



STRENGTHENING GOVERNANCE

Report: Presidential Performance Evaluations

July 2011

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INTRODUCTION

Presidential performance evaluations provide an opportunity for open and honest communication between the Board and President regarding goals and job performance. Yet, each institution has a unique methodology for collecting and distributing this information.

In June 2011, Yaffe & Company, Inc. conducted a survey to explore presidential performance evaluation processes within independent colleges and universities. Questions focused on the constituents involved, topics of performance goals, the formality of the process, and perceived satisfaction and effectiveness.

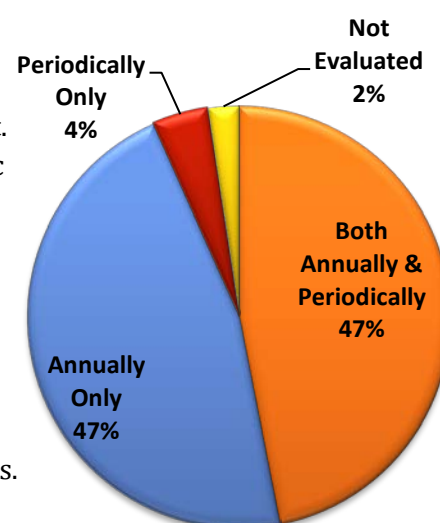
Responses from 211 presidents within 39 states are included in the following report; data was excluded for all participants who indicated they were interim presidents.

ANNUAL & PERIODIC PERFORMANCE REVIEWS

93% of the participating presidents are annually reviewed on performance, and 51% receive a more thorough periodic assessment. To the right is a chart which views the overlap of annual and periodic reviews, including 47% of presidents who are reviewed both annually and periodically.

Requiring annual and periodic reviews (eg. every 3 to 5 years or in conjunction with a contract renewal) within the contract is something to consider during the renewal process. 56% of presidents reported that an annual performance review is required by contract, and 30% reported they are required by the Board Bylaws.

When is your performance evaluated?



From Whom is Input Sought for Performance Reviews? <i>(respondents were able to check all that applied)</i>		
	Annual	Periodic
President <i>(self-evaluation)</i>	60%	62%
Board Chair Only	19%	26%
Executive Committee	49%	55%
Compensation Committee	29%	23%
All Board Members	56%	72%
Senior Administrative Staff	18%	58%
Faculty Members	9%	52%
Other	12%	33%

GOAL SETTING

85% of respondents have performance goals “established by the president with board/committee approval.” 7% of respondents indicated that there is “no clear criteria for performance review” when it comes to goal setting. “Other” written responses included *President only, Board Chair, external consultants, and management priorities.*

The most common subjects included in goals were financial (98% of respondents), strategic planning (93%), and fundraising (92%). 53% of presidents reported that all of the suggested subjects are included in their own set of annual goals.

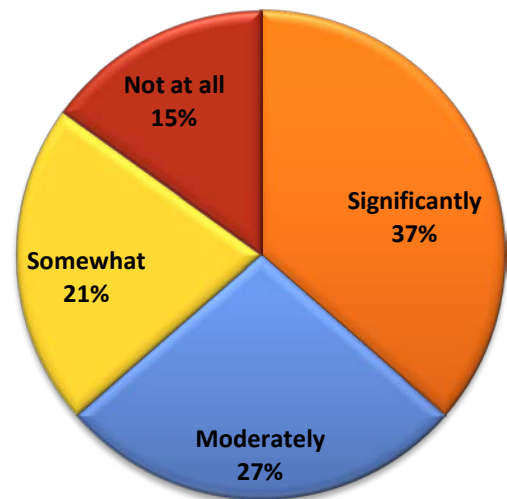
Which Subjects are Included in Your Goals? <i>(respondents were able to check all that applied)</i>	
Financial	98%
Strategic Planning	93%
Fundraising	92%
Enrollment Management & Outcomes	90%
Academic Program/Initiatives	87%
Institutional Mission	75%
External Marketing/Communications	63%

EFFECT ON COMPENSATION

In our 2010/11 Executive Compensation Survey (salaries reported as of October 1, 2010), 32% of presidents reported they were eligible for variable pay opportunities. In this survey, a total of 64% of presidents reported that their compensation is either “significantly” or “moderately” affected by their performance review.

While specifically “variable pay” may not often be an official process, there does seem to be an unofficial link between performance reviews and how compensation is determined. This is a trend that is often seen in other industries, and is becoming more common in higher education.

To what degree do the results of your performance review affect your compensation?

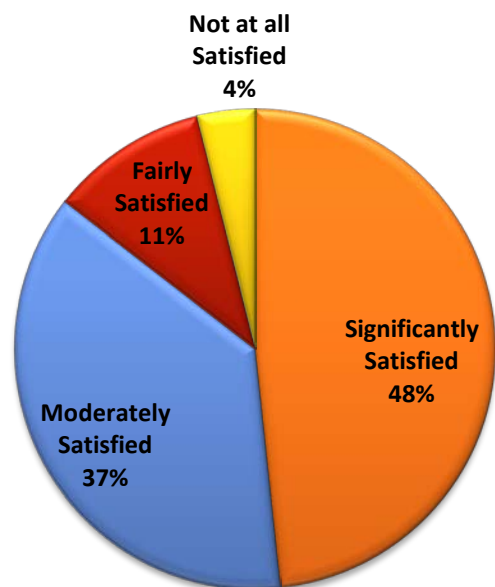


EVALUATION PROCESS & SATISFACTION

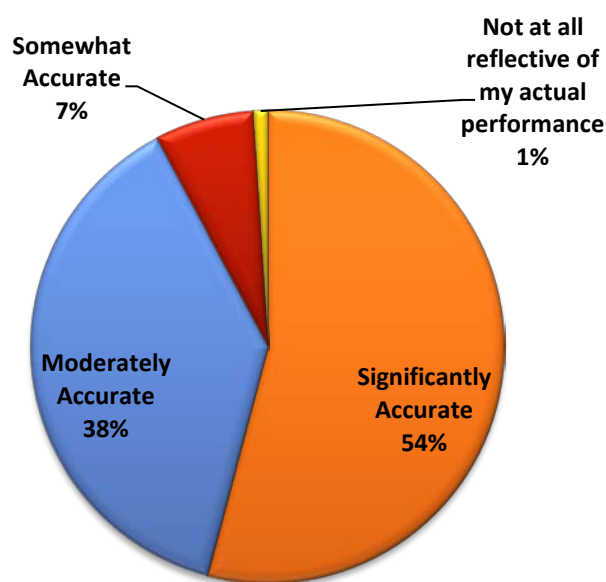
49% of presidents responded that they are significantly satisfied with their current performance review process; meaning over half of the respondents are not. There did not seem to be a correlation between satisfaction of the process and the effect on the review on compensation; however, the table below indicates a relationship between satisfaction with and accuracy of the evaluations.

		Process Satisfaction				
		Significantly	Moderately	Fairly	Not at all	
Accuracy of Review	Significantly	40.8%	12.1%	1.0%	0.0%	53.9%
	Moderately	6.8%	23.3%	6.8%	1.5%	38.3%
	Somewhat	0.5%	1.9%	2.9%	1.5%	6.8%
	Not at all	0.0%	0.0%	0.0%	1.0%	1.0%
		48.1%	37.4%	10.7%	3.9%	

To what extent are you satisfied with the current performance review process?



To what degree do you believe your performance review assesses the quality of your actual performance?



ADDITIONAL COMMENTS

As participant comments on the survey alluded to, clear communication between the Board and President for performance expectations and results is critical for successful presidential leadership. Otherwise, the president is forced to assume what the board wants and *why* they are happy or unhappy with current performance. It is important to receive specific feedback and determine expectations from the beginning in order to establish a culture of consistent communication and review.

Below is a sampling of additional comments from the survey, categorized by the president's satisfaction with the current performance process.

Significantly Satisfied (48%)

- Comprehensive review occurs every five years
- There is a formalized loop of self-evaluation, board input, discussion, and feed-back.
- We do an annual "Evaluation Conversation" with a small group of board members, and they report to the full board. The structure has worked the best of anything I've used in my 22 years in the presidency.

Moderately Satisfied (37%)

- After the Board's computer based assessment, the President and the Board Chairman met to discuss the results.
- I am reviewed every two years and that was not an option.
- The process has been conducted in a fairly superficial way and with no opportunity for discussion between the president and the board's Compensation Committee after the evaluation takes place. There is much room for improvement.
- I pushed the board to develop policies for annual presidential AND board evaluation. I initiate the presidential evaluation and the board ignores the board evaluation policy requirement.
- The most effective work of a President cannot be anticipated in goal setting or understood entirely in relationship to the goals.
- The annual and occasional 360 evaluation seems about right. More directly linking performance evaluation to goals to variable compensation is a direction we are moving and is more ideal.

Fairly Satisfied (11%)

- Board chair and trustees tell me often that I'm doing a great job. In their view, that's a performance review and nothing much else is needed.
- Good input from my constituents, but the results are not given to me in writing (oral report only)
- Trustees seem to vote according to the most recent major subject and not by data

Not at All Satisfied (4%)

- Much emphasis on performance but less than clear linkage to compensation.
- The leadership team sets annual goals that are shared with the board in September and then reviewed at the May meeting. It is expected that as President I am accountable for the results. We don't often have a good conversation around the goals or results!

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