

Evaluating Your Executive Director

GOVERNANCE



A Guide for Boards of Nonprofit Community Development Organizations

Launched in 1982 by Jim and Patty Rouse, The Enterprise Foundation is a national, nonprofit housing and community development organization dedicated to bringing lasting improvements to distressed communities.

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About This Manual

Why evaluate an executive director?

The performance of a nonprofit's executive director is critical to the organization fulfilling its mission. Because the person in this role directly influences the organization's success and financial health, it is incumbent on the board of directors to set standards and objectively and fairly evaluate the performance of its executive director against these standards. In fact, it is one of the board's central responsibilities. Although it is time consuming and may be personally challenging for some board members, establishing a strong evaluation process will ultimately save the board time and enhance the capacity of the organization's staff leadership.

A strong executive director evaluation process is characteristically continuous, forward-looking and clarifying. Although it identifies and criticizes poor performance, an effective process will promote the board's overall approach to fulfilling its mission by ensuring effective leadership.

The evaluation process establishes the board's expectations of the executive director, directs organizational resources in support of his or her professional development, and enhances communication between the board and its staff leadership.

Evaluating Your Executive Director is designed for board members of all nonprofit community development organizations that have staff. This manual includes information on:

- Characteristics of the evaluation process
- Developing performance standards
- Who should conduct the evaluation
- Collecting and summarizing the information
- Presenting the evaluation

This manual is one of the books within the *Governance* series of The Enterprise Foundation's Community Development Library™. The series provides detailed information on:

- Board roles and responsibilities
- Board leadership skills
- Building and managing a better board
- Evaluating the organization

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Introduction

Editor's note: Throughout this manual, we use the term "executive director," or ED, because it is the most common title given the chief executive officer of community development organizations, although the title of CEO or president is sometimes used. We also refer to the head of the board as president, although this term can also vary.

Supervising and evaluating the executive director is among the most important responsibilities faced by the boards of nonprofit community development organizations. Unfortunately, this evaluation is seldom undertaken eagerly. It is not uncommon for board members to feel uncomfortable in a role that may involve criticism of an individual on whom the organization relies. Effective, objective evaluation is easily deferred by the press of immediate business.

However, failure to properly evaluate an executive director comes at substantial cost to an organization. A strong evaluation process can strengthen the individual filling that critical role and thereby strengthen the organization. To quote Kenneth Dayton, former chairman and CEO of the Dayton Hudson Corporation and a member of many nonprofit boards:

It has been my observation over the years that most CEOs spend an inordinate amount of time worrying about whether they are doing a good job or not, and whether they are satisfying their board. If they knew where they stand, they would waste a lot less energy in worrying and could therefore exert a lot more energy in doing an even better job.

Properly planned and executed, the process of evaluating an executive director is an integral part of the organization's planning. It draws on the goals and objectives of the strategic plan and directs the organization's resources in the strengthening of its primary staff leader.

A strong process consists of several steps:

- Establishing performance standards — drawing on the goals and objectives established in the organization's strategic plan and on the ED's own assessment of the critical tasks of the position
- Gathering performance information from critical stakeholders in the organization, including board members and senior staff as well as critical external partners, such as major donors
- Tabulating and summarizing that information into an overall evaluation
- Discussing that evaluation with the executive director, identifying actions toward enhancing performance and establishing a new set of performance standards for the coming year

A board and the ED may find it useful to conduct several less formal interim reviews throughout the year. These reviews could include intermittent observations, performance reports by the ED to the board, and regular discussions between the board president or executive committee and the ED about performance.

The Evaluation Process

Before you begin your evaluation process, it will be helpful if the board and organization have accomplished several things. These include:

Establishing clear and appropriate bylaws — Nearly every nonprofit organization has bylaws. They can facilitate the supervision and evaluation of the executive director by providing guidance on the relationship between the ED and the board. Is the ED a member of the board? Does the ED have sole authority over the rest of the staff? Is there a standing committee or an individual with specific responsibility for communication with and evaluation of the ED? These questions can be answered with a good and current set of bylaws.

Establishing a strategic plan — The plan should review the organization's internal strengths and weaknesses, evaluate the opportunities and threats apparent in the environment in which it works, and establish general goals and specific objectives for the organization over several years. The objectives of the plan should include a timetable for their accomplishment and a delegation of responsibility within the organization.

Developing an annual plan — This involves a review and update of the strategic plan, with the specification of objectives for a single year.

Creating business plans — This is particularly important if an organization is engaged in more than a single business line (such as housing development and housing management). The business plan examines the competitive environment in which that particular enterprise must operate. It evaluates the strengths and weaknesses of the organization as they relate to the particular business. It generally includes both capital and operating budgets for the particular business line. Like the strategic plan, it covers several years of the development of the business.

Writing a job description for the executive director — The job description establishes the general areas of duty and responsibility for the person holding that position. It may also address the relationship of the ED and board, including prescribing required communications and reports. See the sample job description in the Appendix.

CHARACTERISTICS OF THE PROCESS

With as many of these in place as possible, and a consciousness on the part of the board of what they say, the creation of an evaluation process for the executive director can begin. A strong process for evaluating the executive director has three important characteristics. It must be:

- Ongoing
- Forward-looking
- Clarifying

An ongoing evaluation process is not an annual spasm of activity by the board or a few of its members. Rather, it is a continuous process throughout the year. It begins with establishing performance objectives and continues with regular reviews of the ED's progress toward those objectives. The process culminates in a formal performance review at year's end, which also sets the stage for establishing a new set of performance objectives. These objectives should draw from, and be consistent with, the organization's other planning activities, including the strategic plan and, if it exists as a separate document, the annual plan.

An ongoing evaluation process is not an annual spasm of activity by the board or a few of its members. Rather, it is a continuous process throughout the year.

The evaluation process must also be forward-looking, guiding the ED in performing on the job. It should also help in planning how the organization's resources are invested to enhance the ED's professional capacity. While it looks back to determine the ED's strengths and weaknesses, it does so primarily to determine the proper approach to enhance future performance. In short, it is part of a continuous improvement process for the individual and the organization.

Finally, the process should clarify communication between the board and the executive director. It should assist the latter in understanding the board's expectations and help the former appreciate the challenges faced by the ED and that person's skills and talents in addressing them.

DEVELOPING A PROCESS

Your evaluation process should enhance the likelihood that the three characteristics — ongoing, forward-looking, clarifying — are present. Start by identifying who among the board of directors should be involved.

The short answer is that the entire board is likely to be involved in some part of the process. However, there are certain aspects that may be accomplished best by a committee of the board (executive committee, personnel committee or an *ad hoc* committee established for this particular purpose) or by an individual member (usually the board's president).

The executive director should be required to write a self-evaluation.

There are several major steps in the process:

Developing performance standards — Using the other planning efforts of the organization to help, determine what the executive director should have accomplished, and what is important in his or her performance. Standards are usually generated by a committee and approved by the full board. This step is completed at the beginning of the review year.

Determining who should conduct the evaluation — The full board should assign this responsibility, usually to a committee of the board. The committee (probably the same one that developed the performance standards) should include both the board chair and treasurer.

Gathering information for the annual review — The committee should determine who among board members, staff and outside partners of the organization should be asked to complete individual evaluations (assessments) of the executive director. In general, all board members should complete assessments. The rest of the list should be carefully thought through by the committee and reviewed with the ED. The executive director should be required to write a self-evaluation. Creating the form for the written appraisals and self-evaluation is an important committee task.

Tabulating and reviewing responses — The committee then has the responsibility of tabulating the individual appraisals, together with the executive director's self-evaluation, and summarizing them as a coherent evaluation of the ED's performance.

Presenting the evaluation — The evaluation (including the committee's compensation recommendation) is then presented to the executive director, usually in the form of a meeting with the board chair. The ED may respond to certain points in the evaluation and should be afforded the opportunity to draft written comments for attachment to the final evaluation report. This meeting should generate the outline of a plan for investment in the ED's further professional development. Finally, the ED and board chair may discuss the development of performance standards for the new year.

Approving the evaluation by the full board — A well-developed and executed process should require no amendment at this stage.

With the annual evaluation complete, the committee may turn its attention fully to the drafting of an appropriate set of performance standards for the executive director for the coming year.

DEVELOPING PERFORMANCE STANDARDS

The board's first task is to develop a set of performance standards for evaluating the executive director. We mentioned earlier the sorts of planning and documentation that can be helpful in this regard: bylaws, a strategic plan, an annual plan, business plans and a job description for the executive director. To the extent each of these exist, they contain information that can be used to establish standards by which to measure the ED's job performance. It is essential that the performance standards be consistent with other organizational planning; otherwise, the ED will be confused as to what the board really expects him or her to accomplish.

The annual plan and business plans may be the most useful in developing performance standards for the ED because many of the performance standards to which the executive director will be held will mirror specific strategic or business plan objectives. In them, the board will have identified the organization's goals and objectives, established timelines for accomplishing them and delegated responsibility. As the leader of the entire staff, the executive director is likely to bear much of the responsibility for accomplishing these goals and objectives.

Strategic and business plans may not address everything an executive director needs to do, as they are likely to focus on the organization's production and resource development. Often, support functions, such as employee supervision and office management, will not be addressed substantially unless the plans contemplate major changes in how such functions are approached.

For this reason, it's important to take stock of each of the ED's areas of general responsibility. These should be outlined in a job description. They may vary from organization to organization, but the following list includes those areas most common and important to nonprofit community developers:

- Providing leadership and assistance to the board in developing and reviewing the organization's mission and strategy
- Managing and directing the organization's operations, business lines and other activities
- Implementing board policy and directives
- Reporting the organization's activities to the board
- Ensuring the organization's financial resources are properly managed and reporting the organization's financial position to the board
- Hiring, supervising and evaluating staff
- Developing and implementing plans for staff development, retention and compensation
- Communicating the goals, purposes and programs of the organization to partner organizations, the news media and other audiences
- Assisting the board in developing and implementing a fund-raising and resource-development plan

DECIDING WHAT TO MEASURE

In considering each of these areas of responsibility, it is important to answer the question: *What do we want to measure?* Just as it is important to establish clear and measurable objectives in your strategic and business plans, the performance standards to which you hold your executive director must also lend themselves to objective review.

Suppose your organization has determined it is important to improve its visibility with several critical audiences. Rather than saying that the executive director is responsible for improving the organization's public communications, you might establish the following as a performance goal:

Example

The executive director will increase the frequency of written and in-person communications initiated by the agency with local government policymakers, including quarterly reports to the director of Community Development and the chair of the City Council's Development Committee on the agency's accomplishments and needs.

This is a goal with specificity. The ED's performance can be objectively measured against it and it also helps guide the director in achieving the board's directive. Another goal in this area could be:

Example

The executive director will develop a plan for approval by the board, by the end of the first quarter, with budget and timetable, for increasing the positive exposure of the organization in news media that reaches our target market of consumers.

This goal does not say what the media outlets should be, nor does it establish how many news stories will be generated. That is the purpose of the media plan. The critical measurement is that a plan be created by a certain date with a certain purpose. In evaluating the ED, we need to know: *Was the plan created?*

A committee of board members is probably best suited to developing these performance standards. It would translate the strategic and business plans, the ED's job description and other specific directives into a specific set of objectives for the ED. The full board, however, should be asked for its approval of the committee's draft.

Who Should Conduct the Evaluation?

Usually, a committee performs much of the executive director's evaluation. With most nonprofits, this is either the executive committee or personnel committee; sometimes an *ad hoc* committee is formed for this specific function.

For most community development organizations, the executive committee is the best group to handle this responsibility for several reasons. First, that committee already includes two of the key board members who will be involved in the evaluation: the president and the treasurer. The board president is the individual most responsible for ongoing communication with the ED, so these two individuals should already be working together closely. The treasurer is critical because of this person's familiarity with the organization's financial condition and financial management system, which are always among the central responsibilities of the executive director.

A second reason for the executive committee to have this responsibility is that in most community development nonprofits there are (or should be) regular meetings with the executive director between full board meetings. Not only is this advisable for general operations, it also supports the ongoing review of the ED's performance before the more formal annual review.

Finally, many nonprofits, especially younger ones, have a relatively simple operations structure and seldom have established committees. If the staff is small, a personnel committee probably does not yet exist and forming one just to evaluate the ED may not be the best use of the board's resources.

However, if an organization has a strong personnel committee in place, that is probably the appropriate group to manage the evaluation process, especially if the committee is involved in developing the review procedures for other staff. Make sure that your president and treasurer are involved in establishing performance standards as well as interim reviews and annual reviews.

Forming an *ad hoc* evaluation committee should only be considered if the executive committee is substantially overburdened and a strong personnel committee does not exist. Such a committee is appropriate if the board thinks it is critical to involve members who are not already members of those committees.

Gathering Information for the Annual Review

The performance of your executive director should be reviewed annually by measuring performance against the standards established at the beginning of the year. By setting a date and delineating what will be measured and how, both the board and the executive director will be clear on the goals, the objectives and the timelines. And probably even more important, either party can raise issues during the year if meeting the goals appears to be in danger.

A review must be objective, not subjective. It must be fair to the executive director and to the board and the organization. So, to conduct an equitable annual review, the organization must determine how, and from whom, it will collect information about the ED's performance. There are several possibilities, such as:

- Evaluations and reviews by people within the organization and others outside of the non-profit who have knowledge of its work
- Evaluations and reviews by outside agencies
- The organization's own treasurer's reports and its annual independent audit
- Surveys by individuals with knowledge of the ED's performance
- A self-assessment by the executive director

An evaluation form must be well thought out and well written before it can capture accurate and valid information.

To ensure objectivity, use a written form and give people time to answer it thoughtfully. Written reports, rather than oral, ensure that each person is asked to review the ED in the same manner, according to the same criteria. It also improves the process of reviewing and synthesizing the appraisals.

A word of caution: An evaluation form must be well thought out and well written before it can capture accurate and valid information.

Every board member should be asked to write an appraisal. The committee may also seek appraisals from key people outside of the organization, such as donor representatives, partners in joint efforts or public officials with whom the agency has a close relationship.

ORGANIZING THE APPRAISAL

The appraisal process must be properly managed. First, the executive director, who has substantial responsibility for managing the organization's relationships, should be told who is being asked to participate. The ED should also read and comment on the appraisal form before it is disseminated.

Recognizing that some people may be uncomfortable participating in such a review, it may be appropriate for committee members to first ask potential informants if they wish to participate. Unlike board members, they have no inherent responsibility.

The committee may also want to gather information from senior staff. (Nonboard volunteers who have a critical role in the agency's work are treated as staff for purposes of this discussion.) This is a very sensitive area, given the division of responsibilities between the board and the executive director. Again, the ED must be informed as to which staff are participating and how, as the ED probably has the sole responsibility for managing the organization's staff.

However, given the importance of the evaluation process to the organization and the level of insight senior staff may be able to provide, it is often beneficial for the board to ask for their participation. Everyone must appreciate the sensitivity of it, however.

THE FORM: THE DEVIL IS IN THE DETAILS

The evaluation should be carefully scripted, ensuring questions do not lead appraisers to a specific answer. Questions should relate directly to the performance standards established by the board at the beginning of the year. The objectives should be measurable, and the questions should clearly identify what is being measured.

Because respondents may not be aware of the details of each area of the ED's responsibilities, it is important to ask questions that point to specific expectations in each area. This may mean, for example, that several questions address specific responsibilities under a general category, such as financial management.

Both *what* and *how* may be important questions. In one example of a performance standard presented earlier, the executive director was expected to increase contacts with public officials. This is a *what* question. The *how* question involves the quality of those contacts, which may be just as important as the quantity: Were the public officials motivated by those contacts to help the organization accomplish its mission? Asking objective questions to quantify the quality will take some deliberation and thought.

Does this sound like each question should be an essay question? Although this would probably be best, it is seldom feasible. In light of the time it would take to write and review essay responses, you can use a rating system of:

- Exceeds requirements
- Achieves requirements
- Needs to improve
- Fails to meet requirements
- Not sure
- Comment

This approach to evaluation is beneficial because it is quick to complete and to tabulate. Because this is true, always — always — ask for comments to draw out important information. For example, a partner in a particular housing project might provide insight into the ED's ability to manage the real estate development staff. It will also help draw out the *how*.

Helpful Tip: You do not have to re-invent the wheel — ask other nonprofit organizations how they review their executive directors' performance and ask for copies of their review forms. Incorporate approaches and questions that are appropriate to your organization and discard the rest. Remember, your nonprofit has a specific mission, purpose and set of goals that your executive director is challenged to meet. Your appraisal should measure your ED's achievement, personal growth and potential.

TABULATING AND REVIEWING EVALUATION RESPONSES

The results of the appraisals may be incomplete. Some respondents may not feel competent to rate the executive director in every area. (By inviting a "not sure" response, respondents will be comfortable in responding only in areas in which they have a degree of competence.) Others may not return their forms. Nonetheless, it is the committee's responsibility to tabulate all of the results before it applies its own judgment.

The National Center for Nonprofit Boards suggests a point system ranging from one point for "very dissatisfied" to four points for "very satisfied." Results for each area can then be tabulated by adding the number of points and dividing the total by the number of respondents (excluding "not sure" responses). It also suggests recording key words and themes that appear in open-ended responses to requests for comments. (Jane Pierson and Joshua Mintz, *Assessment of the Chief Executive*, National Center for Nonprofit Boards, Washington, D.C., 1996.)

The ED's self-assessment should be reviewed as well. This may be somewhat shorter than the respondents' survey, which asked very detailed questions, assuming not all the respondents would be familiar with the ED's particular responsibilities in each area. The ED can be expected to be very familiar with these and capable of summarizing overall performance in each general area of responsibility.

The self-assessment should include open-ended questions that gauge the executive director's personal understanding of the position's primary objectives and responsibilities and his or her sense of important accomplishments and greatest difficulties. To invest in strengthening the ED as well as to prepare a set of performance standards for the coming year, ask where the ED thinks he or she needs help and how the board can help.

WHAT TO WATCH FOR

In reviewing the gathered information, take note of:

- Areas of greatest competence and weakness as reported by the survey respondents. Are these borne out by other evidence, such as program reviews and assessments?
- Specific themes that recur in responses to open-ended questions. Are there certain adjectives frequently used to describe the ED?
- Major differences between the ED's self-assessment and those of the other reviewers. Do they point to a different understanding of the ED's responsibilities? Which among the reviewers differ most from the ED's self-assessment?

WHAT TO GUARD AGAINST

At this point, the committee must summarize this information into an overall evaluation. In their essay "Performance Appraisal of the Staff Chief Executive," Conrad and Rubin note seven common errors in assessing the executive director's performance. (William R. Conrad and Hank Rubin, *Performance Appraisal of the Staff Chief Executive*, Voluntary Management Press, Inc., Downers Grove, Ill., 1983.) These include:

- Halo effect — preoccupation with one outstanding quality
- Tendency to rate personality traits above performance
- Subjectivity — substituting personal likes and dislikes for an objective appraisal of performance

- Leniency tendency — reluctance to rate unfavorably
- Severity tendency — inclination to rate as unfavorably as possible
- General tendency — avoiding judgment by picking middle ground, rating on the average
- Dramatic incident effect — judging on the basis of a single incident, avoiding total performance

If the evaluation process has been developed properly, you can avoid these problems. But being able to focus on how well the organization's goals and objectives have been met requires planning, a written job description and established performance standards for the ED. Plus, the executive director must be fully aware of these expectations.

Your appraisal form should also determine if your executive director is using his or her skills well enough to meet the organization's goals and objectives. If you appreciate certain strengths (or the ED self-identifies them), but they are not in evidence to many of those with whom they work, there may be a problem.

Finally, be very careful in assessing personality. To the extent that it interferes with or enhances performance, it is a legitimate concern. Be careful, however, that the committee members' own like or dislike of the ED as an individual does not get in the way of an objective assessment of how well this person does the job.

Preparing and Presenting the Evaluation

After gathering and analyzing the appraisals, the committee must draft its own evaluation in writing. This document should outline the overall performance of the executive director, as well as note specific areas of strengths and weaknesses set against the established performance standards.

Avoid general descriptions to describe areas of strength or weakness, using such terms as “initiative” or “creativity.” This tends to drag the evaluation into subjective judgments, away from the goals and objectives the board set for the executive director. If, however, the board and ED agree there is an area of general skill or style they would like to strengthen, it can be addressed in the plan for professional development (see Investing in the Future below).

Until this evaluation has been reviewed with the executive director, it should be seen as a draft and only part of the final document. At this stage, the document can be shared with the full board, but generally it’s best to move directly to the conference with the ED.

PRESENTING THE EVALUATION

With the written evaluation in hand, it’s time to present it to the executive director. Although the conference can involve the broader committee, a one-to-one meeting is often best. In the best of situations, this is but one of many meetings between the ED and the head of the board. After all, there should be a strong relationship between the two.

The meeting should be scheduled well in advance to the benefit of the ED and the evaluation committee.

At the meeting, the ED should feel free to comment on the evaluation. Important points and considerations aired during this session may be included in the final document.

The executive director may disagree with some aspects of the evaluation. The ED’s disagreements should be included in the final evaluation document, if he or she wishes. Nevertheless, it is the board that has the final word. The board chair may emphasize that the evaluation is the collective judgment of a broad range of people familiar with the ED’s performance (which was agreed to by the ED in advance).

One of the more important outcomes of the evaluation meeting is the development of a plan that outlines the executive director’s continuing professional development.

The evaluation should not be changed, unless the board’s representative believes a serious procedural error has been made, such as evaluating the ED on a performance standard which was never communicated to the ED. In that case, the board chair may agree to take the matter back to the committee, which might then agree to exclude that standard from the overall evaluation. If the committee took the earlier step of sharing the evaluation instrument with the ED in advance, however, such a problem should have been identified and addressed prior to the issuance of the document.

INVESTING IN THE FUTURE

In keeping with the forward-looking nature of the evaluation process, one of the more important outcomes of this meeting is the development of a plan that outlines the executive director’s continuing professional development. This plan should address those areas in which the ED needs to improve as well as how to rectify them, such as receiving training, mentoring or technical assistance. Any weaknesses or strengths that have little or no impact on the organization’s ability to fulfill its mission do not need to be addressed here.

The president and ED must also agree on how the plan will be financed and on the time commitment from both the ED and the board. The two should also establish responsibilities (including who will draft the plan) and timelines.

Because this plan addresses an important element of the organization's future, it should be integrated with the evaluation into the organization's overall plan.

This meeting is also the appropriate time to discuss the executive director's compensation package. This discussion should be based on the organization's compensation policy, if there is one. If there is not one, use the organization's own history as well as the practices of other nonprofits for guidance. Of course, the board president should have discussed this issue with the board in advance of the evaluation conference with the ED.

After the conference, the evaluation, including comments by the executive director, the plan to support the ED's professional development and the compensation recommendation should be presented as a package to the board for its approval. This document then becomes an official record of the organization and a part of the ED's personnel file.

Interim Evaluations

Organizations that successfully accomplish an evaluation process — drawing performance objectives from the organization's strategic goals and objectives, evaluating the executive director against those objectives and making recommendations for the ED's further development — have accomplished a great deal. These organizations will likely benefit from enhanced performance by their staff leaders. Nonetheless, the process can be further strengthened through a system of interim reviews.

Two processes can be used to accomplish this: intermittent observation and periodic reviews.

INTERMITTENT OBSERVATION

Intermittent observation requires board members, and particularly members of the evaluation committee, to adopt as their responsibility a consciousness toward how the ED is performing against the performance standards. They must make a point of observing the organization and its ED in action.

For example, a board member might participate in the organization's home-buyer training course, paying attention to how it accomplishes the organization's objectives in that area. Another board member might attend a staff meeting, especially if there is an item on the agenda to which that member could contribute.

The treasurer, of course, will have firsthand information. This officer has the continual responsibility of working closely with the ED and the organization's financial management staff to prepare budget recommendations and financial reports, review financial management systems and prepare for and review the annual audit.

PERIODIC REVIEWS

These observations can be supplemented by periodic reviews (perhaps once a quarter) with the executive director to determine progress toward the objectives identified in the performance standards document. If the ED evaluation is performed by the executive committee, this may become a routine part of the meeting every three or four months, and members of the committee should take the opportunity to bring forward their own observations concerning the ED's progress against the performance standards.

Having these regular, less formal reviews will help the board and ED stay in touch with each other. They will also continue to communicate the board's overall expectations for their staff leader. In addition, it will help to overcome the tendencies to lose track of the ED's overall performance in light of a dramatic incident, either positive or negative.

Appendix

SAMPLE EXECUTIVE DIRECTOR JOB DESCRIPTION

The following is a sample job description for the executive director of a medium-sized community development organization with a diversified program. It contains many of the elements critical to executive performance in such organizations, but should not be viewed as entirely adequate or appropriate for any particular organization. It should be used, rather, as a guide for developing a job description appropriate to the mission and goals of your particular organization.

GENERAL DUTIES AND RESPONSIBILITIES

The executive director will work with the board of directors to meet the following primary goals:

- Develop and maintain the organizational capacity to implement a diverse housing development program.
- Enhance the management of the organization's existing multifamily rental housing portfolio.
- Diversify the funding base to ensure the organization's continuing ability to provide quality affordable housing.
- Develop and sustain the staff and volunteer resources essential to the pursuit of the organization's mission and program.
- Increase understanding of, and support for, the organization's mission and program among community residents, public- and private-sector leaders, potential donors and potential customers.

SPECIFIC RESPONSIBILITIES

The executive director will develop and maintain organizational systems essential to sustaining a vigorous housing development program, including:

- Financial management systems
- Personnel management systems
- Program management systems

The executive director will assist the board of directors in the development of strategic plans, annual plans and fund-raising plans.

The executive director will have primary responsibility for the development, for approval by the board of directors, of business plans for each of the organization's main lines of business, including single-family development for home ownership, multifamily rental development and rental property management.

The executive director shall be responsible for the development, for approval by the board of directors, of a plan for communications with the organization's primary constituencies, stakeholders and audiences.

The executive director shall coordinate the implementation of each of the aforesaid plans and shall be responsible for the implementation of these plans insofar as they require the direction of staff resources.

The executive director shall be responsible for the direct supervision of all senior staff and through them the overall supervision of the organization's staff and volunteers.

The executive director shall prepare, for approval by the board of directors, an annual budget, and shall ensure that an annual financial and program audit, in compliance with Office of Management and Budget Circular A-133, is performed.

The executive director shall prepare, with the treasurer's review and approval, a report on the organization's financial condition for each meeting of the board of directors.

The executive director shall provide a general report on the operations of the organization at each meeting of the board of directors.

The executive director shall ensure operational compliance of the organization with all federal, state and local laws and regulations governing its activities as an organization engaged in real estate development and management.

SAMPLE EVALUATION FORM

Here is an example of an evaluation form for use with the executive director of a nonprofit community development organization. While we provide a sampling of questions in various likely areas of responsibility an actual form could include questions more specifically addressing particular aspects of the performance standards established for the executive director at the beginning of the year being reviewed.

Instructions to the respondent: The response form is grouped into sections corresponding with major responsibilities of the executive director. Each section includes several statements relating to particular performance objectives for the executive director in that area. For each of the statements, please respond as follows:

- 1 = Exceeds major requirements of this area of responsibility
- 2 = Achieves major requirements of this area of responsibility
- 3 = Needs to improve in this area of responsibility
- 4 = Fails to meet major requirements of this area of responsibility
- N = Not sure; I lack firsthand knowledge in this area

Each section also contains an area for comments regarding strengths the executive director exhibits and opportunities for improvement in his or her performance in that particular area of responsibility. We encourage your responses.

Note: "Not sure" is a useful category if the evaluation respondent group includes individuals who are donors or otherwise key partners outside the organization. If more than 25 percent of board members provide this response, it may indicate an important communication problem between the executive director and the board.

SECTION 1: STRATEGY & PLANNING

- The executive director has worked with the board to develop a clear vision for the organization and understands his or her own leadership role.
- The executive director has organized the development of a written strategic plan, including measurable goals and objectives, consistent with the organization's mission.
- The executive director organized the strategic planning process as a collaborative effort involving volunteers, staff, community leaders and potential donors.
- Up-to-date business plans exist for each of the organization's main business lines.

What are the major strengths of the executive director in this area?

What can the executive director do better in this area?

SECTION 2: PROGRAM MANAGEMENT

- The executive director demonstrates substantive knowledge regarding the organization's programs and services.
- Programs and business lines are operating in accordance with their respective business plans.
- The executive director recommends new programs and business lines and the modification or discontinuance of current programs and business lines, as appropriate.

What are the major strengths of the executive director in this area?

What can the executive director do better in this area?

SECTION 3: PERSONNEL MANAGEMENT

- The executive director selects and cultivates qualified senior staff, models effective behaviors and skills, and builds morale among staff and volunteers.
- The executive director delegates tasks and responsibilities effectively.
- Clear and attainable performance standards are established for staff members.
- Annual performance reviews are conducted with staff members.
- A professional development plan in support of staff is in place, and appropriate training is provided to encourage competency and develop new skills.

What are the major strengths of the executive director in this area?

What can the executive director do better in this area?

Some of these questions are reproduced from *Board Assessment of the Chief Executive: A Responsibility Essential to Good Governance*, publication of the National Center for Nonprofit Boards, copyright 1990. Others are reproduced from *Evaluating Executive Directors, A Process Guide for Nonprofit Boards*, a publication of the Neighborhood Reinvestment Corporation, copyright 1993. For more information on either NCNB or Neighborhood Reinvestment, see Additional Sources on the next page of this Appendix.

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Neighborhood Reinvestment Corporation.
Evaluating Executive Directors, A Process Guide for Nonprofit Boards Washington, D.C.: 1993.

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Web: www.nw.org

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Notes

THE ENTERPRISE FOUNDATION

The Foundation's mission is to see that all low-income people in the United States have access to fit and affordable housing and an opportunity to move out of poverty and into the mainstream of American life. To achieve that mission, we strive to:

- Build a national community revitalization movement.
- Demonstrate what is possible in low-income communities.
- Communicate and advocate for what works in community development.

As the nation's leader in community development, Enterprise cultivates, collects and disseminates expertise and resources to help communities across America successfully improve the quality of life for low-income people.

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