



IS A NONPROFIT BOARD REALLY BEST-SUITED TO EVALUATE ITS CEO?

AMBASSADOR INSIGHTS

December, 2019

Developed collaboratively by the
**LEAP OF REASON
AMBASSADORS COMMUNITY**

Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?



This document, developed collaboratively by the Leap of Reason Ambassadors Community (LAC), is licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/). We encourage and grant permission for the distribution and reproduction of copies of this material in its entirety (with original attribution). Please refer to the Creative Commons link for license terms for unmodified use of LAC documents.

Because we recognize, however that certain situations call for modified uses (adaptations or derivatives), we offer permissions beyond the scope of this license (the “CC Plus Permissions”). The CC Plus Permissions are defined as follows:

*You may adapt or make derivatives (e.g., remixes, excerpts, or translations) of this document, so long as they **do not**, in the reasonable discretion of the Leap of Reason Ambassadors Community, alter or misconstrue the document’s meaning or intent. The adapted or derivative work is to be licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/), conveyed at no cost (or the cost of reproduction,) and used in a manner consistent with the purpose of the Leap of Reason Ambassadors Community, with the integrity and quality of the original material to be maintained, and its use to not adversely reflect on the reputation of the Leap of Reason Ambassadors Community.*

Attribution is to be in the following formats:

- For unmodified use of this document, the attribution information already contained in the document is to be maintained intact.
- For adaptations or derivatives of this document, attribution should be prominently displayed and should substantially follow this format:

“From ‘Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?’ developed collaboratively by the Leap of Reason Ambassadors Community, licensed under CC BY ND <https://creativecommons.org/licenses/by-nc/4.0/> For more information or to view the original product, visit <https://leapambassadors.org/resources/ambassador-insights/ceo-supervision> “

The above is consistent with Creative Commons License restrictions that require “appropriate credit” be required and the “name of the creator and attribution parties, a copyright notice, a license notice, a disclaimer notice and a link to the original material” be included.

The Leap of Reason Ambassadors Community may revoke the additional permissions described above at any time. For questions about copyright issues or special requests for use beyond the scope of this license, please email us at info@leapambassadors.org.

leapambassadors.org

Copyright © 2019 Morino Institute
(Provisional holder of copyright for Leap of Reason Ambassadors Community)



Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?

Editor's Note: The name of the nonprofit executive director is withheld at his request since he's conducting the experiment on his own time and will make a proposal to the board when he has a proof of concept.

“The first 30 years of my career, I assumed I had just had a string of bad luck,” was how a nonprofit executive director described his experience with nonprofit board supervision and evaluation. But after another decade and the opportunity to connect with nonprofit leaders across the country, he “realized that almost all of us had at least one, if not more, bad experiences in the working relationship with our boards.” Eager to find a better path forward, he recently turned to fellow ambassadors to vet an inventive proposal.

The pervasive problem of inadequate CEO supervision

The causes of unhelpful supervision are complex, but first and foremost, boards are usually made up of volunteers without experience working in or running a nonprofit—and the CEO/executive director (ED) reports to every one of them. If some are significant donors, which is often the case, “keeping them happy” can become a disincentive to candor about organizational problems, the executive director noted.

In this executive director's experience, “Sometimes the board gets into the weeds and doesn't have appropriate boundaries within their role of setting the overall course of the agency. At other times, the board is nothing more than a social club and defers virtually everything to the CEO/ED. There is a built-in incentive for the executive,” he argued, “[to] provide minimal information to the board so as to maximize their power and independent authority.”

Since the source of the problem isn't simply a lack of knowledge, training alone can't solve it. As he put it, the dynamics of ego, power, and control are “more complicated and nuanced than a training program can handle!”

Peer supervisors or improved board capacity?

So, the executive decided to experiment. Since the board typically doesn't do executive supervision well, he wondered if other CEOs/EDs—peers—could be “supervisors” instead. Wouldn't they be better qualified? To seek answers, the executive director offered himself up as the guinea pig and asked for ambassadors' advice.

Chip Edelsberg, consultant and former CEO of the Jim Joseph Foundation, warned that “ineptitude notwithstanding, I think it ill-advised for boards to abrogate their

Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?

CEO/ED assessment responsibility.” The executive director agreed that the board must be responsible and described the idea as a board’s “honest and humble assessment as to who has the best expertise and process to do the evaluation.”

Agreeing that supervision is ultimately the board’s responsibility, “An explicit part of the solution should be a design that helps build the capability of the board to do a robust performance review of their CEO,” **Alexa Cortes Culwell**, co-founder of Open Impact, wrote. “There needs to be a way to give the board a process they can own and manage.”

The executive director’s concern, however, was that “the time horizon for implementing a transition to building the internal board capacity to lead a process like this can be a long one.”

With the shared understanding that the board has ultimate responsibility but also needs to find a more effective way to evaluate its CEO/ED, a few possible solutions emerged:

- **Include at least one board member.** Edelsberg suggested that the executive director’s peer-supervision experiment include at least one board member to allow the board to stay involved and learn.
- **Draw from common standards.** Cortes Culwell suggested that peer supervisors should be sourced from an independent group of individuals committed to excellence and common standards. “Lacking commonly accepted standards of excellence for this critical activity lead professionals too often to experience an unsatisfactory—even counter-productive—performance review process,” Edelsberg agreed.
- **If possible, supplement with a coach.** If a nonprofit can afford it, Cortes Culwell recommended hiring a consultant, ideally one who has walked in the same shoes, because pairing independent assessment with a coaching relationship can be a worthwhile investment.
- **Rethink board members ... or create a working group.** Alternatively, the board could retain the supervision and evaluation role. An essential ingredient to success, **Dave Coplan**, Executive Director of the Human Services Center Corporation, said is “to include the right people... who can help to manage a good review.” If no board members have the right expertise, Cortes Culwell suggested forming a committee or working group. Just like boards often have finance, audit, or development committees, they can have one focused on delivering a meaningful and robust performance review of the CEO/ED. Working groups could include people from outside the board who bring added expertise and capacity.



Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?

Continuous improvement means culture change

What the process looks like is just as important as *who* conducts it. Boards should frame CEO/ED supervision and evaluation in terms of continuous improvement, consultant **Debra Natenshon** said. Natenshon often uses the “[Culture of Learning](#)” pillar of the [Performance Imperative](#) to help her clients along the path to the learning culture that goes hand-in-hand with an ongoing focus on continuous improvement.

Coplan shared advice from one of his mentors: “Go meet individually with each board director and ask a few basic questions: Are you pleased with where the agency is, where it is heading, the role of the CEO/ED and senior team in getting us there....ask these not just upon becoming the CEO/ED but along the way for the input that an annual review may not achieve.”

“In addition to an annual review,” Natenshon said, “it’s important to develop a feedback culture over time, where the board president is providing feedback to the CEO and the board members are assessing their own engagement. That way, the annual review is taken in the context of an ongoing relationship and ongoing reflection—increasing the chance of real change.”

Natenshon suggests that a feedback culture is “a moral and professional obligation” and believes that board members should:

- Give “real-time” feedback (within 24 hours) in a sensitive manner
- Provide suggestion(s) for improvement as part of the feedback
- Encourage the CEO/ED to start asking for feedback with a specific question
- Help the CEO/ED practice being open to receiving feedback and showing responsive results.

Recommendation: Two-way, honest feedback

The executive director, Edelsberg, and Natenshon agreed that feedback should be a two-way street. The executive director argued that board members should also ask for feedback, be open to receiving it, and show responsive results to address the power imbalance. Natenshon uses the [Performance Imperative](#)’s [Courageous and Adaptive Executive and Board Leadership](#) pillar to help boards “engage in what is expected from a high-performing CEO and, at the same time, reflect on their own accountability.”

Natenshon also recommends CEO/ED reflective practice to redefine their job description (based on the strategic plan) and include specific annual goals. That way,” she said, “the



Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?

job description serves as an active document [and] a basis for self-reflection as well as outside/board assessment.”

Edelsberg—making the case that organizational performance is a joint responsibility of the CEO/ED and board—argued that an annual CEO/ED evaluation in *conjunction* with a board self-assessment make up “an essential year-end activity which compels the organization to confront the extent to which it has achieved high levels of performance.” Edelsberg has found that “high quality, honest assessment does mitigate against tendencies to inflate claims of organizational effectiveness,” a frequent occurrence, in his experience.

How to conduct high-quality assessment

How, then, does one conduct “high-quality, honest assessment”? In Edelsberg’s experience, “...specifying in one’s contract the purpose and character of one’s annual review as well as ensuring the board is required to conduct a performance self-assessment provides a framework within which it is not only possible but necessary to agree on terms which represent the most promise for making these two review processes productive.”

Several ambassadors recommended using a 360-degree stakeholder feedback process, which Coplan described as “probably the best tool (when used correctly with diligence) for both truly engaging the board and providing the CEO/ED with useful feedback.” He suggested considering whether it’s appropriate to include staff, key partners, or other stakeholders to provide a wider lens/voice to the evaluation.

In a 360-degree feedback scenario, Cortes Culwell recommended using “a rubric that reflects what is expected of the executive that everyone is aligned around.” She noted that “the [pillars of performance](#) would be a great framework to anchor an assessment tool. Then how the information is synthesized and shared with the executive is key—so that it is affirming and constructive. It should ideally also come with the offer of an executive coach or some support person to help make any necessary improvements in performance.”

Without an effective working relationship between CEO/ED and board, and a good feedback process, an organization’s ability to deliver meaningful, measurable, and financially sustainable results are at stake. Courageous and adaptive executives and boards aren’t afraid of seeking new ways to hold each other accountable. The executive



Is a Nonprofit Board Really Best-Suited to Evaluate its CEO?

director's quest for a new path forward, and the rigorous feedback ambassadors provided, exemplifies this kind of leadership. At last report, seven colleagues had offered to participate in the executive director's experiment. Stay tuned for further developments.

Additional Tools and Resources:

- *Nonprofit Quarterly*: [Problem Boards or Board Problem?](#), William P. Ryan, Richard P. Chait, and Barbara E. Taylor, April 20, 2018
- *ThirdSector Today*: [5 Habits of Highly Effective Nonprofit Boards](#) by Sara Daxton, June 4, 2014
- [Becoming a More Effective Nonprofit Board](#) The Bridgespan Group, 2009
- *VentureBeat*: [8 Steps to building a strong board of directors](#), Bo Ilsoe, July 2, 2017 (focused on corporate boards)
- *Performance Imperative's* [Courageous and Adaptive Executive and Board Leadership](#) pillar and [Culture of Learning](#) pillar