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Webinar Series Presents:

Performance Review: The Complete Guide to Evaluating the Family Foundation CEO

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Presenters: Beth Casselman, Executive Director, The Clowes Fund; Julie Fisher Cummings, Vice Chair and Doug Bitonti Stewart, Executive Director, Max M. & Marjorie S. Fisher Foundation and Virginia Esposito, President, National Center for Family Philanthropy

Kathy Whelpley: We would like to spend just a quick couple of minutes getting a better sense of your own experiences with performance review. We have a couple of poll questions that we'd like you to ask-- answer. Please respond as quickly as possible.

And the first poll question is about where you organization and, you, as an individual, are in the CEO performance review process? Thank you.

Answers are coming in. It looks like, so far, the majority do not have a process of any kind. It looks like about 43%, 44% of you don't have a process of any kind. About 29%, I guess, have an informal process and are considering adding to it or making changes. About 23% have a formal process and are looking to make changes, and only about 5% of you are not planning to make any changes at all. So, that's good.

Okay. I think we have the second poll question now and this is about who bears the responsibility for conducting CEO performance review?

This is great. It seems like we're even-- pretty evenly divided. We've got the Board Chair and the Board as a whole having right around 30% to 35%. It's kind of split between that, as well as a Board committee. So, lots of emphasis on the Board has having responsibility. Only 5% note that the CEO has primary responsibility and 8% mark other.

Now our last-- that's great, thank you. Our last poll question is around, if you have established a CEO performance review process, do you think that it's helped the foundation to better measure its overall performance. So, has it translated into more assessment of the overall foundation impact?

Looks like we're pretty evenly divided between yes, no, and not sure. That's great.

Well, listen, thank you all for sharing a bit more about your reasons for joining today's webinar. It looks like we've got a lot of interest in this topic. We had quite a large number

of people sign up for this. So, please join me in welcoming today's first speaker, who is Ginny Esposito, the Founding President of the National Center for Family Philanthropy.

Now for more than 30 years, Ginny has worked really to advance private philanthropy, really, through research and education and 15 years last week, Ginny founded the National Center to study, to support, and to enhance the practice of family giving.

Today, she's the nation's foremost proponent and expert on the value of family philanthropy. And we're thrilled that she could be here to talk about the research that she helped conduct.

Let me turn things over to Ginny.

Virginia Esposito: Thank you very much, Kathy. First of all, let me say that the research that we worked on for about two years interestingly parallels the-- some of the answers that you all gave just a few minutes ago. So, let me after this call, go think about whether or not two years is really necessary, going forward.

Certainly, the overall finding when we started talking to CEOs and also there was a piece of the study that talked to Board Chairs and family leaders about their attitudes towards CEO and executive leadership, confirms that very few CEOs received a satisfying assessment. In reality, we found that less than 10% reported that they had a satisfactory assessment.

Now, this was in the personal part. I will tell you, there was also an online study where that result was a little bit higher, but I will also say that one of the issues for that group is we couldn't exactly go back and re-poll them as to the extent of that assessment.

So, why don't people do it? Well, from what we found out in the study, the first one is that a lot of CEOs believe that their family and Board are uncomfortable with the entire process, that it doesn't feel like something they want to do as a part of this work, it doesn't feel that it's in the spirit of the giving, or there's just an awkwardness about it.

Now, part of that could be the second bullet, which says that a personal or, if you will, a family relationship develops between the Board and the CEO and that makes evaluation very uncomfortable. And so, you know, we always hear this as the good part, you know, and a more difficult part to some of these things.

There are wonderful good things about the incredibly warm and mutually supportive relationships that can develop between a Board and a CEO, but for some, that makes it difficult to handle some of the more, you know, objective, professional parts of the relationship. The personal may be fine. Perhaps the professional is a little more difficult.

And then if I have to say, some CEOs recognize that there isn't any and they're fine without one. They are just very happy that there's no-- you know, nothing to complicate the relationship at all.

So, anyway, I will also say that in many-- you know, it's not a great majority of the answers where there was a really good performance, that process was instituted by the

CEO. It was the CEO who reached out, helped to find examples, and helped to make it possible.

Okay, just because this is common practice doesn't necessarily mean that for a lot of foundations this is good practice. First of all, any planning, performance planning and assessment can do one thing that I learned was critical to the effectiveness of the CEO-Board relationship and that's shared goals and priorities.

I learned that when the Board and the CEO really understood what the major priorities were for any given year and they had mutually agreed to those, there was less confusion about what we're working on, what the CEO is spending most of her time on, what he may be doing and is that at all in line with what the Board thought we hired this person to do.

So, that certainly gets a lot more clear for families and it creates better communication between the Board and the CEO about what are the results of our work and what are our challenges. Some call this "the level playing field." They reported that prior to an assessment process, it was very easy for the Board and for the CEO to be working on very different things and-- or to be thinking that the other was working on very different things, and this just really smoothed things out. And, obviously, it could be a much stronger basis for salary adjustments, early course corrections, and other kinds of things.

We heard from Boards where, well, you know, they were very, overall, happy with the CEO. There was just one thing they always wanted to talk about but just never found the-- you know, the vehicle, the way, to do that. For some families, it was a case of we believe in salary increases, merit adjustments, things like that, but on what basis do we make those? How do we do that?

So, finally, believe that it's good practice, because this is the Board's responsibility and it can be incredibly critical in some legal or financial situations that there was a good job description, that there was good clarity and articulation of goals for the CEO, and that there was a plan, that there was a strong plan and a tracking of that plan.

So, when you start thinking it's time to have one or it's time to start thinking about whether yours is working, I think that there's a whole range of possible processes and, certainly, styles to doing this. There is not one that works and I can say you can apply it to every single foundation, although I'll certainly be talking about what we learned might be a way to get started.

The first thing to think about is what do you really want to learn out of this process and how will you learn it? Are you trying to figure out if agreed goals for the foundation, priority programming is something you're taking care of? Are you just trying to figure out if the Board and the CEO are communicating well? What do you want to know?

Secondly, I just want to be real clear that it is very rare to have a complex assessment, at least not on an annual basis. There are certainly some family foundations out there that do what some of you may know of as the 360 review. They-- you know, but they don't necessarily do that every year where you reach out to a variety of players to better understand the process.

One of the things we certainly learned is that forms can be very helpful. A lot of the people on this call are going to talk about the fact that they put everybody on the same page, they focused on the same things, by having a very simple form that could be sent out to Board members, to the Chair, to the CEO.

And when it comes to the CEO, I will say that most all of the ones that we heard about that seemed to be working for the foundation and for the leaders involved use some form of self evaluation for the CEO, that the CEO completed a form, either of his own design or one that had been agreed upon in advance.

The next question is who's going to participate in this process? And this truly does vary from foundation to foundation.

For strong families, it is the CEO and the Board Chair only and I will say this is particularly true when only an informal process is used. For some, the full Board is involved. So, everybody fills it out, everybody's part of the conversation afterward.

As was noted earlier, for some there is a committee that's designated for CEO performance. I found this particularly true when we were -- and we'll get to this in a little bit -- when we were talking about family member CEOs, because in a lot of the ones I interviewed, I found that the committee, by mutual agreement, had been composed of either non-family members of the Board or others who were able to take a non-family approach to CEO evaluation.

And finally, I asked if an informal process can work for you and I'm going to describe one in a minute that must be just the process that gets you more comfortable, more aware of the value of doing this work, for the CEO, for the Board, for the foundation's performance, for mutual communication.

There's a lot of reasons that I think that families find this very important and there are some informal processes I think you can adopt if you're in the category that said, you know, we don't really do one now, that might give you a way in, if you will.

Okay, what's the process that most people described to us? In this case, the Board and the CEO, early in the year or at the end of the previous year, agree on a few professional and personal goals and priorities for the year.

The second that the CEO at year end will write a report on what the accomplishments have been, what the disappointments, maybe the reasons for both, but a report that is that person's chance to talk about their reflections on the year and how those goals or priorities were carried out.

In the third step, the Board members, or, in some cases, only the Chair, complete a simple but helpful form that helps them focus on the same kinds of goals and priorities.

Finally, a meeting is scheduled to discuss the results, as well as any kind of salary or benefit recommendations that there might be. A lot of people told me that their performance evaluation is limited to a lovely occasion when the Board Chair takes the CEO out to lunch and after a discussion of everything under the sun, just as the bill

arrives, the CEO-- the Board Chair tells the CEO what the salary recommendation is going to be.

And, you know-- and that's pretty much what I've heard from maybe about 30% of all of (technical difficulty) people interviewed. Why one might think something and the other something else, you know, where there is agreement, and, frankly, one of the most important pieces, which is that the year-end process can influence the next year's goal or the assessment process.

Now, if you're still uncertain, if you're still a little reluctant, I think this was a very, very helpful process to a lot of family foundations of a variety of sizes that just wanted to have something on the books, some way to even out the process. And, in that case, the CEO and the Board meet somewhere around January and they talk about what are our annual priorities? What have we learned this year? What are our expectations for next year?

They might be around program emphasis, they might be around investment performance, they might be around the growing of staff, the staff beyond the CEO, and then, once you have that conversation, which can be a very rich opportunity, the-- you meet again late in the year and you talk about the successes and the disappointments, the planned and the unexpected.

There's no forms. There's no-- nothing, you know, that's terribly formal about the whole thing, but there's a very rich conversation at year end about how we did. And there's the sense that we were in this together, we understood together. And the results of these conversations can be used as the basis for next year's goals, or even for salary recommendations.

Let me offer a few tips that I've learned from all of you about going through this process. The first, I'll go back and say a word about the assessments of family members.

This absolutely requires special considerations, a lot of which we just-- we don't have time to go in on this call. It might come up in the questions, but I will also tell you there's a lot more on evaluating a family member CEO in the guides Kathy talked about.

Certainly, the issues include, you know, how do you have an effective evaluation if some of the family members would like to have the CEO job or if there are family issues between different branches or different members of the family.

So, in this case, how do we create an objective, strong, assessment that's based on the work of leading the foundation, not on some other kind of family relationship.

Also, that assessment can be respectful and supportive. I found a lot of people who assumed that assessment was going to be confrontational, that it was going to be awkward or difficult and when I talked to those who felt they were getting a terrific assessment, that they were happy with the process, they said anything but, that it was a very respectful and supportive process.

Third, I encourage you to borrow forms and processes from others. This is certainly the way the family foundation field has developed over time. It's certainly the way the National Center has been able to develop resources and repeat to all of you what other

families are doing. The two that you're going to hear about on this call are going to be wonderful. There are other examples of forms in the guide.

Finally, I want to make it plain that you include the CEO's professional development and renewal in the conversation, in the process. It can be very, very easy to focus this on we're going to-- you know, this return on investments is going to be achieved, whether that's a return on the corpus or whether it's a return on a programmatic investment. It's very easy to get focused on that. Very few family foundations talk to their CEOs about the time that they're making to go to conferences, to serve on other non-profit boards or committees, whatever your preference is in that, on time for renewal.

And I will say, one of the reasons I'm encouraging you to think about this as a part of this process is very few CEOs also reported regularly taking vacations or making time for personal renewal, which can very much affect job performance.

So, anyway, let me go to the next set of tips, which is to use the review as an opportunity for the Board to better understand the CEO's job. I heard over and over again from a lot of CEOs that they just don't think the Board understands what they do on an annual basis, much less a day-to-day basis.

What a great way to communicate with your Board about what's going on, what fills your day, where are the pressures, where are the relief points, than to get into a process like this?

Be careful that Board and family conflicts don't play out in the CEO review. If there are Board and family conflicts and, frankly, conflict occurs when anything is growing or changing, not to mention when people feel so personally committed or passionate about what's going on.

So, they're going to occur. Find the appropriate place to deal with those conflicts. If the CEO review is the only time you all get together for assessment every year, the chances are they're all going to visit on this process and that's unfair to the CEO and to the Board. So, if there are conflicts, make sure they're being handled in the best place.

Again, one of the ways to feel a sense of camaraderie is to consider a Board assessment, as well as a CEO assessment. There are some wonderful self- assessment tools, a review, how are we doing as a Board, how are communicating, that you can use. And if that's done every few years, it can certainly give you a sense of partnership in all of this.

The National Center has one-- a self-assessment process for family foundations called "Pursuit of Excellence." It's one tool that you might think about. But it certainly does sort of shares the joys of assessment between Board and CEO.

And finally, as I said earlier, be as professional and objective as possible. Recognize that these are going to, likely, be very respectful, very mutually supportive. I could not have heard more from both Board members and CEOs how much they value the relationship between the Board and family and the CEO, that it's a strong, healthy relationship, that the CEO has a lot of respect for the Board and for the members of the family, and that this can be a way to enhance that relationship, rather than what I think sometimes is feared, that it'll get in the way.

So, use this as opportunity to really celebrate that relationship and to continue to make it strong and vital.

And that's it.

Kathy Whelpley: Well, thank you, Ginny. I really appreciate you sharing that terrific overview of some of the ways that people can really, either start or enhance a performance review process and what it can contribute to the foundation.

And I'm delighted to introduce our first foundation guest speaker today, Beth Casselman. Beth is Executive Director of the Clowes Fund. She joined the Clowes Fund in 2000 as its first professional working there and she's been leading them since then through a multi-generation governance transition.

Beth is incredibly active. She's been involved in leadership positions in philanthropies for over two decades. She helped start the Community Foundation of Boone County, serves as its Vice President right now, and we get to work with her, because she's on the National Center's Friends of the Family Advisory Committee. And we got to actually meet with Beth this week and share some bread and do some great planning together. So, we're delighted that you were able to join us. Thank you, Beth.

Beth Casselman: Hi, Kathy. I'm delighted to be a part of this program this afternoon. Well, maybe not quite as delighted as I was to be in D.C. with you earlier this week, and we shared bread and we shared wine -- all the more important.

But I will start by sharing a little bit about the background of the Clowes Fund, and then I'll describe our CEO performance review process, and I'll close with a true confession. So, be sure to stay tuned.

So, the Clowes Fund was established in Indianapolis, Indiana, in 1952 by Dr. George Henry Alexander Clowes, his wife, and their two adult sons. So, the Foundation was conceived as an estate planning tool to protect an amazing collection of European old masters paintings that Dr. and Mrs. Clowes had put together.

And so Dr. Clowes was the first Research Director at Eli Lilly and Company, the pharmaceutical giant. So, he was not the discovery of insulin, but he did discover the discoverer. Dr. Clowes brought the research from the obscurity of the lab at the University of Toronto and applied Lilly's mass production and mass marketing, thus saving countless lives of diabetics.

And today, the Foundation has assets of approximately \$65 million -- come one, market, let's rebound -- plus the art collection, which has been on loan at the Indianapolis Museum of Art since 1971. And we're currently in the process of transferring ownership to the Museum, and that's, in part, to ensure that the Clowes collection will be preserved as a permanent legacy in Indianapolis, because the family has, like most families, dispersed coast to coast.

To keep the Fund relevant to the family, the Board selected three geographic areas for the Foundation's grant-making, still in Indianapolis, and added Boston and Seattle. And to

make sure that the grants resonate with Directors' interests and to focus grant-making for impact, today we primarily support social services, especially workforce development and services for immigrants and refugees, and, to a lesser extent, for youth development, education, and a small music education program, but all of this with an emphasis on social justice.

Our leadership, the Fund is still multi-generational and our family participation continues today, governed by a Board of 10, including third and fourth generation family members, plus four non-family members. And then we're managed by a staff of four and Kathy introduced me. I was hired in 2000 as the Clowes Fund's first Executive Director.

So, after that first year, I took the responsibility and initiated an annual review process with my Board Chair. And it's similar to the process I used with my staff, but, you know, I think my message to you all today is, it's all about you. If you are the paid professional, you're paid to do the heavy lifting. I think as executives, it's our job to do help our Boards to govern effectively, and that includes evaluating our performance.

So, I encourage you to help your Board overcome, you know, whether it's reluctance or just plain inertia by organizing the CEO review process and making it easy to implement.

You know, my first year my Board Chair kind of just benignly complied and used the template I provided, and then the second year, he sighed and he asked, do we really have to do this every year? And, by then, I was confident enough in our working relationship that I could sigh and reply, yes, that's what it's called an annual review. So, since then, the reluctance has vanished and it has truly become a mutually rewarding process.

But, again, I believe strongly that as the paid professional it's incumbent upon me to take the lead and to help the Board function at peak capacity.

So, our recipe for assessment -- I like to cook. I put this in recipe format. It's very similar to what Ginny described earlier.

I start with a self assessment, add Board input, leaven that with face-to-face discussion between the Board Chair and the exec, and season it with salary history, comparable data, compensation negotiation, and top it off with an executive session at the annual Board meeting. I think that promotes free discussion among the whole Board regarding CEO performance and goals.

So, you know, our process starts with that self assessment, which I complete and I include a salary history, recommendation for salary adjustment, and excerpts and links to salary survey data information, and I also provide a simplified template for the Board Chair to use and to circulate to other Board members to gather additional information.

And it kind of varies from year to year. Ginny was talking about the 360 process and how that might not be possible every year to do a complex process, but our Board Chair sometimes just circulates to Executive Committee, sometimes to the full Board. That's at his discretion.

But I email that entire packet, the completed assessment, salary comp, and template, to my Board Chair at least one full week before we're scheduled to meet. And then we meet

face to face. I'm based in Indianapolis and he's in Seattle, so sometimes just scheduling that can be the biggest challenge, but we get that done, and we discuss the performance.

And our personnel policy states that employee reviews will be done annually near the anniversary date of employment. And for me, the anniversary date is January, so the review process really helps us set priorities for the year.

And then with that executive session at the annual meeting, our annual meeting is typically late spring, usually May, early June, and so every year that meeting ends with a closed executive session, which allows the Board a chance for face-to-face discussion of executive performance. And for me, it's a nice kind of mid-year tuneup.

And so, that self-assessment template focuses on three core responsibilities of a foundation CEO. These are responsibilities identified by the Council on Foundations -- organizational leadership, management, and external leadership.

So, organizational leadership includes mission, values, leadership in helping the Board develop policies, and Board development, which, for us, is very much a part of bringing along the next generation. Management would include office and fiscal procedures, grantee and staff relations, staff development, and external leadership, participating in things like this webinar today, and efforts to educate the public about philanthropy, and opportunities to work with other funders to advance the field of philanthropy.

So, the benefits -- the assessment process is primarily beneficial to ensure that the exec and the Board stay in harmony. The self assessment allows for a thorough review of my activities and accomplishments and challenges -- all those things that Ginny mentioned earlier that are for the Board, sometimes, out of sight, out of mind. They wouldn't even think of those tasks and so it is a good opportunity to make sure they understand the full scope of the job and the challenges.

And the process promotes Board feedback and together my Board Chair and I set clear direction and priorities for the coming year, and then that's, obviously, what I'm assessed on the follow year. Did we achieve those goals?

And it really develops good conversation. For example, the Council's template focused on external leadership first, just in their formatting, and that likely reflects the Council's mission to encourage leadership in the field and external advocacy.

But during the review discussion, it became clear that my Board and especially Board Chair, wanted to make sure that I was focused first and foremost on the Clowes Fund's mission. And I do. And I always have.

So, later, I revised the template and shifted the external leadership section to follow internal management and organizational leadership. First things first, right?

So, my Board certainly supports my role and my participation in external leadership, like this webinar, and serving on the National Center's Friends of the Family Advisory Committee, and our local RAG board, and they recognize these opportunities as ways of both supporting my professional development and renewal, and also as a way of sharing my experience with the field and, good grief, I have been active for two decades and I've

learned a lot of lessons the hard way, so if I can share any of those and save someone some missteps that I've taken, I'm always happy to do that.

But, again, external leadership is clearly secondary to fulfilling the Clowes Fund's primary mission. And the review process just promotes useful dialogue and truly in that sense of two-way communication.

And it also is, you know, a nice opportunity to receive your just desserts. It's an opportunity to recognize and celebrate achievements. It's great to have a roadmap for the next leg of the journey. It's important to recognize that there's always room for improvement and I enjoy the positive reinforcement, but here comes the true confession, and this is my big ole slice of humble pie, so this process that I've just spent the last several minutes describing to you, and which I described to Ginny last year when she was doing her research for the National Center's publication on CEO performance review, has served us well for more than a decade.

But just as the guide was being published, for the first time this year, my Board Chair neglected to gather input from the rest of the Board. And he's a busy man. He's a practicing cardiothoracic surgeon. He teaches at the med school. He runs a research lab, not to mention his community roles, serving on Seattle Symphony Board of Directors. And early this year he had an unusually busy travel schedule and-- but this lapse was revealed during the executive session.

And, luckily, everyone was kind of on the same page, but it was clear that we missed that step this year. So, next year, improving the process, I will make sure that I circulate the Board feedback tool to the other Directors on behalf of the Board Chair and encourage them to send those back to him.

And I'm reviewing the guide for other tips to incorporate into our process, and I'm really intrigued by the idea and I will be talking with our Board Chair about the Board self-assessment process. And I'm looking forward to gleaning wisdom from our next presenters, Doug and Julie.

And I'm offering here some resources that have been very helpful to me. Of course, the National Center publication and I want to take this opportunity to extend a huge thank you to the Center and its fearless leader, Ginny Esposito, for their ground-breaking and ongoing research on family foundations. I don't know what we would do without them.

But then, as far as the salary and benefits and providing those comps, you see Council on Foundations grant-maker salary and benefits report and local Regional Association of Grant-Maker salary surveys, as well.

And then, you know, it's not the full 360, and we didn't really address getting grantee review, and while the Center for Effective Philanthropy's Grantee Perception Report is not specific to CEO performance, but it's a terrific means by which to elicit candid feedback from grantees on foundation performance, which, of course, directly reflects on CEO performance.

So, in closing, I would just reiterate that assessment -- it's your job. Do it. Do it with the full confidence that your Board is on board and if there's an elephant in the room, embrace it.

Thank you.

Kathy Whelpley: Well, thank you so much. Thank you so much for sharing your story and I-- I'm conscious of time, so I want us to move to our last set of speakers and we're delighted that we have both the staff perspective as well as the trustee perspective represented here from the Max M. and Marjorie S. Fisher Foundation.

Joining us are Julie Fisher Cummings, who's Vice-Chair of the Fisher Foundation. She also serves as Co-Founder and Chairman of the Lovelight Foundation, which focuses its giving on improving the lives of under-served women and girls.

Julie is a former Chair of the Council of Michigan Foundation. She's currently a presidential appointee to the Corporation for National Service, and we are very lucky to count her as a current Board member of the National Center for Family Philanthropy. So, thank you, Julie.

Joining us, also, from the Fisher Foundation is Doug Stewart. Doug's the first Executive Director of the Fisher Foundation and he and Julie have worked, really as partners, they described to me, in developing and implementing their approach to performance review. We're delighted they agreed to share their perspectives, and I'm just going to turn it, I believe, over to Julie, first, to talk a little bit about the work of the Fisher Foundation.

Julie, are you there? Doug, as you there?

Doug Stewart: Yes. Yes, I am here.

Kathy Whelpley: Okay.

Doug Stewart: I wonder if Julie might be on mute.

Kathy Whelpley: She might be. Well, do you want to kick us off?

Doug Stewart: Sure. Absolutely. In fact, you know, probably-- sure. The mission of the Foundation, the first slide here, is actually something that we're very proud of. It's something that now at five years, the family's gone through a terrific amount of work to refine the mission.

And the Foundation is focusing on-- the elements that you see here on the mission, but also, if we were to move to the next slide, the internal--

I'm just getting a text from Julie. She's having a little trouble getting her audio set. Sorry about that.

The internal mission of the Foundation is also something that we focus on, that's focused on strengthening the family's ties through philanthropy and service to others. So the Foundation was established in 1955, but then endowed after Mr. Fisher's passing in 2005.

So, one of the things that we wanted to highlight in this slide is that the Board members total six right now, in the first and second generations, but, as you can see, there's lots more faces on this slide. So, we have a total of 32 next-gen members in both generations three and four.

And so, that's an important part of our work. Mrs. Fisher, who is there in the center of the slide and is about ready to celebrate her 89th birthday, has just moved from the Chair role to the Founder role, and her eldest daughter, Jane, is now our first Chair. So, we've gone through our first succession and from this point forward, every two years, the--

Julie Fisher Cummings: Hello? Can you hear me?

Doug Stewart: Here she is. That's okay. Julie, do you want to go back-- do you want to just go ahead? I just barely covered the mission slide, so if you want to touch on that.

Julie Fisher Cummings: Right. I'm sorry. I'm a little frustrated.

Anyway, I'm glad to be here with you, and Doug should absolutely do a great job. He's been a wonderful partner in the work we do. Thank you for having us here today.

No, I-- the only thing I would add is that the work that we do, my father gave us the great gift of allowing us to sort of play out and fulfill our philanthropic passions, as long as we gained a consensus. So, a lot of the work-- that's been the driving force of the work that we do together, and I would say that's sort of the theme for everything that we do in working with the Board and staff is that, you know, no one's voice is stronger than anyone else, and everybody is equal peer, and that's a really important value, I think, that we come from.

I also would like to say that Doug has been with us since the beginning. We have that great fortune, after we went through a national search. So, Doug, why don't you go on. I don't want to interrupt us?

Doug Stewart: Oh, sure. No, I think I was just wrapping up the-- that slide previous, in terms of the internal mission. I was simply going to say that the 32 members of generations three and four are now in their second year of their own giving process. So, the Board, again, is only six members -- Julie's siblings and her mother, but we're working with generations three and four and so, in fact, just earlier this week they completed their recommendations for-- their 2012 recommendations for 2013.

So, it's a principle and a value of the Board that they're going to strengthen family ties through this work together and we are focusing on having a family retreat every other year. So, our next retreat is coming up next fall.

So, Julie, I'll turn it back to you for the slide that we're on right now.

Julie Fisher Cummings: Okay, great. Thanks, Doug.

Doug Stewart: Sure.

Julie Fisher Cummings: You know, I would like to say, as I said before, this is a true partnership, and when Doug and I entered this work before, there was no confusion that we needed to be open and honest with each other. And, you know, as Ginny previously said, you know, as it happens when it's a small family foundation or even a large one and you a CEO, it often makes it difficult to share openly if you don't have this sort of professional process in place that sets boundaries around it.

And so, we agreed at the outset that there would be an annual evaluation. We didn't exactly know what it would cover, but we knew it was needed.

You know, the whole sort of value that we work from is we're flexible in the way we approach our work, so if something doesn't work, we can alter that. I mean, that came from my father, and it's moved down, even to the way in which we do this work together.

So, that professionalism has really guided us. You know, from the Board's selection perspective, Doug, as I said before, was the first unanimous decision that we made as a Board, which doesn't always happen, but that was the one thing that we started on the right foot.

You know, once that decision was made, we really did not want his performance rated in side conversations, complaints, or compliments. You know how that often works in families and we didn't want to get sidetracked and start, you know, case-building among other members. So, we really felt if we had this open process, it would help.

We also needed to assure that we would have a process to work together and that the Executive Director had the skillset and the culture that was right for us, and that's something that we're constantly learning about ourselves. That also served as a basis for compensation discussions.

I knew the process would also give us a chance to share the expectations we had of each other as Trustees, and how that fit into what we were asking from our Executive Director.

Doug Stewart: So, from the staff perspective, it was clear for me, this-- the Board that I was serving was a very-- it was a wonderful group of folks and they were, really, from the beginning, noting but complimentary. So, I needed, and Julie and I, again, at that time she was serving as our Managing Trustee, essentially serving the day-to-day Chair role, that we needed this forum for feedback.

And it was essential to my professional development. I came to this job five and a years ago from a career, two decades worth, of fund-raising. So, I needed and craved the honest professional feedback so that I could continue to develop as a professional, as a foundation leader.

So, it was something I actually looked forward to. And I was checking with Board members along the way, saying, so, how's it going as far as you're concerned? And are there things that you think I should be focusing on and so forth? But the answers I got were, things are terrific, it's great, and so on. That's nice, but as a professional and wanting to improve, I was looking forward to the evaluation where they would have the opportunity to give me feedback without having to sit in front of me, they could do it anonymously on the form. So, it was something I actually looked forward to.

So, if we go to the next slide, in terms of the process, I think the-- this process is pretty straightforward and I don't want to go through too much of this because of the fact that Julie-- or Ginny really touched on the process itself and we follow a very straightforward sort of sequence of events, and Beth, I think, touched on it, as well.

So, for us, we do a self assessment, though. I just wanted to underscore that, so that when all of the feedback is compiled, and we have a spreadsheet where everyone's feedback is listed, anonymously, my self assessment is placed alongside that.

And we do use a 1 to 5 rating so that we can just have scores that are a little bit more objective. So, we do that, as well.

There is an executive session and then at the beginning Julie was the one who talked me through that assessment, and now it'll be Jane, our Chair, but all of that is signed and then placed in the personnel file.

I should add on this point that we also do these same evaluation form, so our full form, these are the major elements.

I can tell, from my standpoint, that what I most look forward to is looking at the open-ended comments. So, where we're not just asking for numbers, but we're also asking for comments, in each of these elements, but then at the end of the form, we ask for, are there areas of particular strength that should be emphasized? Are there things that could be strengthened? So, instead of saying, what does he do well, what does he not do well, it just gives them an opportunity to share some constructive feedback on things that I could do, as a leader, to continue to improve. And they can put them in a positive context, if they like, or just open-endedly and straightforward.

So, Julie, I think I'll turn it back to you to start touching on the benefits and challenges.

Julie Fisher Cummings: So, we're just wrapping-- about finished, but we're going to go through some of the final pieces of this. And one of those things is we, you know, if you're looking at what are the benefits and challenges of this entire process, we outline some of those on the page.

You know, the regular feedback, the ability to share feedback on a regular basis in a structured format, not just ad hoc, and it really makes for a cleaner and less reactive process. You know, so you're not waiting 'til something goes wrong and you're saying, well, this didn't work.

So, you sort of clean that all up along the way, and I also want to say that, you know, in the assessment process, Doug is a lot more, you know, critical of himself, sometimes, than we are, but I think it's interesting to have the Executive or the CEO do their own self assessment, so you can see where those gaps are between what we feel and what he feels.

We-- you know, it also allows the Board to discuss these expectations of leadership staff and allows Trustees, more importantly, to understand each other's expectations. You know, we all come from a different place. We're very involved in different types of philanthropy and the way in which we do it.

So, we've learned a lot from that. And the creation of this smooth and consistent process for annual planning. So, it's not like, okay, we-- did we forget to do this? Every year at the end of the year, we come to do this process and we don't even have to think about it any more.

And, finally, it opened that discussion, like I said before, on compensation. We-- in order-- I just want to say a little bit about the compensation study.

We went around and around about this, because we wanted to ensure that we were paying Doug the proper amount and we were-- within-- you know, there aren't, sometimes, comps for what we're doing. I mean, we had to look long and hard for our state, for our city, for our region.

And one of the-- so we went to COF. We looked at what they were-- some of the compensation study that had done, and we ultimately chose to use an organization to help us with that compensation study and it really did help us understand where we stood.

But the challenges that I'd like to outline are-- some of them are right there, but besides those, asking the right questions and sharing the professional input, getting the Board members to do this in a timely fashion is the thing we've found most difficult, I would say. Because it's important for us, in order to-- for me to have that discussion as a Board Chair with Doug and go over his compensation, it's very difficult to have that if you don't have this review done.

And I have-- you know, we've worked long and hard about it and usually what ends up happening is we end up sending it again to the Board members. But they're now getting used to it. It's a few years and, hopefully, that will get easier and easier.

I just sort of have questioned in my own mind, you know, because, you know, often it's like should the-- should the Chairman of the Board be taking this process? And Ginny said, well, sometimes it's different family members.

We have used it-- I mean, in our case, it's usually done by the Chair. I couldn't do it. I was in school and I really couldn't take the time, so my brother, who was the Secretary of the Board, helped me with this process. But I think it's an important process and it does give the opportunity for other family members to be part of the entire running of the Board.

So, I think it's not a bad idea to rotate among Executive members, Executive Committee members or at-large members, because they get more engaged in the process of the Board.

And, Doug, do you have anything about the benefits and challenges?

Doug Stewart:

The only thing that I'll add is just underscoring, asking the right questions, and making sure that we give everybody a chance to do that. For those that-- we have a couple of Board members that don't necessarily like to fill out the form, so they-- it's-- at one point I actually got a phone call from one of our board members and said, okay, I'm going to give you my-- here's my straightforward feedback, and it was great.

So, the form, even though they did end up filling it out at one level or another, it just prompted them to give the feedback and they knew that it was time. So, but to me, it's about asking the right questions so we can get meaningful feedback and not simply say, yeah, it seems like things are going okay, or things are going well.

That's what I would say is the main--

Julie Fisher Cummings: And I think focusing on the process rather than the person. I mean, the person is truly important, but we get focused on what is the process we need to get us to the end goal of being able to do our work better. And, you know, is the person, the CEO, helping us to get to that process. And what can we do to help support them in getting there, helping us?

Doug Stewart: Perfect.

Julie Fisher Cummings: So, next slide?

Doug Stewart: So, changes moving forward. The Foundation has, as we mentioned in the beginning, has been around since 1955, but staffed only since 2007 and governed by this Board since 2005. So, we've gone through a process where we've refined our mission and we're moving past a couple of elements in terms of the importance of the internal workings. Now that we're at a staff of five, we're going to be shifting the evaluation to more strategic elements, holding us a little bit more accountable, and me more accountable, to our very specific strategies moving forward, where, when we were getting started, it was a little bit more of-- the Board was making decisions and we were moving forward, but-- and the strategy was a little bit more loose at the time.

So, now we're refining that and getting much more proactive with our partners and so, moving forward, we'll have a much-- much more strategic focused evaluation and process. And we also think that with the Chair succession and each of the siblings having a chance to Chair the Board for two years, we'll have some preferences there, too, so that they'll have a chance to make the mark-- their mark on the evaluation process, in partnership with me as the chief staff person.

So, Julie, I don't know if you want to add any other changes?

Julie Fisher Cummings: Yeah, I just want to-- no, I would just say that it does-- I think each Chair is going to have a little bit different way to do it, but we have something, a platform, from which to go.

I also would like to say that, you know, we do the CEO or Executive Director review and then Doug does a review of each of his staff members, and we purposely chose to do that, because he is the team leader, and we did not want to take away any of his power, by us going to them and doing any sort of review. We have confidence in him, that he'll manage his staff.

So, I just-- I guess in closing, I'd like to say that we are very thankful to the Center, because the Center has given us a lot of the tools for our own performance review, ourselves, and it has-- Ginny, herself, has helped us with our strategic planning process,

and it really helps refine our mission. We try to be flexible in our mission going forward and the Center has incredible tools, like no one else, I think, out there.

That's a little plug for the National Center.

Doug Stewart: Julie, I think we should probably add that-- one of the things we should add is that the Foundation also went through the Pursuit of Excellence assessment, so we had another chance, but we had more of an objective review on the whole process, and that was very helpful, too.

Julie Fisher Cummings: Well, and I was talking to Doug about this. I really feel that in the future, that we-- each of the Board members should do their own assessment and I think that's something we should do, moving forward, because we will be able to hold our own self accountable for the work we do and the way in which we do it.

Kathy Whelpley: That's great. Well, listen, thank you so much, Doug and Julie, and thanks to everyone, Beth and Ginny, also, for your presentations.

And now we're really going to field some questions and get some conversation going. I've had a couple of questions come in for sure.

One is about the relation between asset size and the formality of the process. Should there be a connection? So, I think for Doug and Julie and Beth, this is-- you know, we'd love your opinion on if you think the formality of the process has any bearing in relation to the asset size of the foundation? And I think for Ginny, probably this question is more around what did you find when you went out and talked with CEOs across the country?

So, I don't know who wants to chime in first, but go ahead.

Virginia Esposito: Well, this is Ginny. Let me at least say what we found and we found very little relationship between the asset size and the formality of the process. We found that it-- that the evaluation or assessment process was more likely to be a product of, first, something Julie talked about, which is family culture, their sense of this, their sense of what it could do for them. And I'd have to say their-- you know, their willingness to take on the process, to be objective, and to really want to see the foundation in terms of what it's learning, what it's accomplishing, what it needs to accomplish next. It was really more tied to the foundation's goals and culture than it was to assets.

Now-- and I will also say that there are some long-time CEOs of very family foundations that, you know, it's actually become more and more informal. So, I-- I think it's logical to make that connection, but it certainly wasn't what I found.

Kathy Whelpley: Okay. Opinions, Beth, Julie, Doug?

Beth Casselman: This is Beth and I would suggest, especially since I am involved with a small community foundation, you know, it's important to have those clear lines of the exec reports to the Board, staff reports to the exec, and keeping that clear. And I would say, regardless of the size, asset size, there needs to be a clear evaluation process.

Now, you know, it may vary and I think we heard a good example of that when, you know, Julie described the process that they used in hired a consultant to establish their compensation. So, I think there will be levels that are asset-appropriate, but I think the key is, there should be formal process, and it should be implemented annually.

Kathy Whelpley: Okay. Doug or Julie, do you want to comment on that topic?

Julie Fisher Cummings: This is Julie. I would say that I really do feel that it doesn't really matter the size. If you have a professional working for you, I think it's really important to set these boundaries in the beginning. It gives you a format and sort of a platform for discussing issues, like I said before, when you're not being reactive, when you're-- you know, too, like something went wrong and now you've got to deal with it.

So, if you set it in the beginning that we're going to just do this annual review. It's something that we do. It's how we do it and it doesn't become sort of a judgment that they're doing something wrong. You take it-- that whole piece out of it. It's just a way of working.

Beth Casselman: Can I add something?

Kathy Whelpley: Sure.

Beth Casselman: I think that taking away the judgment and making sure that there's that open process and it's just part of it is the reason we added executive sessions to the end of the one Board meeting every year, to make sure that that's part of it, too, so that if there is a need for an executive session, there is not a big, ooh, what's going on? This is bad. You know, it just becomes a part of the process and that seems really healthy.

Kathy Whelpley: We've gotten a question about something that you, in particular, talked about, Beth, and that's sort of the work that you do outside of the foundation or outside of grant-making. And so one of our attendees is asking about how the Board evaluates the things you do, apart from grant-making, such as promoting philanthropy and leadership? They note that their Board places a high value on this, but is struggling with how to measure the results or your performance in that area. Do you have any suggestions?

Beth Casselman: Oh, gosh. I think that is one that's hard to actually evaluate or measure. I think in our-- my review process, it's more just a point of making sure the Board is aware of the types of activities that I'm engaged in. So, yeah, I'm sorry, I don't think I have a good answer to that specific question, because I think that's a tough one.

But I would say, like anything else, I mean, probably there should be some agreement, what is it that you want to accomplish? Do you want to be perceived as a leader in your region or nationally on some specific area? Is it advocacy on, you know, keeping in touch with our legislators to make sure that there's no, you know, local or federal legislation that might be-- have unintended ill consequences for foundations or for our grantees?

Kathy Whelpley: That's good. And, Ginny, did you run across anything in your research that would add to this question?

Virginia Esposito: I will say that what most people told me was that this was the time to help the Board understand the nature of the outside work being done, so that there was not only at least clarity about what was being done, but that there was really good support for that. That no one ran across something where a Board member was, you know, unhappy with this area of work, because they weren't sure how it did support the goals of the foundation.

So, one of the things I learned was the evaluation can actually help them be more supportive of this work. And it was funny, because when you were asking the question and Beth was talking, I realized that only once in my life did I ever get a call from a Board Chair who said they were evaluating the external work of their CEO, and wanted me to tell them how I thought they were doing as a member of one of our committees. And that sort of took me aback, but I mean, that was a very earnest Board Chair.

Kathy Whelpley: True. I have a question here about the process that you use, Doug, with your staff reviews. And someone's asking about if the staff reviews are, in some way, shared with the Board of Directors or, even beyond that, does the Board have any input into the staff reviews? I know, Julie, you talked about really making those lines of reporting very clear, but is there any sort of input provided from the Board into the staff reviews or do they get copies of those staff reviews?

Doug Stewart: So, the staff reviews are crafted based on two things. One is the job descriptions for each of the roles, and the second is our Annual Action Plan. So, we have an Annual Action Plan that the Board sees, a couple of Board members want to see all-- all pages of it. We actually-- it's usually around eight or nine pages, but it has one summary page.

And so, each of the staff members are responsible for pieces and parts of that action-- pieces and portions of that action plan. So, for us, the staff evaluation is a combination of those two elements. Are they concentrating on their job tasks and their responsibilities, and are we, as a team, and they, individually, helping to push the whole action plan forward.

So, that's where the review comes from. No, we don't share those with the Board. Those are internal staff documents. When, or I should say, if a concern were to come up about a particular staff member, that would be something I would expect the Board would talk to me about, directly, and they'd allow me to handle if it were something from a personnel nature.

So, we do have-- what happens during our-- the executive session when none of the staff are in the room, there's discussion about compensation in general. So the Board does have a chance to give some input, which I, then, get after the executive session, but we do not share the evaluations of staff directly with the Board.

Kathy Whelpley: Okay. Okay. Beth, how about in your organization?

Beth Casselman: Our staff reviews are similar to simplified templates that we use to collect Board input on my performance. So, it's-- and it's more of a ranking. It's really a very similar process. Staff does self review and then we sit down and discuss it and then I do include, as part of that section on management, organizational management, in my review, I give a very, you know, just kind of brief update on the staff development and issues and, you know, how we're working together as a team.

Kathy Whelpley: Okay.

Beth Casselman: So, the Board does get that kind of input, but not--

Kathy Whelpley: Okay. We have a question about if the CEO performance review process has really translated into more emphasis on measuring the Foundation's impact in the community overall, as your process has really developed and evolved over the course of a couple of years, has the focus on results and planning and goals and priorities, has that really-- has the performance review process impacted the grant-making and the giving approach evaluation, or vice versa?

Doug Stewart: So, I would be interested in Beth's feedback on it. I do have something from a, you know, relatively-- we're only five and a half years into it, but I'd be interested to hear if Beth's program has changed, and then I can give you a little feedback about how ours is changing at this point. But, Beth, you've had longer-- you've been longer at this.

Beth Casselman: Yeah, so we really rely on that Grantee Perception Report that we commission through the Center for Effective Philanthropy to assess foundation performance. And we do that on a longer-term basis, so every three to five years versus annual, trying to make sure, are we still being-- are we doing what we said we would do, by "we," being Board and staff setting joint goals, as well as our communication with grantees, adhering to our guidelines and reassessing whether the fields of interest are appropriate and if we're well enough informed on those fields of interest.

Kathy Whelpley: Okay.

Doug Stewart: So, for us, we're-- we started our adjustment phase-- we sort of started when they brought me on board. The Board and the family had been working together for about a year and a half with the help of Alice Buhl and the folks at the National Center.

So, they had started work. They hadn't completed all of it in terms of finishing the mission statement and moving forward, but we were finishing sort of the vision stage, we call it, and then we got engaged in the work.

And the work that the Board and the family does together with our partners is on three separate continents, in Israel, in Zambia, and also here in the U.S. in Detroit, primarily. So, we got started in the work, we engaged.

And we started our third phase, which was sort of our adjustment phase, with the Pursuit of Excellence process. And that got us into discussions around alignment, effectiveness, what does success look like long term, how does the next gen come into play on this, and so on, and that, then, culminated with the refinement of our mission, and now we're working on clear definitions of success and the strategies to support that.

So, we're going to be moving more into that phase. I've been talking about the Center for Effective Philanthropy, as well, and I think down the road we may go for a Grantee Perception Report.

But we're going to absolutely transform the evaluation. It'll have a little bit more hard edges around it. If you look at it right now, it's still very subjective. So, we'll be moving toward how the Foundation's effectiveness plays into it.

Kathy Whelpley: That's great. That's great. I've gotten a question that's not exactly totally focused on the evaluation, but I think is relevant, and it's really about the roles, I think, between the Board and the family members, and the CEO. And so, one of our participants is recognizing that Doug and Beth are both highly effective professionals, as they say, and is wondering about the balance between what you bring to your position versus the desire by family members and Trustees for engagement and authentic partnership.

And I think, you know, how have you worked to achieve what sounds like real, true partnership that's effective for both parties involved in this, achieved that balance where there's professional expertise and leadership in the staff role, but also authentic engagement by the family members?

Doug Stewart: Beth, do you want to handle that first, or do you want me to?

Kathy Whelpley: What are some of the things that you think have been important?

Beth Casselman: Well, it makes me think of that old article that I think was in the Council on Foundations publication a few years ago, the Mad Hatter. And just, you know, the varying roles that a family foundation, that any foundation exec or any non-profit exec has, but then, add to that the layer of being a family foundation exec.

And, you know, so I'm very aware and when I talk to my Board Chair, one of his key goals for him personally in his work with the Foundation is to bring along the next generation. So, we have to set kind of specific goals every year about what does that mean and how do we get-- and it's important and he's been very clear with me that it's important that I have a good working relationship and candid communications with all of the Board of Directors, not just between the Chair and I.

So, I don't know, you know, specific tests and process of how we do that, other than to say, and, Ginny, you can plug your ears, because I'm going to use that word that's overused and that I know you don't like. You have to be very intentional about it. So, I think even just asking the question of yourself and of your Board about, you know, what is it you're trying to get at and being aware.

Doug Stewart: So, I-- if you don't mind, I would love to jump-- I love this question. I really do.

And I'll tell you one of the reasons why I would love to have Julie comment on this, if she'd like to, we believe, and as I entered this process, and was recruited from the fund-raising side, there were a couple of reasons why I told them I thought I was not going to be a great candidate for them. One of the reasons was, I was not an expert in any of the areas that they wanted to focus on. Perhaps for the 20 years I spent raising for health systems, health might have been the closest one I could have put my arms around, but that if they wanted to have a foundation that they wanted professional staff to simply take over and sort of share the summary results of grants and the Board members would, you know, come in every quarter or twice a year and simply approve grants, that I wasn't really interested in that.

If they wanted to work together as a family and engage in the work to the point where they're still doing the work and that we're, as staff, working in a servant leadership role, that I would love to do that. And here we are, five and a half years later, and it really is-- just today I had two phone calls with Board members about work and it was not-- it wasn't about family dynamics and all these things that people talk about in sessions. It really isn't.

It's about the work. So, today I was on the phone with our Chair and one of our partners in Israel. And they're actively engaged and I think I've told Julie this once before that if we were to address one of the issues in our impact areas and really have tremendous success, but the family wasn't talking to each other, and nobody felt connected to the work, they should fire me. Because it really is both about the external mission and being effective in that, no question, no compromises, but it is also about letting them lean into this work and really feel the joy directly.

So, I know we're coming near close, but, Julie, I don't know if you have any comments you want to throw on that?

Julie Fisher Cummings: I have. All right. So, that's all a nice way Doug in his-- you can see how wonderful he is to work for-- with, because he's so empowering to the Board members and I really make-- it's almost like a distinction I used to make it. And I don't mean to use these terms, but there's two different ways of working with a Board, in my mind. One is helping facilitate the Board to do the work that they feel is important. The other is leading the Board.

And we wanted someone to help us work together and facilitate our-- that work that we wanted to do and that's why I think Doug is so great, because he puts aside sort of where-- he helps us find where we need to go and he's very empowering about it.

So, I think it's just the different ways in which you can work with Board members. And I-- we look at it as a partnership. We learn from him and he learns from us, and I think that's really the best relationship you can have.

Kathy Whelpley: Well, that seems like the perfect note to end on. I do really want to thank everybody for pushing through technical difficulties and everything else. I apologize for any of that. I do want to thank Nonprofit Webinars for hosting this today and I want to let everyone know that the webinar recording and a written transcript of it and the slides will be posted next week in our Online Knowledge Center, which is the world's largest resource on family philanthropy. And you can access it through the National Center website.

Also, the performance review forms used by both of the foundations on our call and webinar today are available in the performance review guide that's available for 40% off if you order it by September 30th, using the discount code NCFP40. And so, that's my last commercial for that.

And then my final commercial is just to say, we're always working to try to improve these webinars. So, you'll be getting a survey asking for some feedback and please take just a couple minutes to share your feedback with us so we can continue to strengthen our resources.