



PERSPECTIVES

...on Building Better Non-profit Board Membership.

We're devoting this edition of Perspectives to assessment of a chief executive. Typically, boards recognize that one of their most important responsibilities is the selection of a chief executive. Boards invest significant amounts of time and resources, create search committees, determine the set of skills and experience for an ideal candidate, and conduct the interview and selection process.

All too often, however, once the candidate is identified and hired, all the dialogue about CEO expectations and performance stop, and an opportunity for feedback disappears. Nonprofit boards that fail to adequately evaluate the chief executive miss an opportunity to ensure that board expectations and CEO performance are clear, to correct lapses in a timely manner, and to demonstrate board support for CEO decisions. Without this evaluation and communication process, boards can unwittingly create an atmosphere for mistrust, strained working relationships, chronic poor performance, and even CEO dismissal.

An annual performance evaluation is one way to ensure that the dialogue between board and CEO continues, and assists both the board and the CEO toward personal and professional growth. For a chief executive, the board assessment is often the only means for the CEO to obtain feedback on his or her performance. The main objective of any performance evaluation is to encourage self-discovery, professional development and performance improvement. However, this board/executive dialogue will also help reveal how well the organization is meeting its goals and objectives.

What are the Benefits of an Assessment?

Reinforcement. CEO assessment is an opportunity to express support and strengthen performance. It's the perfect time to provide honest feedback on successes and missteps; to give the CEO valuable insight into his or her strengths, limitations, and overall performance. The intent of the assessment is not to find fault. If undertaken with a positive outlook, the assessment can strengthen both the CEO's performance and the organization as a whole. Often, the outcome is an endorsement of the executive's performance, a result which should serve to reinforce the confidence of the CEO that he or she (and the organization) are headed in the right direction.

Clarity. Boards must clarify their expectations for the chief executive. If there is any uncertainty or ambiguity in this area, it's natural for the CEO to set his or her priorities. They may correspond to the board's expectations... but they may not. In this case, the CEO marches smartly off in one direction while the board responds with surprise, disappointment, and worse. Conflict between the board and CEO is almost certain. The assessment process provides the forum in which next-year's priorities (both the CEO's and the organization's) can be discussed, clarified and agreed upon. With everyone on the same page, the prospects for improved performance increase significantly.

Feedback. Leaders of organizations are often isolated from information about their own performance. A board assessment of the CEO is often the only mechanism providing an insight into his or her performance. That feedback is critical to the CEO's and the organization's success. Consequently, it's a function no nonprofit board should overlook.

Some questions about CEO assessment:

How Often? The chief executive needs regular feedback from the board. The assessment process should be completed annually.

What's the Right Timeline? Timing should be linked to an organization's calendar and planning cycle. Because of this, most assessments are conducted at the end of either the fiscal or calendar year. In this way, the board can assess the entire year's performance and effectively address performance goals for the coming year.

Who Should Lead the Process? Typically, the assessment is led by one of the board officers (the chair, the immediate past chair, chair of the governance committee are frequent choices).

This critical process for both the CEO's and the organization's success is an essential function of the board. The assessment should lead the board and the executive through a thoughtful discussion of past performance and future expectations for both executive and organization. After completing the assessment and developing an action plan, the board must actively support the CEO as he or she works to implement the plan. Properly done, this process helps create a degree of welcome transparency in an era of increased scrutiny and oversight.