# How to evaluate board performance

Regular evaluation of a board’s performance is integral to effective corporate governance. This includes:

* performance of the board and board committees
* workload of the board and required positions
* contribution of individual members against predetermined criteria.

A well-designed board evaluation has numerous benefits for the board as a whole, individual members and the public sector agency overseen by the board. It assists the board to determine the extent to which it is delivering on its purpose and the minister’s statement of expectations. The chair has a vital role in ensuring the evaluation process is fit for purpose and dealing with matters raised during the process.

Objective

A board evaluation process includes all aspects of governance and is designed to:

* solicit honest, genuine and constructive feedback
* identify and address opportunities for improving the performance of the board
* prepare manageable recommendations with a process for implementation
* enhance the performance of the board.

Evaluation process

An effective evaluation process relies on the support and commitment of all board members so the board agrees on:

* purpose and objective of the evaluation
* who and what is to be evaluated
* process for undertaking the evaluation
* who is to be asked to provide input
* method to be used
* frequency of ongoing evaluations.

Identify the scope for evaluation and preferred method, taking into consideration the stage of development of the public sector agency, tenure of board members and time since the previous evaluation.

Methods

Board evaluations can be internal or external. It is important that trust is established in the credibility and confidentiality of the evaluation process, encouraging candid input by, and feedback from, members. This make it more likely that the board takes account of the results.

#### Internal evaluation

In internal evaluations, the board manages the evaluation process and its content. Internal evaluations are typically coordinated by the chair, governance or nomination committee, or executive officer. They are generally undertaken through a standard questionnaire and/or one-on-one interviews.

An internal evaluation of the board is:

* positive – determining strengths of the board
* constructive – identifying specific changes to be made.
* educational – identifying learning needs and making plans to acquire the required learning.

Self-assessment: Self-assessment allows board members to step back from everyday business and address larger and more fundamental matters. The board reflects on how well it is meeting its responsibilities and focuses on integral aspects of its work. A standard questionnaire supports self-assessment and covers roles and responsibilities, group dynamics, board processes and procedures, and member behaviour.

Peer assessment: A confidential questionnaire can give members the opportunity to comment on strengths and weaknesses of peers. Comments can be compared to responses of individual members in the self-assessment. Any peer assessment that examines the contribution of individual board members requires a sensitive approach with ‘buy-in’ from all involved.

A board-managed process may also move beyond strict self-assessment by seeking input from stakeholders.

#### Informal confidential discussions

A board may choose to conduct informal confidential discussions based on specific ‘fit for purpose’ questions at the end of a board meeting. This type of evaluation is facilitated by the chair or nominee such as the deputy chair, a chair of a board committee or the executive officer.

#### External evaluation

External evaluations are carried out by a third party using observation, a standard questionnaire and/or one-on-one interviews. They can include input from stakeholders. The third party is retained by, and reports to, the board. External evaluations have the advantage of impartial appraisal and providing an unbiased report on findings.

Action plan

One of the most important and valuable stages of an evaluation, no matter which method is used, is the presentation of results to the board. This is followed by an open and frank discussion about the results and determination of areas of focus for the board to strengthen its effectiveness.

Any board evaluation is about improving board performance, with a plan on what to focus on and implement.