

## **CEO Annual Performance Review During COVID**

### **Questions:**

*How should the Governance Committee and the Board of Trustees go about conducting the CEO's annual performance review, analyzing compensation benchmarking data, and setting compensation this year? As you know, CEO goals agreed upon at the beginning of the year are not all attainable; the CEO has shifted priorities to respond to the impact of COVID-19; and comparative data on compensation in this kind of economic environment is not available. We are in uncharted territory.*

### **Answers:**

One of the most important responsibilities of a governing board is to evaluate the CEO. The CEO's "annual" performance appraisal should be "annual," despite the current crisis (unless it is too overwhelming, and creates undo havoc on the organization, in which case it could be postponed). That does not mean that it must take the same form as usual. For example, you might include a smaller group of people in the assessment this year--perhaps just board officers. And, although the "goals set at the beginning of the year are not all attainable" surely some of them have been met and that progress should be assessed and documented.

Something the board should be assessing is how the CEO is handling the crisis. This means that the board should also be thinking about its own performance in supporting the CEO and giving the CEO appropriate feedback throughout this ordeal. The idea here is not to cast aspersions or stand on the sidelines and grouse; rather, the board chair should be a partner in the process of thinking aloud with CEO, providing counsel and advice when asked, and to just be a sounding board. The CEO is under enormous pressure right now, so do not pile on.

Any good performance review is a dialogue and now may not be the time for that dialogue, specifically, but I encourage you to talk to your CEO about what they think about the annual review and what they need. Some of that may depend on the CEO's tenure.

In terms of compensation, this may be a time when the CEO wishes to take no raise or even a cut (something many university and college presidents and their senior admin teams are doing). Comparative data are always available.