



INDIANA
ALLIANCE
of YMCAs

CEO PERFORMANCE APPRAISAL TOOLKIT

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Special Acknowledgement

A huge thank you goes to Paul Cramer, CEO of the YMCA of Lafayette, for his leadership in developing this toolkit and creating a resource for YMCA in Indiana.



STEP BY STEP BOARD/CEO EVALUATION INTRODUCTION

INTRODUCTION

With so many challenges and opportunities facing YMCA board of directors it is easy in the flow of managing board business to overlook evaluating the CEO's performance on a regular basis. Yet there are sufficient reasons why a board should conduct regular reviews of their CEO. A few are:

- Keep board and CEO aligned by identifying the most important priorities of the board.
- Monitor progress towards the strategic plan of the organization.
- Maintain a healthy partnership with the CEO by communicating proactively.
- Compensate the CEO at market rate and thus increase retention of leadership.
- Keep CEO compensation competitive to the market in the event of transition.
- A CEO review can trickle the process throughout the organization, strengthening retention and reducing chances of compensation equity gaps.

For a true partnership to thrive and exist there must be an active formal process, at least annually, in which goals and aspirations are shared, discussed, and agreed upon.

This toolkit is designed to help your YMCA institute an ongoing review process. If you already have a process, the toolkit reinforces best practices. The Indiana Alliance of YMCAs recommends a CEO review be conducted every six months, with the first six-month review measuring progress toward performance goals and the following six-month review held to review performance and a merit increase. Environment and conditions are constantly changing, and every six months is an opportunity to reflect any changes in the CEO's performance goals. At a minimum a CEO review should be conducted once a year.

PREPARING FOR THE REVIEW

The CEO should prepare a memo focused in three areas: what has been done in the past six months, what the CEO believes he/she should have as goals the next six months, and anything the CEO feels is important to share with the board that falls outside the stated goals. A sample memo is included in this toolkit.

The board chair appoints a CEO review taskforce. At some YMCAs this group is referred to as the compensation committee. The Indiana Alliance of YMCAs does not recommend that the executive committee conduct the review process. Why? Because this is an opportunity

to involve a cross section of board members who have diverse views of the performance of the CEO. Depending on the size of your board typically three to seven members are enough on a taskforce. Once this groups work is done, we suggest they disband and a new group is formed the following year. The board chair should lead this taskforce since he/she has a direct relationship with the CEO. The memo can be shared with all board members.

SUPPORT MATERIALS NEEDED TO CONDUCT A CEO REVIEW (6)

- Memo from CEO
- Salary studies from YUSA – YMCAs' CVO can request from the Alliance to obtain a copy of the most recent YUSA salary study. Salary studies are typically two fiscal years behind in reporting.
- Salary information available in your community – Board members may have access to other organizations' salaries or may review the 990 of other organizations. Note: this is not up to date information. 990s are also delayed, much like YUSA's salary study information.
- Y-USA's Appraisal Guide (available on Link) and found in this toolkit
- Appraisal form (The Alliance form differs from the one you can find on Link.)
- Salary Ranges, if your Y has a salary administration plan. If you use the CEO data from YUSA's salary recommendations, you should also use the salary information for all other positions. Otherwise, you will create compensation equity issues.

CONTENT OF EVALUATION FORM

- Section 1 – general information
- Section 2 – CEO memo to review committee (refer to preparing for the review)
- Section 3 – professional development plan
- Section 4 – improvement plan
- Section 5 – overall ratings and signatures

CONDUCTING THE REVIEW

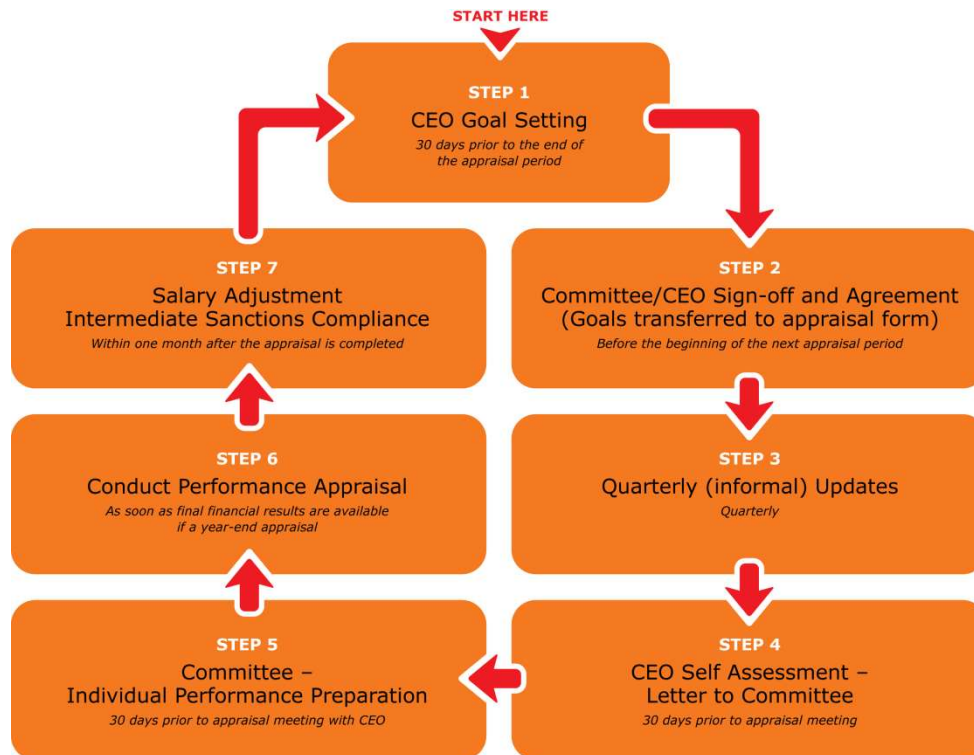
While only the committee/taskforce is conducting the review, for the purpose of transparency and clarity, the Alliance recommends the committee shares the memo with the full board.

BOARD APPROVAL

Seek board approval for any recommendations once the review is complete.



TIPS AND RECOMMENDATIONS FOR THE CEO EVALUATION



*This process map can be found in YUSA's Appraisal Guide and the Appraisal Guide can be found on link. The Alliance recommendation is to start with Step 4 as we have outlined below.

EVALUATION PRE-PLANNING

- I. Decide if evaluations will be done 1 or 2 times per year.
 - a. At least once for performance/merit
- II. Begin the evaluation process with a letter/memo from the CEO to the CVO consisting of:
 - a. Past 6 months performance outcomes
 - b. Future 6 months goals
 - c. Thoughts to share
- III. Board forms review committee
 - a. The executive committee is not recommended to lead the review process. A diverse group of board members should form the committee.
 - b. Forward thinking, it should include a diverse group
 - c. Share the salary study from Y-USA/Alliance

- IV. Evaluation committee reviews:
 - a. Y-USA CEO salary study
 - b. Any local market salary studies available
- V. Meet with the CEO to review letter/memo, then excuse the CEO and discuss within the the committee the CEO's past and future performance outcomes.
- VI. Complete evaluation form.
 - a. If performance is deficient, create performance improvement plan with detail.
 - b. If there are professional development opportunities, list those on the evaluation form as well.

BEST PRACTICE CAUTIONS:

1. There should be no staff input on the evaluation; the CEO works for the board of directors, not for the staff team. A 360 assessment that allows for staff input can be done as part of the CEO's improvement plan or professional development plan.
2. Regardless of finances, merit reviews happen annually to stay up to date with the market; build it into budget!
3. Performance goals must be SMART goals. Smart goals are measurable and can usually be answered with a yes/no, followed by quantifiable data.
4. The Alliance highly recommends that a YMCA develop a salary administration plan before adapting any of Y-USA's annual salary guidelines.
5. We recommend during the budget process that a YMCA create a salary pool. A salary pool is a percentage of the overall salary costs set aside for merit increases.

For more information on any best practices, please contact the Indiana Alliance of YMCAs.

TIPS FROM THE CEOS

- Talk specifics about incidents, don't be general with comments
- Salary administration plan – give background and how it's developed
 - Structure is linked through all admin. – hay or what?
- Who does the review?
- Explain the different between bonus vs merit increase
- Structures in community are different – understand how the work is delivered to fairly assess performance
- Who to contact if one needs help
- Provide Sample form/template



THE 5 R'S OF A SUCCESSFUL CEO PERFORMANCE APPRAISAL PARTNERSHIP



- Establishes & strengthens trust
- Builds CEO/CVO communication practices and common goals
- Builds and enhances key leadership best practices in and out of the YMCA

- Ensures alignment of Key Priorities
- Improves communication with CEO/Board
- Establishes the vision
- Formal process ensures consistency
- Provides a CEO pathway of growth

- Work with CVO to define framework and parameters
- Define roles & accountabilities
- Determine work standards & methods
- Review and establish tools for the process

- Prepare and develop a mutual understanding of performance appraisal resources
- Utilize Alliance and Y-USA materials
- CVO determines who should be involved in the review

- Leads to or ensures a salary administration plan for the association
- Take joint, constructive action
- Measure & monitor results
- Adjust as required
- Report on progress
- Celebrate success

Y-USA SALARY RECOMMENDATIONS

Annually Y-USA produces a salary recommendation guide. Below are two important notes when considering the data found within the guide.

2023 SALARY POLICY LINE

The Policy Line is a feature of the Hay Group method of salary administration, which is used by numerous Ys. The 2023 recommendation of the YMCA Salary Administration Task Force is to increase the salary structure by 3%; therefore, the policy line recommendation for 2023 is: \$22,735 base + \$65.87 per point.

CEOs *				
YMCA BUDGET	MAXIMUM JOB POINTS	SALARY RANGE		
		MINIMUM (.80)	MIDPOINT	MAXIMUM (1.20)
\$10M – \$15M	2936	172,903	216,129	259,355
\$5M – \$10M	2456	147,609	184,512	221,414
\$3M – \$5M	2136	130,747	163,433	196,120

*Do not use Y-USA’s 2023 Salary recommendations unless you are using the HAY salary administration plan, as listed below. You will know you are utilizing the HAY plan if you are assigning a base and per point value to each full-time position in your YMCA. To use part of this report and not all of it will create equity issues within your staff team. For assistance in developing a salary administration plan, please contact the Alliance office.

Pricing strategy for all CEO and other executive positions should consider complexity; essential leadership competencies and skills; multi-unit management skills; urban issues and cultural competency skills; ability to influence stakeholders in the community; and other unique requirements of the position. These are recommended variables to consider prior to assigning point values and ranges, in addition to your location and its salary market conditions.



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MEMO

From: John Doe, CEO

To: Emily Howard, CVO and Appraisal Committee Chair

Subject: CEO Review

Date: September 14, 2018

The purpose and goal of this exercise is to initiate a process of evaluating my performance as the CEO of the YMCA of Anytown on a regularly scheduled basis. Hopefully, this review process will strengthen the communication between myself and the Board and will enhance our cooperative efforts in moving towards our agreed upon goals in a measurable fashion.

The following is a summary of what I would consider the main items of accomplishment over my first 12 months as CEO, and what I feel should be my focus in the next 6 months.

This is the commonly used review process for CEOs at YMCAs and I am recommending the Y-USA process for reviewing my performance every six months. The primary goal is for us to have clear and open communication about my expected performance.

I thank you in advance for your review of my performance and appreciate your guidance on how I can be most productive in my duties. The following are the goals I have been focused on along with their status and outcomes.

1. On Boarding Process

Goal: To complete the requirements necessary to attain my Organizational Leader certification through the Y-USA Bridge Program.

Status: On-Going and on track to completion. Due to some unforeseen personal family losses, I rearranged early plans for the completion of the New CEO Institute, a main requirement. I rescheduled and completed that in March of this year. I have a second requirement underway which leave five to complete over the next two

years. I am confident I will satisfy the remaining requirements well in advance of the 3 years allowed to complete and attain the Organizational Leadership Certificate.

2. Community Engagement

Goal: Within first 3-6 months, meet face to face and one-on-one with Key Community Stake Holders, including all Board Members to utilize gathered information in strategic plan.

Status: **Accomplished.** In the early months of my employment as CEO, I met with approximately 40-50 community members and board members to gain valuable insights on the perception of the YMCA as an organization and provider of service to our community. I continue to meet with people as often as time allows. I feel I have gained tremendous value from these meetings as well as building and strengthening relationships with people the YMCA needs to remain successful.

3. Improvements to Facilities

Goal: To increase member satisfaction, staff morale, and overall sense of pride through meaningful and modern improvements to our facility. This goal was to begin immediately upon my hiring and to continue until completion.

Status: **Significantly accomplished and on-going.** We have made significant updates and improvements to our facilities while being mindful of the importance of our historical roots. We have made tremendous progress in painting our interior walls with a more modern and uniform paint scheme. This has resulted in many compliments from our members who appreciate the change. Other major renovations that may not be as immediately noticeable by membership but are not less impactful have been the reroofing of about one third of our building, conversion of the original electric water heaters to more efficient gas units, conversion of energy inefficient metal halide lights to LEDs, new computers throughout our facilities, and the implementation of 2 new software systems, one at our transportation hub and the other at the YMCA building. These projects have amounted to a lot of work, but the rewards are already paying off and will continue to do so into the future.

4. Fundraising/Charitable Contributions Acquisition

Goal: My goal was to acquire 2-3 new charitable funding sources through community outreach and by strengthening of relationships.

Status: **Accomplished.** I feel the community is coming around to recognizing the YMCA as the charitable benefactor that it has always been. Established fundraising events such as the YMCA/xxxx Scholarship Golf Outing and the annual fish fry continue to be very successful. We were also blessed to receive charitable funds this year from 2 new sources, Old National Bank and Old Chicago Pizza and Tap Room. Though still in progress, we hope to receive approximately \$100,000 from ONB's 100 Men Who Cook event this October, and we have already received just over \$15,000 from Old Chicago as their charitable partner organization for their grand opening events. We also received \$11,000 from our local Moose Lodge for the purchase of 4 new scoreboards. The Annual Campaign has been restructured with a calendar/time line for completion and currently is about half-way towards our goal of \$100,000.

5. Staff and Board Development

Goal: To meet individually with all Board Members to gain insights into the board perspective, to add board members to the roster, and to develop a positive working relationship with and amongst staff members.

Status: **Successful and on-going.** Early in my first year, I met with all board members. This was essential to gain their perspectives and to begin building a relationship with them individually and collectively. Over the year, we have added 5 new members that I feel will further strengthen the board. I have established a weekly leadership staff meeting with all staff directors as well as individual weekly meetings with each. These have been invaluable in building a cohesive team and in building relationships between myself and each staff director. I have also invested a considerable amount of time learning the nuances of the Senior Center and Transportation operations, in addition to the task of learning how to manage the traditional YMCA branch.

These are the objectives that I believe should be accomplished in the next 6 months for the YMCA of Anytown to move forward:

1. Focus on increasing membership by stabilizing retention rate of members at 80% and growing membership units by 5% over last year's monthly totals.
2. In 6 months, increase corporate membership by 10%, from 410 to 450 corporations participating in the Y's corporate program.
3. In 3 months, form committee/task force to research potential changes in hours of operation, current fee structures, and consideration of conducting a market analysis.
4. By the end of the calendar year 2018, develop definitive plan for remodeling/repurposing the valuable yet underutilized gymnastics area.
5. Within next 6 months, add 2-3 new family focused events/programs with the purpose of invigorating family membership acquisitions.
6. Finish work on Child Protection/Aquatic Safety plans in next 2 months and present plans to board for initial resolution signatures due by January 31, 2019.

Other thoughts:

Though the YMCA has made tremendous effort in making improvements that were long overdue, we are in the midst of a mighty struggle to maintain and grow membership. I feel this is the culmination somewhat of a perfect storm, resultant of inconsistent leadership in the CEO position over the 2 years prior to my hiring, the recent openings of competitive organizations in town, and the time required for me to gain the experience I need to get up to speed. I do feel the pendulum is beginning to swing back in a positive direction, as we seem to be making some gains with new memberships as of late. Now more than ever we need the guidance of a strong Board of Directors working with me to right the ship and set the course of direction. The YMCA has been admirably and faithfully serving Anytown and surrounding community for over 100 years. I feel, with the dedication of the staff and leadership of the board, our YMCA will continue to serve its members proudly for many years to come.



YMCA CEO PERFORMANCE EVALUATION FORM

1. GENERAL INFORMATION AND INSTRUCTIONS

Chief Executive Officer: _____ YMCA: _____

Appraisal Period: _____ to _____ Today's Date: _____

Instructions

Please fill out each section of the form completely. Then after completion of each section the committee should evaluate the overall performance of the CEO.

SECTIONS:

1. MEMO FROM CEO TO EVALUATION COMMITTEE

See the sample memo in appendix a in the toolkit. Your YMCA's committee might also be known as the appraisal committee, executive committee, board of directors, or compensation committee. The functions are the same.

2. BOARD RECOGNIZED SUCCESS OF THE CEO.

Please complete this section outlining noteworthy areas of success of the CEO as recognized by the evaluation committee. The recognition could be in alignment with stated goals or performance over and above any written goals.

Area	Comments
1	
2	
3	
4	

3. CEO PROFESSIONAL DEVELOPMENT PLAN

In this section, the CEO and/or the committee record any specific plans for continued learning that would further strengthen the CEO's capabilities and/or leadership competencies in the next year. Do not include improvement plans in this section. Great CEOs who perform well on all key metrics but don't complete all or part of their professional development plans should still be ranked high. CEOs who complete all of their development plans but who fail to perform on key goals should be ranked accordingly.

	DEVELOPMENT AREA	PLAN	COMMENTS
1			
2			
3			
4			
5			

4. CEO IMPROVEMENT PLAN

In this section, if needed, the evaluation committee record any specific plans or areas in which the CEO needs to improve his or her capabilities to lead. Improvement plans indicates areas that are sufficiently affecting the performance of the CEO.

	IMPROVEMENT AREA	PLAN	COMMENTS
1			
2			

5. OVERALL RATING AND SIGNATURES

The evaluation committee should take in consideration all the sections of this evaluation form. Considering overall performance of the CEO the committee can now rate the performance.

Definition of Overall Performance Evaluation Ratings

Level 1–Unacceptable:	Results do not meet minimum requirements. Needs improvement. Not sufficiently competent and/or motivated. Appears to lack required management/leadership skills for this position.
Level 2–Marginal:	Performance meets minimum standards for a CEO. Results were inconsistent, with some deliverables missed. Management/leadership skills generally need improvement.
Level 3–Fully Meets All Expectations:	Fully successful. Accomplishments are comparable to job needs. Sometimes exceeds expectations.
Level 4–Exceeds Expectations:	Consistently exceeds objectives. Contributions are significantly above what is expected. Accomplishes more, faster, and better than others in a similar position. Achieves objectives by overcoming difficult obstacles.
Level 5–Exemplary:	Results far exceed job standards. Sets new standards of performance. Extremely creative, insightful, or remarkable work. Ratings in this category are reserved for breakthrough results and outstanding accomplishments.

Overall Performance Rating (Check One)

- 5/Exemplary 3/Fully Meets All Expectations
 4/Exceeds Expectations 2/Marginal 1/Unacceptable

Signatures

By the signatures below, we agree that the CEO and the evaluation committee has had an opportunity to review the contents of this performance evaluation form.

Signature	Printed name	Date
CEO _____	_____	_____
CVO _____	_____	_____
_____ Committee member	_____	_____
_____ Committee member	_____	_____
_____ Committee member	_____	_____
_____ Committee member	_____	_____
_____ Committee member	_____	_____



Additional resources to better understanding the CEO evaluation process

- <https://betterboards.net/performance-metrics/path-effective-nfp-board-director-evaluations/>
- <https://betterboards.net/leadership/evaluating-the-ceo-essentials-for-not-for-profit-boards/>
- <https://betterboards.net/leadership/boardroom-leadership-meet-challenges-future/>
- <https://boardable.com/resources/nonprofit-ceo-evaluation>
- <https://hbr.org/2008/10/evaluating-the-ceo>
- [https://www.kornferry.com/content/dam/kornferry/docs/article-migration/Evaluating%20the%20Chief%20Executive%20Officer%20\(1998\)%20.pdf](https://www.kornferry.com/content/dam/kornferry/docs/article-migration/Evaluating%20the%20Chief%20Executive%20Officer%20(1998)%20.pdf)



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**YMCA CEO PERFORMANCE
APPRAISAL GUIDE**
YMCA OF THE USA

Important Note:
This is Y-USA's CEO performance appraisal guide. It gives you an overview of the process, but it is not specific to the state of Indiana. Please use this as a resource only!



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100. PERFORMANCE APPRAISAL GUIDELINES

These guidelines have been prepared to help chief executive officers (CEOs), chief volunteer officers (CVOs), and board committees effectively conduct CEO performance appraisals. A CEO Performance Appraisal Form has been created to help the CVO and the committee members remain objective and focus on performance rather than personalities or personal biases. The following objectives and instructions will be useful as Ys implement a quality CEO performance appraisal process.

101. WHY HAVE A RECOMMENDED CEO PERFORMANCE APPRAISAL PROCESS?

An effective performance appraisal process helps ensure that everyone at the Y is working toward our common cause of strengthening community. Critically, it fosters a culture of excellence by connecting individual goals and performance to organizational results. As the Y's key staff leaders, it is especially important that all CEOs have a performance appraisal plan, receive a written appraisal, and are held accountable for their performance.

There is another important reason to have an effective process for appraising CEO performance, related to the fiduciary and mission responsibility that YMCA board members have for their organizations. In short, the Y board is the legally responsible entity for each Y. The board is responsible for hiring and supervising the CEO, including regularly evaluating CEO performance through an effective process.

Yet, while Ys usually have written appraisal processes for staff positions, many do not yet have a formal written process to evaluate the CEO. In some situations, CEOs drive their own performance appraisal processes while in stronger Ys, the CVO or a committee drives the process. There are several key issues that contribute to the variability of the CEO performance appraisal process across the Y Movement:

- In most Ys, CVOs and board members rotate every few years. Depending on the CVO's particular area of expertise, he or she may or may not be comfortable conducting a CEO-level performance review.
- In some cases, out of convenience or avoidance of challenging the CEO's true ability, the performance review sometimes becomes a process of "rubber-stamping" the annual letter received from the CEO.
- In the case of underperforming CEOs, especially in smaller Ys, volunteers are sometimes hesitant to confront CEOs or hold them accountable for actual performance. This leads to situations where CEOs continue to remain in place year after year while achieving few, if any, performance objectives.
- Many CEOs want more direct feedback on their performance. Many receive only a short letter with one or two lines about their performance each year. Some CEOs don't receive any written or verbal performance feedback.

- When a performance appraisal process is undefined, the appraisal process can become very subjective. It may be based more on personality, personal biases, or good (or bad) feelings about the CEO than on actual performance.
- Some CVOs and committees are unsure of their official roles regarding CEO performance appraisal and how best to perform this important responsibility.

These guidelines are intended to provide a uniform resource to Ys of all sizes, so that board members may feel more confident in carrying out this critical responsibility, consistent with the best practices of the Y Movement. For more information on board governance, visit [Link](#).

102. CEO PERFORMANCE APPRAISAL OBJECTIVES

The purpose of CEO performance appraisal is as follows:

- Provide performance feedback to the CEO on how well job expectations and requirements are being met, and how well YMCA leadership competencies are being demonstrated.
- Ensure a clear mutual understanding as to job duties, objectives, and expected accomplishments for the coming year.
- Provide a tool to implement short- and long-range Y strategic and operational plans.
- Provide a source of positive motivation for the CEO.
- Facilitate communication between the CVO, the board, and the CEO.
- Provide unbiased performance information and documentation to support better decisions in salary adjustments and personnel actions.
- Provide a basis for determining training and development needs of the CEO and for establishing a development plan.
- Provide an effective process for conducting performance appraisals.

103. WHO SHOULD BE INVOLVED IN THE CEO PERFORMANCE APPRAISAL PROCESS?

The CEO performance appraisal should be conducted by a small group of board members, often called the Executive Compensation Committee (the committee). The committee should include the chief volunteer officer (CVO), the most recent past CVO, and two or three other board members of the Y. If the group becomes too large, this can get in the way of conducting an effective performance review.

The CVO leads the process and ensures that the CEO provides the necessary information before the review, and that the information is disseminated to the members of the committee. Next, each member evaluates the CEO individually using separate forms. The committee then comes together to complete a single evaluation. The CVO appropriately documents the evaluation results on the “YMCA CEO Performance Appraisal Form” after gathering a consensus and final

approval from the committee. The CVO facilitates the evaluation meeting with the CEO (which usually includes committee members) and oversees preparation of the final appraisal document.

The CVO also reports on the appraisal process and results to the entire board in an executive session.

104. HOW OFTEN SHOULD APPRAISALS BE COMPLETED?

The performance of the CEO should be appraised at least once annually. Some Y boards prefer to complete performance evaluations every six months, which is also a good choice. As described below, there are several steps in each appraisal cycle, including a goal-setting conversation at the beginning of the evaluation period, one or more coaching conversations, and then the appraisal meeting at the end of each appraisal period.

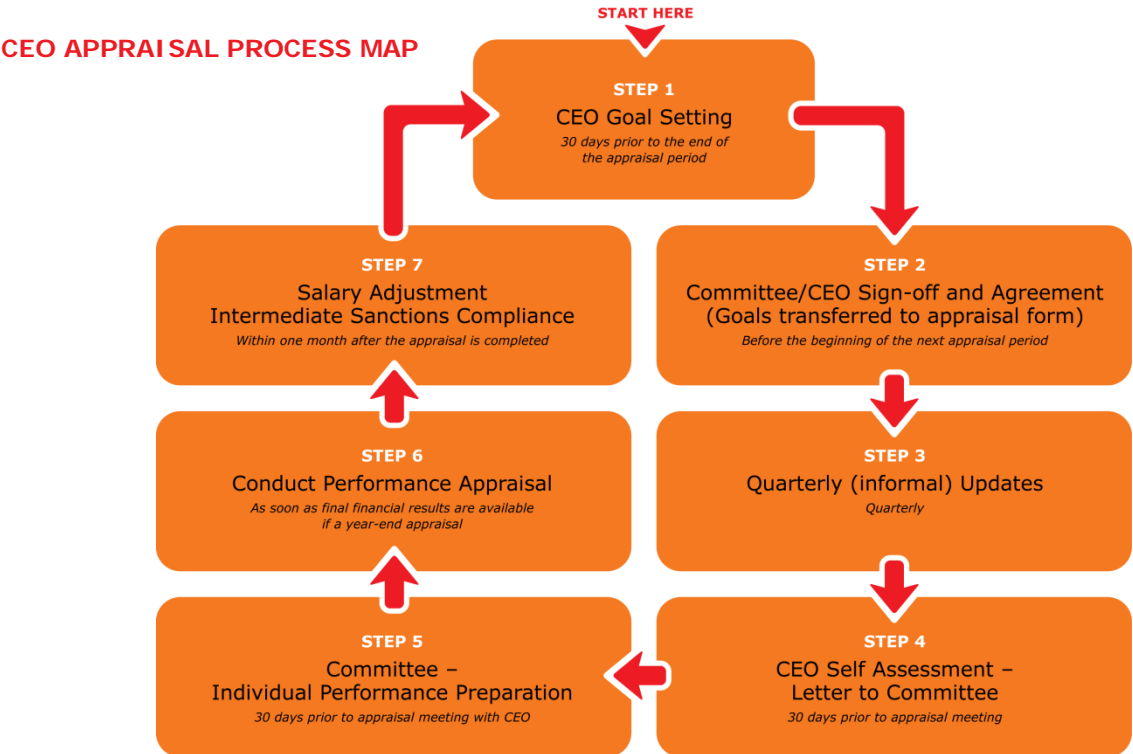
200. OVERVIEW OF THE YMCA CEO PERFORMANCE APPRAISAL PROCESS

It is important that all CEOs have a written performance appraisal at least once a year. At a minimum, the committee meets with the CEO once at the beginning of the appraisal period and once at the end. At the time of hire, the CVO gives the CEO a blank copy of the performance appraisal form and schedules a meeting with the CEO and the committee shortly afterward.

At this initial meeting, the committee and CEO work together to clarify and record major job activities and standards as well as set key objectives. The committee should also work with the CEO to identify the YMCA leadership competencies to be rated. Together, the CEO and committee agree to specific goals and deliverables, and fill out the appropriate section of the appraisal form. The diagram below shows the overall process.

201. SETTING PERFORMANCE OBJECTIVES

The first step of the CEO performance appraisal process is to identify key performance objectives and define the standards for measuring success. This normally occurs at the beginning of the appraisal period and, in the case of CEOs, just before the beginning of each fiscal year. For planning purposes, the CEO should submit the final goals to the board one month before the end of the current fiscal year. The board can then review the objectives and provide feedback. The CEO and the committee should agree on the final goals, which can be approved before the beginning of the new fiscal year.



Defining performance objectives is primarily the responsibility of the CEO. Before the meeting with the CVO and the committee, the CEO should:

- Review the strategic plan. All CEO goals and objectives should be aligned with the overall strategic plan for the organization.
- Review the CEO job description to ensure it is current and complete.
- Evaluate goals and objectives from the previous review period.
- Determine clear, measurable goals and deliverables for the upcoming year.

Note specific goals on the CEO Performance Appraisal Form. It is critical that the committee and the CEO are in agreement on key deliverables. If this is not agreed upon up front, then opposing views and conflict can develop during the actual review.

Goals are not a detailed list of the CEO's daily operational activities; they are the big items—the "make or break" success factors. Goals might include raising targeted funds for a new capital expansion plan, or working with the Governance Committee to recruit and orient five new board members. The goals should also be as SMART as possible:

- S** = Specific
- M** = Measurable
- A** = Action-oriented
- R** = Results-focused
- T** = Time Bound

See Section 500 for more information on SMART and more sample performance objectives.

202. INSTRUCTIONS FOR THE EXECUTIVE COMPENSATION COMMITTEE

At the beginning of the evaluation period, the committee should be prepared to discuss fully the CEO's responsibilities, vision, and goals, as proposed by the CEO, to ensure that everyone has the same understanding of the key performance objectives. The CEO is responsible for driving overall Y performance and key systems. The performance appraisal includes not only the CEO's specific goals, but also the overall health and impact of the Y Movement in the CEO's area of responsibility.

In this process, the committee may discover that the CEO is focusing on areas that the committee is not aware of, or there may be board expectations that the CEO is not aware of.

For each goal, the CEO and CVO, with input from the committee, should clearly identify the performance criteria or standards and record them on the appraisal form. Be specific. The criteria and standards are the basis for evaluating the CEO's performance, and they should contain quantitative measurements, such as specific outcomes and impacts. Discuss the criteria and standards fully with the CEO. Performance criteria and standards help ensure that the committee and the CEO have the same expectations and know in advance what represents good performance.

There is limited space on the form to record objectives. Some CEOs will have more objectives than others; therefore, the form should be expanded to accommodate all key objectives.

Some examples of CEO objectives include the following:

- Improve operating performance by ____ percent.
- Recruit and orient ____ new board members for the following key positions by (date).
- Raise \$_____ for a capital expansion campaign by (date).
- Secure Y-USA, community, and regulatory approval for a new location by (date).

Some objectives, projects, and assignments are easily quantified, while others are more subjective. For each goal, the committee and the CEO should identify the target performance level. Target performance reflects what the committee expects and assumes a quality result. All assignments and goals may not have the same priority or weight. If there is significant difference in the degree of importance, rank each item accordingly (high, medium, or low) on the form.

Give the CEO a clean copy of the appraisal form with the key objectives defined so that he or she can refer to it periodically throughout the year.

203. YMCA CAUSE-DRIVEN LEADERSHIP COMPETENCY MODEL

CAUSE-DRIVEN LEADERSHIP is the YMCA's unique leadership model for staff and volunteers. Developed specifically to support the work of the Y, it can guide professional and personal development and support Y leaders who can bring about real, positive change in the community.

Our model's core principle is this: who a Y leader is—their values and beliefs—and what a Y leader knows and does—their skills and competencies—influence and enable them to take action to inspire and mobilize staff, volunteers, members, and community partners to strengthen communities for all.

The CEO performance appraisal form (Section IV) relates to the CAUSE-DRIVEN LEADERSHIP Competency Model. This section of the appraisal is more process/behavior-oriented than other sections of the appraisal form. Use of Section IV provides:

- alignment with the CAUSE-DRIVEN LEADERSHIP Competency Model.
- increased consistency between committee members when rating a CEO on leadership competencies.
- further insight into performance expectations of the CEO.

While some committees may decide to rate the CEO on all 14 leadership competencies in each appraisal, other committees may rate fewer competencies. Regardless, the committee should agree with the CEO in advance on which competencies will be rated to avoid surprises. There are several possible approaches including:

- **CEO-Selected:** This approach allows the CEO to choose which leadership competencies will be rated although the committee may set a minimum number; for example, at least five competencies. The CEO should communicate his/her selections at the beginning of the rating period.
- **Committee Selected:** In this approach, the committee identifies and communicates with the CEO (at the beginning of the appraisal period) about which leadership competencies will be rated at the end of the period.

- Blended: The CEO and the committee agree in advance on which competencies will be rated during any given evaluation.

In deciding which competencies to rate, the committee should consider the:

- leadership competencies most important to success as a CEO for your Y;
- competencies most needed to advance the organization's strategic goals for the year;
- CEO's current skill level in each leadership competency; and
- CEO's tenure with the Y and career goals.

When rating fewer than the entire list, the committee should periodically assess which competencies are included in the appraisal, as it may be beneficial to change the list of included competencies annually, or in alignment with new strategic plan cycles.

204. QUARTERLY UPDATES

It is very important for the CEO and the board to communicate throughout the year. There should be no surprises at the end of the appraisal period. Once each quarter, the CEO can give an informal update to the board on the progress achieved toward his or her goals. This may be a 15- to 20-minute oral presentation as part of a regular board meeting. The CEO should provide a quick status on each key deliverable; identify any obstacles, changes, or challenges that may have occurred in the last quarter; and report on any additional responsibilities that may have surfaced in the last few months. The only written part of the update might be an adjustment to the CEO performance appraisal form, reflecting any changes to the actual goals and deliverables, if needed.

Both the CVO and the CEO should initial any changes in goals or direction. Ongoing communication between the board and the CEO is important. This ensures that the board and the CEO agree about the expectations and deliverables for the CEO. At the end of the appraisal period, the committee and the CEO should meet again to discuss performance over the entire period and complete the appraisal form.

205. CEO PREPARATION FOR THE APPRAISAL MEETING

Before the meeting, the CEO should review his or her performance and submit a two- to three-page summary of accomplishments (a self-assessment letter) during the review period. This document should include the following:

- An objective assessment of the key accomplishments for the review period;
- Specific, measurable updates on each key performance deliverable set at the beginning of the review period, including explanations of any that were not met;
- A summary of the key goals and objectives for the upcoming review period; and
- Any additional information that the CEO feels the committee should know when evaluating his or her performance.

Below are some questions to help CEOs prepare their written reports for the Executive Compensation Committee:

- How have I personally advanced the mission and cause of the Y Movement in my area (i.e., my Y's community, neighborhoods, state alliances, etc.)?
- Did I meet all of the objectives and goals agreed upon at the beginning of the review period? Were there specific areas in which I did a truly exceptional job, or where the achievement was more significant because of unforeseen barriers or challenges that I was able to overcome? Are there objectives that fell short?
- Did my efforts this year help achieve the overall strategic plan for the Y? How, specifically?
- Were there any circumstances that may have affected my ability to perform my job this year? (Concentrate on major work-related events or conditions.)
- Did I demonstrate critical Y organizational leadership competencies in obtaining any of my key objectives? How?
- Did I implement any systems that fundamentally improved the overall performance and impact of my Y, its volunteers, or its staff?
- Is there anything that is likely to be different next year? Will there be any changes in responsibilities or job focus?

206. AT THE END OF THE PERFORMANCE APPRAISAL PERIOD

At the end of the appraisal period, but before developing final ratings and comments for the performance appraisal form, each member of the committee should receive all information relating to the CEO's performance, including the self-assessment letter and records of quarterly meetings. Committee members should use this information and their personal observations to complete the remaining parts of the appraisal form. Each member should fill out the form individually before convening as a group to discuss the CEO's performance.

In rating the Leadership Competencies section of the appraisal form, committee members should read the definition and behavioral indicators for each competency to be rated (note that the rating scale differs from the rest of the evaluation form). Keep in mind that Section IV is more process/behavior-oriented while other sections of the form tend to be more results/outcomes oriented.

After its members reach agreement, the CVO should convene a committee meeting to discuss the performance appraisal with the CEO.¹ During this meeting, the CEO may present additional information that would make the appraisal more accurate. In this case, the committee should not be reluctant to make changes in the appraisal contents. For all ratings, the committee should provide objective comments with measurable and observable examples that support each performance rating. Use additional space if necessary.

¹ See the section of this document entitled *400. Planning and Conducting Appraisal Meetings* for guidelines.

207. COMPLETE THE PERFORMANCE APPRAISAL FORM

“Summaries, Comments, and Signatures” is the last section of the form to be completed. The committee should base any summary statements regarding the CEO's major strengths and major areas for improvement on the results that emerge from the appraisal process.

Complete Section VII: “Overall Performance Rating” section by using the rating definitions on the appraisal form. The rating should be supported by the appraisal contents. The use of averaging and other mathematical schemes for determining an overall rating is discouraged.

After the performance appraisal meeting, when the appraisal contents are final, the CEO should review the form, add any additional comments, and then sign on the appropriate line in Section VII. The signature signifies that the CEO has reviewed the appraisal; it does not necessarily mean that he or she agrees with its contents. The CVO is responsible for obtaining signatures from the CEO and all members of the committee, and gives a copy to the CEO. The CVO submits the completed form to the Y's human resources department or business office for placement in the personnel file. The completed appraisal form can be placed in a sealed envelope if confidentiality is a concern. A second copy should be secured in a separate confidential file maintained by the CVO; this is to be passed on to the incoming CVO.

208. APPEAL

If the CEO opposes a particular evaluation, he or she may write a formal response that is permanently attached to the CEO appraisal form. The CVO should respond as necessary within 14 days.

300. CEO SALARY ADJUSTMENTS

CEO salaries, salary increases, benefits, and other elements of compensation should be determined by following processes set by the Internal Revenue Service for tax-exempt organizations like the Y.

301. PROCEDURE FOR COMPLIANCE WITH FEDERAL INTERMEDIATE SANCTIONS RULES

To ensure that a Y remains in compliance with IRS rules on intermediate sanctions/excessive compensation, the Executive Compensation Committee, under the authority of the board of directors, should conduct an independent review of the total compensation of the CEO (and other “disqualified persons”). Excessive compensation, as determined by the IRS, can result in taxes and penalties for executives, managers, and board members, and possible revocation of the Y’s 501(c)(3) tax-exempt status. Additionally, Ys are required to report the details of executive compensation on IRS Form 990, including the process for determining executive compensation.

Extensive resources are available by visiting the Human Resources community on Link. This includes resources on executive compensation strategy, committees and best practices, as well as intermediate sanctions compliance. YMCA of the USA also make available an annual salary budget recommendation.

400. PLANNING AND CONDUCTING APPRAISAL MEETINGS

Effective planning and preparation smoothes the way for positive interactions and a successful appraisal process. To help you be prepared, review the tips below on planning and conducting effective appraisal meetings, providing feedback, and errors to avoid.

401. PLANNING THE APPRAISAL MEETING

Probably the most crucial part of the appraisal process is the meeting with the CEO. Here are several suggestions to help the CVO and committee during this process.

- Give the CEO advance notice of the meeting to allow time to prepare comments and questions. Ensure the CEO has a copy of the appraisal form to complete so that he or she will be prepared to discuss each of the subjects on the appraisal.
- Ask the CEO to think about personal career objectives and how he or she can improve current skills and competencies.
- Arrange a quiet, private location without interruptions.
- Allow ample time so that the committee is not forced to stop at a critical point during the discussion. Schedule no less than one hour, although the amount of time required for each meeting will vary with the individual CEO.
- Agree in advance on a meeting facilitator (typically the CVO).
- Develop a meeting outline to ensure that all major points are discussed and the meeting proceeds smoothly.

402. CONDUCTING THE APPRAISAL MEETING

- Create a relaxed environment to promote open dialogue between all parties. Avoid confrontation. Be sure the CEO understands the purpose of the meeting and the process to be followed.
- Encourage participation.
- Emphasize performance rather than personality or character traits.
- Summarize important points at the end of the meeting and make sure the CVO and committee gain a commitment from the CEO to make any needed improvements.
- For further help in conducting an effective performance appraisal meeting, refer to the principles on providing effective feedback.

403. PROVIDING EFFECTIVE FEEDBACK

A key objective of the performance appraisal process is to provide feedback. This may be accomplished more effectively by keeping in mind the following suggestions:

- Don't wait (no surprises). Discuss shortcomings and achievements as they occur rather than waiting for a formal review. There should be no surprises during the appraisal meeting.
- Be constructive—focus on the future. When making comments about past performance, remember that the appraisal process also focuses on planning for future results. Phrase critical remarks so that they are constructive and encourage improvement.
- Use the process as a management tool. A successful performance appraisal process requires a considerable amount of time and effort on the committee's part. The performance appraisal provides more than just a basis for determining a salary increase. It is a management tool to help the board assign responsibilities, monitor performance, and ensure that the CEO is working as productively as possible.
- Keep a working file. Rather than rely on memory, the CVO should keep an active file on the CEO with specific occurrences and observations that have a bearing on the performance appraisal. Record both positive and negative data. If members of the committee are equipped with this factual information, they can conduct more accurate and effective appraisals.

404. POTENTIAL APPRAISAL PITFALLS

At the outset, recognize that a performance appraisal is a matter of judgment. Members of the committee should be informed and unbiased to provide a firm foundation for fair decisions and performance improvement. It is not easy to judge how well a CEO does his or her job on a day-to-day basis. There are a number of intentional or unintentional human inclinations that can bias performance ratings. Some of these are pointed out below so that committees can minimize or avoid their occurrence:

- Unwillingness to take the time or make the effort to analyze the CEO's performance thoroughly
- Differences in temperament—Some committee members may be overly friendly, some may be overly critical.
- The "halo" effect—A CEO who is well liked seems to excel in every area, while one who is disliked seems deficient in almost every area.
- Giving more weight to recent occurrences, either favorable or unfavorable
- Failure to record performance observations as they occur throughout the appraisal period
- Desire to tell people what they want to hear and avoid unpleasant face-to-face discussions
- Reluctance to make adverse ratings because of the fear of discussing them with the CEO
- Lack of understanding of the performance rating definitions
- Personal prejudice or bias on the part of a committee member
- Centralizing tendency: the reluctance of committee members to rate either high or low, but rather to stick to the middle rating
- Appraisal of just a few easy-to-identify aspects of the job and failure to consider other important dimensions
- Evaluation on the basis of standards irrelevant to the job

405. PRINCIPLES OF EFFECTIVE FEEDBACK

The eight principles below describe how to make feedback more acceptable to the CEO. Such feedback has a greater chance of achieving its goal: improving performance. These principles apply whether the discussion occurs during a formal performance appraisal meeting, or at other times throughout the year.

1. **Be specific.** Use words that refer precisely to the behavior or event under discussion. Abstract statements are ambiguous and can lead to misunderstanding. It is difficult for a person to change his or her behavior without knowing specifically what is meant.
2. **Be descriptive.** Reflect what was seen, heard, or felt. Avoid value judgments.
3. **Be responsive.** Give feedback in private at the earliest opportunity after the behavior in question. Allow enough time for full discussion of the situation.
4. **Be accurate.** Check to ensure accuracy with the receiver of the feedback. He or she should restate what was heard, ask for examples, and ask questions for clarification.
5. **Be discerning.** Refer to behavior that is significant to the organization and the performance of the CEO's job. Do not focus on trivial or superficial mannerisms.
6. **Be focused.** Deal with a specific situation in detail and do not attempt to cover the totality of a person's performance. Focus on the present and future when possible. Use the past to illustrate a possible pattern of behavior.
7. **Be fair.** Strive for balance between negative and positive feedback. The CEO will benefit from knowing specifically what is effective about his or her performance, as well as what could be improved.
8. **Be nonthreatening and nonaccusatory.** Blaming a person for an action can lead to defensiveness or hostility. Explore his or her side of the story.

500. SETTING SMART PERFORMANCE OBJECTIVES

Performance objectives are written to describe the measurable results a CEO needs to achieve in key responsibility areas, and must be tailored to the individual circumstances of the Y and the CEO. The SMART framework is used by a variety of organizations to ensure clarity of expectations.

501. DEFINITIONS OF SMART PERFORMANCE OBJECTIVES

Strive to develop performance objectives using SMART criteria. The table below describes SMART criteria in more detail.

SMART OBJECTIVES		
S	Specific	Writing clear, concrete, and specific goals ensures that the CEO and the committee know exactly what is expected to be accomplished during the review period.
M	Measurable	Including metrics provides a focused target, and offers a clearly quantifiable measure for rating results.
A	Action-oriented	Are objectives realistic and possible for the CEO achieved? Does the CEO have sufficient control over results?
R	Results-focused	Do the objectives have a genuine purpose? Are they linked to the overall strategic outcomes? Are they relevant?
T	Time Bound	Is there a reasonable time frame for achievement?

502. SAMPLE PERFORMANCE OBJECTIVES

As noted above, performance objectives must be tailored to the individual circumstances of the Y and the CEO. Since every Y is different, performance objectives will also be different, and therefore these samples are offered merely as a starting point. These samples are focused on smaller Ys where the CEO must fulfill many roles.

- *Membership retention will improve from ___ percent to ___ percent by the end of the evaluation period.*
- *By the end of the evaluation period, overall membership satisfaction will improve from the current ___ percent to ___ percent in “excellent” ratings.*
- *An emergency succession plan is in place (and approved by the Executive Committee) for the CEO position and the CEO’s direct reports.*
- *By (date), complete a cost study and propose a detailed plan to improve the Y’s financial position by ___% over last year.*

- *Begin the strategic planning process, using the Y-USA recommended process and timeline. Complete first two planning committee meetings by the end of the appraisal period.*
- *By (date), establish a Program Committee that includes at least three board members with a focus on reaching previously underserved segments of our community, including exploring new collaboration possibilities.*
- *By (date), integrate the CAUSE-DRIVEN Leadership Competency model into human resources systems (for example, job descriptions, recruiting, selection, orientation, etc.) using Y-USA resources.*
- *By (date), develop and implement a plan to increase the ratio of annual charitable support to operating revenue by (annual percent).*
- *By (date), develop and implement a year-round member-education campaign to promote the Y's case for support and the positive impact philanthropic gifts can make within the three focus areas of strengthening youth, healthy living, and social responsibility, with the goal of increasing the number of members who make financial gifts and volunteer their time.*
- *By (date), develop a plan in concert with assigned leadership volunteers to conduct a structured annual campaign.*
- *Annually engage and assure success of _____ percent of board members in a minimum of two of the following fundraising responsibilities: identification, cultivation, solicitation, stewardship of current and prospective donors.*
- *By (date), increase the number of donors that increase their annual campaign gift (minimum dollar amount or higher) by _____ percent.*
- *By (date), determine the Y's readiness for conducting a capital campaign in the next three years to address program need for building expansion.*

503. SAMPLE PERFORMANCE OBJECTIVES FOR CEOs NEW TO THE Y

- *By (date), complete Y-USA's recommended transition and training processes.*
- *By (date), visit CEO colleagues at two high-performing, cause-focused Ys in the area and attend a significant Y leadership event, such as an alliance meeting.*
- *By (date), meet individually with all board members, and at least ten key community leaders/donors.*
- *By (date), meet with the chair of the Fundraising Committee to refine the case for support, and to review the campaign structure and plan.*
- *Within 30 days of hire, visit all key Y locations and meet individually with all direct reports.*
- *By (date), develop a working knowledge of the Y's fiscal situation by meeting with the Y's external CPA and the chair of the Finance Committee.*