

University System of Maryland

EXECUTIVE EVALUATION SEMINAR

Board of Regents Retreat

November 29, 2017

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Introduction

- There is an opportunity to streamline the goal-setting and evaluation approach for the Chancellor and Presidents
- A significant amount of time and effort is spent at the System office gathering performance and goal data, writing reports and memos, and summarizing institutional performance
- Specific recommendations include:
 - Develop a standard framework to create consistency across the System and decrease the time required to aggregate and evaluate performance
 - Balance personalization with the need for greater efficiency
 - Incorporate system and campus-specific metrics, as well as behaviors/competencies
- During our time today, we will:
 - Share market and effective practices in executive performance evaluation
 - Discuss potential approaches to executive evaluation at USM

Executive Evaluation

Purpose and Key Components

- Executive evaluation is one of the Board's primary responsibilities
- Assessment contributes to institutional performance by establishing clear expectations and fostering open communication among leadership and the Board
- Key components of the assessment include:
 - **Goal-setting:** Setting and prioritization of objectives for the academic year
 - **Self-assessment:** Executive's assessment against agreed-upon criteria or goals
 - **Evaluation:** Board or committee review of the executive's performance
 - **Communication:** Dialog between the executive and Board or Committee
 - **Process:** Responsibilities, timing, and tools to accomplish the components above

Performance evaluation tools and process are important, but the drivers of efficacy are the culture around performance management and the quality of dialog between the Presidents, Chancellor, and the Committee.

Executive Evaluation

Review of Market Practices

- Variety of practices exist today, from formal to informal, with varying degrees of efficacy
- Commonly, includes two components:
 1. **Annual Review:** A streamlined, annual assessment of performance against goals that takes 1 – 2 months to complete (may or may not include 360 assessment)
 2. **Comprehensive Review:** Holistic 360 assessment of longer-term performance against strategic objectives, conducted less frequently (e.g., every 3 – 5 years, or prior to the contract renewal)
- Format and structure of assessment is influenced by variables such as Board structure, Chancellor/President leadership style, longevity in office, and institutional culture
- Annual goals are tied to long-term strategic plans and then cascade down the institution
- Formal rating scales are not required, but do exist at some institutions
- Executive performance assessment will continue to become more sophisticated, especially as the use of incentive pay increases (i.e., requires goal setting and measurement)

Executive Evaluation

Two Types of Evaluation

	1. Annual Review	2. Comprehensive 360 Review
Purpose	<ul style="list-style-type: none"> • Ensure executive and Board alignment • Assess performance on a regular basis • Maintain systematic communications • Clarify short-term institutional goals 	<ul style="list-style-type: none"> • Conduct broad and detailed review of the executive's performance against longer-term strategic priorities (i.e., time adds perspective) • Clarify longer-term institutional goals and priorities
Involved Parties	<ul style="list-style-type: none"> • Compensation Committee • Chancellor • President • Select group of direct reports • Select group of Trustees • Committee Chair, System Office, or Independent third party / advisor to lead the process 	<ul style="list-style-type: none"> • Board and Compensation Committee • Chancellor • President • Variety of diverse stakeholders from a cross-section of the campus community and external constituencies (as appropriate) • Most (or all) Trustees • Independent third party/advisor to lead the process
Timeframe	<ul style="list-style-type: none"> • 1 – 2 months 	<ul style="list-style-type: none"> • 3 – 4 months (every 3 – 4 years)

USM Presidents do not have contracts, but Presidents may undergo a comprehensive evaluation every five years.

Measuring Executive Performance in Higher Education

Executive performance objectives and metrics include a diverse scorecard measuring the holistic performance of the institution; longer-term initiatives typically have annual performance milestones. Performance categories include:

Content Area	Focus	Possible Metrics
Annual Goals “What is Done”	What needs to be accomplished this year in order to move the university forward?	<ul style="list-style-type: none">• Academic performance/student success/rankings• Financial (costs/revenues)• Government relations• Campus community/student experience
Competencies “How it is Done”	What specific competencies and behaviors does USM value in how work gets done?	<ul style="list-style-type: none">• Culture and living the values as measured by, for example: leadership, communication, relationship building, motivation, diversity and inclusion
Longitudinal Perspective “Strategic Long-Term View”	How has the institution progressed over time under current leadership?	<ul style="list-style-type: none">• Scorecard for each campus• Aligned with System goals/ scorecard

Developing USM's Framework: Success Factors

- **Flexibility:** Accounts for the system and each campus' unique situation and objectives
- **Consistency:** Moves the system toward a standard performance template and process
- **Balance:** Includes a balanced mix of hard metrics and soft skills; leading and lagging metrics
- **Focus:** Limit evaluation metrics to those which truly have an impact on results
- **Buy-In:** Process designed in collaboration with stakeholders

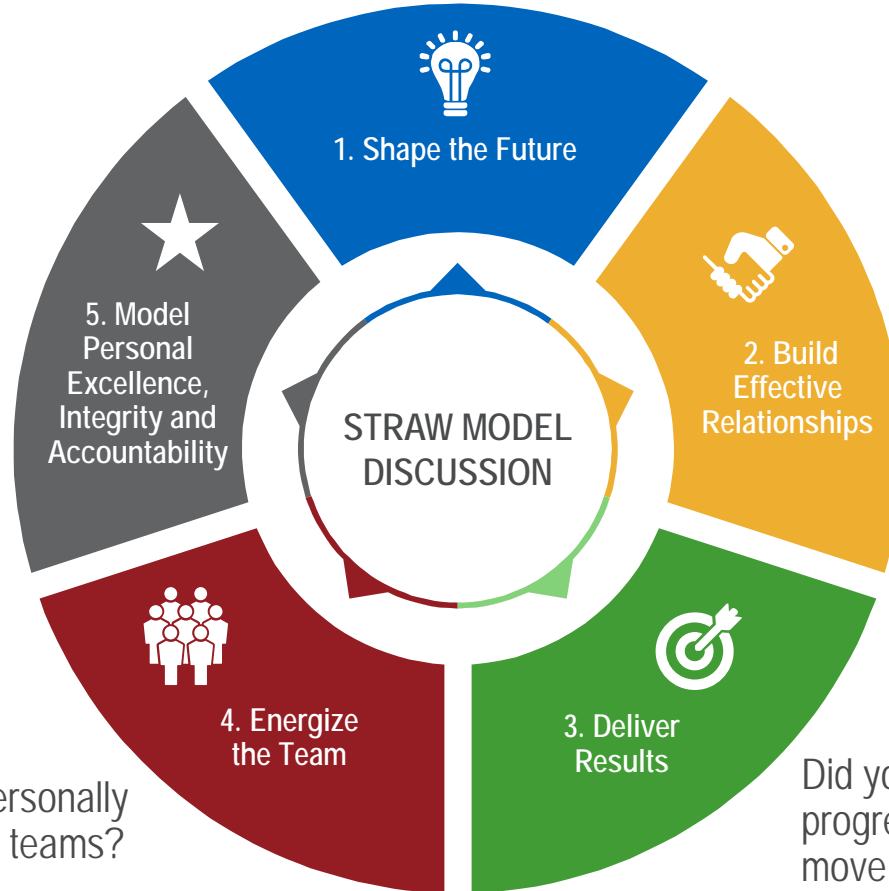
Traps and Pitfalls

- ❌ Not setting annual milestones for multi-year goals
- ❌ Setting goals without objective metrics
- ❌ Focusing on quantitative goals; ignoring competencies (i.e., conduct, communications, tone, style, etc.)
- ❌ Insular processes (e.g., top-down feedback only)
- ❌ Highly prescriptive rating scales, formulas, and survey sheets
- ❌ Overly time-intensive process
- ❌ Lack of regular communication and transparency
- ❌ Imposing a process on stakeholders

Illustrative Straw Model for Discussion

What actions are you taking today to ensure the universities are relevant and effective in the future?

Do you “walk the talk”? Are you demonstrating the behaviors associated with ethics, integrity, and excellence?



How are you building the necessary relationships with all stakeholders to ensure support of your programs and projects?

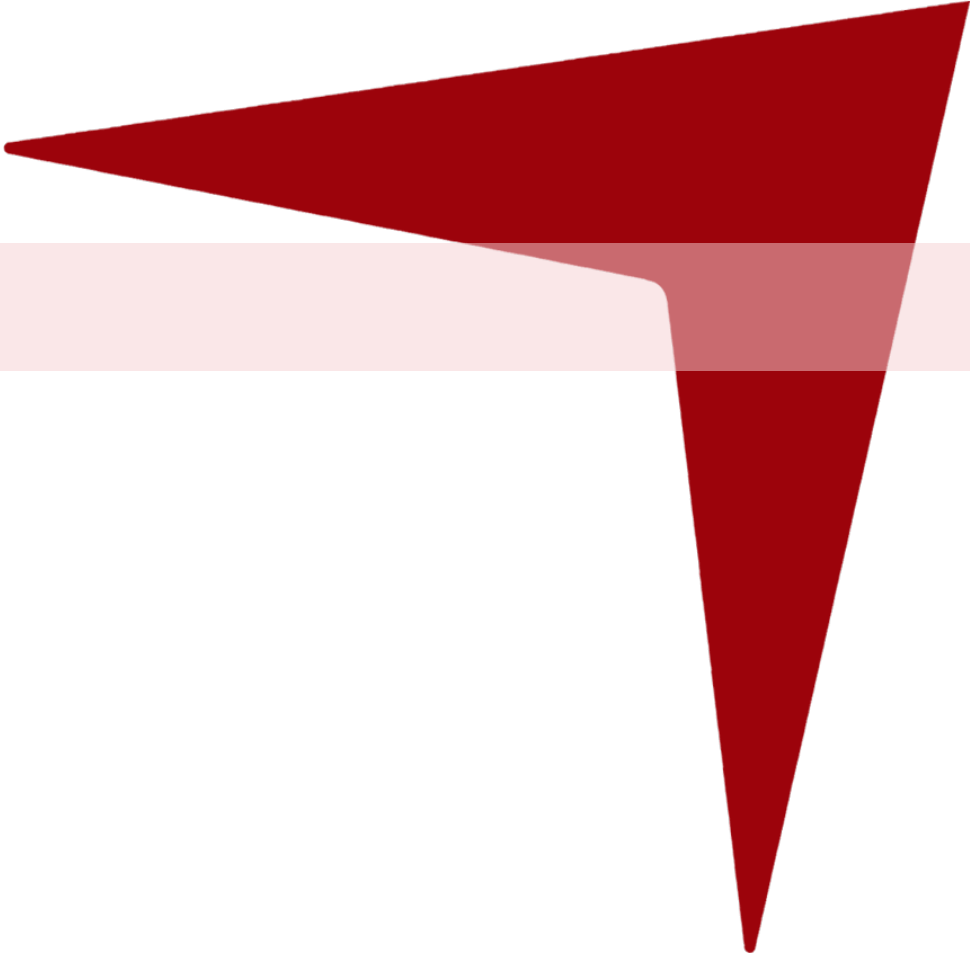
How are you personally motivating your teams?

Did you accomplish or make progress towards goals to move your university forward?

Additional Discussion Topics for the Committee's Consideration

- 1. Reviewers/Campus Feedback:** Who should be involved in providing feedback on an annual basis? How should they be identified?
- 2. Data Collection:** How should performance information be collected (e.g., interviews/conversations, online questionnaire, e-mail narratives)?
- 3. Competencies:** What values and behaviors do we want our leaders to exhibit?
- 4. Rating Scales:** To what extent is a formal rating scale helpful in assessing the executive's performance?
- 5. New President Review:** To what extent is a 5-year comprehensive review reasonable for a new President?
- 6. Comprehensive Reviews for Established Presidents:** What type of evaluation process is appropriate for established Presidents who have been through a comprehensive review?

Appendix

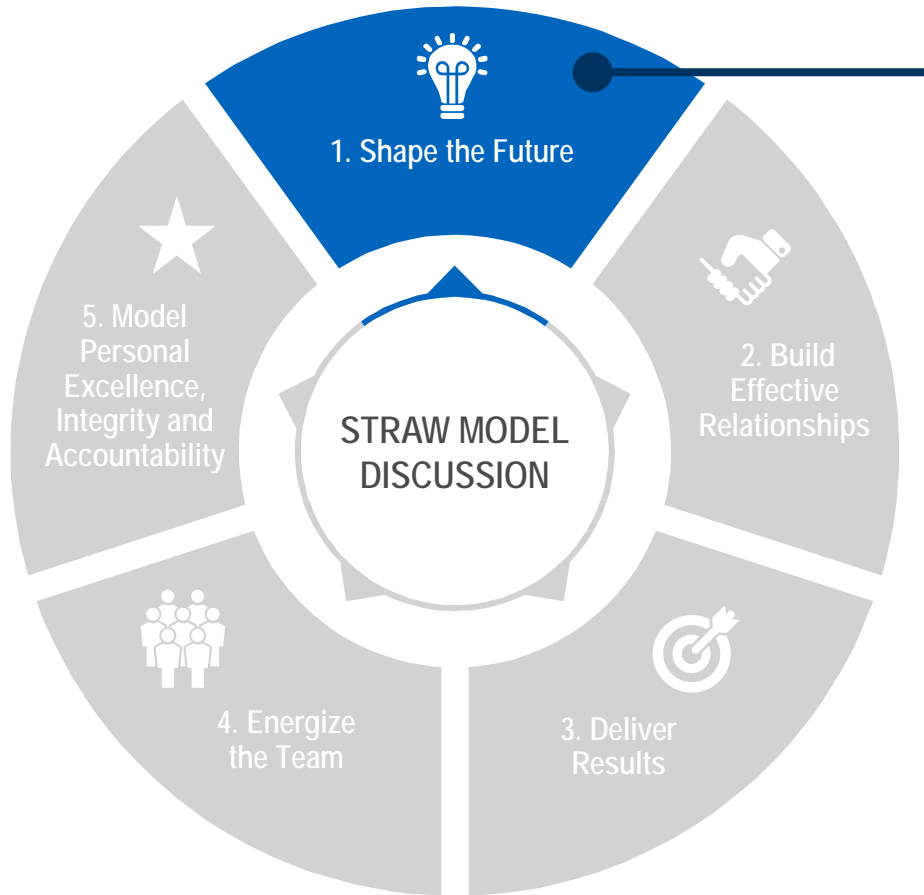


Appendix 1: USM Current Practice

- Organization & Compensation Committee is responsible for overseeing Chancellor's annual performance evaluation
- The Chancellor presents to the Committee his performance evaluation of each President
- Goals (aligned with system priorities) are developed by Presidents at the beginning of each fiscal year and are reviewed and agreed upon by the Chancellor
- Goal setting formats and details are generally left to the Presidents' discretion and practices vary greatly
- Mid-year reviews are conducted, primarily via reports and e-mail; meetings are held when needed or requested
- Presidents develop end-of-year reports on goal achievement; feedback provided via in-person meetings
- System staff spend considerable time consolidating and summarizing Presidential reports of varying length and detail, for review / presentation to the Committee
- USM also conducts a review of a President's first five years, which includes a Presidential self-assessment and outside reviewers

Appendix 2: Illustrative Straw Model for Discussion

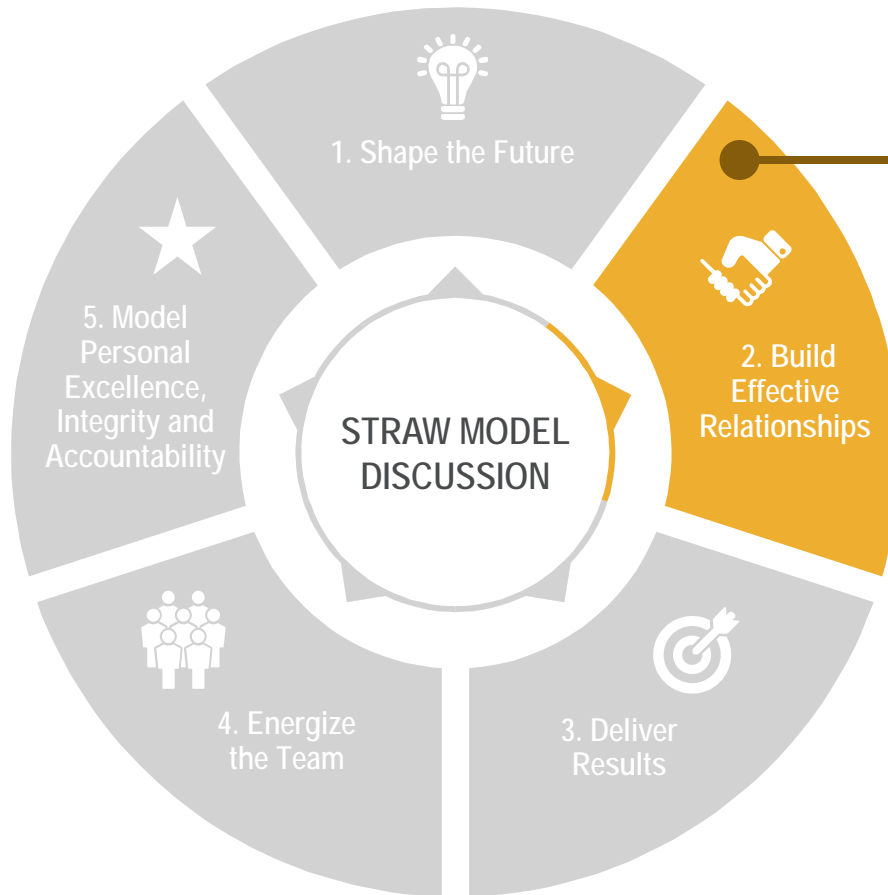
Component Details



- How are you creating a vision for the future?
- How are you aligned with and implementing the USM strategic priorities?
- How are you driving value, affordability, and efficiency?
- How are you enabling change?

Appendix 2: Illustrative Straw Model for Discussion

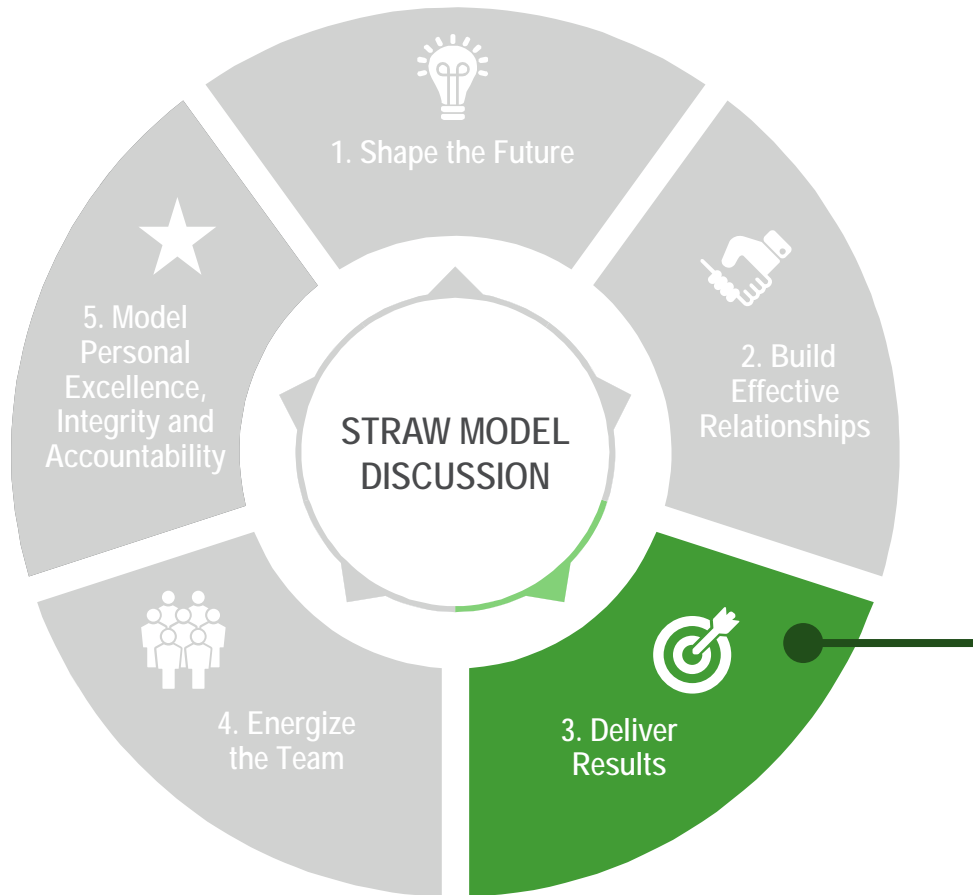
Component Details continued



- Chancellor: Demonstrate how you are substantially upgrading the quality and frequency of the personal interactions with system staff, presidents, governor and staff, and legislative leadership
- Presidents: How are you developing enduring relationships with all of the key stakeholders?
 - Board
 - Presidents
 - Staff
 - Faculty
 - Students
 - Donors
 - Governor and staff
 - General Assembly
- How are you promoting the concept of “systemness”?

Appendix 2: Illustrative Straw Model for Discussion

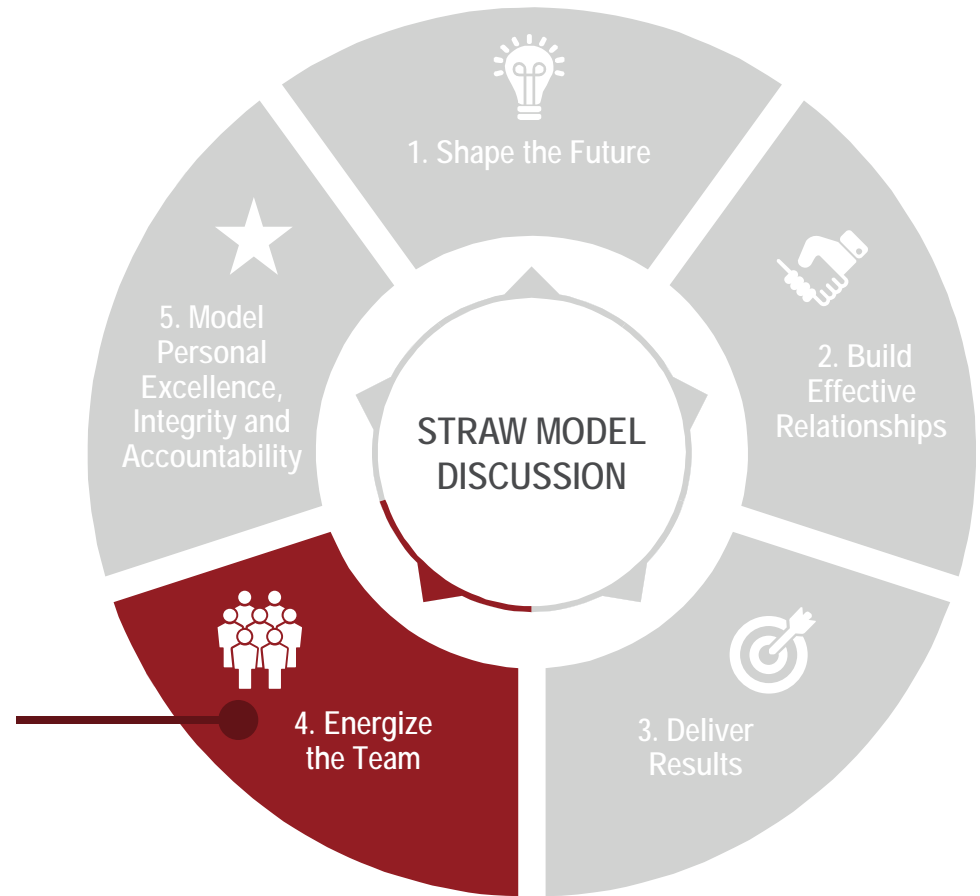
Component Details continued



- How are you promoting an environment of transparency?
- How are you achieving specific System objectives — STEM, Graduation Rates, Retention, Enrollment, et al?
- How are you delivering on your business commitments — Fund Balance, Capital Plan?

Appendix 2: Illustrative Straw Model for Discussion

Component Details continued



- How are you implementing social media and other communication channels to effectively communicate with your stakeholders?
- How are you promoting inclusion and diversity in the system or on your campus?

Appendix 2: Illustrative Straw Model for Discussion

Component Details continued

- How are you demonstrating your commitment to integrity and ethics?
- How are you moving toward a learning and evolving orientation?
- How are you demonstrating transparency and accountability for your actions?

