HOW TO CREATE A CEO PERFORMANCE EVALUATION
Great performance requires great feedback. That’s true for everyone—including leaders.

Trusted, effective leadership is vital for organizational success. CEOs set the tone for much of their organizations’ culture, vision, and ultimate performance. Leading Edge’s annual Employee Experience Survey has consistently demonstrated that confidence in leadership is strongly correlated with employee engagement. Organizations need their top executives to do their best possible work—and that makes it essential to invest in effective feedback.

Feedback can be formal (like an annual review) or informal (in regular, casual conversations). Informal, ongoing feedback is an important and often neglected practice, and deserves its own treatment in another publication. **Formal evaluation is a particularly powerful practice, because it can ensure that feedback is comprehensive and regular.** In fact, according to BoardSource, “Assessing the chief executive is one of the board’s primary governance responsibilities and is critical to the success of the chief executive and to the organization as a whole.” The review process allows boards to acknowledge and celebrate the achievements of the CEO while providing the opportunity for constructive feedback and growth.

Yet many organizations do not have an articulated process for evaluation of the CEO.

**This resource lays out six steps for boards and leaders to create and implement a formal executive evaluation process.** These steps will help guide you toward an evaluation process that is (A) appropriate for your organization’s culture and needs; (B) tailored to your organization’s clear and specific goals; and (C) equitable, accurate, and unbiased. This resource also includes sample questions you may want to consider including in your evaluation tool, and additional resources that may be helpful to consider.

* The term CEO is used to describe the topmost professional at an organization. This includes Executive Directors, Presidents, CEOs, etc.
INTRODUCTION

Your CEO Evaluation Process in Six Steps

The following steps are designed to provide boards with a Performance Evaluation tool that will ensure the organization and the CEO are thriving.

When evaluating the CEO for the first time, we suggest proceeding through these steps chronologically. Once a strong process has been established, the board may only need to review the steps, discuss how the process has worked, and make minor changes.

1. Form a Committee
2. Set the Process
3. Prepare the Evaluation Tool
4. Check for Equity
5. Collect the Data
6. Conversation with the CEO

“The biggest problem I see is that boards don’t realize how huge these roles are—they want a chief operator, a chief fundraiser, a chief HR manager, a chief financial officer, a chief communications director, a chief strategic partner. The result is the CEO feels spread too thin.”

— CEO SEARCH CONSULTANT
LEADING EDGE CEO SEARCH COMMITTEE GUIDE
In consultation with the board, the Board Chair should identify 2-4 members to serve on an annual CEO Performance Review Committee. For consistency’s sake, certain members of the committee should be selected by position, for example, the current Board Chair, immediate past Board Chair, and head of the compensation committee.

The Performance Review Committee should be diverse across multiple dimensions of the board, i.e., experience, race, gender, tenure, etc. Committee members should also have an understanding of the CEO’s leadership across the organization. If the Board Chair is not on the committee, their input should also be solicited as part of the committee’s work.

The duties of the committee are to complete steps 2 through 6.

Feedback is for everyone—direct reports, colleagues, supervisors, and ourselves.

View more Leading Actions
Set the Process

Each organization should create a CEO Performance Review process that aligns with its culture and needs. The key areas that the committee must address in creating the process are:

**TIMING FOR THE EVALUATION**
- **How often?** We recommend that evaluations take place annually.
- **When in the year?** In what part of the organization’s work cycle will a two-week evaluation be least disruptive and/or distracting?
- **How and when will this evaluation affect the CEO's compensation?**

**PEOPLE TO BE ENGAGED IN THE EVALUATION**
Who will be asked to provide input on the CEO's performance? While this annual evaluation is not a formal 360 review, it is helpful to include employees to give board members a more holistic understanding of how the CEO's leadership is experienced.

As you consider the participants, it is crucial to be thoughtful about confidentiality so that respondents can be as honest as possible. We recommend selecting a diverse set of at least 4 employees from various levels of the organization.

Another important choice to be made is who will be in the evaluation conversation with the CEO. In some cases, it will be most appropriate to have a one-on-one conversation between the Performance Committee Chair and the CEO. In other cases, a more expansive conversation with the full committee, or even the full board, may make sense.

**GOALS AND PERFORMANCE EXPECTATIONS**
The evaluation process should be based on performance expectations detailed in the CEO’s contract and any other high-level strategy documents approved by the board. Before creating the evaluation tool, the committee should list the goals and benchmarks against which the CEO is to be judged, so that these can drive the evaluation tool (instead of the reverse).

**FORMAT OF THE EVALUATION TOOL**
The tool’s content is covered in step 3, but the committee should first decide how to format and collect the data. (Paper? Digitally? Using what systems, and with what protocols for data security and confidentiality?)
Prepare the Evaluation Tool

This step is only necessary the first time an organization designs a performance review process, as the same tool should be used annually. While minor adjustments should be made each year, especially around the specifics of performance goals and benchmarks, general consistency from year to year will ensure that the CEO and board can not only measure annual performance, but also track growth and change.

Your evaluation of the CEO’s performance should cover both the qualitative inputs you collect in your tool as well as the quantitative data which will provide the committee with the current state of the organization. The evaluation should focus on specific content areas, including:

- Financial health
- Organizational metrics
- Vision, mission, and strategy
- Organizational culture
- Professional-board relations
- External relations

Then the committee must determine how these content areas will be addressed in the tool:

- What rating or ranking questions will provide an understanding of the CEO’s leadership behavior in each area? Typically, a Likert scale of 1–5 is used for rating questions.
- What open-ended questions will provide additional qualitative feedback?
- What additional material will inform the committee as to the CEO’s performance?

See the “Sample Question Bank” section for a list of specific sample questions you may want to include in your survey (qualitative input); also included is a “Document List,” which will provide more tangible quantitative data.
The final element to the tool is to create a rubric for interpreting and scoring it.

The committee should consider how to weigh each content area against the others, as they are probably not all of exactly equal importance. Creating a rubric that expresses priorities as numerical weights for each area of the evaluation can help score the results in ways that align with the organization’s true priorities and accurately express the CEO’s performance relative to them.

Once all of the evaluations are collected, use the quantitative responses to calculate the Average CEO Performance Score for each content area. Complete the Weighted Average column by multiplying the score for Importance by the Average CEO Performance score. This total is your Weighted Average. Eg: Importance Score of 4 x Average CEO Performance score of 5 = Weighted Average of 20

When the two columns are filled out, the committee should ask:
- What do you notice about ratings?
- Where is the importance score higher than the performance score?
- Where is the opposite true?
- What does that mean to the committee?
- What does that mean for the organization?

<table>
<thead>
<tr>
<th>Content Areas</th>
<th>Importance (1-5)</th>
<th>Average Score</th>
<th>Weighted Score</th>
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<tbody>
<tr>
<td>Leading Results: Financial Health</td>
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<td>Leading Results: Organizational Metrics</td>
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<td>Leading Change: Vision, Mission and Strategy</td>
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<td>Leading People: Organizational Culture</td>
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<td>Leading Self: Performance</td>
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<td>Leading Community: Professional-Board Relations</td>
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<tr>
<td>Leading Community: External Relations</td>
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Step 4: Check for Equity

As a final step in developing the evaluation tool, it is essential to mitigate bias by regularly checking the process and tool for fairness and equity. There are power dynamics at play and it is important to be mindful of the many types of bias that can creep into an evaluation process. This article from Culture Amp lays out common cognitive biases, as well as concrete strategies for avoiding or them. The board, CEO, and organization benefit from an evaluation process that is thoughtful and unbiased.

The Management Center lays out an additional four key steps that will aid you in making a fair process:

1. Use a rubric to ensure that the criteria for success is clear to both the board and the CEO. Having everyone on the same page about what success for the CEO looks like will increase the legitimacy of the evaluation.

2. Collect both qualitative and quantitative data inputs before making a decision or inferences on the CEO’s performance. Allowing the data to inform the outcomes means that the story of the CEO’s performance is evidence-based and not purely anecdotal or hypothesized.

3. Share specific and helpful feedback in the summary report and in the conversation with the CEO afterwards. Both the committee and the CEO want this evaluation to be productive. It is a moment to reflect and work together to improve. The more specific the feedback, the more easily the CEO can take action to improve.

4. Be as holistic as possible to avoid recency bias. Throughout the process, remember that this evaluation covers a full year of work. Be sure to take into account what occurred 11 months ago with equal weight to what happened last week.
STEP FIVE

Collect the Data

**COMPILE PERFORMANCE INDICATORS**
Based on the process decided upon in step 2, collect the “hard numbers”—performance indicator metrics that are unrelated to input from particular individuals and their perspectives. Examples include budgetary numbers (revenues, expenses), programmatic numbers (people reached, programs completed, etc.), and other data relevant to the CEO’s performance goals. See our Data and Document List below.

**SURVEY STAKEHOLDERS**
Many organizations are accustomed to using in-person conversations to hear stakeholder perspectives about the CEO. However, in order to create the most fair and equitable process, we recommend survey evaluations.

**SELF-ASSESSMENT**
The CEO should complete a self-assessment that mirrors the overall evaluation process.

**COMPARE THE REPORT**
The committee must review the data and create a report of their findings for the CEO. Quantitative data should be shared as average responses, while qualitative responses should be compiled into review areas which represent the totality of the input.

- Specific examples and/or quotes which exemplify the input should be included in the report.
- Every effort should be taken to ensure complete confidentiality. The input should be aggregated to protect the individual responses and no examples or quotes which might “give away” the source should be used.

The entire process should take about a month: two weeks to solicit input with an additional two weeks for the committee to compile it into a summary report for the CEO.
Conversation with the CEO

The CEO should be given a minimum of 48 hours to review the evaluation report prior to the discussion.

The performance evaluation conversation provides an opportunity for both formal feedback and an informal check-in with the CEO to understand their experience at the organization. An effective debrief should begin by asking the CEO how they are doing. Questions like: How was this year for you? What is going well? What has been hard? Are there big picture concerns you want to share?

1. A review of the evaluation process
2. Strengths identified by the process
3. Concerns and growth areas identified by the process
4. Discussion of performance goals for the upcoming year

Here are some tips for Delivering an Effective Performance Review.
As is mentioned in Step 3, the evaluation tool you create should evaluate the CEO on progress, outcomes and behaviors that are most important to your organization. We recommend choosing at least two or three questions from each category below to use in your evaluation tool. We also encourage you to create your own questions to create a fully customized tool that suits your organization’s needs.

**DEMOGRAPHICS**
- Who is filling out the form (a board member, an employee, what category of employee, etc.)

**LIKERT SCALE QUESTIONS**

**Leading Change: Vision, Mission and Strategies**
- The CEO laid out an inspiring plan to achieve the mission and vision.
- The CEO translated the organization’s mission into realistic goals and objectives.
- The CEO made strategic decisions that were aligned with the mission and the vision.
- The programmatic outputs of the organization were in service of the mission and the vision.
- The CEO communicated a clear vision for the year.
- The CEO created a positive organizational culture.
### Leading Results: Financial Health

- The CEO had a clear understanding of the current and future financial resources needed to realize the organization’s mission.
- The CEO had a thoughtful strategy for the financial health of the organization.
- The CEO was an effective fundraiser.
- The CEO worked well with staff, funders, and board members for the financial health of the organization.
- The CEO ensured the organization maintained a strong financial position.

### Leading Self: Performance

- The CEO was effective at executing the organizational strategy.
- The CEO was effective in problem solving and decision-making.
- The CEO communicates effectively.
- The CEO was collaborative.
- The CEO performed at a high standard of ethics and integrity both professionally and personally.
- The CEO supported an organization that consistently made thoughtful decisions.
- The CEO skillfully analyzed and addressed problems, challenges and conflicts.
- The CEO successfully navigated ambiguity and complexity.

### Leading Self: Executive Leadership

- The CEO modeled the organization’s core values.
- The CEO built an effective senior leadership team.
- The CEO worked in partnership with senior leadership to ensure the financial health of the organization.
- The CEO was an effective leader.
- The CEO has been a good supervisor.
The CEO represented the organization’s mission well to outside audiences.

The CEO advocated effectively on behalf of the organization to appropriate audiences.

The CEO established a strong working relationship with the board.

The CEO raised issues and questions and provided adequate information to the board.

The CEO created an environment of transparency where the board felt informed to make decisions.

The CEO was transparent with issues that affected the staff and their work.

The CEO treated everyone in the organization fairly and with respect.

The CEO fostered an environment of diversity, equity, and inclusion.

The CEO helped ensure employees were developed to perform to their fullest potential.

The CEO modeled a culture of learning and openness.

The CEO created a safe and compliant work environment.

There was alignment between the CEO and the employees’ understanding of work/life balance.
Open Ended Questions

- What were the chief executive officer’s performance highlights in the past year?
- What could have been most improved regarding the chief executive officer’s performance in the past year?
- What should be the chief executive officer’s performance goals for the next year?
- In what ways does the CEO model the organizational culture?
- In what ways has the CEO sought to create a workplace where equity and belonging are promoted and incorporated?
- How would you describe the CEO’s leadership style?
- If you could provide one piece of advice (or encouragement/feedback) to the CEO what would it be?
The committee and CEO should understand the key performance indicators for the CEO’s success, well before the formal evaluation. Indicators could include:

**LEADING FOR RESULTS: FINANCIAL HEALTH**
- Annual financial statements: revenues, expenses, surplus/deficit, budget variance
- Fundraising and grant achievements and active fundraising prospects
- Relationships with major funders
- Reserves

**LEADING CHANGE: VISION, MISSION, AND STRATEGIES**
- Clear organizational objectives and metrics for the year
- Strategic plan
- Programs completed
- People reached

**LEADING COMMUNITY: PROFESSIONAL-BOARD RELATIONS**

**LEADING COMMUNITY: EXTERNAL RELATIONS**
- Employee turnover statistics
- Outcomes of employee experience survey (i.e., the Leading Edge Employee Experience Survey)
- Partnerships Created
Two Sample Process Outlines

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<thead>
<tr>
<th></th>
<th>SAMPLE A</th>
<th>SAMPLE B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timing: How Often?</strong></td>
<td>Annually</td>
<td>Annually</td>
</tr>
<tr>
<td><strong>Timing: When?</strong></td>
<td>August (our slow time)</td>
<td>January (just after the end of each calendar/fiscal year)</td>
</tr>
<tr>
<td><strong>Timing: Compensation</strong></td>
<td>The CEO’s compensation review will take place as part of this evaluation, and the board will vote to update the CEO’s salary at the same time as they vote to ratify the evaluation report.</td>
<td>The CEO’s compensation review will take place at the end of the CEO’s current contract, slated for [DATE]. Annual performance review reports, including this year’s report, will factor into that decision but this report itself will not include any direct change to CEO compensation.</td>
</tr>
<tr>
<td><strong>Participants:</strong></td>
<td>• 2–4 board members</td>
<td>• The Board Chair</td>
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<tr>
<td></td>
<td>• 2–4 senior staff that report directly to the CEO</td>
<td>• All board members</td>
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<tr>
<td></td>
<td>• 2–4 Additional employees, chosen at random</td>
<td>• All direct reports</td>
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<tr>
<td></td>
<td>• The CEO (self-reflection)</td>
<td>• Two managers, chosen at random</td>
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<tr>
<td></td>
<td></td>
<td>• Two front line staff, chosen at random</td>
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<tr>
<td></td>
<td></td>
<td>• The CEO (self-reflection)</td>
</tr>
<tr>
<td><strong>Goals &amp; performance expectations:</strong></td>
<td>• Revenue of [$X] raised by [DATE]</td>
<td>• All of the metrics included in Sample A</td>
</tr>
<tr>
<td></td>
<td>• [X] program participants in [TIME PERIOD]</td>
<td>• % of staff retained</td>
</tr>
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<td></td>
<td>• Staff growth by [X] FTEs by [DATE]</td>
<td>• [$X] in new grants secured</td>
</tr>
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<td></td>
<td>• Improvement in Leading Edge Employee Experience Survey factors [A] and [B] by at least [C] percentage points relative to [YEAR]</td>
<td>• [X] successful board meetings held in [TIME PERIOD]</td>
</tr>
<tr>
<td></td>
<td>• Recruit [X] new board members</td>
<td></td>
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<tr>
<td><strong>Format and data security of evaluation tool:</strong></td>
<td>• Survey Monkey for all participants</td>
<td>• Google Form for all participants</td>
</tr>
<tr>
<td></td>
<td>• Appropriate Committee Member to aggregate data and compile all open responses into single report</td>
<td>• Committee receives all anonymized Google forms to review and compile themselves</td>
</tr>
<tr>
<td></td>
<td>• The Chief IT Officer will work with the Performance Review Committee to ensure confidentiality and data security for all parts of data collection</td>
<td>• The Head of HR and IT staff will work with the Performance Review Committee to ensure confidentiality and data security for all parts of data collection</td>
</tr>
<tr>
<td><strong>Debrief Conversation</strong></td>
<td>Performance Review Committee Chair meets with the CEO</td>
<td>The entire Performance Review Committee discusses the evaluation process with the board and CEO</td>
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</tbody>
</table>
ABOUT LEADING EDGE
Leading Edge influences, inspires, and enables Jewish organizations to continuously improve performance through culture and leadership.

www.leadingedge.org

Questions? Email us:
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