From the Nonprofit Board Chair Seat

Are you a nonprofit Board Chair who has a board development or management issue, concern or challenge keeping you up at night (and who doesn't)? Let me know. I'll try to provide a response that can help you sleep better. So please send your questions to: ***mikbrns2@aol.com***. This on-going column is dedicated to questions and answers to simple and complex nonprofit governance challenges.

Questions: My board has never conducted an evaluation of our CEO. Should we be doing one? What should we be looking at? Are there any particularly good processes?

Answer: I trust you are asking these question because you have heard that a CEO performance appraisal or review (note the language) is really good practice, and not because your board needs a process to resolve ongoing and never cited or recent issues with your CEO. An annual performance review is not a substitute for the continuous feedback that you as Chair and liaison to the board, are in the position to provide to the CEO. Performance reviews should not generally bring big surprises.

That said, a performance review provides both the board and CEO with the time to formally and mutually review expectations and goals, and to provide feedback, recognize achievements and opportunities for change and formally document it all for the record.

Performance reviews are as much a science as an art. The big question is, what performance measures should and can a board assess? I propose that a board should assess:

- What is critical to mission?
- What can be is concretely proven or can be learned by the members?
- What can be appropriately linked to the job of the CEO?

For example, **dashboards are now popular** in helping a nonprofit track institutional success. The board might choose to hold the CEO singularly responsible for the dashboard results and use these results as the criteria for a performance review. This may be appropriate, but it also may leave out other variables or include variables for which the CEO is not singularly accountable.

Performance appraisals are not formulaic and require a conversation between you and the Board to determine what elements (e.g. finance, strategy, compliance, hiring/firing) are the most appropriate and measureable.

One idea I propose harks back to an article I wrote that explores seven signs that a nonprofit could be in trouble. These seven indicators could also serve as the basis for a CEO performance evaluation.

The seven indicators are:

- Positive staff retention rate and interactions with board
- Positive and supporting funders and donors
- Supportive and positive relationships between the CEO and board members
- Supportive and positive clients who want the services your nonprofit has to offer
- Other nonprofits and groups saying good things
- Regulators and certifiers signed-off with a high score
- Professional advisors indicating all is going well

But of course others have thought about CEO performance so you might begin by checking out the on-line newsletter **Blue Avocado.**

Regarding process, inclusion matters to ensure Board members have current and accurate information to complete an assessment. It is popularly held that the most effective CEO assessment includes collecting input from staff, donors and partners – those who essentially, have done business with the CEO. It is also likely that a committee of the board will manage the process. I think the Chair the best person for leading this effort given his or her role in providing daily oversight.

The bottom line is yes, boards absolutely should conduct an annual CEO performance appraisal. The appraisal should be sure to measure what can be truly linked to the CEO's tasks, be data based and inform the goals for the CEO's next year.

Mike Burns is a partner in BWB Solutions. He writes two blogs, and is adept at helping nonprofits develop solutions to internal challenges (especially board/CEO) and assess their readiness for mergers and revenue generating ventures.