

So How Are We Doing?

Resource Type: Risk eNews

Topic: General

When was the last time that the CEO/executive director of your organization received a performance appraisal? If you answered, “I can’t remember” or “a few years ago” your organization may be in good company, but missing a significant opportunity—and facing unnecessary risk. A recent report, “[Boards of Midsize Nonprofits: Their Needs and Challenges](#)” (12 pages pdf), issued by the Urban Institute, tells us that more than 25% of boards of mid-sized nonprofits (those with annual expenses between \$500,000 and \$5 million) do not do an adequate job of conducting regular performance appraisals on their CEOs’ performance.

Identifying and evaluating the effectiveness of staff leadership is one of the primary and most significant roles nonprofit boards play. Yet because of the potential for conflict or perhaps because everything is ‘going just great’ there may not appear to be any compelling reason to take out time to conduct an appraisal of the CEO. Boards that take this approach are missing a tremendous opportunity to engage with the mission of the nonprofit through an influential ambassador: the staff leader. If you are pleased with your staff leader’s track record, then let’s hear the applause! Don’t assume that it’s easy to stay motivated and juggle all the balls boards expect staff leaders to deftly handle. Retaining good leadership is a competitive sport these days: performance appraisals not only provide a forum to clarify where the organization is heading and what role the staff leader should play, but also how the board can support its CEO along that journey.

For organizations that are concerned about the direction of the nonprofit’s leadership, don’t take the risk that the staff leader will get left behind or too far out in front. Nonprofit governance is a team effort. Boards that don’t provide feedback about their dissatisfaction and instead clean house as a way to ‘start over’ are the ones that end up with a lawsuit at the next board meeting. And if you are a CEO who has not had a performance appraisal in a while, if you don’t speak up, you are also at fault for putting your organization (and your own career) at risk.

The Nonprofit Risk Management Center welcomes your questions and comments at 703.777.3504 or info@nonprofitrisk.org.