CEO Evaluation Framework

Edmonton John Howard Society

EJHS Governance Committee

Evaluation Framework for EJHS - CEO

PURPOSE

These guidelines are intended to provide the EJHS Board with a framework and a greater understanding of the practices used to evaluate the EJHS CEO. They are to assist Board members in making informed decisions related to the CEO's performance and any applicable compensation related to performance.

These guidelines have been written in a broad manner and are tied to EJHS Personnel policy 4.0 (Annual Performance Appraisals) and the Executive Governance policy 3.2 (Review of the CEO Leadership Performance). The CARF International Accreditation Standards have also been referenced and these guidelines are in line with the recommended Governance 1.B section.

PROCESS FOR THE REVIEW

1. The CEO's evaluation must be completed by the board annually by June 30. Therefore, it is recommended that the review be completed in April/May.
2. The Governance Committee will oversee the CEO evaluation.
3. At the November Governance meeting the performance review process should be reviewed and, if needed, updated with all updates/changes to the review completed for the January Governance meeting.
4. At the March Governance Committee meeting the dates for the review, the responsibilities and the evaluation survey template will be confirmed. See Appendix A for current survey.
5. The Governance Committee, with support from the Board Chair and administrative support from the Executive Assistant, is responsible for:
   a. Uploading the survey template to an online survey application 4 weeks prior to when all results are to be completed.
   b. Sending an email to all Board Members asking them to complete the review within a 10 day timeline.
   c. Tracking the number of responses and if needed, sending reminders at day 5 and day 9 of the timeline.
   d. Collecting all responses and compiling a final report.
   e. Sending the report to the Board Chair for final review.
6. The Board Chair is responsible for:
   a. Arranging a time to meet with the CEO to review the results.
   b. Reviewing the results and discussing potential performance compensation with the CEO
   c. Providing the overall results of the review to the rest of the Board – these should be sent prior to the June Board Meeting.
   d. Holding an in-camera session at the June Board meeting to bring forward performance compensation recommendations for approval and to finalize with the Board.
   e. Advising the CEO on performance compensation decisions made by the Board.
   f. Providing a final copy (electronic and/or hard copy) of the completed review for the CEO's HR file.
7. At the start of the new performance year (July) the CEO is responsible for:
   a. Providing the Board with key organizational/operation goals and any individual goals for the performance year.
   b. Providing the Board with a copy of the most recent strategic plan.

GUIDELINES TO PREPARE BOARD MEMBERS FOR THE REVIEW

When it comes to the CEO leading the organization, the following 5 key pillars/performance areas are the areas the Board will focus on when evaluating the CEO.

Board members are to assess each performance area by thinking about 2 overarching questions:

1. Did the CEO INFORM the Board and were they TRANSPARENT in each of these key areas?
2. Was the CEO ACCOUNTABLE for these areas from a community perspective, an internal perspective and a funder perspective?

Performance Areas include:

Governance – Overseeing and managing the direction of the organization. Evidence is demonstrated by:

- Able to think clearly about how mission and strategy connect to the business model
- Able to identify and evaluate an organization's strategy and mission.
- Able to organize, update and operationalize the strategic plan
- Achieved key targets outlined in the strategic plan over the last year. Those key targets were: <Insert Core Highlighted Targets for that year – CEO would provide a one page summary of the organizations operation plan (could be attached to the overall EJHS operation plan) >
- Able to effectively support the meetings of the Board and the Board's committees
- Informs the Board of critical operating concerns; comes with the issue, the reasons and options/solutions with the included risks.
- Informs the Board of risk and risk management concerns.
- Informs the Board of new opportunities for the organization
- Annually brings to the attention of the Board policies that need updating/changing and the process that occurred.
- Ensures diversity is a key area of focus in Board recruitment

Staff Management – Supporting both direct and indirect reports, offering opportunities for feedback, growth and development. Supporting HR and employee relations. Includes areas like talent management, professional development, culture. Evidence is demonstrated by:

- Able to scale up for excellence – building that mindset
- Able to identify succession plan for key positions
- Able to support and navigate key HR issues
- Provides leadership learning opportunities for both current and key upcoming leaders.
- Ensure diversity is a key area of focus in hiring practices

Program/Service Delivery – Providing programs and services directly to EJHS clients that are based on the Mission, Vision and Values. Evidence is demonstrated by:

- Provides the Board with key program goals related to funded and agency service outcomes
- Able to meet key service targets outlined by annual goals.
- Able to adjust/augment/pivot programming in order to meet changing client needs

- Uses data to drive the work including providing rational to stay the course or make a change
- Provides program data to the board to assist in their overall decision making.

Leadership - Demonstrating commitment to the Mission and directing the organization toward meeting its goals while inspiring the team to take on challenges and lead with integrity while making progress both within the organization and externally in the community. Evidence is demonstrated by:

- Knows and is able to deliver a powerful story to inspire
- Able to think of, craft, and tell meaningful stories effectively to inspire transformational change and innovation for the organization.
- Sees the "Big Picture" when it comes to community developments, community partnerships, government relations and "what is going on in the field" for those in need.
- Able to solve complex and critical problems effecting the organization and/or community.
- Creates an environment that embraces change.
- Looks beyond and reaches beyond the organization to build diverse relationships with others in the community.

Fiscal Management - Managing the organization's financial resources, including revenue, budgeting, and expenditures. It involves making decisions about how to allocate financial resources in order to achieve the organization's objectives and maintain fiscal stability.

- Obtained the budgeted annual revenue
- Secured new resources for funding for the organization
- Able to steward the existing major funders
- Able to explore and develop new approaches to leveraging funds
- Prepared a balanced annual operating budget, presented that budget to the Board and came with rational and/or plans for surplus' or deficit's
- Able to take the necessary action to ensure the organization operated within its budget.
- Provides the Board with the financial information to fulfill its fiduciary responsibilities.
- Provides the Board with financial information that outlines potential trends that could/would impact forecasting for future years. (political, industry increases, inflation).
- Able to critically and analytically think about how to be more financially viable and make decisions that drive the right initiatives forward for the organization.

Where to Reference and Assess Accountability

Board Members should be using various reference materials to assist in completing their evaluation of the CEO. It is recommended that Board members evaluate each performance area by thinking about 3 levels of accountability.

Levels of Accountability - are the places where the accountability matters and they are the audiences (outside of the Board) who contribute to assessing if the CEO met expectations. Levels of accountability specifically for a non-profit include:

Levels of Accountability for Each Area	Supporting Material/Proof of Accountability	Who Influences this Accountability?
1. Funding Accountability	• Annual Budget	• Funders/Donors

	• Financial reports • CEO report to the Board • Foundation?	• Auditors • Finance Committee • Finance Director
2. Community Accountability	• New and renewed partnership agreements. • Client feedback • CEO report to the Board • Annual Report	• Clients • Partners
3. Internal Accountability	• Strategic plan • Employee feedback – surveys and exit interviews • CEO report to the Board	• Employees

PERFORMANCE RELATED COMPENSATION FOR THE CEO

Annual compensation decisions linked to the CEO's performance should be guided by the following:

1. EJHS Compensation Policies 3.3 (CEO Compensation).

2. EJHS Compensation strategy/philosophy which is: <*currently being developed*>

3. Current financial state and ability of EJHS

4. Current "market value" for CEO salaries from non-profit agencies of similar "likeness"

Suggested sources to scan in order to assess the CEO salary include:

- Benefits Canada
- Local agencies of like work/clientele/risk and budget
- Boland Report
- Linked In and/or Indeed non-profit CEO salary search.

Options for Performance Compensation

1. Percentage increase to base salary
2. Bonus payment – lump sum
3. Bonus payment – applied to RRSP contribution
4. Additional leave with pay options
5. Additional education funds
6. Wellness Initiatives i.e. increase or greater flexibility with a Health Spending account

Appendix A

Sample Annual Performance Review Summary

The document below is a recommended sample of a survey that the Board should use to evaluate the CEO. This survey should be uploaded to an on-line survey application (i.e. survey monkey, MS Forms) that allows for anonymous responses and should be distributed using an on line link.

Accountability Items			
Governance	**Yes**	**No**	**Unsure**
In your opinion the CEO:			
Effectively supported the meetings of the Board	☐	☐	☐
Effectively supported the meetings of the Board Committees	☐	☐	☐
Kept the Board informed of critical operating concerns	☐	☐	☐
Kept the Board informed of new opportunities for the organization	☐	☐	☐
Provided the board with appropriate information on the performance of the agency in the area of justice.	☐	☐	☐
Brings to the Boards attention the bi-annual policy review process and informs the Board of policies that may need to be addressed.	☐	☐	☐
Comments:			
Staff Management	**Yes**	**No**	**Unsure**
In your opinion the CEO:	☐	☐	☐
Was effective in structuring the organization to attain its goals and objectives.	☐	☐	☐
Retains and/or has a succession plan for qualified senior staff positions	☐	☐	☐
Works with and manages staff to achieve the vision and mission of the organization.	☐	☐	☐
Comments:			
Program/Service Delivery	**Yes**	**No**	**Unsure**
In your opinion the CEO:			
Achieved the targets outlined in the Strategic Plan over the past year in the number of clients served through EJHS programs and services	☐	☐	☐
Was resourceful in collaborating with like - community agencies to deliver needed programs/services	☐	☐	☐
Keeps the Board informed of emerging trends and the potential impact on our clients and or implications for program/service delivery.	☐	☐	☐
Comments:			
Leadership	**Yes**	**No**	**Unsure**
In your opinion the CEO:			
Understood the big picture in such areas as community development, government relations and what is going on in the field of justice.	☐	☐	☐
Formulated the appropriate annual goals and objectives for the organization.	☐	☐	☐
Demonstrates the ability to solve complex and critical problems affecting our organization and community.	☐	☐	☐

Puts plans in place and effectively implements them.	☐	☐	☐
Inspired the organization to reach for excellence and models excellence	☐	☐	☐
Comments:			
Partnership Development	**Yes**	**No**	**Unsure**
In your opinion the CEO:			
Looks beyond our agency to build diverse relationships with others in the field and in the community.	☐	☐	☐
Comments:			
Fiscal Management	**Yes**	**No**	**Unsure**
In your opinion the CEO:			
Succeeded in obtaining the budgeted annual revenue	☐	☐	☐
Did an excellent job of securing new sources of funding for EJHS	☐	☐	☐
Did an excellent job of stewarding the existing major funders, including the existing foundation as well as the development of new approaches.	☐	☐	☐
Provided the Board with financial information it need to fulfill its fiduciary responsibilities in a timely manner.	☐	☐	☐
Took the necessary action to ensure that the agency operated within its budget	☐	☐	☐
Provides the Board with information that outlined potential trends that would impact forecasting for future years.	☐	☐	☐
Comments:			