

A Board's Guide to CEO Reviews: Evaluating and Elevating Leadership



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One of the primary responsibilities of a board of directors is to ensure the company has the right leadership in place to deliver on its goals. To provide effective leadership oversight, boards engage in two critical activities:

1. **Ongoing Dialogue:** Maintaining open communication with the CEO about the company's strategic progress, financial health, regulatory compliance, risk management, and organizational culture.
2. **Annual CEO Evaluations:** Conducting formal reviews of the CEO's performance.

Though widely regarded as a best practice, CEO evaluations are not required, and research suggests that as many as 40–50% of boards don't conduct them on a regular basis. This is a missed opportunity to fulfill the primary board responsibility of ensuring effective leadership for the organization: Without a formal review, how can a board properly gauge whether its CEO is effectively steering the organization? It's also a lost chance to provide constructive



feedback to the chief executive that could help them more readily achieve their goals.

The leadership needs of an organization evolve over time, and an annual performance review is a critical tool for ensuring the CEO is keeping pace with the company's growth and changing priorities. The right leader for a start-up may not be the right leader for a global enterprise and shifts in strategy or scale can call for a reassessment of leadership. Without a structured evaluation, how can a board determine if they have the right leader for the challenges ahead? At Boardspan, we've seen firsthand how CEO reviews equip boards to provide effective leadership oversight and help CEOs become even better leaders. Below, we explore the why, what, and how of CEO evaluations.

Why Are CEO Evaluations Important?

If you think financial performance is the only meaningful indicator of CEO performance, let's burst that bubble. Numbers tell part of the story, but understanding the underlying factors that drive financial performance is critical. CEOs aren't algorithms; they're human beings with quirks, blind spots, and (hopefully) some self-awareness. And when they stumble, it's often the company that takes the fall.

Boards have a fiduciary duty to their shareholders to spot issues early. A poorly performing CEO left unchecked can drag an organization into years of stasis—just think about the many steps to resolution: recognizing the problem, finding a new CEO, onboarding them, and waiting for them to hit their stride. That's a minimum of two years lost. By that time, your competitors aren't just ahead—they're in another league.

A thorough CEO review isn't just a preventative measure; it's a forward-looking exercise. It's about asking tough questions: How is the CEO shaping culture? Are they building an organization that can take the company to new heights? Are they collaborative, open to feedback, or slavishly invested in their own ideas? And most importantly, are they willing to grow? A leader

who embraces evaluation signals they're in it for the long haul—not just their own legacy.

Who Should Be Involved in a CEO Review?

Spoiler alert: It's not just the independent directors. Sure, they're an essential part of the process, but if your evaluation relies solely on their input, you're missing the forest for the trees.

Why? Because directors typically see the CEO in highly curated settings—board meetings, formal dinners, or carefully staged presentations. It's a controlled environment, and CEOs are on their best behavior. To get the full picture, you need a 360-degree view.

There is a lot to be learned from the management team, who witness a CEO's day-to-day communication and decision-making. They see the CEO's impact on organizational culture, and have a good idea of the chief executive's performance with regard to key behaviors like delegating responsibilities, listening to other perspectives, empowering teams to deliver successful outcomes, and conveying a compelling vision to colleagues, customers, partners and other stakeholders. .

In a 360 review, the views of the board and management team are accompanied by a self-evaluation by the CEO, which adds depth, reveals any differences of opinion, and contributes to overall transparency.

What Should Be Evaluated in a CEO Review?

Not all metrics are created equal. If you want to predict a CEO's future success, focus on leading indicators rather than just retrospective data. Here's what should make the cut:

- **Strategic Leadership:** Is the CEO steering the company toward a compelling vision?

- **Operational Excellence:** Are they running a tight ship in terms of cost, quality, and efficiency?
- **Culture and Engagement:** Is the organization thriving under their leadership, or are employees running for the exits?
- **Innovation Pipeline:** Are they building for the future or just milking the present?
- **Self-Awareness:** Do they know themselves well enough to lead others effectively?

These aren't just boxes to tick—they're the foundation for sustainable growth.

How Should a CEO Review Be Conducted?

The most valuable performance reviews are objective, comprehensive and provide actionable feedback to help the executive grow on the job. They measure performance quantitatively and also gather qualitative insights. While there's no one-size-fits-all approach, the most beneficial reviews combine quantitative questions (yes/no or ratings system) about CEO effectiveness with regard to specific leadership attributes, with open questions to provide broad feedback and comments, which add nuance and depth. Together, these methods paint a complete picture of the CEO's performance.

Boards often face a key decision when conducting a review: Should they manage the process internally or rely on an outside expert?

The DIY Approach: Call around interviews, typically led by the board chair or lead independent director, are sometimes conducted by boards with the time, expertise, and trust of participants. While this can be a productive exercise, it is all but impossible for such a review to be objective, as the interviewer brings their own perspective which can't help but influence the questions asked as well as the significance awarded to the responses—and

depending on board dynamics and relationships, those interviewed may be reluctant to be candid, especially when sensitive topics are at play.

The Case for Outside Experts: Engaging an external consultant with deep expertise in CEO evaluations delivers several advantages. Consultants bring objectivity throughout the process, from the questions asked, to the conclusions delivered, which is essential for uncovering blind spots or addressing sensitive dynamics. They can also provide anonymity to participants, which encourages people to share their honest perspectives. On a practical level, experienced consultants can streamline the process, saving precious board members' time while facilitating a thorough and efficient review grounded in best practices and tailored to the organization's unique needs.

Ultimately, whether the review is managed internally or externally, the process should seek to foster trust and collaboration. A well-executed CEO review is not just about affirming the organization has the right leadership and identifying areas for improvement; it's an opportunity to understand where the board, management team, and CEO are aligned—and where they are not, so that differences of perspective can be understood, and significant issues addressed as needed.

How Should the Feedback from a CEO Review Be Delivered?

Delivering performance feedback to a CEO is a critical responsibility of the board, requiring a balance of directness, professionalism, and strategic alignment. Delivering feedback to the CEO demands an approach rooted in governance and accountability. It's not about tiptoeing around sensitive topics—it's about clear, constructive communication that drives better leadership and aligns with the company's objectives. (Also refer to our dedicated guide on this topic, "How to Deliver CEO Feedback Effectively: A Guide for Boards.")

Best Practices for Delivering CEO Feedback

- **Provide Balanced Insights:** CEOs are often inundated with challenges and rarely hear what they're doing well. While the board should not shy away from highlighting concerns, it's equally important to celebrate achievements and strengths. Balanced feedback builds trust and helps to keep the conversation productive.
- **Connect Feedback to Strategy:** Ground the discussion in the organization's goals and priorities. Rather than focusing solely on what the CEO did or didn't do, emphasize how their actions align—or misalign—with the company's strategic direction.
- **Focus on Accountability, Not Micromanagement:** The board's role is to oversee and guide, not manage day-to-day operations. Feedback should address leadership behaviors, decision-making processes, and strategic outcomes.

The Value of a Written Summary

After the feedback session, provide the CEO with a summary of the board's findings. This document will serve as a reference point for future evaluations and reinforce accountability for both the CEO and the board.

The Bottom Line

Conducting an annual performance review of the CEO isn't just about accountability—it's about unlocking leadership potential. These evaluations create opportunities for CEOs to grow, adapt, and lead more effectively, strengthening alignment with the company's strategic goals and fostering a culture of continuous improvement.

They also allow boards to assess how CEOs are driving the factors that safeguard long-term value: culture, innovation, and risk management. In a world where stakeholder expectations increasingly demand leadership that



balances financial performance with responsible governance, these reviews ensure that CEOs aren't just delivering results—they're doing so in ways that build a resilient and sustainable organization.

A thoughtful and well-rounded CEO evaluation process positions boards as true partners in leadership. It provides guidance that sharpens CEO performance while protecting the company from blind spots. In today's complex and rapidly changing business environment, robust CEO reviews aren't just a best practice—they're essential to driving leadership excellence and organizational success.

About Boardspan

We help boards raise the bar on their governance initiatives by combining cutting-edge digital capabilities with high-touch consulting services. Boardspan is a leader in board assessments, individual director & CEO evaluations, board succession planning & search, skills & composition analyses, and bespoke advisory work.

Our focus is entirely on boards, delivering deep experience, objectivity, an analytical orientation, and insight-driven recommendations. We work with public, private, and non-profit organizations across all industries. Clients include Autodesk, Blue Shield (CA), Colgate-Palmolive, e.l.f. Beauty, HubSpot, Roblox, KKR, the PGA, Salesforce, USOPC, and scores more.

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