

BOARD CHECKLIST FOR ESTABLISHING A CHIEF EXECUTIVE 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 longterm 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.

Resource: [Nonprofit Executive Compensation: Planning, Performance, and Pay](#)

