

GM Evaluation

**Online Recorded Workshop: May 6, 2009
provided as part of the CBLD program**

General CBLD information: www.cdsconsulting.coop/cbl

**Related files and recording are available in the CBLD Library:
<https://cdsconsulting.centraldesktop.com/cbl/Library>**

Presented by Carolee Colter and Thane Joyal

Special thanks to the CBLD team and special guests

Contact: MarkGoehring@cdsconsulting.coop

for information about CBLD

CBLD Program Overview

- ❏ **What is CBLD? Cooperative Board Leadership Development**
A program provided by CDS Consulting Co-op
- ❏ **www.cdsconsulting.coop/cblD**
- ❏ **Online recorded workshops**
- ❏ **Field Guide: online resource about specific topics**
- ❏ **CBL101: an in-person multi-co-op training especially designed for newly elected directors (but useful for all directors and GMs)**
- ❏ **Planning and facilitation of an all-day board retreat**
- ❏ **Consulting hours for ongoing support for the board throughout the year**
- ❏ **Contact: MarkGoehring@cdsconsulting.coop**



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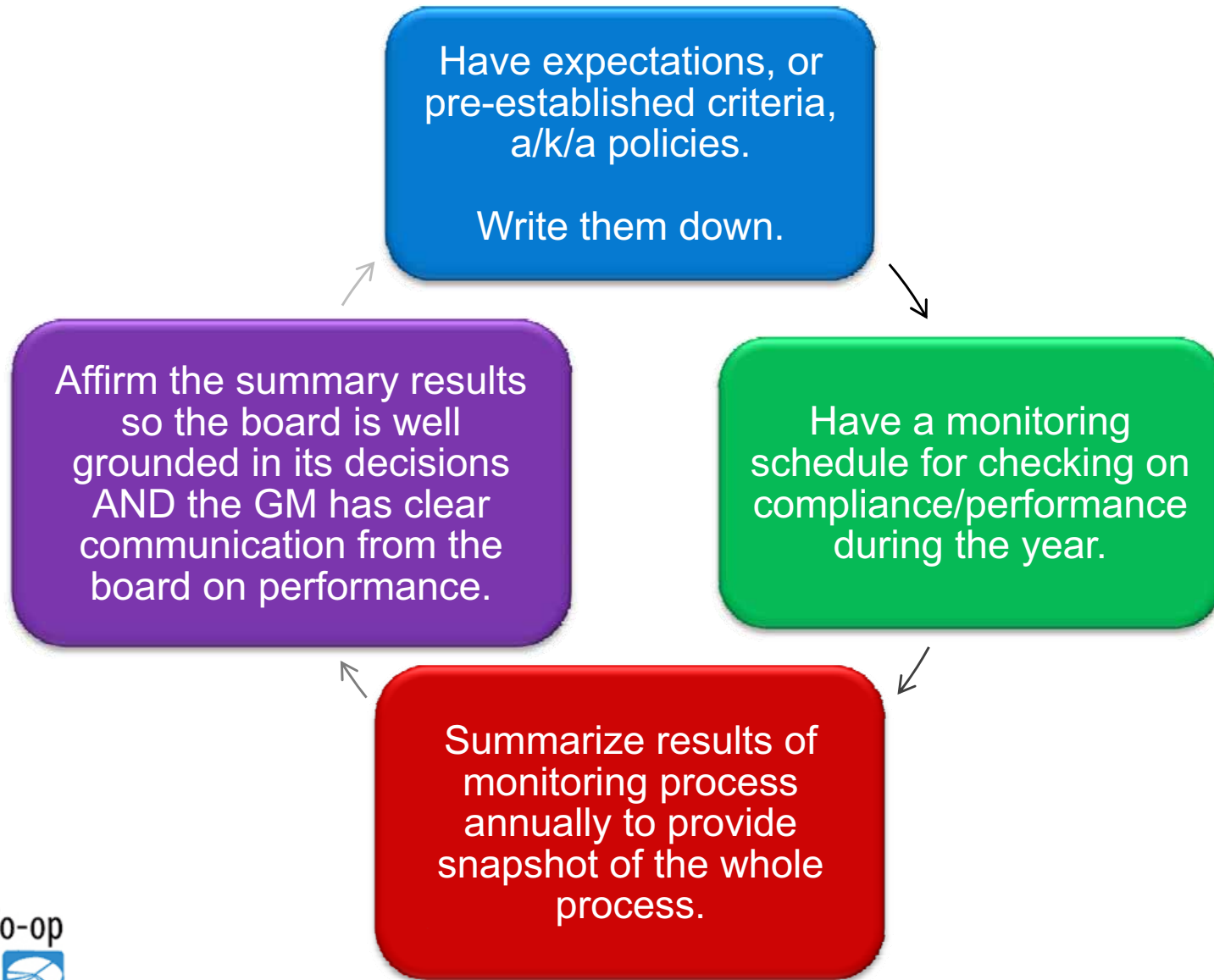
Learning objectives: GM evaluation

- ❑ **Directors understand the key principles to management evaluation.**
- ❑ **Directors understand that effective GM evaluation is an ongoing process based on pre-established criteria and rigorous and reasonable method of checking (and not a once a year project).**
- ❑ **Boards have an effective process they can use.**
- ❑ **Directors understand how an effective evaluation process is separate from and yet connected to an effective compensation process.**

The Key Principles of Management Evaluation

- 🌀 **Speak with one voice**
- 🌀 **No surprises**
- 🌀 **Make the rules at the beginning, not at the end**
- 🌀 **The GM's performance = the co-op's performance**
- 🌀 **Positive reinforcement where it's due**

Process overview: GM Evaluation



Process overview: GM Evaluation

Have expectations, or pre-established criteria, a/k/a policies.
Write them down.

Speak with one voice

No surprises

Make the rules at the beginning, not at the end

Process overview: GM Evaluation

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Have the Policies you need and want!
Resource:
Newly revised CBLD sample policies available in CBLD Library

The GM Evaluation begins with effective board process

This entire list is about the board's agreements with itself about how the board will do it's job:

- Speak with one voice
- No surprises
- Make the rules at the beginning, not at the end
- The GM's performance = the co-op's performance
- Positive reinforcement where it's due
- Confidentiality

Have policies on board process and the Board / GM Relationship

Board / GM Relationship policies

Policy Type: Board-Management Relationship
Policy Title: D.2 – Accountability of the GM
Last Revised: **CBLD Template November 2008**

The General Manager is the board's only link to operational achievement and conduct.

2.1. The board will view **GM performance as identical to organizational performance** so that the co-op's accomplishment of board-stated ends and avoidance of board-proscribed means will be viewed as successful GM performance.

*This is an excerpt... there are a few more...
Resource:
Newly revised CBLD sample policies available in CBLD Library*

Board / GM Relationship policies

Policy Type: Board-Management Relationship
Policy Title: D.4 – Monitoring GM Performance
Last Revised: **CBLD Template November 2008**

**Be organized!
Be clear!**

The board will systematically and rigorously monitor and evaluate the GM's job performance.

D.4.6 The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from ____ (*date*) through ____ (*date*), will be completed by (*date*). The Board will make its decisions concerning the evaluation, and the employment contract no later than ____ (*date*). The board will conclude the GM compensation process no later than ____ (*date*).

Process overview: GM Evaluation

Have a monitoring schedule for checking on compliance/performance during the year.

Become proficient in the monitoring process.

Be rigorous, be reasonable.

Have time for other leadership work!

Process overview: GM Evaluation

Have a monitoring schedule for checking on compliance/performance during the year

Become professional monitoring

Be rigorous reasons

Have time leaders

Resource: "Acting on GM Monitoring Reports" In the CBLD Library now!

Online Recorded Workshops
Note: to download a file, click on the file name.

Acting on GM monitoring reports


Presented by Mark Goehring

Bundle including pdf of workshop slides, recording of "live" workshop, and related reading:
[Acting on GM monitoring reports.zip](#)

Individual files that are included in the bundle:

- [Acting on GM monitoring reports webinar slides.pdf](#)
- [Acting on GM monitoring reports.wmv](#)
- [Annual Monitoring Report check sheet sample 0207.xls](#)
- [Calendar.xls](#)
- [Delegation to the GM v1.3.pdf](#)
- [Memo.doc](#)
- [Monitoring Report Decision Tree v1.5.pdf](#)
- [Monitoring the General Manager CG 123.pdf](#)
- [sample meeting minute language.doc](#)
- [Sample Questionnaire to go with monitoring report.doc](#)

Process overview: GM Evaluation

Summarize results of monitoring process annually to provide snapshot of the whole process.

Update the monitoring table during the year.

Designate someone to produce the “official record,” providing the table and a memo to the board.

Preview the process so that all directors understand it and see that it’s based in your policies.

Policy Name	Scheduled Date of Monitoring	Actual Date of Monitoring	Reports Submitted on Time?	Evaluation of Monitoring Reports			If No, Indicate Severity	Action Taken	Comments
				Reasonable Interpretation?	Data Provided?	Compliant?*			
Ends	AUG	8/15/09	Yes	Yes	Yes	YES			The manager was recognized for excellent progress and the high quality data included in the report.
Global L. Global Executive Constraint	JAN	1/15/09	Yes	Yes	Yes	YES			
B4 – Membership Equity and Benefits	DEC	12/15/09	Yes	Yes	Yes	YES			
B6 - Staff Treatment and Compensation	OCT	10/15/09	Yes	Yes	Yes	YES			
B5 – Treatment of Consumers	DEC	12/15/09				YES			
B1 Financial Condition and Activities	FEB	2/15/09	Yes	Yes	Yes	YES			
	MAY	5/15/09	Yes	Yes	Yes	YES			
	AUG	8/15/09	Yes	Yes	Yes	YES			
	NOV	11/15/09	Yes	Yes	Yes	YES			
B2 – Business Planning and Financial Budgeting	FEB	2/15/09	Yes	Yes	Yes	YES			
B3 Asset Protection	FEB	2/15/09	Yes	Yes	Yes	YES			B3.5 was adopted in January this year. By February, the GM has not completed the necessary steps to reach compliance.
B7 – Communication and Support to the Board	SEPT	9/6/15	Yes	Yes	Yes	YES			B8.1 Provided a few meeting packets a few days before meeting
B9 – Emergency GM Succession	APRIL	4/15/09	Yes	Yes	N/A	YES			

*NOTE: Compliance measured by each subcategory of the policy (eg, 4Y/1N = 4 sub-policies compliant, 1 not compliant)

Sample memo from the Board Secretary to the board

Memo

TO: _____ Co-op Board of Directors

FROM: _____, Board Secretary

DATE: XX/XX/XXXX

RE: Ends and Executive Limitation Monitoring Reports ____ – ____

CC: _____, GM

In my role as Secretary of the Board, I confirm that the attached Annual Monitoring Table accurately reflects the board's decisions made on monitoring reports from the period July 1, 2007 – June 30, 2008.

Please see tables attached.

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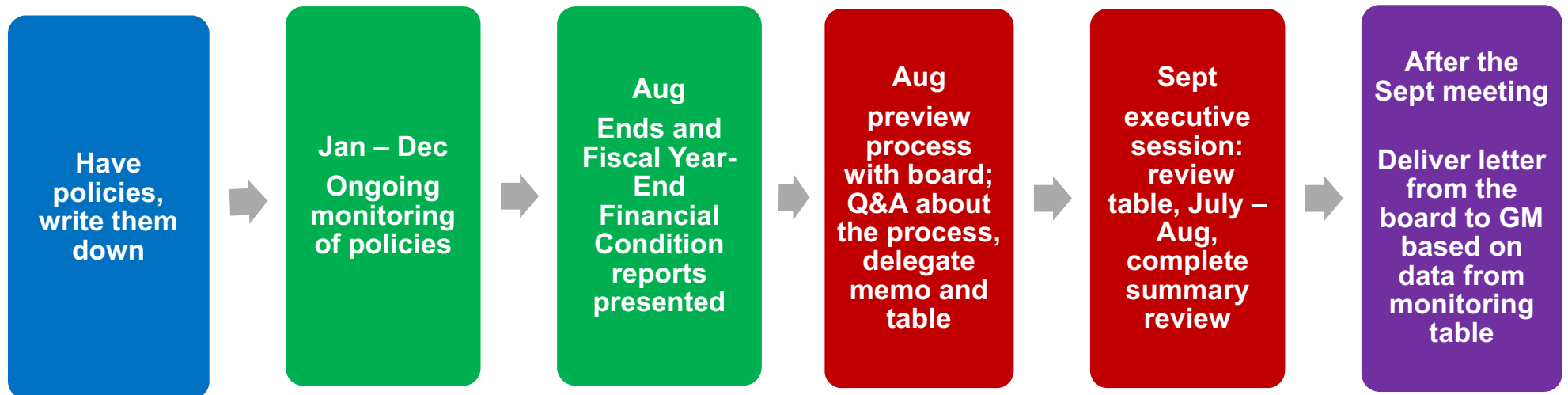
SOLUTIONS FOR COOPERATIVES



CBLD

cooperative board
leadership development

Good board process: be able to describe the process in advance!



Sample timeline for a co-op with fiscal year July 1 – June 30, and board elections in October. Later we'll show how this links to the board's process regarding setting GM compensation.

Process overview: GM Evaluation

Affirm the summary results so the board is well grounded in its decisions AND the GM has clear communication from the board on performance.

No surprises

The GM's performance = the co-op's performance

Positive reinforcement where it's due

The letter from the board... the end of the GM evaluation process

- ❏ Following the executive session where the board reviews and considers the Annual Monitoring Table, we suggest the board present a letter to the GM summarizing its findings.
- ❏ To illustrate what this letter might look like, we'll look at the Annual Monitoring Table of four fictitious co-ops:
 - Golden Grains
 - Bear Market
 - Wake Up Co-op
 - Smell the Coffee Co-op

Policy Name	Scheduled Date of Monitoring	Actual Date of Monitoring	Reports Submitted on Time?	Evaluation of Monitoring Reports			If No, Indicate Severity	Action Taken	Comments
				Reasonable Interpretation?	Data Provided?	Compliant?*			
Ends	AUG	8/15/09	Yes	Yes	Yes	YES			The manager was recognized for excellent progress and the high quality data included in the report.
Global L. Global Executive Constraint	JAN	1/15/09	Yes	Yes	Yes	YES			
B4 – Membership Equity and Benefits	DEC	12/15/09	Yes	Yes	Yes	YES			
B6 - Staff Treatment and Compensation	OCT	10/15/09	Yes	Yes	Yes	YES			
B5 – Treatment of Consumers	DEC	12/15/09				YES			
B1 Financial Condition and Activities	FEB	2/15/09	Yes	Yes	Yes	YES			
	MAY	5/15/09	Yes	Yes	Yes	YES			
	AUG	8/15/09	Yes	Yes	Yes	YES			
	NOV	11/15/09	Yes	Yes	Yes	YES			
B2 – Business Planning and Financial Budgeting	FEB	2/15/09	Yes	Yes	Yes	YES			
B3 Asset Protection	FEB	2/15/09	Yes	Yes	Yes	YES			B3.5 was adopted in January this year. By February, the GM has not completed the necessary steps to reach compliance.
B7 – Communication and Support to the Board	SEPT	9/6/15	Yes	Yes	Yes	YES			B7.1 Provided two reports after meeting packets went out.
B9 – Emergency GM Succession	APRIL	4/15/09	Yes	Yes	N/A	YES			

**ALL IS WELL AT
GOLDEN GRAINS!**

*NOTE: Compliance measured by each subcategory of the policy (eg, 4Y/1N = 4 sub-policies compliant, 1 not compliant)

The letter from the board to GM: Golden Grains Co-op

- 👍 Congratulations. As you already know from the Annual Monitoring Table, the board decided that you were in compliance of all board policies during the period July 07 – June 08.
- 👍 The progress reported in the Ends report was fantastic!
- 👍 In addition we appreciate the extra effort you put into keeping the board informed of important developments via the “FYI-No Action needed” reports in our meeting packets.
- 👍 We appreciate the effort you put into our successful board / GM relationship.
- 👍 Overall, we are more than satisfied with your performance this year!

Policy Name	Scheduled Date of Monitoring	Actual Date of Monitoring	Reports Submitted on Time?	Evaluation of Monitoring Reports			If No, Indicate Severity	Action Taken	Comments
				Reasonable Interpretation?	Data Provided?	Compliant?*			
Ends	AUG	8/15/09	Yes	NO	NO	NO	No... serious	The board rejected 3 parts of the Ends Report as being inadequate.	90 days given to present report again
Global L. Global Executive Constraint	JAN	1/15/09	Yes	Yes	Yes	YES			
B4 – Membership Equity and Benefits	DEC	12/15/08	Yes	Yes	Yes	YES	Bear Market has financial issues!		
B6 - Staff Treatment and Compensation	OCT	10/15/08	Yes	Yes	Yes	YES			
B5 – Treatment of Consumers	DEC	12/15/08				YES			
B1 Financial Condition and Activities	FEB	2/15/09	Yes	Yes	Yes	NO	Serious; net income issue	Board accepts report showing non-compliance	GM presents 6 month action plan
	MAY	5/15/09	Yes	Yes	Yes	NO	Serious; no change	""	
	AUG	8/15/09	Yes	Yes	Yes	NO	Serious;	""	Little or no change in financial condition.
	NOV	11/15/08	Yes	Yes	Yes	YES			
B2 – Business Planning and Financial Budgeting	FEB	2/15/09	Yes	Yes	Yes	NO	Serious	Board accepts report showing non-compliance	Plan shows non-compliance of Financial Conditions
B3 Asset Protection	FEB	2/15/09	Yes	Yes	Yes	NO	Assets are at risk	Board accepts report showing non-compliance	Retained earnings eroding
B7 – Communication and Support to the Board	SEPT	9/15/08	Yes	Yes	Yes	YES			
B9 – Emergency GM Succession	APRIL	4/15/09	Yes	Yes	N/A	YES			

The letter from the board to GM: Bear Market Co-op

↓ As you know from the Annual Monitoring Table, the board agreed with you that you are out of compliance on Financial Condition and Asset Protection policies. In addition the board did not feel adequate progress was made on the Ends policies.

↓ Six months ago you submitted plans which, if realized, would have brought you back into compliance with the Financial Condition policies and contributed toward compliance on the Ends policy.

↓ The data in your recently submitted monitoring reports on Financial Condition have shown little or no improvement. The financial situation of the co-op is continuing to deteriorate and you have not come up with a plan that effectively addresses the situation.

↓ The board has decided to place you on 90 day probation effective today. If terms of probation are not met you will be subject to termination. See attached terms of probation.

Policy Name	Scheduled Date of Monitoring	Actual Date of Monitoring	Reports Submitted on Time?	Evaluation of Monitoring Reports			If No, Indicate Severity	Action Taken	Comments
				Reasonable Interpretation?	Data Provided?	Compliant?*			
Ends	AUG	8/15/09	Yes	Yes	Yes	YES			
Global L. Global Executive Constraint	JAN	1/15/09	Yes	Yes	Yes	YES			
B4 – Membership Equity and Benefits	DEC	12/15/08	Yes	Yes	Yes	YES			
B6 - Staff Treatment and Compensation	OCT	10/15/08	Yes	Yes	Yes	YES			
B5 – Treatment of Consumers	DEC	12/15/08				YES			
B1 Financial Condition and Activities	FEB	2/15/09	Yes	Yes	Yes	YES			
	MAY	5/15/09	Yes	Yes	Yes	YES			
	AUG	8/15/09	Yes	Yes	Yes	YES			
	NOV	11/15/08	Yes	Yes	Yes	YES			
B2 – Business Planning and Financial Budgeting	FEB	2/15/09	Yes	Yes	Yes	YES			
B3 Asset Protection	FEB	2/15/09	Yes	Yes	Yes	YES			
B7 – Communication and Support to the Board	SEPT	9/15/08	Yes	Yes	Yes	YES			
B9 – Emergency GM Succession	APRIL	4/15/09	Yes	Yes	N/A	YES			

The board wakes up at Wake Up Co-op

*NOTE: Compliance measured by each subcategory of the policy (eg, 4Y/1N = 4 sub-policies compliant, 1 not compliant)

The letter from the board to GM: Wake-up Co-op

✈ As you know from the Annual Monitoring Table, we have accepted all of your monitoring reports, including the Ends report at our August board meeting.

✈ In reviewing the Ends report that we accepted, we see now that it provided inadequate interpretations and data for us to rely on to fulfill our accountability obligation. The board accepts responsibility for its previous decisions, but does want you to know that we'd like to receive a mid-year report on our Ends policies in February.

✈ In February, we expect to see improved thinking about delivering on our Ends, including specific goals that you intend to measure for demonstration of accomplishment. The Planning report is also due in February and in that report we expect to see clear connection between plans and Ends, as called for in our board policy on planning.

✈ The monitoring reports on the other policies were satisfactory. We appreciate your efforts on those and your continued service to the co-op!

Policy Name	Scheduled Date of Monitoring	Actual Date of Monitoring	Reports Submitted on Time?	Evaluation of Monitoring Reports			If No, Indicate Severity	Action Taken	Comments
				Reasonable Interpretation?	Data Provided?	Compliant?*			
Ends	AUG	No report on Aug 09	NO	??	??	NA			Board will refer to lack of reporting in GM eval letter
Global L. Global Executive Constraint	JAN	No report	NO	??	??	NA			
B4 – Membership Equity and Benefits	DEC	Feb 15: 2 months late	NO	Yes	Yes	YES			
B6 - Staff Treatment and Compensation	OCT	No report	NO	Yes	Yes	NA			
B5 – Treatment of Consumers	DEC	No report	NO	??	??	NA			
B1 Financial Condition and Activities	FEB	2/15/09	Yes	Yes	Yes	YES			
	MAY	5/15/09	Yes	Yes	Yes	YES			
	AUG	8/15/09	Yes	Yes	Yes	YES			
	NOV	11/15/08	Yes	Yes	Yes	YES			
B2 – Business Planning and Financial Budgeting	FEB	April 15: 2 months late	NO	Yes	Yes	YES			
B3 Asset Protection	FEB	No report	NO	??	??	NA			
B7 – Communication and Support to the Board	AUG	No report	NO	??	??	NO	HIGH	Board will refer to lack of reporting in GM eval letter	Clearly out of compliance with Board support policy due to poor monitoring.
B9 – Emergency GM Succession	APRIL	June 15: 2 months late	NO	Yes	YES	YES			

Smell the Coffee
Co-op needs its reports!

*NOTE: Compliance measured by each subcategory of the policy (eg, 4Y/1N = 4 sub-policies compliant, 1 not compliant)

The letter from the board to GM: Smell the Coffee Co-op

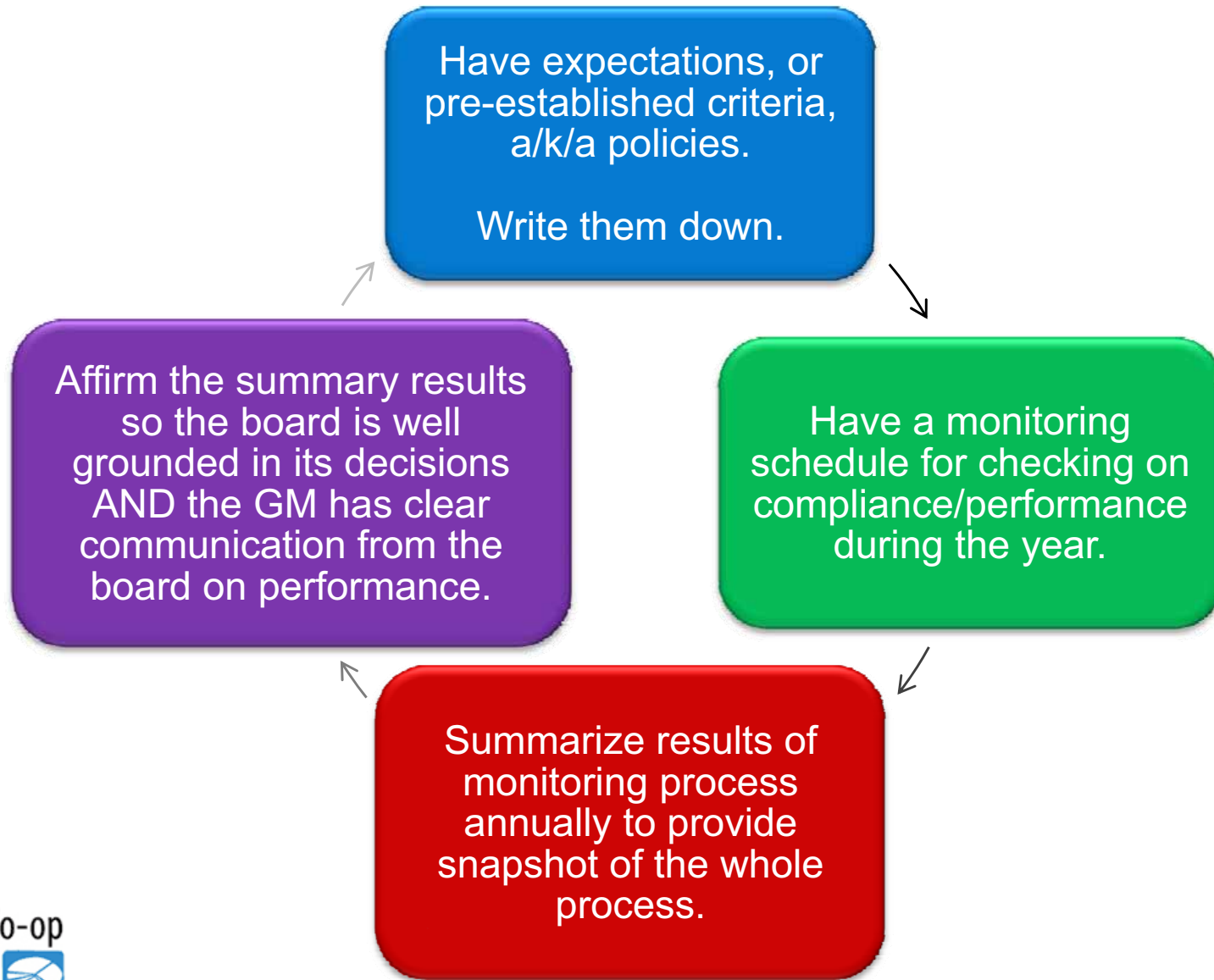
➤ The board found it difficult to complete your evaluation. As you know, your evaluation is based on an ongoing monitoring process based on board policies. Even though no Board Communication and Support report was submitted in Aug, the board found you out of compliance with that policy.

➤ As you know, the Annual Monitoring Table shows that, with the exception of Financial Conditions, you failed to submit the required monitoring reports or submitted them well past the scheduled date.

➤ The board has revised the monitoring schedule and attached it for your review. In advance of the deadline for the next meeting packet, please inform the board chair of any modifications to this new schedule you feel are necessary.

➤ In six months we will review your progress on submitting reports according to the revised schedule. Until that time your evaluation will remain incomplete and your compensation will remain as is. We suggest you get some help on your monitoring reports!

Process review: GM Evaluation



Desired outcomes of the evaluation

- Board's conclusions on the manager's performance
- Renewal of employment contract (if your co-op uses one)
- If needed, probation agreement or termination
- Records of the above in the manager's personnel file
- Identification of policies that the board will review later for changes
- Basis for compensation proposal from the GM in response to Board's compensation RFP

GM Compensation: Thinking Strategically

This flow chart presents the process as outlined in CBLD Distance Learning Workshop
 A CBLD program www.cdsfood.coop/cblld

Resource:
 "Setting a process
 for GM
 compensation"
 In the CBLD
 Library now!

Setting a process for GM Compensation



Presented by Mark Goehring and Carolee Colter

Bundle including pdf of workshop slides, recording of "live" workshop, and related reading:
[Setting a process for GM compensation.zip](#)

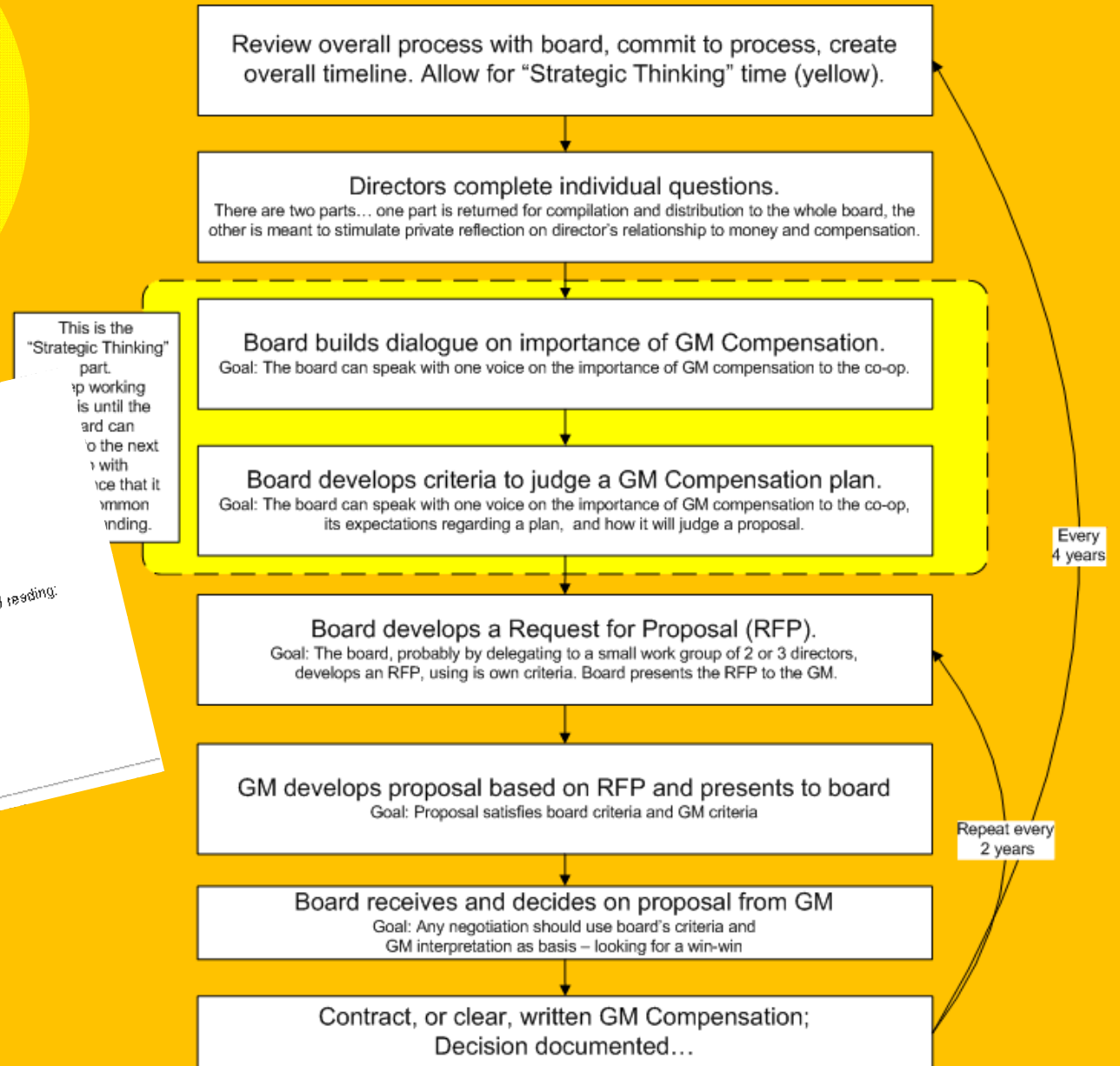
Individual files that are included in the bundle:

- [CG GM Compensation 2006.pdf](#)
- [CG GM Compensation 2008.pdf](#)
- [CG Setting a process for GM Compensation April 08.pdf](#)
- [GM compensation webinar slides.pdf](#)
- [GM Compensation Workshop materials.pdf](#)
- [Thinking and Acting Strategically on GM Compensation.wmv](#)

CDS Consulting Co-op



SOLUTIONS FOR COOPERATIVES



The board has policies, it writes them down. They are in effect 24/7.

The board has an effective, rigorous and reasonable process for monitoring GM compliance /performance

STAFF	FIN COND	MEMB	CUST	FIN COND	PLANNING, GLOBAL EL	ASSET, BOARD.	ENDS, YR END FIN COND				FIN COND
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Sample timelines for the GM evaluation process and the GM compensation process for a co-op with fiscal year July 1 – June 30, and board elections in October.

The summary evaluation cycle is Aug-July so as to include the most recent Ends and Year-end Financial Conditions reports, and to allow conclusion prior to the new board being seated.

Compensation plan could run Jan –Dec, with two year terms.

Board previews eval process; memo and table delegated to Sec. for Aug - July	Board has executive session, affirms board decisions, frames letter to GM	Letter delivered to GM, follows board policies and eval principles
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JAN FEB MAR APR MAY JUN JULY AUG SEP OCT NOV DEC

The board thinks strategically about GM compensation and has an effective GM compensation process.

Year 1:	Board previews process	Strategic conversation #1	Strategic conversation #2	Board approves RFP, gives to GM			GM presents compensation proposal	Board acts on compensation proposal			
Year 2									Any annual triggers for contingency pay triggered		
Year 3			Board reviews RFP	Board approves RFP, gives to GM			GM presents compensation proposal	Board acts on compensation proposal			
Year 4									Any annual triggers for contingency. pay triggered		
Year 5	Board previews process	Strategic conversation #1	Strategic conversation #2	Board approves RFP, gives to GM			GM presents compensation proposal	Board acts on compensation proposal	Comments, feedback welcome: markgoehring@cdsconsulting.coop		



Learning objectives: GM evaluation

- ❑ **Directors understand the key principles to management evaluation.**
- ❑ **Directors understand that effective GM evaluation is an ongoing process based on pre-established criteria and rigorous and reasonable method of checking (and not a once a year project).**
- ❑ **Boards have an effective process they can use.**
- ❑ **Directors understand how an effective evaluation process is separate from and yet connected to an effective compensation process.**

Learning objectives: GM evaluation

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- ❑ Directors understand how an effective evaluation process is separate from and yet connected to an effective compensation process.

QUESTIONS?

GM Evaluation

- 🌀 **Your CBLD consultant can provide your board with support with any of the material presented in this workshop.**
- 🌀 **Go to the CBLD Library for the recording of the “live” session, workshop slides and other related resources. Plus, you’ll find lots more!**
- 🌀 **<https://cdsconsulting.centraldesktop.com/cblD/Library>**