

BOARD MANUAL

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SUBJECT: Chief Executive Officer (CEO) Performance Evaluation

POLICY

The performance evaluation of the President and Chief Executive Officer (CEO) is one of the most important responsibilities of the board. The evaluation process provides a formal opportunity for the board and CEO to have a constructive discussion regarding the performance of Grand River Hospital and the CEO's leadership of the hospital.

The Executive Committee (EC), chaired by the chair of the board, is charged with leading and implementing the CEO performance evaluation process. The board is involved in approving the CEO's objectives, giving input into the annual evaluation process and reviewing the information that contributes to the final evaluation. The performance evaluation period is aligned to the hospital's fiscal year to enable alignment with other key metric reporting, financial, strategic, etc.

A comprehensive performance evaluation will be undertaken annually to ensure that expectations and performance are reviewed and appropriate expectations are set. Included in the annual evaluation will be a discussion regarding the CEO's personal development, relationship management and overall leadership. A mid-year review between EC and the CEO is undertaken to assess on progress and provide feedback.

The review takes place with assessment against the following:

- A written statement of the CEO's performance objectives for the year under review. These goals have been agreed to by the CEO and the board at the beginning of the year under review and include performance measures for 100% achievement as well as 150% achievement;
- The Quality Improvement Plan;
- The expectations set out in the job description for the position; and
- The Operating Plan

In addition, provisions may appear in the CEO employment contract that take precedence over this policy should any conflicts exist or arise between this policy and the contract.

RESPONSIBILITY

The CEO is appointed by, reports to, and is accountable to, the board. The board is responsible for supervising this executive position. Board responsibilities include selection, overseeing annual objective setting, determining compensation and incentives, identifying learning or development plans and being prepared for the succession of an incumbent.

The board delegates the implementation of the process to the EC of the board with support available through the Vice President of Human Resources.

The Vice President of Human Resources is responsible for the CEO employee file and provides insight, feedback and assistance regarding any policy or procedural updates (e.g. job description, best-practices, contracts, search committee)

PROCEDURE

A. Mid-year Review

1. The CERC leads the mid-year CEO evaluation, generally undertaken in November.
2. The CEO provides EC with a written status update on the progress of each objective, while the committee provides constructive feedback. Other major environmental factors that are beyond the control of the CEO, such as major shifts in government policy, restructuring, budget alignments, among other factors will be taken into consideration during the evaluation. It may become necessary to re-evaluate, refocus and/or re-prioritize the goals and objectives to ensure the highest priorities are being addressed.
3. Through discussions held without the CEO, EC members determine a recommendation for interim performance based compensation based only on the 100% achievement criteria.
4. The board chair will meet with the CEO to discuss the mid-year performance.
5. EC provides the entire board with a synopsis of the assessment and recommends for approval the interim performance based compensation at the in-camera session of the board meeting.

B. Year-end Review

1. The EC will lead and implement the CEO's year-end review, which will be completed by June 30th each year.
2. The committee will confirm the participants in an annual 360° survey including directors, management personnel, medical staff and external stakeholders, and issue the survey. All board directors will be invited to complete the survey.
3. Survey results will be provided to the committee.

4. The CEO will complete a written self-appraisal on the progress of each performance objective based on the 100% and 150% achievement criteria.
5. Through discussions held without the CEO, EC members determine a recommendation for year-end performance based compensation taking into account the CEO's self-appraisal, the most recent CEO's report of the hospital's performance against the operating plan and budget and the results of the 360° survey. The assessments are then consolidated by the board chair into a summary report to be provided to the CEO.
6. The board chair will meet with the CEO to discuss the year-end performance. EC provides the entire board with a synopsis of the assessment and recommends for approval the year-end performance based compensation at the in-camera session of the board meeting.

Timing and Responsibilities for the CEO Performance Evaluation

Activity	Who	When
<i>Upcoming Year's Goals and Objective</i>		
a) The CEO develops a set of goals and objectives	CEO	April
b) Executive Committee (EC) provides input on the CEO annual goals and objectives and provides a recommendation to the Board for approval	EC	April
c) CEO goals and objectives are reviewed and approved by the Board	Board	By June 30 each year
<i>Mid-Year Performance Evaluation</i>		
d) CEO submits six month performance evaluation	CEO	November
e) EC reviews the performance evaluation and provides a recommendation to the Board for the CEO compensation installment	EC	November
f) The Board Chair sends a letter to the CEO regarding the outcome of the mid-year review	Board Chair	Post-November Board Meeting
<i>Year-End Performance Evaluation</i>		
g) The CEO 360 performance review is issued	EC	April
h) The CEO writes self-appraisal and year-end report and submitted to EC	CEO	May
i) Based on the CEO self-assessment and 360 performance review, EC determines recommendation for CEO year-end performance compensation and provides recommendation to the Board for approval	EC	May/June
j) The CEO year-end performance compensation is approved by the Board	Board	June Board Meeting

k) The Board Chair sends a letter to the CEO regarding the outcome of the annual review	Board Chair	Post Board
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Confidentiality

The review process will be done with the utmost confidentiality. Any discussion of performance will take place in-camera.

RELATED DOCUMENTS

5-4 CEO Position Description