

*This sample policy attempts to address two issues that frustrate many executive directors (EDs) or CEOs: a failure of their board to provide regular evaluations. Also, as a formal evaluation every year is more than most boards are able to do, non-profits may want to consider the benefits of a short narrative or reflective evaluation in interim years.*

*It should be noted that the policy does not go into detail about what specific performance indicators may be used but does suggest that a template be developed and appended to it. If it does not, for some, adequately reflect the importance of reviewing the ED –staff relationship, please make adjustments. This is a policy that an ED might bring to the board.*

## Executive Director Evaluation and Compensation

### Performance Evaluation

The executive director is entitled to a regular review of his/her performance. The review process, persons involved, areas reviewed, criteria and evidence used will be determined in collaboration with the ED.

The review may be initiated by the board or by executive director. A formal review must take place at least every two years. A shorter narrative evaluation may be undertaken in between.

The ED's performance will be based on:

- Leadership in the achievement of the organization's mission and goals for the period under review
- Implementation of, or compliance with, board policies outlining the organization's financial, human resource management and fundraising principles
- Effectiveness in supporting the work of the Board /communications with the Board
- Effectiveness in working with members and external stakeholders

Other criteria may be added.

This evaluation does not take the place of regular feedback to the ED from the board. Neither does it prevent the ED from formally requesting and receiving more timely feedback on particular matters.

The ED's reports to the board may be organized such that they document the organization's and his/her own performance on the above responsibilities and therefore can be used in the evaluation.

The responsibility for the conduct of the evaluation rests with the whole board. The board may appoint a committee to carry out the evaluation and this committee shall include at least one other staff member. An ED evaluation template or tool may be appended to this policy.

## Compensation

The board is responsible for determining and adjusting the Executive Director's compensation package.

The Board will review the ED's compensation (salary and benefits) upon completion of each formal performance review. The review will involve a comparison of the ED's salary and benefits with others in comparable positions and comparable organizations. The ED's assistance may be enlisted in determining what comparison data will be used.

The Executive Director is entitled to a cost of living or inflation adjustment to her/his salary every year, added for the latest year a recognized Cost of Living Index has been calculated. The ED may make this adjustment if it is not contractually authorized.

Note: This sample policy may be freely used and adapted by non-profit organizations without crediting the source.