



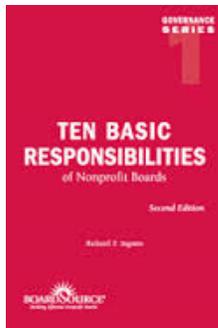
The Board's Annual Evaluation of the CEO

One of the Top-10 Roles and Responsibilities of the Board!

Options for Affirming and Assessing Your CEO's Work

The Annual Evaluation

INSIGHT #1: BoardSource's "Top-10" list of board roles and responsibilities includes:

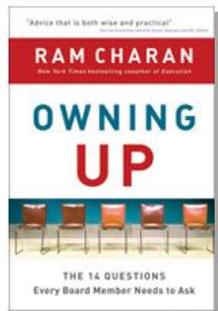


Select the chief executive. Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.

Support and evaluate the chief executive. The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.

http://urgentink.typepad.com/my_weblog/2014/11/serving-as-a-board-member-4-books.html

INSIGHT #2: Ram Charan notes this:

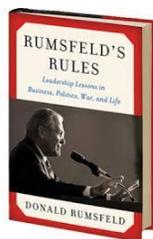


"There is nothing more important for a CEO than having the right strategy and right choice of goals, and for the board, the right strategy is second only to having the right CEO."

Owning Up: The 14 Questions Every Board Member Needs to Ask, by Ram Charan (See Question 5: "Does Our Board Really Own the Company's Strategy?")

http://urgentink.typepad.com/my_weblog/2010/01/owning-up.html

INSIGHT #3: In assessing CEO performance, Donald Rumsfeld shares this wisdom:



"What you measure improves."

"If you don't know what your top three priorities are, you don't have priorities."

http://urgentink.typepad.com/my_weblog/2013/05/rumsfelds-rules.html

This resource prepared by:

John Pearson
Board Governance & Management Consultant
John Pearson Associates, Inc.

www.ManagementBuckets.com (tools and templates)

<http://ecfagovernance.blogspot.com/> (governance blog)

<http://www.urgentink.typepad.com/> (book reviews)

☑ TOOL: Annual CEO Assessment

“In the end, although we may not be able to precisely define what outstanding leadership is, we know it when we see it! **Let's admit that this very subjective process is more art than science, more human than anything else.** We can and should use various objective measures or strategic indicators of the organization's progress on its financial condition, for example, as part of the assessment process—but whether a leader stays or goes so often hangs on much more subtle factors.” (From: *Ten Basic Responsibilities of Nonprofit Boards*, Second Edition, by Richard T. Ingram – see brief review in this tab.)

☐ #1. **INTRODUCTION/CONTEXT.** Chapter 3, “Support and Evaluate the Chief Executive,” (pages 21-27) from the book, *Ten Basic Responsibilities of Nonprofit Boards (Second Edition)*, by Richard T. Ingram (published by www.BoardSource.org) is helpful with context and philosophy—but it doesn't give you specific questions.

☐ #2. **BOARDSOURCE.** BoardSource has the most complete library of articles and other resources on conducting the annual CEO performance review/assessment. See the following pages for their online assessment tool that board members can use (standard or customized).

➔ **NOTE:** *As you know, most of the literature is not faith-based, and so the approach, the assumptions and even the process sometimes (not always) may not be grounded in a biblical context of grace and mercy! And...while some of the assessments address character issues, they don't put them in the context of the fruits of the spirit, spiritual discernment, human vision versus God's vision (Big Hairy Audacious Goals vs. Big HOLY Audacious Goals), etc.*

☐ #3. **DVD TRAINING FOR BOARD MEMBERS.** John Pellowe at Canadian Council of Christian Charities has eight training modules on DVD, *The Board's Most Important Relationship: Training for Christian Ministry Directors and Staff Leaders*. Topics include:

- #1. Theological Foundation: Four biblical principles of a God-honouring relationship (15 min.)
- #2. Considerate Boards: How boards can show consideration for the staff leader (32 min.)
- #3. Considerate Leaders: How leaders can show consideration for the board (15 min.)
- #4. Caring for the Leader: Practical ways boards can support the senior leader (31 min.)
- #5. Caring for the Board: Practical ways senior leaders can support the board (16 min.)

- ☑ #6. Leadership Reviews: How to review the senior leader's performance (37 min.)
- #7. Leadership Problems: Dealing with conflict, lack of trust, underperformance, and domineering leaders (15 min.)
- #8. Ending the Relationship: Retirements, resignations, and terminations (17 min.)

Details: https://www.cccc.org/board_relationship?from=homepage

☑ One Approach for the Annual CEO Assessment

Here's what I usually do for clients. While I seek to customize annual assessments for each unique situation, I find that most of my work involves creating the first-ever assessment and then providing some tools so a client can continue to replicate the process every year. The process usually involves these three phases, and perhaps a fourth phase of CEO coaching.

Phase 1: Pre-Work

- Phone call with CEO and board chair
- Development of a customized online survey using a “360” approach:
 - Every board member completes an online assessment
 - Each staff member reporting directly to the CEO completes an assessment on the CEO
 - The CEO completes a self-assessment

Phase 2: Board Meeting

- Prior to the board meeting, I meet with the CEO and board chair (same day, or sometimes with a phone call in advance)—and deliver the results.
- At the board meeting, I brief the CEO and board on the process, and then the CEO is excused for about 45 minutes. I'll often highlight the CEO's strengths (from the Gallup StrengthsFinder assessment – www.strengthsfinder.com), spiritual gifts, and social styles (drivers, analyticals, amiables, expressives)—to remind the board members that each leader is unique, and none of us have ALL the gifts and strengths!
- During the “executive session,” I create exercises for the board members to review the confidential “360” results of all three groups (board, direct reports, CEO self-assessment). *Note: At the conclusion of the Executive Session, the confidential surveys are collected and shredded. (The chair and the CEO each keep one copy.)*
- We then create a written list of affirmations and areas where improvement is needed—and get everyone's approval of the list. (I emphasize the Carver wisdom, “The board speaks with one voice, or not at all.”)
- The CEO is invited back into the room and a board member reads the “draft” list of affirmations and where improvement is needed.
- The CEO then has the option of responding then to the review, or asking for clarification, or thanking the board with a response to come later.

Phase 3: After the Board Meeting

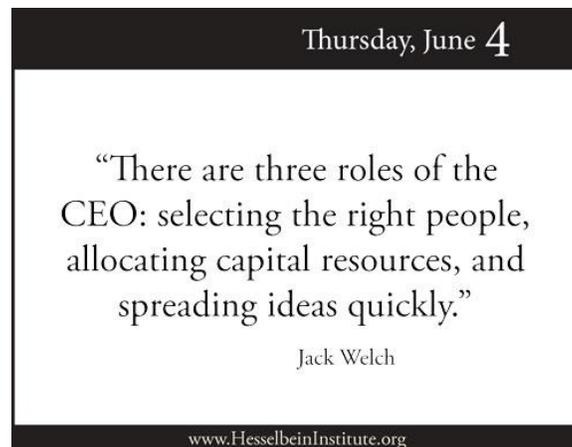
- Within 3 to 4 days, the written notes are edited by the chair (usually, if he/she is gifted at that), and then delivered via email to the CEO.
- Within 10-14 days, the CEO provides a written response to the chair—noting “next steps” for areas needing improvement. Example: If the board suggested that the CEO work on his/her delegation skills, the CEO might suggest one or two next steps on becoming a more effective delegator (coaching, reading a book, attending a workshop, seeking out a mentor, etc.).
- The chair then closes the loop:
 - Thanks the CEO for the response.
 - Communicates the response to the full board.
 - Delegates the accountability/reporting approach.
 - Schedules the next annual CEO performance review.

Phase 4: Coaching (if needed)

- Coaching process begins, if helpful.

Books I'll often recommend:

- *The Coaching Habit: Say Less, Ask More & Change the Way You Lead Forever*, by Michael Bungay Stanier (read my review):
http://urgentink.typepad.com/my_weblog/2016/02/the-coaching-habit.html
- *What Got You Here Won't Get You There: Discover the 20 Workplace Habits You Need to Break*, by Marshall Goldsmith with Mark Reiter.
http://urgentink.typepad.com/my_weblog/2013/02/what-got-you-here-wont-get-you-there.html
- 39-minute CD: *How to Delegate*, by Alec Mackenzie.
http://urgentink.typepad.com/my_weblog/2013/04/how-to-delegate-cd.html
- *The One Minute Manager Meets the Monkey*, by Ken Blanchard and William Oncken, Jr
http://urgentink.typepad.com/my_weblog/2006/11/the_delegation_.html
- *Leadership Briefs: Shaping Organizational Culture to Stretch Leadership Capacity*, by Dick Daniels.
http://urgentink.typepad.com/my_weblog/2015/02/leadership-briefs.html
- Visit The Book Bucket for a list of books within each of the 20 core competencies (management buckets): <http://managementbuckets.com/book-bucket>



Note: I have not used the BoardSource assessment process, but I'd encourage your board members to go online and look at some of the questions that are asked in the "demo."

	<p>Online assessment: \$ 699.00 - Organizational Member Price \$ 899.00 - Member Price \$ 1199.00 - Nonmember Price</p> <p>www.BoardSource.org – click on “Assessments”</p>
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Welcome to the Assessment of the Chief Executive Demo!

Please take a moment to SAMPLE the Assessment of the Chief Executive online survey.

This demonstration contains excerpts from the actual assessment. It is intended to give you a feel for both the survey process and the types of questions included in the survey. You can answer the sample questions if you choose, or just read through the questions and continue on to the next section. Click Next at the bottom of the page to move through the demonstration. Keep in mind this is only a small portion of the actual survey. If you decide to purchase the Assessment of the Chief Executive you will have the opportunity to preview the entire questionnaire prior to starting your assessment.

[Areas Covered in the Assessment:](#)

Section One: Annual Performance Goals

Section Two: Core Competencies for Association Chief Executives

- 2.1 Strategic Thinking and Planning
- 2.2 Administration
- 2.3 Board Relations
- 2.4 Financial Management
- 2.5 Communications and Public Relations
- 2.6 Fundraising

Section Three: Personal Leadership Qualities

- 3.1 Leadership Skills
- 3.2 Interpersonal Skills

Section Four: Accomplishments and Challenges

- Assessing the Past
- Planning for the Future

User-friendly features:

We have added several features to keep the survey experience both efficient and convenient for your chief executive and board members. Technical assistance is available during the set-up process and to participants via phone or e-mail.

SAVE & COMPLETE LATER - The entire survey does not have to be completed in one session. Participants are able to log in again and resume the survey from the point at which they stopped.

CONFIDENTIALITY - Individual answers will be kept confidential and are submitted directly to BoardSource. Only aggregate answers are shared with your board via a summary report.

PAPER OPTION - If some board members prefer to complete the survey on paper this can be arranged. Additional fees may apply.

CUSTOMIZE - You have the option to customize portions of the survey by adding, deleting, or editing questions for an additional fee of \$250, which allows you to modify 10-12 questions.

If you have any questions about the survey or the administration process, please contact an Assessment Services Associate at assessments@boardsource.org. We hope your board will take this important step!

THIS IS A SAMPLE FROM THE BOARDSOURCE CEO ASSESSMENT:

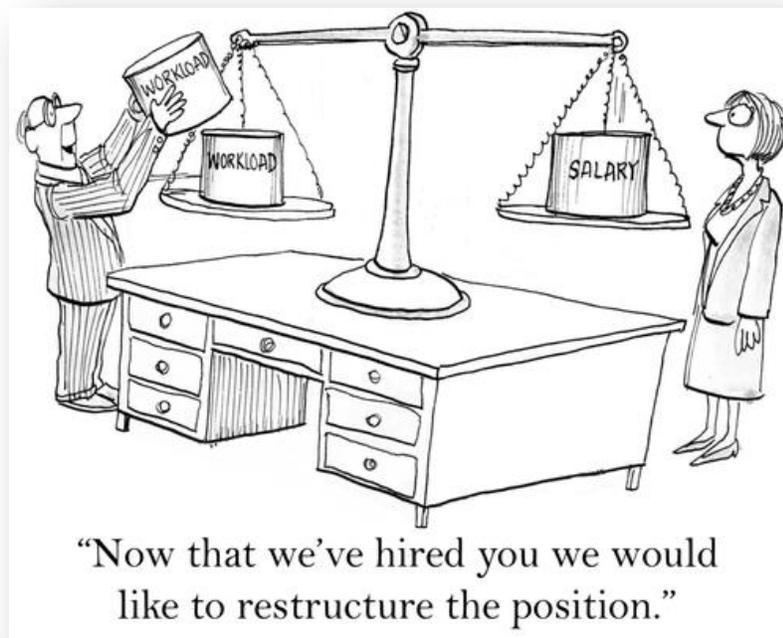
2.3A Governance and Board Relations

Together, the chief executive and the board form the leadership team of the association. Each arm of the team draws upon its own unique strengths and abilities. The chief executive and board have joint responsibility for developing and maintaining a strong working relationship and a system for sharing information that enables the board to effectively carry out its governance role.

Please indicate whether the chief executive met your expectations in the following areas:

	Unsatisfactory	Needs Improvement	Meets Expectations	Exceeds Expectations	Exceptional	NA/ Don't Know
2.3a Maintained an effective working relationship with the board, characterized by open communication, respect, and trust						
2.3b Working with the board chair, focused board meetings on topics of highest priority that need board attention and involvement						
2.3c Provided board members with the appropriate information needed to support informed decision making and effective governance						
2.3d Served as an effective liaison between board members and staff						
2.3e Supported board development, especially recruitment, in conjunction with board leadership						
2.3f Worked to leverage the talent and expertise of individual board members						

Do you have any specific comments about the chief executive's performance on this core competency?



APPENDIX:

Your Weekly Staff Meeting - November 06, 2014

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Serving as a Board Member - 4 Books

Note: Go to this link to order the books from Amazon:

http://urgentink.typepad.com/my_weblog/2014/11/serving-as-a-board-member-4-books.html

Issue No. 311 of *Your Weekly Staff Meeting* features mini-snippets on four governance books, along with the question: "How many board members does it take to change a light bulb?" And this reminder, check out my Management Buckets website with dozens of resources and downloadable worksheets for your staff meetings – www.ManagementBuckets.com.



How Many Board Members Does It Take to Change a Light Bulb?

I'm frequently asked, "What governance book would you recommend we read before our next board and senior team retreat?"

My standard response is to ask a series of questions. What books have they read? Any new board members? Any stuck-in-a-rut board members? **Do they need the basics on governance, or a kick-in-the-behind?** Is it time for an inspirational book on decision-making and spiritual discernment? Are they readers or listeners? (Maybe a TED Talk?) Are they way too busy? Then maybe just a really, really skinny book—with big print and lots of white space? Faith-based or not?

One size doesn't fit all. So in addition to the governance books I've reviewed in past issues (visit my Board Bucket webpage for 11 resources at www.managementbuckets.com/board-bucket), here are mini-snippets from four books (several fairly new). Two ideas:

- Purchase all four books and ask four board members to give 5- to 10-minute reviews at your next board meeting or retreat.
- Or...delegate your reading to four board members and then, based on their feedback, select one book for the entire board to read.

❑ **OPTION #1: *Serving as a Board Member: Practical Guidance for Directors of Christian Ministries***, by John Pellowe (188 pages, Canadian Council of Christian Charities, 2012)

In his foreword to this excellent book, Jim Brown, author of *The Imperfect Board Member*, notes “now it seems like ‘governance consultant’ is a pre-painted shingle that goes with every early-retirement, golden parachute check that gets handed out. The web is fraught with blogs and e-books on the topics of boards.”

Based on a seminar, and a DVD of the same title, the book is one of the best Christ-centered governance books available. Right from the get-go in the first chapter, “Readiness to Serve,” Pellowe speaks to the hearts of future board members about passion and calling:

- **“If the ministry’s mission is not closely tied to your interests, your board service will be a draining experience...”**
- “The Holy Spirit can nudge us towards those good works that God has prepared for us to do (Eph. 2:10); this nudging is usually described as a call.”
- “God’s individual call is normally in line with the gifts that you already have.”

And he’s just warming up on pages 4 and 5! He adds on page 7, “You really should be able to think theologically about the mission, governance, and leadership of the ministry you are serving. If you are new to the Christian faith, you may not yet be well enough equipped for board service in a Christian ministry.”

The book’s format is unique with the voices of other experts blended into sidebars. Pellowe, CEO of the Canadian Council of Christian Charities since 2003, sprinkles in his personal insights and stories (like his home church board meetings!) every few pages—fascinating stuff! Example: His story on page 126 on the “Bad” 3 Rs: boards that waste enormous amounts of time on “Reviewing, Rehashing and Redoing.”

It’s tough to pick just one favorite quotation or paragraph—but this grabbed me:

“You must be diligent as a director. Make sure that you ask any questions that are on your mind. **As the saying goes, the only bad question is the one you had, but didn’t ask.** You may think that since you have a banker on your board, you do not need to ask any financial questions because someone else is looking after that. It is your duty to ask these questions anyway. Do not rely on someone else to do your thinking.”

❑ **OPTION #2: *Best Practices for Effective Boards***, by E. LeBron Fairbanks, Dwight M. Gunter II, and James R. Cauchenour (191 pages, Beacon Hill Press of Kansas City, 2012)

Total years of board leadership and board service for these three co-authors would rival almost any other trio. The best practices have been culled from 1) a lifetime of service as a denominational education commissioner (working with 54 educational institutions in 36 countries), 2) as a board chair and business leader, and 3) as a seasoned pastor/author and board member.

➔ With almost 40 pages covering 11 documents in the appendix, you could skip the book and strike gold in every resource: “Leader Effectiveness Review Grid (22 leadership behaviors),” “Board Standing Policy Manual,” “**Rules of the Road for Christlike Conflict Management**,” and a “Board Survey” with 22 questions.

Can a book that articulates Christ-centered character standards for board members also meet the high bar of governance excellence? Yes! The guts of the book, 12 chapters, include helpful discussions on:

- “Ears In, Fingers Out” (great shorthand for the board role)
- “Take Time” (slowing decision-making down to hear from God)
- “Yes! to Missional Change” (choose your battles wisely)
- “Role Models of Generosity and Stewardship” (why board members must set the pace in generous giving and inspiring others to give)

In his chapter, “Yes! to Missional Change,” Pastor Dwight Gunter asks “How many Christians does it take to change a light bulb?” His answer: “**Seven. One to change the bulb and six to resist the change.**” (Insert “How many board members...” and it’s just as funny.)

Co-author LeBron Fairbanks, founding director of BoardServe.org, which serves as a global intervention and coaching resource for boards, shares my favorite quotation in the book—this from a CPA firm:

**“In the long run, only integrity matters.
In fact, without integrity,
there will be no long run.”**

❑ **OPTION #3: *Board Essentials: 12 Best Practices of Nonprofit Boards***, by David L. Coleman (109 pages, Andrew/Wallace Books, an imprint of BoardTrek Nonprofit Consulting, 2014)

OK...here’s your skinny book. Coleman has culled from dozens of resources and produced 12 best practices—short chapters, long on practical tools and wisdom. Here’s a topical taste: mission, membership, definition of governance, board roles and responsibilities, the CEO’s role, the CEO and the board chair, board policies (“speak with one voice”), board meetings, fiduciary responsibilities, the board development committee—and much, much more.

Coleman, though he understands nonprofit life as a former foundation grantmaker and faith-based organization leader, has crafted this short-and-sweet book that works for both Christ-centered and secular boards. My favorite quotation in the book is a Peter Drucker keeper:

“The first task of the leader is to make sure that everyone sees the mission, hears it, lives it. If you lose sight of your mission, you begin to stumble and it shows very, very fast.”

❑ **OPTION #4:** *Ten Basic Responsibilities of Nonprofit Boards* (Second Edition), by Richard T. Ingram (90 pages, BoardSource, 2008)

The first title of six in BoardSource's "Governance Series" delivers the generally agreed-upon list of the 10 roles and responsibilities of nonprofit board members. (Christ-centered boards will likely add one or two more.) The book includes an excellent 20-point self-assessment for board members, with probing questions like:

- **“Are there ways in which your talents and interests can be more fully realized at or between board or committee meetings?”**
- “Have you and the board taken steps to deal with real or apparent conflicts of interest in your board service?”
- “Which aspect of your service on the board has been the least satisfying and enjoyable?”

Ten Basic Responsibilities of Nonprofit Boards: The Companion Workbook (58 pages) is also available.

Favorite quotation (on CEO performance reviews):

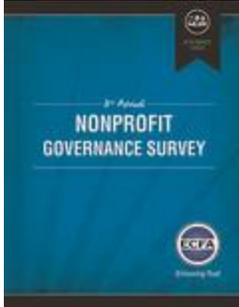
“In the end, although we may not be able to precisely define what outstanding leadership is, we know it when we see it! **Let's admit that this very subjective process is more art than science, more human than anything else.** We can and should use various objective measures or strategic indicators of the organization's progress on its financial condition, for example, as part of the assessment process—but whether a leader stays or goes so often hangs on much more subtle factors.”

To order one or more of these governance books (or the Kindle versions) from Amazon, click on this link:

http://urgentink.typepad.com/my_weblog/2014/11/serving-as-a-board-member-4-books.html

Your Weekly Staff Meeting Questions:

- 1) What is the next book our board should read?
- 2) What is the next book our staff should read—that would help them clear up many of the myths and misunderstandings about the board's role versus the staff's role?



ONE-PAGE BOARD MEMBER SELF-ASSESSMENT

See page 60-61 for the “Board Member Self-Assessment” (aligned with the survey results/best practices). Photocopy page 60 for your board and you can benchmark your scores against the average scores of board members of ECFA-accredited organizations.

(You received a copy of this resource in the March 2016 sessions.)

ECFA Announces Top 10 Governance Survey Highlights

Insights from Mastering the *Management Buckets: 20 Critical Competencies for Leading Your Business or Nonprofit*

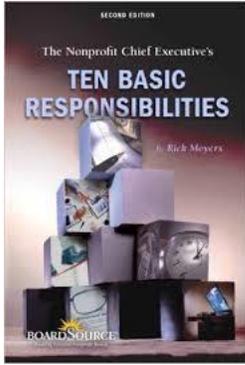
In my cycle through the 20 buckets, here is some supplementary data aligned with the Board Bucket, Chapter 14, in *Mastering the Management Buckets*:

There are a few surprises among the Top 10 Highlights from the hot-off-the-press executive summary of the *ECFA 3rd Annual Nonprofit Governance Survey*. It's available as a download to ECFA-accredited organizations and subscribers here: <http://www.ecfa.org/Content/Surveys>

Highlights include board giving, CEO succession, the gap between knowing and doing, operating reserves and measurable goals. Here's Highlight #7:

“Over one-third of board members recognize they dip into tactical versus strategic issues always or frequently. Yet overall, CEOs and board members said several unhealthy boardroom habits are usually avoided in their board meetings and/or addressed by the board chair.” (Read the 62-page report for what to do about micro-managing board members.)

Your Weekly Staff Meeting is emailed free two to four times a month to subscribers, the frequency of which is based on an algorithm of book length, frequent flyer miles, and client deadlines.



***The Nonprofit Chief Executive's
Ten Basic Responsibilities
(Second Edition)***

by Rick Moyers
published by www.BoardSource.org

Chapter Titles:

	10 Basic Responsibilities of Nonprofit CEOs	<input checked="" type="checkbox"/> ...if this is included in your current CEO position description. <input checked="" type="checkbox"/> ...Note any action steps required.
1	Commit to the Mission	
2	Lead the Staff and Manage the Organization	
3	Exercise Responsible Financial Stewardship	
4	Lead and Manage Fundraising	
5	Follow the Highest Ethical Standards, Ensure Accountability, and Comply with the Law	
6	Engage the Board in Planning and Lead Implementation	
7	Develop Future Leadership	
8	Build External Relationships and Serve as an Advocate	
9	Ensure the Quality and Effectiveness of Programs	
10	Support the Board	

Best Practice:

CEO Annual S.M.A.R.T. Goals & Monthly Dashboard Report

ABC Ministry – 2016 Monthly CEO Dashboard Report

Annual TOP-5 SMART GOALS for Jane Doe

Monthly Update to be submitted to Board of Directors by the 15th of each month.

FY2016 - 3 Months January 1 – March 31, 2016 <i>Updated on April 15, 2016 by Jane Doe</i>	Target Date	Monthly Update 3-Month Report Ending 3/31/2016
1. Revenue and Expenses. Achieve the year-end net income goal of \$40,000, based on revenue of \$500,000 and expense of \$460,000.	12/31/16	<ul style="list-style-type: none"> On target
2. Operating Reserves. Increase operating reserves from \$114,000 to \$154,000 (equivalent to 4 months of the FY2016 expense budget).	12/31/16	<ul style="list-style-type: none"> Forecast now is just 2 months of reserve by year-end. Finance Comm. will review "Plan B."
3. Board Member Recruitment. Assist the board with cultivating up to five new board prospects for terms beginning on Jan. 1, 2017.	9/30/16	<ul style="list-style-type: none"> On target. Good news! Nom. Committee has 12 prospects.
4. Three-Year Rolling Strategic Plan: 2017-2019. Based on board feedback, recommend the final version of the 2017-2019 Strategic Plan to the board.	9/15/16	<ul style="list-style-type: none"> Board will review at the September board meeting
5. Vision 2020 Resource Center. Implement the Phase 1 Pilot Program of the Vision 2020 Virtual Resource Center, including the cultivation, recruitment, orientation and engagement of 2 state coordinators, 10 area coordinators and 50 local church ambassadors.	10/31/16	<ul style="list-style-type: none"> On target! Mike Pate has agreed to be our State of Hawaii coordinator! And...17 new coordinators have also become Donors (Level 3).
COLOR CODES: ON TARGET CAUTION ALERT!		

These FY2016 TOP-5 SMART GOALS were approved by the Board of Directors on Dec. 15, 2015.

S.M.A.R.T. Goals are: → Specific, Measurable, Achievable, Realistic, and Time-related.

Peter Drucker:

“Self-assessment is the first action requirement of leadership: the constant resharpener, constant refocusing, never being really satisfied.”

Peter Drucker (again):

“If you have more than 5 goals, you have none.”

SAMPLE 360 ONLINE SURVEY➔



Using the 20 core competencies from my book, ***Mastering the Management Buckets: 20 Critical Competencies for Leading Your Business or Nonprofit***, I have customized many “360” annual CEO evaluations over many years.

On the following pages is an example of how you might create and customize a “360” for your CEO.

Thanks to Jeff Lilley, board coach, for allowing me to use an assessment example from Seattle’s Union Gospel Mission.

You can create your own survey account at:
www.SurveyMonkey.com

More on the 20 core competencies:
<http://managementbuckets.com/20managementbuckets>

You have my permission to adapt this survey for your use within your organization.