



“Keys to Maximizing Your Executive’s Success”



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The power of unity

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Overview

- Performance Reviews -- David
- Compensation -- Beth
- Leadership Development -- Dorinda



Conducting the Performance Evaluation Your Executive Deserves

Discussion

- Why Important
- Board Reluctance
- Timing
- Process
- What You Can Do

Why Performance Evaluations Are Important To You and the Organization

- Fulfills the mission
- Success depends on chief executive
- Helps board meet its duty
- Meets organizational goals
- Helps understand expectations
- Enhances communications
- Develops the chief executive
- Provides written record
- Sets the example
- Ultimately enhances performance
- Just makes sense!

Why don't Nonprofit Boards like doing Performance Evaluations?

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

What is the Timing

- Annually
- Reoccurring Updates
- Ongoing communications
- “No surprises”

How the Process Should Work – 12 Tips for the Board

1. Set expectations
2. Open & honest communications
3. Confidentiality
4. Positive and improvement areas
5. Committee
6. Self-evaluation

How the Process Should Work – 12 Tips for the Board - Continued

7. Gathering feedback
8. Written evaluation – the form
9. No personal issues
10. Personal professional development
11. Improve and revise
12. Evaluation vs. salary

Something to Think About

Some boards avoid evaluating their chief executive's performance because a salary increase is not possible due to the organization's financial situation.

So What Can You Do?

- Insist on formal evaluation policies and procedures
- Help drive the process – be a part of it
- Put “executive performance update” on meeting agenda



Executive Compensation

Compensation Considerations

- **Are you annually reviewing Executive Compensation?**
- **Who is involved in the setting Executive Compensation?**
- **How do you know your Executive's Compensation is fair?**
- **Is there a perception of Equity in the Organization?**
- **Are you documenting your process for establishing compensation?**

Executive Compensation

- **Annually Reviewing Compensation**
 - Analyzing the total Compensation package
 - Salary, Bonus/Incentives, Benefits – Retirement, Insurance, Time Off
 - Tie Compensation to Performance
 - Balanced Scorecard Approach - Mission, Financial, Internal, Innovation & Learning

Executive Compensation

- **Who should be involved in setting compensation?**
 - **Whole Board**
 - **Compensation Committee or Task Force**
 - **Executive Committee**

Executive Compensation

- **How do you know the compensation is fair?**
 - **Understand the marketplace**
 - **Mission**
 - **Scope**
 - **Geographic reach**
 - **Location**
 - **Requirements**
 - **Experience and length of service**
 - **Comparable Data**
 - **Charity Navigator and Werling & Assoc**

Executive Compensation

- **Is there a perception of Equity in the Organization?**
 - **CEO comp should fall in overall comp structure**
 - **Differential between top three highest paid employees**
 - **Assume everyone will know what the CEO makes**

Executive Compensation

- **Are You Documenting your process?**
 - **Meet Three Conditions**
 - **You will not have to worry about IRS status**
 - **Pass the test of public scrutiny**



Executive Leadership Development

Executive Leadership Development

What is executive leadership development?

Executive Leadership Development is...

Executive Leadership Development is learning activities that enhance the skills of leaders or potential leaders to perform at an optimal level in a leadership role.

Dorinda Rolle

Why is Leadership Development Important to Your Executive and the Organization?

Because the success of the organization largely depends on the Executive.

Why is Executive Leadership Development Needed?

- **It benefits the organization**
- **It makes your Executive a better leader**

What is the Board's Role in Executive Leadership Development?

Board members should be asking:

- Does our Executive have the skills, knowledge and abilities to lead the organization in its future goals?
- Can or does our Executive have the capability of developing others to sustain or increase the capacity of the organization?
- What is our Leadership Development Strategy?

Every Nonprofit Should Have a Leadership Development Strategy

- **A Leadership Development Strategy is a specific set of approaches to develop current and future leaders to carryout the business strategy or vision of the organization.**

Types of Executive Leadership Development

Traditional Methods

Industry specific conferences

Nonprofit conferences

Workshops

Degree programs

Leadership programs

Non-traditional Methods

Mentoring

Executive coach

Executive group coaching

Online study (webinars)

Executive MBA program
(non-academic)

How much does Executive Leadership Development cost?

- **The Pinto or the Cadillac?**
- **You get what you pay for!**
- **Measuring ROE vs. ROI on leadership development.**

FIVE Things

The Board Can Do to Keep its Executive Performing at Their Best

- 1. Ensure a fair and professionally executed annual performance evaluation.**
- 2. Annually review compensation package**
- 3. Tie compensation to performance**
- 4. Ensure a Leadership Development Strategy exists**
- 5. Budget time and/or money for development of your Executive.**

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Questions/Comments?

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