Board-Manager Performance Evaluations: Questions and Answers

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In recent years, both public- and private-sector organizations increasingly have recognized the importance of a useful performance evaluation system to their overall effectiveness. They have taken steps to improve their methods of evaluating front-line workers, teams, supervisors, and department heads. By comparison, the evaluation of the chief administrator who reports to a governing board is often sketchy and sporadic, and the process may be driven by one or more board members who are unhappy with the manager's performance. This article addresses some of the most common questions asked by governing boards and chief administrative officers who seek to develop an effective performance evaluation process. It is not designed to outline an entire evaluation process, since that information is available elsewhere.[1] Instead, the questions that follow highlight some of the "stumbling blocks" that boards and chief administrators often encounter in evaluations, and the answers suggest ways to avoid or overcome these problems in future evaluation cycles.

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For simplicity's sake, the chief administrative officer who reports to a governing board is called the "manager" throughout the article; the principles also apply to all who occupy the managerial position—for example, health directors and social services directors as well as city and county managers. The phrase "board-manager performance evaluation" is intended to reflect the interactive nature of the process; although the board is legally responsible for evaluating the manager, the evaluation process should lead the board to evaluate its own performance and identify ways in which it helps or hinders the manager's effectiveness.

Is it necessary to evaluate the manager's performance if everything seems to be going well between the board and the manager?

A common misconception about the chief administrative officer's evaluation by the governing board is that an evaluation is necessary only to resolve major performance problems and therefore regular evaluations are not needed if there are no obvious problems to correct. After all, when there are so many pressing issues that require a board's time and attention, why devote energy to something that is going well? This view, while understandable, is probably the chief reason that board-manager evaluations have a negative reputation. If the board has waited until the relationship with the manager has seriously deteriorated, it probably will not have gathered the specific information needed to evaluate the manager's overall performance objectively.

Rather than waiting for a crisis to spur a performance evaluation, the board should conduct regular reviews with the manager. By developing an evaluation process when things are operating smoothly, the board and the manager can continue to strengthen their relationship and help avoid future problems. A good evaluation comprises three basic stages: (1) reflection on past performance, (2) identification of goals and direction for the coming year, and (3) development of action plans for implementing those goals and for improving overall performance.[2] When the board waits until there are serious problems before conducting an evaluation, there is often too much emphasis on the first stage (looking backward) and not enough time spent on the second and third stages (planning for the future). It is considerably easier to have a productive dialogue and a balanced evaluation if the parties are not focused on a recent, high-profile event.

Finally, it is interesting to note that the statement "everything seems to be going well" in the foregoing question is in itself an evaluation of the manager's performance. Evaluation is inevitable; people are constantly evaluating things around them, whether the focus of their attention is a basketball game, a restaurant meal, or a potential candidate for a job opening. Others writing on this topic have observed that the question is not *whether* to do an evaluation but how *formal* the evaluation should be.[3]

All right then, does the board have to conduct a formal evaluation of the manager?

In a perfect working relationship, a formal performance evaluation (that is, a scheduled time set aside annually or biennially for the board and the manager to talk about past performance and future goals) would be unnecessary: the parties would have an ongoing conversation about what is going well and what needs improvement, and a formal evaluation would be redundant. In the vast majority of organizations, however, the reality is that people do not receive (or give) feedback quite so freely. They may assume that "no news is good news" and think that everyone understands his or her role and responsibilities. Or they may avoid raising an issue because they fear the other person's reaction to the feedback. Because people often fall short of the ideal when it comes to communicating about performance, it is a good idea to designate a specific, regular time and place for an evaluation. Of course, this time is not a substitute for monitoring performance on a continuing basis.

Another reason that a governing board and the manager should conduct formal evaluations arises from the unique nature of their relationship. In the absence of a group conversation about performance, the chief administrator essentially is being asked to aggregate the informal comments of individual board members into a group assessment of his or her performance. It is unfair and risky to expect the manager to infer group priorities from conversations with individuals. The only way a manager can be confident that an evaluation reflects the sentiment of the whole board is to have all board members and the manager participate in a joint discussion.

A formal evaluation need not include a complex written form with a numerical rating system. The two elements mentioned earlier are critical. First, there should be a discussion among all board members, and between the board and manager, about what is going well and what needs improvement. Second, this discussion should happen regularly—at least once a year. Beyond these two elements, other features of the evaluation (for example, the use of a form and the link between the evaluation and the salary decision) are at the discretion of the board and the manager.

The board members don't always agree on what they expect of the manager. Isn't it unfair to subject the manager to conflicting messages in an evaluation?

In an ideal board-manager relationship, the governing board speaks to the manager with one voice: any differences among board members are resolved through discussion and vote, and the result is presented to the manager as the wishes of the majority of the board. In reality, however, differences in board members' perspectives may not be resolved so easily. Consequently the manager may receive mixed messages about the board's priorities. For example, some members of a city council may believe that the manager should have an external focus and spend much of his time speaking to neighborhood associations, citizens' action committees, or regional groups in order to represent the city's interests effectively. Other council members may think that the manager should focus most of his attention on the internal operation of the organization, believing that his top priority should be to ensure that all city employees work as efficiently and effectively as possible.

The important thing to remember about a performance evaluation is that the evaluation does not create these mixed messages, although it may provide a setting in which these conflicts are brought to the surface and openly discussed for the first time. Most managers are keenly aware of board members' competing expectations for their performance; indeed, since they are the recipients of these differing views, they are probably more attuned to the views than anyone else. An effective performance evaluation establishes an atmosphere in which these different expectations of the manager may be identified and resolved. Recall that a board-manager performance evaluation should include a portion in which the board examines its own functioning and the way in which it contributes to—or hinders—the manager's effectiveness.

Is there a good generic form that we can use?

It is difficult to recommend a good general evaluation form. Almost by definition, any form that is broad enough to apply to a variety of settings or jurisdictions will not be specific enough to give the kind of customized feedback needed to help a board and the manager assess their particular situation. If the board and the manager are in the process of developing an evaluation system and wish to look at some samples to help create their own form, they may look to several sources. The International City/County Management Association (ICMA) has several examples of forms supplied by managers. The Institute of Government also has some samples. Human services boards, school boards, and other boards and officials may wish to contact their own professional associations to see forms that have been tailored to their particular position.

The performance dimensions included in these evaluation instruments may provide useful information for a board and the manager as they prepare to discuss expectations for the manager's performance. However, it is essential that the board and the manager develop the form *before* the first evaluation cycle in which it will be used. Typically, boards decide that they want to look at examples of evaluation forms immediately before the manager's evaluation. While reviewing these forms, board members often see performance categories that they wish to include in that year's evaluation. The problem is that the board may evaluate the manager against criteria that were added at the end rather than the beginning of the evaluation cycle. For example, a board may decide that it wants to assess "initiative and risk taking" as one performance dimension. If this comes at the end of a year in which the board continually emphasized the value of conservatism and the need to avoid unnecessary risks (financial or otherwise), it may not be reasonable to assume that the manager understood risk taking to be an expectation of the board. The most effective evaluation forms are created by the board and the manager to reflect the needs and the goals of that particular jurisdiction and to represent a list of expectations for the manager's performance that was set at the beginning of the evaluation cycle.[4]

Do we need to use a form at all?

Not necessarily. There is nothing magical about a form; in fact, many problems in performance evaluation come about because the board focuses too much on finding a form and not enough on clarifying expectations for the manager well before the evaluation. A form is merely a tool; it cannot substitute for the board's discussion of and agreement on expectations for the manager.

If the board decides to use a form, it should think carefully about the measures that will be used to assess the manager's performance. Some boards use three basic levels of performance standards: "below expectations," "meets expectations," and "exceeds expectations." They apply the standards to each of the criteria being measured. Other boards prefer to use a numerical rating scale—for example, a 1 to 5 scale ranging from "unsatisfactory" (1) to "excellent" (5). Regardless of the measures used, it is extremely important for the raters to agree on how the ratings will be defined and how they will be applied. Numerical scales are particularly susceptible to being applied inconsistently by multiple raters. For example, one member may rate the manager 3 when the manager has met a goal, because the member interprets a 3 as meaning "meets expectations." Another board member may agree that the manager met the goal but interpret the numbers as analogous to the letter grades A through F. Consequently he may rate the manager 4 or 5 because he views a rating of 3 as a C. The resulting confusion and misunderstanding—both among board members and between the board and the manager—have completely derailed more than one evaluation process.

Boards sometimes see numerical rating scales as a way to introduce a level of objectivity into the evaluation process, but these scales are simply a type of shorthand to summarize large amounts of information and are no more objective than written comments. Both boards and managers usually find that the most valuable information shared in a performance evaluation is qualitative, not quantitative.[5] The goal is to establish effective communication between the board and the manager; overly cumbersome forms and scales can be a hindrance rather than an aid toward this end.

Should the board consider information from others in its own evaluation?

Opinions vary on this issue. One authority on board-manager relations states unequivocally that the appraisal of executives should reflect a single source of evaluative data—the board.[6] The rationale for this view is that the board, and the board alone, should specify what the chief administrative officer is responsible for accomplishing. An evaluation then consists simply of assessing whether these specified ends were met. Since the board sets the performance criteria in the first place, it is also responsible for assessing the manager's performance against these (and only these) criteria.

For many boards, however, the evaluation process is not so straightforward. The task of setting measurable results can be complex, and boards typically go through a learning process that occurs over several evaluation cycles. A social services board, for example, may see the social services director's duties in working with a regional council as an important component of her work, but it may discover that none of its members know much about the director's accomplishments in this area. What are their options in this situation? At a minimum, the director should provide a self-assessment of her performance, including the work with the regional council. This will add an extremely valuable perspective to the evaluation process, since the director will be able to share relevant information about her activities that the board would not have access to otherwise.

Clearly the chief administrative officer is one important source of information, but the board may decide that it needs other perspectives as well. Continuing with the foregoing example, members of the social services board might wish to talk with members of the regional council to get another view of the social services director's work with this group. When seeking information from others for purposes of making the evaluation, there is one guiding principle: board members should take care to collect information in such a way that it may be shared with the subject of the evaluation. In other words, the board should not guarantee to outside parties that their comments will not be revealed to the individual being evaluated.

But if you talk to others about the manager's performance, isn't it important to promise confidentiality to those individuals? I thought that was the best way to get honest feedback.

While the board's motives may be good (for example, it may want to talk to those who are in a position to know about the manager's performance and also make sure that these individuals will not experience retaliation from the manager for any negative information they may share), a promise of confidentiality often backfires and creates problems for everyone.

Picture the following scenario, based on a real example. A board of county commissioners decides that it needs to hear from others in order to evaluate the county manager. Board members interview county employees individually and ask each one for his or her view of the manager's performance in various areas. The employees are assured that these conversations are completely confidential and that the manager will never know who said what. Representatives from other organizations who have contact with the county manager also are interviewed and guaranteed confidentiality.

When the board explains to the manager the ratings he has received, it runs into problems with the ratings that are partially (or largely) based on feedback from others. In many instances these ratings have been based on one or more specific examples of the manager's performance that the board has learned about from employees and others. Because it has promised confidentiality to these people, the board does not want to be too specific in explaining the ratings for fear that the manager will know who provided the information—and that the confidentiality agreement will thereby be violated.

As a result, the board is frequently vague and speaks in generalities about the need for the manager to improve his performance or make changes in his managerial style. Board members explain that they cannot be very specific for the reasons just listed. "That's all right," the manager says. "I can go back to my employees and ask them for more information about how I can improve my performance." "Oh, no, you can't do that," the board replies. "If you do, the employees will think you're on a 'witch hunt' and just trying to find out who said what so you can retaliate." In handling information from employees in this way, the board has created a situation that actually prevents the manager from getting the feedback he needs to improve his performance.

This does not necessarily mean that the board must attach an interviewee's name to each piece of information it provides the manager during the evaluation (for example, the board need not say, "Jane Doe said X, and Joe Smith said Y"). It does mean that board members should begin the interview with an individual by explaining that any information that person gives will be shared with the manager. For example: "The board's goal is to give specific feedback that will help the manager improve his performance. Since this may include particular examples to illustrate a point, it is possible that he may guess the source of the information from the example, even if we do not mention the source by name, so we ask you not to say anything to us that you are not willing to have shared with the manager." This will help the board avoid basing the evaluation (consciously or unconsciously) on information that is not available to the manager.

Why is it important to have the manager present during the evaluation? We always meet without her and have the chair summarize the main points for her later.

For many boards, the idea of having the chief administrator present during the evaluation is a radical departure from their usual approach. Board members may doubt their ability to talk openly and honestly about both the positive and the negative aspects of the manager's performance in her or his presence, and they may doubt the manager's ability to receive this feedback in a nondefensive manner. If board members disagree about the manager's performance, those who support the manager may wish to "protect" her or him and act as a buffer between the manager and the others.

To understand why a manager's presence at the evaluation is important, it is necessary to examine two issues: (1) the purpose of the evaluation and (2) the way people process information. Typically, boards wish to use an evaluation to give the manager feedback on her or his performance and to identify areas in which improvement may be needed. They also want to clarify and strengthen the relationship between the manager and themselves. It is difficult to accomplish either of these goals unless the manager is present during the board's discussion, because human beings are imperfect information processors: we organize information through a series of "shortcuts" that can lead us to different interpretations of the same event.

Assessments of an individual's performance are based on a series of interactions over time, some more memorable than others. When we observe behavior, we don't record the event objectively, the way a video recorder might. Instead, we *infer* additional meaning—motives, values, and so on—from the person's actions, and we store all this information for future use. Often we don't realize that much of our "data" about a person is not actual fact but the meaning we have added through the inferences we have made. We also are more likely to remember events that are consistent with our image of a person than those that are not. So, for example, a board member who did not receive a piece of information that was distributed by the manager to other board members may infer that the manager is not neutral (that is, that the manager favors some board members over others). She then may look for other examples that support her inference and ignore data that do not support it.

Making inferences about others' behavior is inevitable. It creates problems only when we make an inference about someone, do not recognize it as an inference, do not test it with that person, and then act as if it were a fact. A manager needs to play an active role in the evaluation—responding to questions from the board, asking questions, and providing information—because of the importance of *testing inferences* during the evaluation process. An inference about an individual can be tested only with that individual; it cannot be tested by seeing whether other people share the same inference.[7]

Let's play out in two scenarios the example of the board member who believes that the manager is not neutral. In the first scenario, the manager is present. The board member says that the manager "plays favorites." The manager probably asks specifically why the board member has made this statement. She cites the piece of information that was distributed to other board members but not to her. At this point, the discussion can explore several directions, all potentially useful: Are there problems with the distribution system? Were assumptions made about who was interested in a given topic? And so on. The manager is likely to come away from that discussion with a clear idea of the problem and the steps he should take to correct it.

Now imagine a scenario without the manager present. The board member says that the manager "plays favorites." Other members agree or disagree, but when she explains why she has made that charge, they can only speculate about what was in the manager's mind, since he is not there to tell them. Probably the summary of the evaluation that the manager receives will mention the need for him to "remain neutral" and "avoid playing favorites among board members." Chances are slim that the manager will know what precipitated these comments and even slimmer that he will clearly understand what to do to correct the problem. Ultimately he will have to go back to the board for clarification, and the process will take more time and energy than if he had participated from the beginning.

Can we set aside time for the evaluation at the end of a regular board meeting?

The board and the manager can set a time and a place for the evaluation discussion that are agreeable to all, but they should not be surprised if the discussion takes considerably longer than anticipated. Board members frequently say, "We don't want to do it the way it happened last year. We started the evaluation at 9:30 P.M. after the regular board meeting, and everyone was so tired at midnight that we just wrapped it up, even though we still had a number of issues to discuss." It is probably more realistic to set aside a half-day, particularly if the board and the manager are trying a new evaluation process. As with anything new, the evaluation may seem a bit awkward at first, but the process will become more streamlined after a couple of cycles.

Whether a public official is a board member or a chief administrator, he or she has much to gain from good board-manager performance evaluations. The board and the manager who view this process as an opportunity for a two-way conversation about expectations, goals, and priorities will be able to identify new ways of working together to accomplish their mission. Board members who approach the manager's evaluation thinking, "This isn't about us, this is about you," may overlook valuable information that could help them serve their constituents more effectively. And the manager who prefers to avoid any formal discussion of his or her performance may miss the chance to improve.

Will redesigning the board-manager evaluation process require significant time and energy? Possibly. Is it worth it? Definitely. An effective board-manager performance evaluation process could be considered a legacy for future boards. It is an investment in effective governance.

Notes

1. For a more detailed treatment of a recommended evaluation process, *see* Margaret S. Carlson, "How Are We Doing? Evaluating the Performance of the Chief Administrator," *Popular Government* 59 (Winter 1994): 24–29.

2. *See* Lyle J. Sumek, "Performance Evaluation: Evaluate or Not? That Is *Not* the Question," *Public Management* 70, no. 2 (Feb. 1988): 2–9.

3. Sumek, "Performance Evaluation," 2.

4. Carlson, "How Are We Doing?" 27.

5. Linda Hopper, "Laying the Groundwork for Evaluation," *Public Management* 70, no. 2 (Feb. 1988): 10–12.

6. John Carver, *Boards That Make a Difference* (San Francisco: Jossey-Bass Publishers, 1990), 124.

7. For more information on identifying and testing inferences, *see* Rick Ross, "The Ladder of Inference," in *The Fifth Discipline Fieldbook*, ed. Peter Senge et al. (New York: Doubleday, 1994), 242–46.