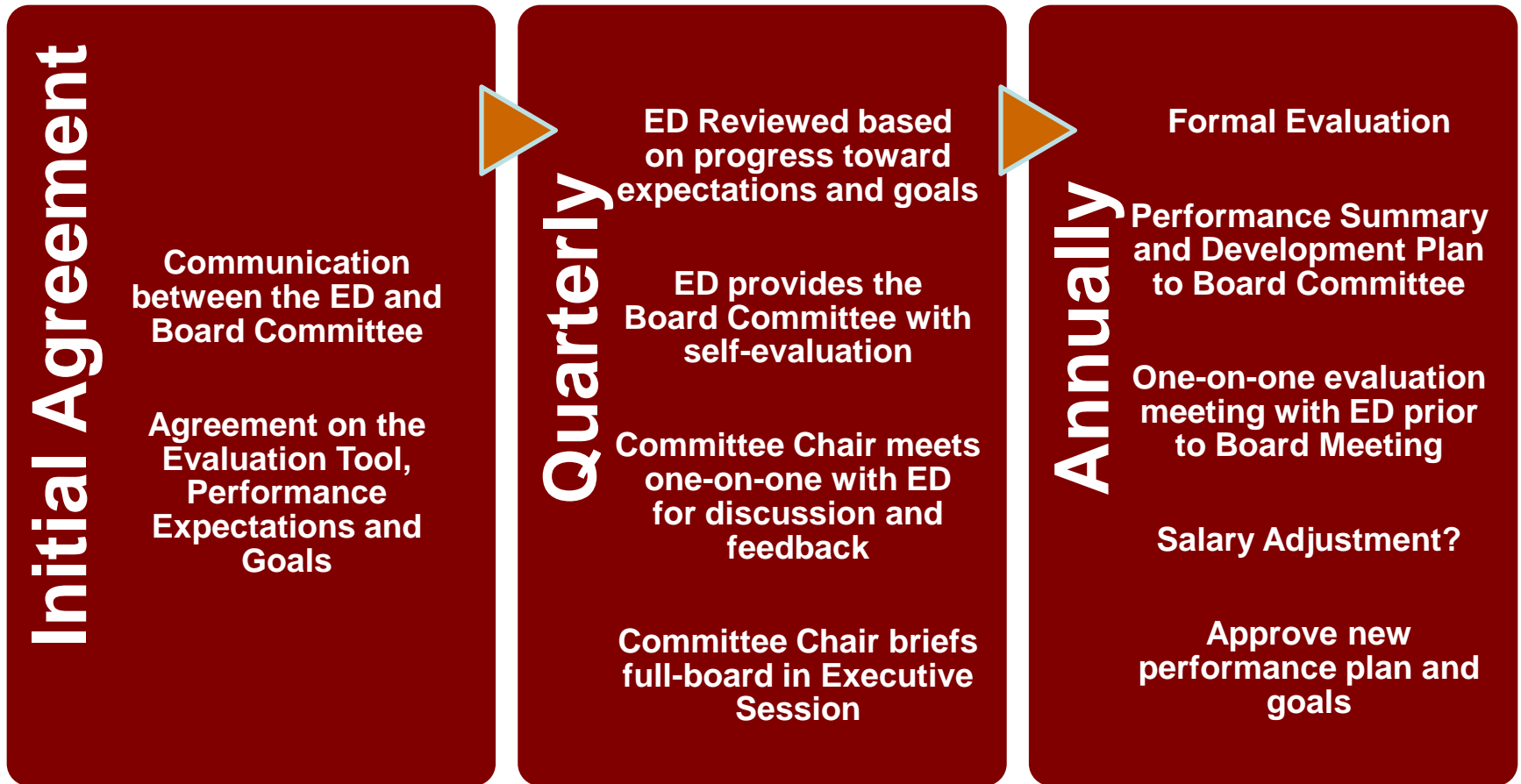
Annual Performance Bonus Options

- Financial: For each dollar increment of operating net surplus over the prior year, the executive director could earn a percentage bonus of base salary based on the following schedule, for example . . .

• \$20,000 over prior year								1% of base salary bonus
• \$40,000	“	“	“ 2% “	“	“	“	“	
• \$60,000	“	“	“ 3% “	“	“	“	“	
• \$80,000	“	“	“ 4% “	“	“	“	“	
• \$100,000	“	“	“ 5% “	“	“	“	“	

- Exceeds Goals: A ___% bonus of base salary could be earned if the executive director exceeds a designated ___% of the performance summary goals.

Summary



Transition Management Solutions, LLC

Need more assistance?

**TMS will provide a one-hour consultation to
SANC members FREE of charge**

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