

## 4 Steps To A Better PA

As each year draws to a close, it's time to think about your annual performance appraisal (PA). At the start of the year, your board should have established with your input a set of measurable objectives that they expect you to achieve. These objectives should go beyond the usual financial metrics and include elements that focus on specific issues your company needed to be successful that year. Improving management succession planning, integrating an acquisition, improving your company's strategy are just a few examples.

At year-end, there should be a process for you to self-assess your performance, review it with the board chair and/or lead director and then the full board can review it. The process needs to fit the individual circumstances of each company but certain tenets hold true for all companies.

### 4 Step Process

High performing companies and their boards have a simple 4-step process to make the CEO PA simple but highly effective.

1. Set clear performance expectations
2. Have a process to review, discuss performance vs. these objectives.
3. Provide clear and direct feedback to the CEO
4. Use CEO performance as the basis for incentive compensation regards.

If such a process is not in place in your company, now is the time to implement it for next year. Regardless, of the current state of your PA process, at year-end, prepare your own assessment of your performance. How well did you really do this past year? What can you improve upon for next year? How would you describe your successes and opportunities for improvement?