*This sample policy attempts to address two issues that frustrate many executive directors, a failure of their board to provide regular evaluation and to authorize COL wage adjustments, adjustments not dependent on a periodic performance review.*

*It should be noted that the policy does not go into detail about what specific performance indicators may be used but does suggest that a template be developed and negotiated and appended to it.*

Executive Director Evaluation and Compensation

**Performance Evaluation**

The board will, at least every other year, formally review the performance of the Executive Director. The review process, persons involved, areas to be reviewed, criteria and evidence used will be determined in collaboration with the ED.

The ED’s performance will be based on:

* Leadership in the achievement of the organization’s strategic goals for which both the Board and ED are responsible
* Implementation of and/or compliance with Board policies
* Effectiveness in supporting the work of the Board /communications with the Board
* Effectiveness in working with staff and external stakeholders

Other criteria may be added.

This evaluation does not take the place of regular feedback to the ED from the board. Neither does it prevent the ED from formally requesting and receiving more timely feedback on these or other matters.

The ED’s reports to the board will be organized such that they document the organization’s and his/her own performance on the above responsibilities and therefore can be used in the evaluation.

The responsibility for the design and conduct of the evaluation rests with the whole board. The board may appoint a committee to carry out the evaluation and this committee shall include at least one other staff member. An ED evaluation template or tool may be appended

**Compensation**

The ED is entitled to a cost of living or inflation adjustment to her/his salary every year, added for the latest year a recognized Cost of Living Index has been calculated. The ED may make this adjustment.

The Board will review the ED’s compensation (salary and benefits) upon completion of each formal performance review. The compensation review will involve a comparison of the ED’s salary and benefits with that offered in comparable positions and organizations. This review will be shared with the ED. Any adjustments indicated will be negotiated as part of the renewal of the ED’s contract.

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Note: This sample policy may be freely used and adapted by non-profit organizations without crediting the source.