Evaluating the Top Administrator: A New Approach

The "new science" offers the tools you need.

BY TERRIE TEMKIN

Evaluation. Few question the validity of a periodic review for all staff, including the top administrator. Board members and CEOs agree that it can be a beneficial tool to improve organizational functioning and enhance personal growth.

All too often, however, evaluation fails to live up to its expectations. In *Leadership and the New Science*, Margaret Wheatley offers insights that, applied to evaluation, suggest why this may be so.[1]

Her hypothesis is that management has been based on a Newtonian view of the world. This perspective, which dates back to the 1700s, assumes that a manager's role is to control. Such a mechanistic view is no longer supportable when we look at realities evolving from the "new science"—quantum physics, self–organizing systems theory, and chaos theory.

Wheatley's conclusions—extended here to the subject of evaluation—form Part I of this article, along with other reasons for less–than–optimum evaluations. Part II suggests an alternate approach to the traditional review process, based on the lessons of the new science.

I. WHY TRADITIONAL METHODS FAIL

Why is the evaluation process so often unsatisfactory? There are four main reasons:

1. We Hold Conflicting Expectations.

We can attribute some evaluation problems to the many expectations against which we measure nonprofit CEOs. We expect them to be both leaders and managers—unrealistic in itself since these are distinct jobs requiring very different skills.[2] Further, by charter, many responsibilities—such as setting direction, budgeting, and developing policy—belong to the board. Some boards are more conscientious or capable than others—a reality that affects the degree of control they retain and the expectations they hold of their administrator. And, because board makeup is constantly changing, board members' expectations frequently change too.

Within a nonprofit organization, the board is only one of many constituent groups that looks to the administrator to meet its expectations. Staff members, direct service volunteers, clients, community leaders, and funding sources are among the others. Given these groups' diverse needs, it's impossible to make them all happy. Meanwhile, as the external environment changes, the organization's expectations change as well. Thus, it's a problem simply to identify and limit the expectations the CEO is counted on to meet.

2. We Don't Like to Judge.

Human nature is a second stumbling block to effective evaluations. Because evaluation implies judgment, most people are uncomfortable with the process. Unless there's a major personality clash, a clear case of malfeasance, or bad publicity directly attributable to the CEO, most board members are hesitant to criticize.[3]

This natural reluctance allows small issues to become big ones. Then, when board members can no longer ignore the issues, they do one of two things:

1. They sugarcoat the feedback. Their legitimate concerns are lost among the accolades, and the administrator never gets the message.

2. They lash out in pent–up frustration, causing the administrator to respond defensively. Again, the message is lost.

3. Our Evaluation Tools Are Limited.

The inadequacy of our evaluation tools is yet a third reason that traditional evaluations are often less than satisfying.

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Many nonprofits use the same form to evaluate everyone in the organization. Clearly, the CEO's job differs significantly from the PR director's, the bookkeeper's, and the planned giving officer's.

Using forms designed specifically for evaluating nonprofit CEOs is not the answer. The job of CEO may vary more between organizations than between types of jobs. In many smaller nonprofits, the CEO is also the PR director, the bookkeeper, and the planned giving officer, as well as the program director and the special events planner!

Evaluation forms raise the first of many issues which the new science brings to our attention. For years, management experts have advocated designing evaluation forms around goals with clearly enunciated, measurable outcomes. Such outcomes are recommended because they are seen as objective indicators of success and they make control simple; the individual is or is not meeting the goals.[4] However, Wheatley would suggest that the process is never that uncomplicated. We live in a dynamic world where, as new situations arise or new people come into our universe, we are always affected. Goal attainment may become irrelevant or better served by change.

If the job you expect of your CEO is unchanging, then your organization will quickly slide into oblivion.

4. Our Scientific Assumptions Are Flawed.

The biggest problem with evaluation is that it rests on old, faulty scientific assumptions. Traditional evaluation is based on the idea that once we break people's behavior into small enough units of study, we can predict and measure that behavior.

The new science proves that idea false. As quantum physics shows, bias affects all attempts to measure. What you choose to measure says more about your perceptions than about reality. When you measure such factors as number of clients served, you lose your ability to focus on other—ultimately more meaningful—issues, such as, perhaps, your clients' quality of life.

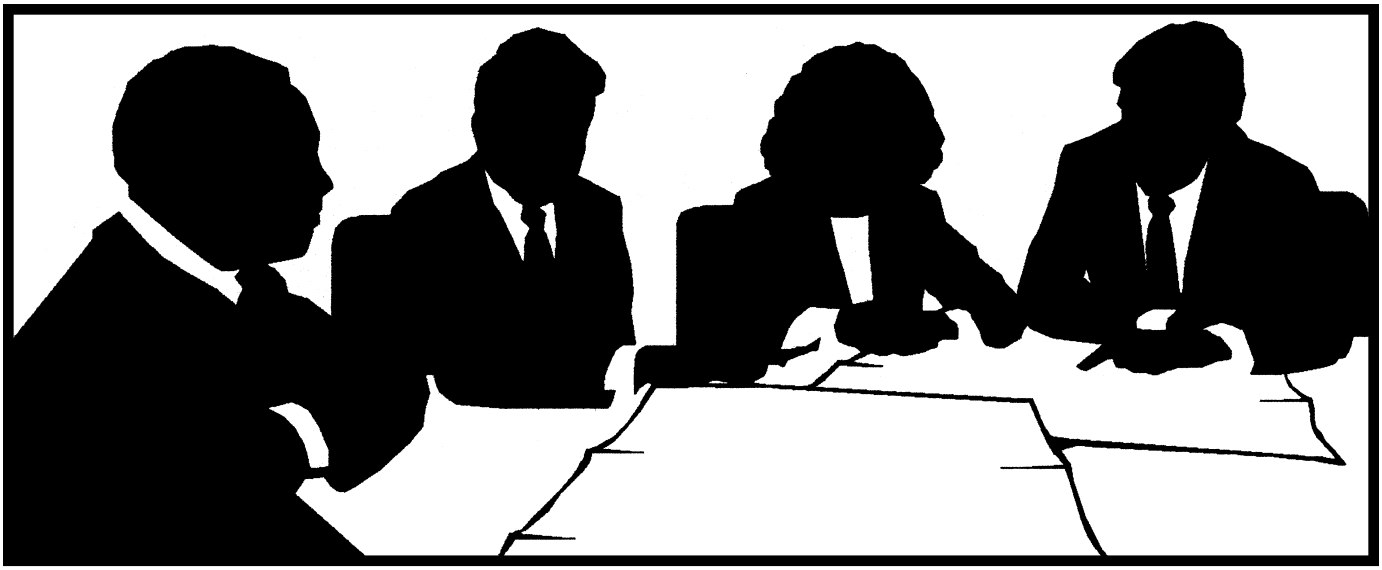
Traditional evaluation implies that there are fixed jobs with right and wrong ways to approach these jobs. Wheatley would again argue. First, the concept of "fixed" excludes change by definition. Change is what feeds life into an organization. If the job you expect of your CEO is unchanging, then your organization will quickly slide into oblivion.

The goal of equilibrium so many organizations seek is dangerous, Wheatley notes. In classical thermodynamics, equilibrium is the point just before death, when the organization's work has been completed and no new energy is available to sustain organizational life.

Using the example of a stream, Wheatley reinforces the philosophy that there is no one way to approach a job. The job of the stream, she says, is to flow. Sometimes it will hit rocks or trees or drop–offs. Each stream will deal with these hindrances in a different way. Some will flow around them, some will flow over them, and some will flow through them. If all streams did their job in the same way, she reasons, we'd either have all Grand Canyons or none!

II. AN ALTERNATE APPROACH

Having explored these four problems, it seems improbable that traditional evaluation methodology could ever be effec-



tive. So, if we still believe in the idea of evaluation, how can we proceed?

The answer to effective administrator evaluation is not simple.[5] We can, however, use the lessons of Part I of this article to develop the following key steps:

Step 1: Clarify Expectations.

The first step in effective CEO evaluation is to make expectations clear. To do so, you need to call a meeting between the board and CEO to discuss such issues as the division of responsibilities,[6] degree of interaction between board and staff, organizational philosophy and values, levels of performance, and requirements for increased remuneration.

This must be an interactive exchange. Too many board members give goals, objectives, and a job description to their CEO and then lament when the CEO "just doesn't get it." But what is "it"? We all—including the CEO—have our own expectations, our own definition of "it." Both parties must put their definitions, their perceptions, their desired outcomes on the table.[7] At that point, they can come up with common expectations and priorities.[8] However, both parties must understand that the list they generate is always subject to change, at which point the process begins anew.

Step 2: Individually Shape Criteria.

The second step of the evaluation process is to tailor criteria specifically for *your* top administrator. This process of identifying signs that indicate the job is proceeding as desired must be ongoing, based on your unique organization and its changing circumstances.

Since the administrator can't be and do everything, you must choose the criteria that matter most. The best way to do so is to focus on your organization's mission. Choose expectations that will best fulfill that mission, and design criteria to reflect them.

Step 3: Accept the Value of Measuring Quality over Quantity.

As we saw in the Part I of this article, setting measurable goals is not the answer, since organizational reality is constantly changing and we may be measuring the wrong things at any given time. Rather than setting goals for the CEO based on *quantity*, such as increasing your client base, focus on increasing *quality*. In a different context, Wheatley suggests looking "for patterns of movement over time and focus on qualities like rhythm, flow, direction, and shape."[9] In evaluating your CEO, then, you might assess such skills as building relationships, facilitating participation, listening, creating positive energy, and generating commitment.[10]

Just as changes in environment, staff, or finances affect definitions of "it"—or expectations—such changes also influence definitions of quality. Thus, you cannot hope to set the

Checklist for Evaluation

____ Do your board and administrator work together to create a list of job expectations for the administrator?

____ Do your board and administrator meet regularly throughout the year to be sure you continue to have similar expectations?

____ Do you allow for changing goals and priorities?

____ Do you expect your CEO to improve overall quality by focusing on such skills as building relationships, facilitating teams, and fostering commitment?

____ Do you give constructive criticism promptly rather than let small issues mushroom?

____ Does your administrator understand precisely what the board expects?

____ Are you careful not to demand too much of your top administrator? If you ask more in one area, do you scale down expectations in another area?

____ Do you tailor priorities and indicators of success specifically for your top administrator?

____ Do you prioritize your expectations so that both board and CEO know where most of the CEO's energies should go?

____ As your administrator's highest priorities, do you choose goals most likely to fulfill your organization's mission?

____ Are your administrator and board members all solidly committed to an ongoing evaluation process and willing to spend the time required?

____ Do you require an end–of–the–year report and informal evaluations at least once a month throughout the year?

To score: Give yourself 10 points for each "yes." **If you score 40 or below:** Quick, schedule a meeting of your board and CEO to forge a new evaluation system. **If you score 50–80:** Your heart is in the right place, but your evaluation system needs updating. **90 or above:** Congratulations, you're on the cutting edge. Your board and administrator are working as partners, and your organization is a winner.

criteria for quality once, early in the year, and then declare success or failure late in the year. Rather, you must see the criteria as dynamic, requiring constant renegotiation between the board and administrator.

Step 4: Gain an Ongoing Commitment.

It's essential to obtain a firm commitment from both the CEO and the board. This commitment must be to thorough preparation, open communication, and ongoing refinement of both the evaluation process and the action steps.

The renegotiation process will be painless if the board and administrator remain on similar wavelengths throughout the year. They can do so with regular briefing papers, frequent phone calls, and the occasional one–on–one visit over coffee.

Briefing papers are an excellent way for the CEO to update the board on day–to–day operations, upcoming issues, recommendations for action, and the rationale behind those recommendations. Board members' dissatisfaction with an administrator often comes from the sense that too much is occurring behind their backs. A regular (weekly, bi–weekly, or monthly) report is an easy way to inform board members and give them time to think through issues.

Periodic phone calls and visits give each board member a chance, individually, to exchange perspectives and raise concerns with the CEO. These talks let them revisit expectations in an atmosphere that encourages mutual understanding, renews commitment, and provides no audience for grandstanding.

Such an ongoing exchange will eliminate the once–a–year attempt at course correction that serves as the annual evaluation in many organizations. The results of such evaluations are often shelved as soon as the interviews end.

There is value, however, in formally reviewing accomplishments once a year. A written summary is useful for all the organization's constituents. It serves as a base from which they can reevaluate their performance, brainstorm new ideas, and build for the future. The CEO is the appropriate person to write up that year–end report.

Change is what feeds life into an organization.

Step 5: Focus on the System.

While much of this article is the antithesis of evaluation as we commonly know it, Wheatley suggests that we "fear both ambiguity and complexity in management because we still focus on the parts, rather than the whole system."[11] In this article, we are recommending that if our true purpose for evaluation is to improve our organizations, then we must focus on the whole system when we design our evaluation procedures. That means we can no longer isolate the actions of the administrator. It also means that both board and administrator must commit themselves to a working partnership. While it is far more work, such a commitment will produce a stronger, more resilient organization than the traditional evaluation process ever could. ■

Footnotes

[1]Wheatley, Margaret J., *Leadership and the New Science: Learning about Organization from an Orderly Universe*. See Wheatley in "Selected References."

[2]"Leaders" are responsible for creating a vision—a direction—and the enthusiasm that will drive the organization to achieve that vision. "Managers" are responsible for accomplishing the mission through such activities as planning, budgeting, staffing, controlling, and problem–solving.

[3]Even board members who conduct regular employee reviews in their places of business shrink from doing so in the nonprofit board room.

[4]This is the philosophy of "if you can't measure it, you can't manage it."

[5]Wheatley would probably eschew evaluations completely!

[6]While conventions exist defining the division of responsibilities between board and staff members, some organizations knowingly assign responsibilities in a way that doesn't fit the model. And, as more organizations adopt the trend toward fluid organizational structures, the traditional divisions of responsibilities will break down further, requiring an even greater need for clear expectations.

[7]One way to get at these expectations is to ask both board and administrator to write out the tasks they believe are the responsibility of each—as well as standards of performance—and then compare lists. If there are major differences between these lists, discussion should center on negotiating agreement.

[8]Wheatley warns against making judgments about which positions might be "correct." Each might have significant value as the environment and the needs change.

[9]Op. cit., p. 43.

[10]Both the board and administrator must be part of this criteria selection process, since a key management principle is that people support what they have a hand in creating.

[11]Op. cit., p. 109.

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