

# Welcome to the Webinar!

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We will be getting started promptly at the top of the hour, and until then, you will not be hearing any audio. Feel free to reach out via the Chat function with any questions you may have.

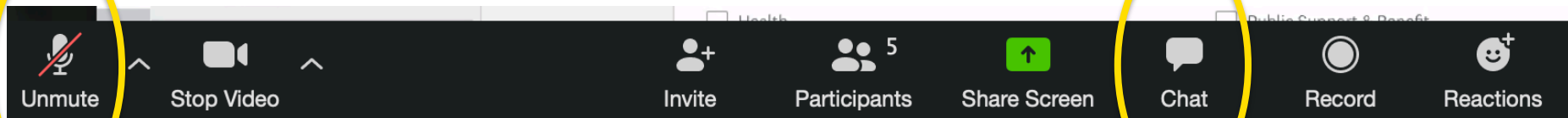
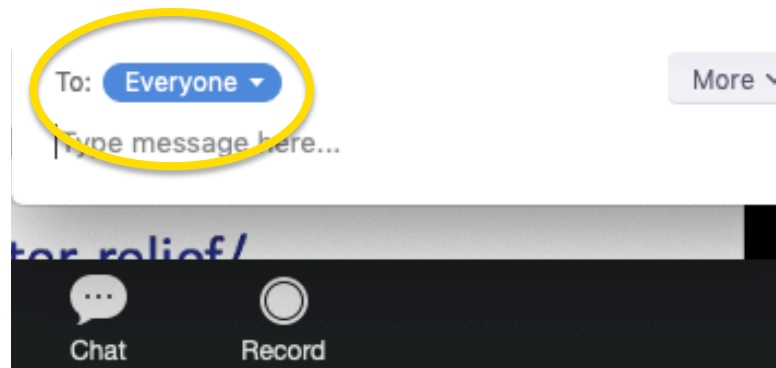
While you're waiting, please type into the Chat ...

- Your name
- Your organization
- Your role



# Housekeeping: The Redux

- Getting comfortable with Zoom guide at [nonprofitctr.org/zoom-guide](https://nonprofitctr.org/zoom-guide)
- Throughout the session, use the Chat feature at any time – you can chat privately to an individual (such as your host) or to Everyone.



# Housekeeping: The Redux

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- Later on today, we'll go into Breakout Rooms to give you a chance to talk directly to each other!
- Check out our Zoom Guide at [nonprofitctr.org/zoom-guide](https://nonprofitctr.org/zoom-guide)
- Use the “rename” feature to ensure that your name is correct, and consider adding your organization and/or pronouns
- “Hide self view”



**NonprofitCenter**  
of Northeast Florida

# Executive Performance Evaluation and Compensation

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Nonprofit Center  
January 12, 2021

# Your Nonprofit Center Co-Hosts

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**Rena Coughlin**



**Issis Alvarez**



# Nonprofit Center Mission

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The Nonprofit Center **connects, strengthens** and **advocates** for a strong nonprofit community.

- Nuggets e-news
- Workshops & Trainings
- Job Posting
- Resource library, website
- Advocacy & Lobbying
- 3 information platforms
- 300 Nonprofit Members
- Staff Consulting
- Peer Convening Groups
- Community Coaches
- Board Bank
- Research

[nonprofitctr.org](http://nonprofitctr.org)

# Introductions

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- Name, organization, and role

# Today's Agenda

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- Breaking Down Roles: Executive and Board
- Performance Review and Compensation: Why It Matters
- Local and National Practices
  - The What: Defining the Right Universe of Variables
  - The How: Process Approaches
  - Contracts and Other Key Considerations
- Frequently Asked Questions and Helpful Resources
- Discussion and Q&A

# Thank You!

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The 2020 Northeast Florida Nonprofit Compensation & Benefits Report and this training were made possible with generous support from

**JPMORGAN CHASE & CO.**

# Stronger Nonprofits Framework



**NonprofitCenter**  
of Northeast Florida

The Nonprofit Center connects, strengthens,  
and advocates for a strong nonprofit community.

# High-Performing Leadership Teams

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## Characteristics:

- Strong leadership pipeline through effective succession, transition, and hiring practices for board and executive staff
- High degree of board expertise and engagement
- Good alignment between volunteer and executive leadership
- Prioritize building strong management and talent development strategy and practices

# **Roles and Responsibilities of the Board & Executive**

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The Organization's Cornerstone Partnership

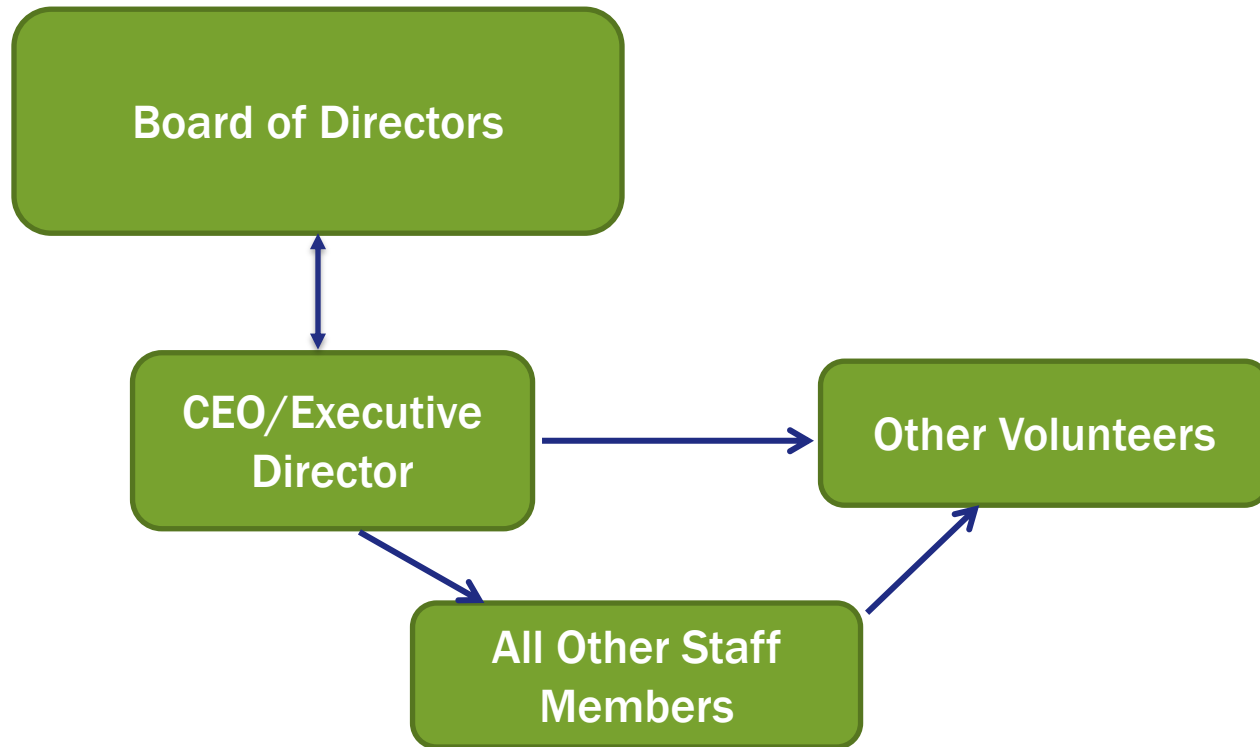
## But First, a Quick Poll

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- Does your organization's board annually review the executive's performance?
- Does your board/executive have annual performance goals?

# Staff and Board Roles

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# Roles of the Board & Executive

## BOARD

- ❖ Determine mission and purposes, and advocate for them.
- ❖ Select, support, and evaluate the chief executive.
- ❖ Ensure effective planning.
- ❖ Monitor and strengthen programs and services.
- ❖ Ensure adequate financial resources.
- ❖ Protect assets and provide financial oversight.
- ❖ Build a competent board.
- ❖ Ensure legal and ethical integrity.
- ❖ Enhance the organization's public standing.

## CEO

- Commit to the mission.
- Lead the staff & manage the organization.
- Lead & manage fundraising.
- Follow the highest ethical standards, ensure accountability, & comply with the law.
- Engage the board in planning & lead implementation.
- Develop future leadership.
- Build external relationships & serve as an advocate.
- Ensure the quality & effectiveness of programs.
- Support the board.

*Source: BoardSource, 10 Basic Responsibilities of Nonprofit Boards and : The Nonprofit Chief Executive's 10 Basic Responsibilities*

# Governance vs. Management Roles

	Governance	Management/Operations
Policy	Sets policy related to finance, strategic direction, mission and vision, etc.	Implements Board policy
Fundraising	Approves fundraising goals; participates in fundraising activities; makes an annual personal gift	Develops fundraising plans; sees that they are implemented
Programs	Approves budget that provides adequate resources for programs	Develops and implements programs and manages day-to-day activities
Planning	Creates, approves, and modifies mission. Approves strategic goals and objectives.	Participates in board planning efforts. Develops operational plans based on strategy.
Finance	Ensures that the CEO is managed and supported effectively, that the organization complies with laws, approves budget	Provides regular financial reports to Board, manages day-to-day financial affairs

# In Depth: Roles of the Executive

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- Commit to the mission.
- Lead the staff & manage the organization.
- Lead & manage fundraising.
- Follow the highest ethical standards, ensure accountability, & comply with the law.
- Engage the board in planning & lead implementation.
- Develop future leadership.
- Build external relationships & serve as an advocate.
- Ensure the quality & effectiveness of programs.
- Support the board.

# Leap of Reason: Leadership Approach for Boards and Executives

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- Are **humble enough to seek and act on feedback** on their own performance and that of their organization.
- Recruit, develop, engage, and retain **the talent necessary** to deliver on their mission.
- **Marshal the external partners and resources** necessary to deliver on their mission.
- Cultivate trust-based relationships with key policymakers.
- Engage in **succession planning for CEO, board chair, and other senior leadership roles.**
- **Cultivate diversity, equity, and inclusion** at every level of the organization.
- Treat **internal and external communications as a strategic function** that is essential for delivering great results and not just good PR.

# Executive Evaluation & Compensation Process: Why It's Important

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- **Mission achievement:** Creates a process for give and take on setting goals and holding each other accountable
- **Continuous improvement:** Celebrating successes and sharing candid feedback is essential to growth
- **Leadership sustainability:** Ensuring that the organization is appropriately compensating the executive
- **Clarifying expectations:** Improves communication, facilitates better oversight, and improves performance
- **Liability and public scrutiny:** Ensuring a process that is clearly defined and well thought out reduces risk AND it's required to be described on the IRS Form 990

# Why Is It So *HARD*?

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# The Local Landscape

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An Analysis of Northeast Florida CEO Demographics  
and Compensation Practices

# Why a Compensation & Benefits Report?

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- Nonprofits need local compensation data that is current, accurate, and detailed
  - Attracting and retaining the best and brightest talent
  - Creating effective organizations
  - Adhering to regulations
- Local compensation data provides answers to important questions about management employment practices, such as wage gaps, overtime practices, benefits, and equity
- Most nonprofits spent the majority of their budget on personnel — i.e., the change-makers themselves

# About the Report

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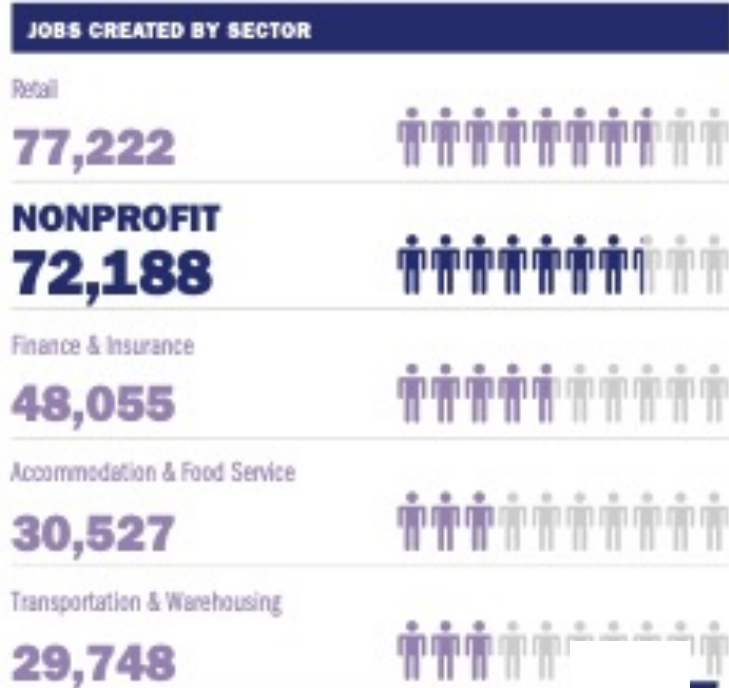
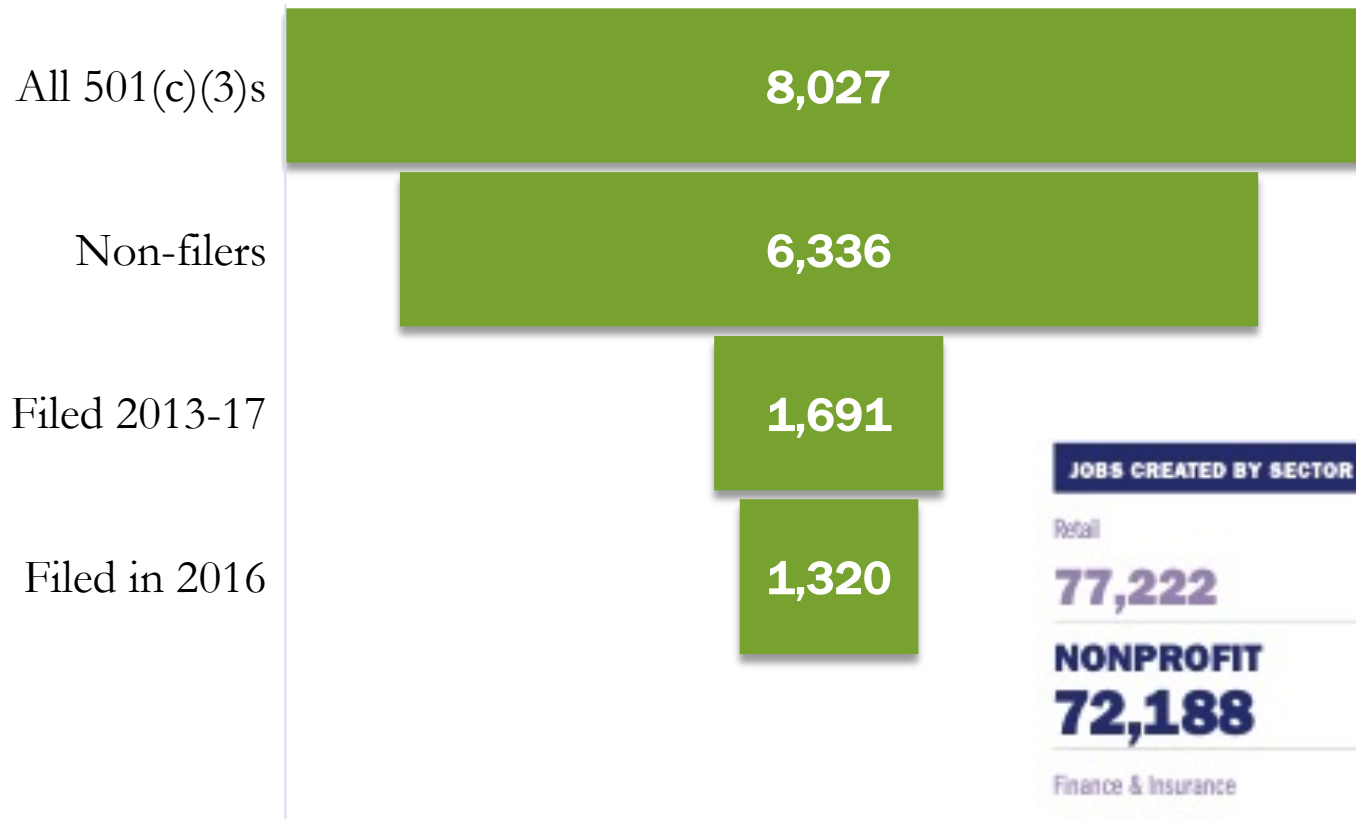
## WHO

- 101 Northeast Florida nonprofit organizations
- 7,000 employees represented
- \$2,189,972 - Median budget of participating organizations
- 10 fields of service

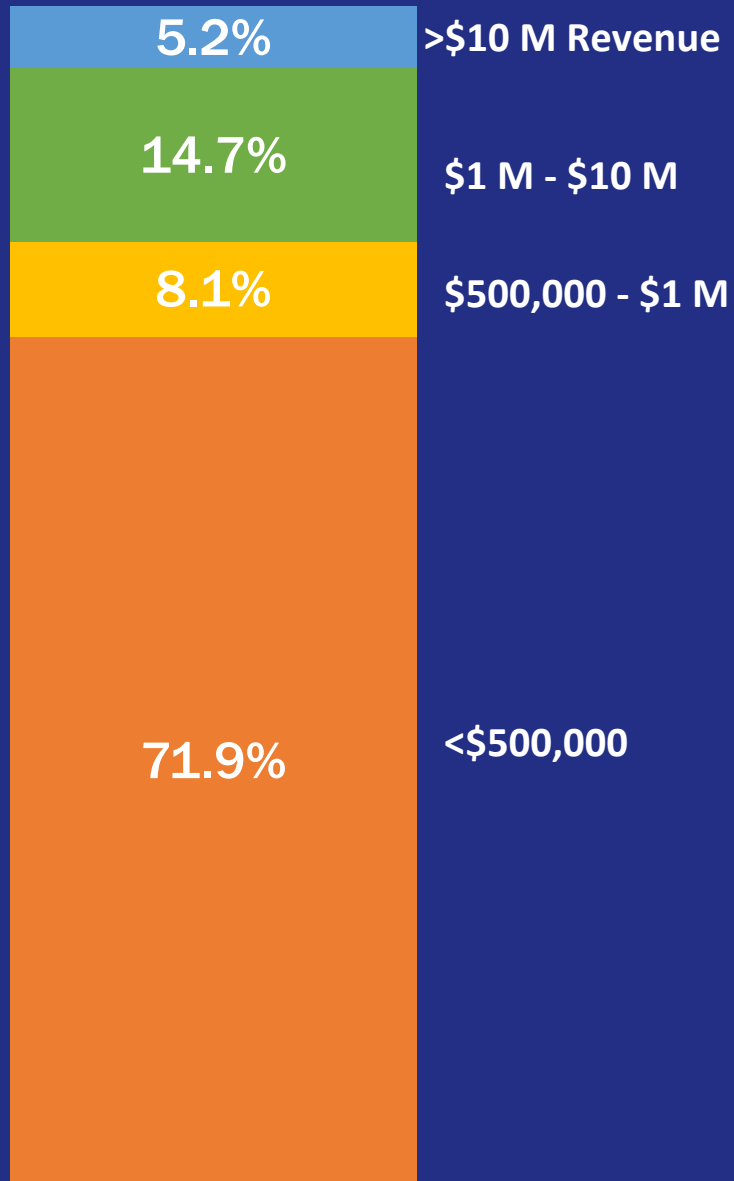
## WHAT

- 93 different job titles
- Benefits, compensation, and demographics
- Volunteer use, turnover, anti-discrimination policies
- Represent actual practices, not an ideal

# Putting the Survey in Context

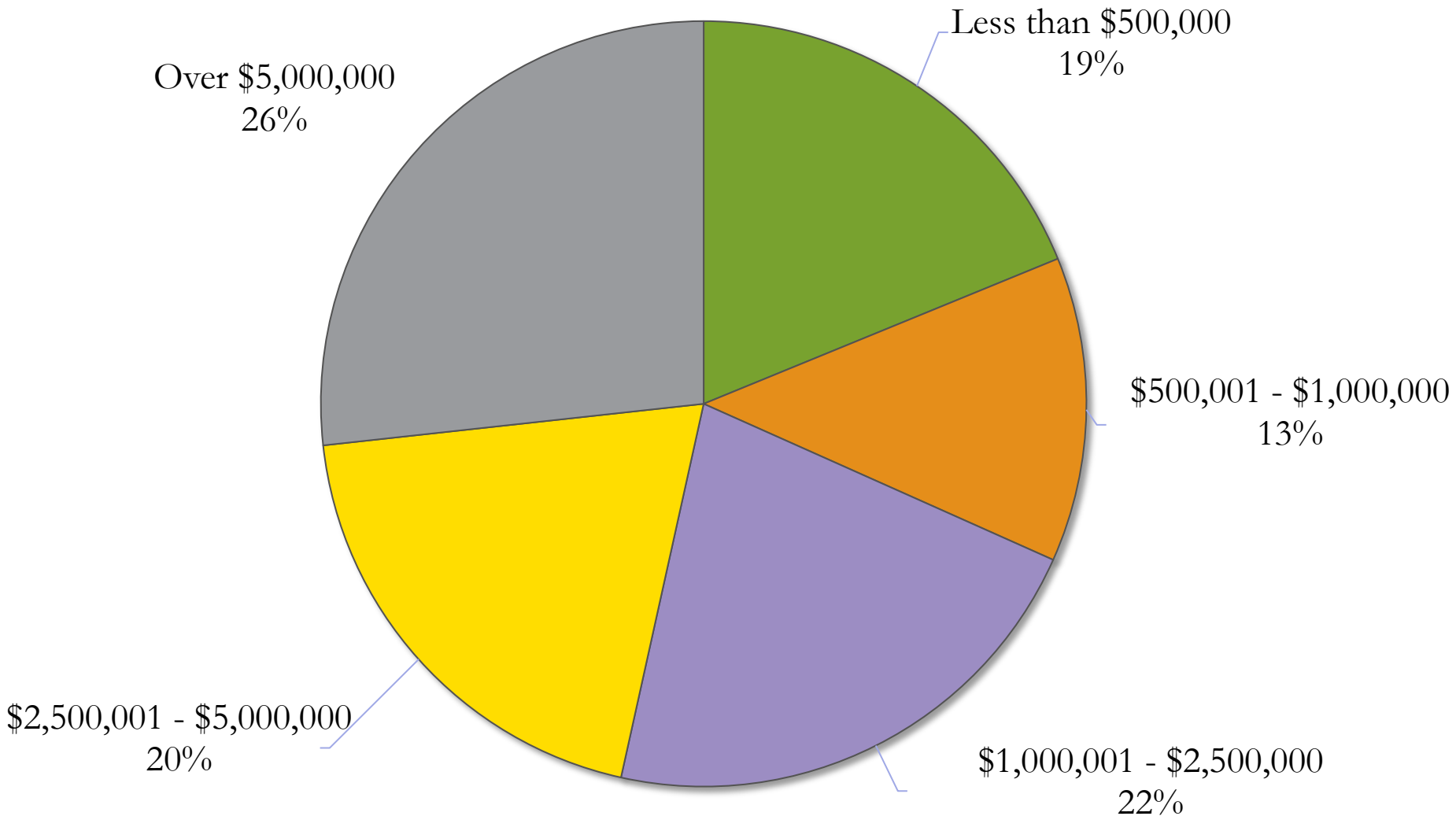


# Most organizations are small



# Survey Participants by Budget Size

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# Survey Participants Staff Size by Budget

Annual Expenses	Average Number of Full-Time Equivalent Employees (FTEs)
To \$500,000	3
\$500,001-\$1,000,000	7
\$1,000,001-\$2,500,000	16
\$2,500,001-\$5,000,000	52
Over \$5,000,000	105

# Key Findings: Leadership Teams

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**Sector leadership is overwhelmingly White:**  
**87% of CEOs, 81 % of board members.**

What is the impact on communities we serve?



**Sector staff are 78% female.** Yet the majority of board members are male, and male CEOs make more than female CEOs.



**The average CEO is 56 years old and has been in their role for 8.4 years.** Overall, 28% of organizations expect a transition in the position in the next 3 years.

# Key Findings: Wages

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**39% of jobs pay less than \$15/hour.** How do we address systemic inequities, react to regulatory changes, and advocate for improved grant terms?



**Median base pay for all non-executive employees in the survey is \$35,000.** This is comparable with the region as a whole.



**84% reported salary increase budgets in their current fiscal year, with an average increase budget of 2.6%.** How will the pandemic and recession impact future plans?

# Key Findings: Practices and Benefits

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**96% of organizations have a non-discrimination policy.** Yet only 71% have non-discrimination policies that include gender identity and expression, and 81% have a policy that covers sexual orientation.



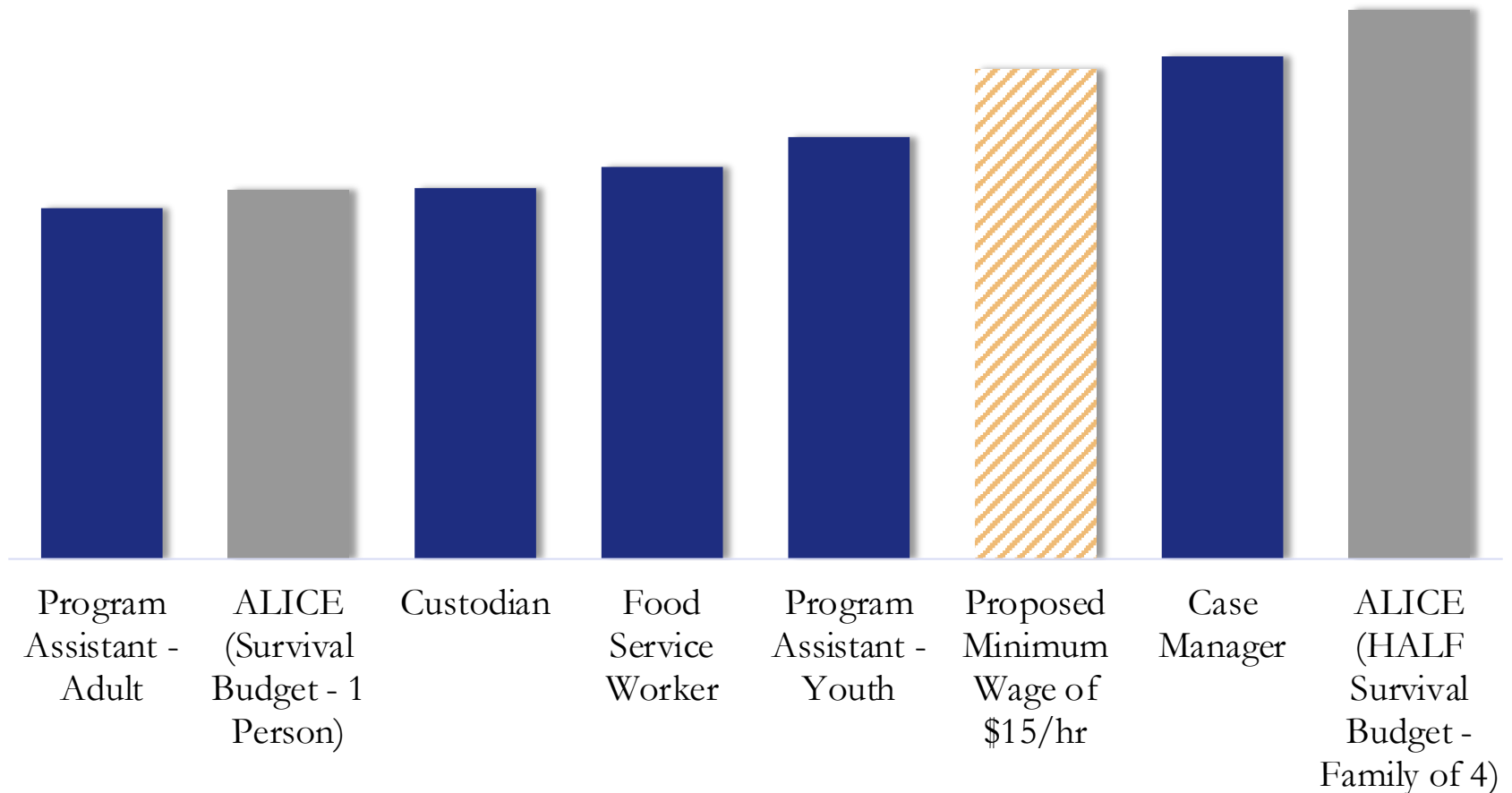
**82% offer some type of insurance coverage,** at an average cost to these organizations of \$580 per employee per month.



**53% have a completed and updated emergency succession plan in place for their CEO position.** 48% have a completed and updated non-emergency succession plan.

# Essential Nonprofit Worker Median Salaries Compared to ALICE Wages, 2019

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# Race/Ethnicity of Leadership Teams

Race/Ethnicity	% of CEO/Executive Directors	% of Board Members
African-American/Black	9%	14%
Asian-American	1%	2%
Caucasian/White	87%	81%
Hispanic/Latinx	1%	2%
Two or more races	1%	1%

*Less than 1% or no responses recorded for Native American/ Alaska Native, Native Hawaiian/ Pacific Islander, or other race reported*

# Nonprofit Exec Compensation & Benefits

Annual Expenses Groups	Median Base Pay for CEO/Executive Director
To \$500,000	\$63,548
\$500,001 - \$1,000,000	\$84,000
\$1,000,001 - \$2,500,000	\$111,100
\$2,500,001 - \$5,000,000	\$126,364
Over \$5,000,000	\$163,571
<b>Median for all</b>	<b>\$115,000</b>

Level of Education	# of Incumbents	Median Salary
High School	0	n.a.
Some College/Associate's Degree	3	insufficient data
Bachelor's Degree	35	\$107,000
Master's Degree	44	\$115,324
Doctorate	13	\$135,000
<b>Total Responses</b>	<b>95</b>	<b>\$115,000</b>

# Nonprofit Exec Compensation & Benefits

Benefit	% of Organizations Offering Benefit to CEO/Executive Director
Financial planning services	12%
Reimbursement for cost of professional license/credentials	35%
Tuition or tuition reimbursement	19%
Professional conference attendance	88%
Professional development classes	78%
Transportation and/or travel	75%
Car leasing	7%
Car ownership	5%
Cellular phone/handheld device monthly fee	45%
Personal technology purchase or lease	4%
Cost of home internet provider	0%
Personal liability insurance	7%
Membership in health club	8%
Membership in fraternal club	3%
Professional membership dues	52%
Service on external volunteer boards/committees	40%
Sabbatical (paid time off)	21%
Employee Assistance Program (EAP)	41%
Telecommuting/remote working	47%
Housing/housing allowance	3%
Additional vacation time	23%
Additional contribution to medical insurance	15%
Additional contribution to life insurance	15%
Additional contribution to disability insurance	12%
Additional contribution to long-term care insurance	5%
Additional contribution to retirement plan	20%

# Nonprofit Executive Compensation & Benefits

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- Professional conference fees 88%
- Professional Development 78%
- Transportation/Travel Reimb. 75%
- Professional membership dues 52%
  
- Cost of home internet 0%
- Professional tech purchase 4%
- Housing/Housing Allowance 3%
- Long-term health insurance 5%

# Nonprofit Executive Compensation & Benefits

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- 51% have a formal policy that allows for incentive pay for their CEO/ED
- 34% of CEOs/EDs have a contract
- 53% have a completed and updated emergency succession plan in place for their CEO/ED position
- 48% have a completed and updated non-emergency succession plan in place for their CEO/ED position

# Boards of Directors: Local Profile

Gender	# of Board Members	% of All Board Members
Male	844	54%
Female	727	46%
Other gender identity/Non-binary	1	<1%

Age	# of Board Members	% of All Board Members
Under 40 years old	300	21%
40 years and older	1150	79%

# Boards of Directors: Local Profile

Ethnicity	# of Board Members	% of All Board Members
African-American/Black	221	14%
Asian-American	25	2%
Caucasian/White	1,292	81%
Hispanic/Latino	29	2%
Native American/Alaska Native	1	<1%
Native Hawaiian/Pacific Islander	2	<1%
Two or more of the above	4	<1%
Other	12	1%

# Racial Inequities in Nonprofit Leadership

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The Building Movement Project's Race to Lead reports (2016 & 2019) focused on the racial disparities present in nonprofit leadership. Survey findings included:

- BIPOC leaders were 16% more likely to report that their race played either a very negative or slightly negative impact in their career advancement. (10% increase from 2016 to 2019)
- Between 2016 and 2019, white leaders reporting that their race positively impacted their career advancement increased by 17% suggesting learning and education around white privilege.
- White people in the sector are more likely to receive additional income like bonuses or cost of living increases.

# Other Data

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- <https://flnonprofits.org/page/CompensationSurvey>
- Edyth Bush Institute (Central Florida):  
[https://ebi.rollins.edu/page/salary\\_survey?&hhsearchterms=%22compensation%22](https://ebi.rollins.edu/page/salary_survey?&hhsearchterms=%22compensation%22)
- National Council: <https://www.councilofnonprofits.org/tools-resources/executive-compensation>
- Special Trade Association surveys (Museum, Housing, Health, Youth, etc.) or National NP template (YMCA, Red Cross, Girl Scouts)
- Regional Chamber or For-Profit surveys
- Specific Custom Comparable Surveys: Similar mission, size, geography, employees, tenure of the executive, etc.

# Amendment 2

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- What does Amendment 2 call for?
  - The initiative calls for an increase to the state's minimum wage incrementally until reaching \$15 per hour in September 2026.
- Timeline for changes:
  - **2021:** Increase minimum wage from \$8.56 to \$10 by Sept. 30.
  - **2022-2026:** \$1 annual increase (implementation date of Sept. 30) until \$15 is reached in 2026.
  - **2027:** The measure requires an annual adjustment to the state minimum wage based on increases to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) beginning on September 30, 2027.

# Amendment 2: Discuss

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- Is your organization concerned about its impact?
- Has your organization begun to create a plan for how you will implement this change?
- Are you interested in engaging with additional resources around this topic?

# Executive Performance Review

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Approaches and Evidence-Based Practices

# Before You Begin

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**Is there an up-to-date job description for the CEO?**

- Does it incorporate *organization specific* requirements and expectations?

**Is your board clear on its role in the evaluation and the process?**

**Does the organization have the following?**

- Vision and mission and values?
- Strategic plan with annual goals/objectives for the organization?
- Performance goals for the executive?
- An explicit approach to addressing DEI and implicit bias?

# Elements of an Executive Evaluation

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**Job Description:** Clear and specific to the mission

**Annual Goals:** Priorities and accomplishments for the previous year and coming year mutually agreed on by CEO and board

**Process:** Defined roles for board members and board chair, evaluation instrument, and meeting structure, all designed to fit with organizational culture

**Self-Evaluation:** The written assessment provided, with the goals, to the CEO by the board.

**Evaluation:** The written assessment by the Board of the Executive and shared with the Executive.

*Consider this scenario ...*

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**You just became chair of an arts organization that is run by its founder and has three staff members. You became the board chair after being on the board for only one year. It has come to your attention that the board has never formally evaluated the CEO (the founder) and doesn't seem too concerned about it.**

# Think, Pair, Share

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**THINK:** What would you do in this situation? Why is a board or an executive reluctant to participate in an evaluation process?

(7 minutes)

**PAIR:** Break out into groups of 2-3. Discuss your responses with each other and look for commonalities.

**SHARE:** Designate a spokesperson from your group. Report back to the entire group with 2-3 key takeaways from your discussion.

# The What & How of Evaluation

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Selecting the Right Process and Variables

# What to Evaluate

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**Qualitative and quantitative factors of individual performance are important.**

- Quantitative: Measurable achievement of goals, alignment with organizational goals and values, fiscal management, etc.
- Qualitative: Intangible qualities that may have an impact on the organization, such as relationship with the board, staff, and the community

Key considerations

- Ensure inclusion of organization-specific skills and needs
- Have the job description at hand
- Keep an eye out for self and group biases
- Consider gathering input from staff or community sources

# What to Evaluate: Tips

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- The process, job description, and instrument should be a collaborative effort between board and executive
- Ensure goals, instrument, and process align with the organization's mission, vision, values, and strategic plan
- Check with similar organizations (or the Nonprofit Center!) for specific areas

# The How: Who Should Be Involved

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- Leading the process: The board chair with assistance from the Governance Committee and/or an external facilitator or assessment instrument
- Every board member should have some opportunity for input
- Board chair is responsible for finalizing the assessment and meeting with the Executive to review and discuss.

# Sample Process: The Nonprofit Center

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- Executive Annual Goals approved by full board Q1.
- Governance Committee initiates Performance process Q3.
- Governance Committee reviews/edits/approves the Performance Evaluation document and distributes it to Board members (Electronic Survey).
- Full Board participates in the Performance Evaluation, returning the survey to the Governance Chair.
- Governance Chair summarizes the results and meets with Board chair to discuss.
- Full Board meets in Executive Session Q4 to review and discuss evaluation summary; CEO compensation is discussed and settled.
- Board Chair meets with Executive after the Board meeting to discuss evaluation and compensation. New annual goals discussed and jointly developed.

# Common Pitfalls and/or Warning Signs

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- Board provides feedback to the executive only once a year.
- Leadership team (ie board and CEO) have no process for setting goals and holding each other accountable.
- Large pay discrepancies or lack of an overall compensation plan for the organization.
- Executive refuses pay increases year after year.
- Board never/rarely meets in Executive Session
- Strategic Plans aren't converted to measurable goals that are regularly discussed.

# Frequently Asked Questions

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- How do I get my board to do my review?
- What's a typical process?
- How do we establish annual goals?
- Should my board seek feedback from staff and/or other stakeholders?

# Boards Need to Evaluate Themselves, Too

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- Who?
  - Individual Board members
  - Board meetings
  - Board work and responsibilities as a group
- How?
  - Peer-to-peer, using Governance Committee or neutral party
  - Written evaluations or interviews
  - Use and/or follow up on results
  - Ongoing feedback loops
  - Third party evaluations

# Taking the Next Steps: A Checklist

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- If you are a member: Log in to the member portal and download the full report today. A \$300 value!
- If you are not a member: Download the Executive Summary from our website. To get the full report, join today, or you can purchase the report online.
- Register for an upcoming training to put the data to use in your organization.
- Schedule a presentation for your board – contact us for more information!

# Questions?

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# Upcoming Events

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- **The Jessie Advocacy Series: Repositioning for Strength Updated Research Launch** – Tuesday, January 26, 3:30-4:30PM
- **Board Roles & Responsibilities** – Wednesday, February 3, Noon-1:30PM
- **2020 Compensation & Benefits Report: Developing a Compensation Plan** – Friday, February 5, 9-11AM
- **Essentials: Nimble Budgets** – Thursday, February 18, 9-10:30AM

For more information visit [nonprofitctr.org](http://nonprofitctr.org)

# Contact

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904-425-1182

# Thank you!

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**NonprofitCenter**  
of Northeast Florida

*Connect • Strengthen • Advocate*