

# Checklist for Establishing An Executive Director Compensation Plan



- ✓ Ensure that the board has complete information on current compensation.
- ✓ Review the organization's mission, goals, and strategy to ensure that the compensation plan will support them.
- ✓ Establish or review the chief executive job description and employment contract.
- ✓ Develop or review the organization's compensation philosophy.
- ✓ Understand the marketplace; acquire and analyze appropriate market data on compensation.
- ✓ Ensure that the compensation level and structure will meet legal requirements; establish a process for documenting the chief executive compensation decision and ensure that the process is followed; retain legal counsel if necessary.
- ✓ Review compensation for purposes of stakeholder and public scrutiny.
- ✓ Establish the compensation level and plan.
- ✓ Establish an ongoing process for reviewing chief executive compensation and job performance. The process should include setting annual and long-term goals, conducting annual performance reviews, and adjusting compensation each year based on market and performance.
- ✓ Identify negotiation points with respect to the chief executive contract.
- ✓ Ensure the compensation of other disqualified persons is reasonable, meets federal and state legal requirements, and is consistent with organization's mission and purpose.