

## PART III – Executive Authority

### Chapter 1

## CHIEF EXECUTIVE OFFICER

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### 1.1 General

The Chief Executive Officer (CEO) of the Corporation is responsible to the Board of Directors of the Corporation for the administration of The Perley and Rideau Veterans' Health Centre (Perley Health) and all its programs pursuant to the *Fixing Long-Term Care Act, 2021* and other pertinent legislation and regulations. As the statutory Administrator of Perley Health, the CEO is responsible for its overall management and for planning, organizing, coordinating and managing its day-to-day operations in accordance with Provincial guidelines, the Corporation's By-Laws, and the Board's governance framework, policies and directions, and within the general parameters of the approved annual operating plan and budget. The CEO is accountable to the Board for all organizational performance. As the day-to-day leader of Perley Health, the CEO serves as its primary public representative.

The CEO works in partnership with the Board to ensure that Perley Health is fulfilling its mission and to create strategies that will ensure its future success.

All Board authority delegated to staff is delegated through the CEO, so that the authority and accountability of staff derives from the authority and accountability of the CEO.

The Board of Directors as a group, rather than individual Directors, officers or Committees, is responsible for providing direction to the CEO within the context of Board policies.

Accreditation Canada has established standards to guide health service providers in Canada with respect to the recruitment, selection and evaluation of the CEO and to improve the relationship between the Board and senior management. These are reproduced in Appendix A to this Chapter. The Board is responsible for ensuring that these standards are met.

### 1.2 CEO's Responsibilities

The CEO has two broad roles: delivery of the mandate given by the Board; and the efficient and effective use of all resources (financial, human, infrastructure, reputation, etc.).

The CEO is employed by the Board of Directors and is therefore responsible to the Board as a whole rather than to individual members of the Board. The CEO is required to implement policies as determined by the Board, consistent with the requirements of

any relevant legislation or regulations. In the exercise of these responsibilities, the CEO provides:

- **Leadership:** The CEO is Perley Health’s strategic leader. As such, the CEO’s main task is to inspire commitment to the vision of Perley Health and the fulfillment of Perley Health’s strategic objectives.
- **Setting Strategy and Vision:** The CEO will help develop the corporate vision, define organizational goals, formulate strategies and objectives, and align Perley Health’s resources to fulfill that vision.
- **Executive Management:** The CEO will develop and implement organizational structures, systems, policies and processes to meet Perley Health’s operational needs in order to provide excellent service, quality of care, and quality of life and safety to its residents in an efficient manner.
- **Stakeholder Relations:** The CEO will cultivate, and communicate with, a broad network of internal and external stakeholders with the aim of advancing Perley Health’s reputation, goals and public interests.
- **Board Support:** The CEO will ensure that the Board receives the necessary advice, information and administrative support for the fulfillment of its functions.

The CEO’s Position Description is set out in Appendix B to this Chapter.

### 1.3 Recruitment and Appointment of the CEO

Recruitment, selection and appointment of the CEO are, along with performance monitoring, among the most important responsibilities of the Board. Appointment of a CEO should, ideally, be made with the confidence of the full Board or at least by strong consensus.

The Board may create an *ad hoc* search committee to lead in the selection and hiring of the CEO. To this end the committee should:

- Review the CEO’s job description, employment contract, core accountabilities, compensation and benefits, etc.;
- Review Perley Health’s strategic objectives and assumed operating environment for the next decade in order to determine what skills and experience Perley Health will need;
- Determine selection criteria based on these two reviews;
- Consider retaining the services of a professional recruiter or talent search firm to develop a potential list of candidates, both internal and external;
- Evaluate all candidates against agreed selection criteria, confirming each candidate’s education, background and work experience, as well as their personal suitability for the mission and culture of Perley Health;
- Recommend a short list of candidates to the Board for final selection;
- Communicate the results to the candidates; and
- Recommend an appropriate orientation and training program to the Board for its new employee.

Following acceptance of a letter of offer by the successful candidate, the Chair of the Board should communicate the decision throughout Perley Health and to its stakeholders.

## 1.4 Employment Contract

The Board negotiates and prepares the employment contract of the CEO. This contract should include the terms and conditions for:

- Employment duties, authority and review;
- Compensation and benefits, including insurance and indemnity;
- Term and renewal;
- Termination of the agreement;
- Termination and discipline of the CEO; and
- The CEO's covenants with the Perley Rideau.

The Board supplements the terms and conditions of the CEO's Employment Contract through annual performance and compensation reviews and subsequent letters from the Board Chair outlining the Board's assessment of the CEO's performance and any areas identified for improvement.

## 1.5 Managing and Supporting the CEO

The CEO is the only staff member who reports directly to the Board. Maintenance of an effective working relationship between the Board and the CEO is vital to the effective governance of Perley Health for the fulfillment of its mission, vision and strategic objectives.

The Board is responsible for the mentoring and development of the CEO, and for managing the CEO's performance, in particular through annual performance reviews against agreed-upon criteria. The Chair of the Board should be in contact with the CEO between Board meetings as required in order to manage this relationship.

Some key aspects of this relationship include:

- **Role Clarity.** The distribution of responsibilities between management and the Board of Directors must be clearly delineated, annually reviewed, updated (if necessary), and followed.
- **Established Performance Measures.** The Board should ensure that both the qualitative elements (behaviours and core competencies) and quantitative measures (objectives and deliverables) that are expected of the CEO are clear.
- **Annual Performance Review.** The CEO's performance should be evaluated annually by the Board in accordance with the guidance herein.
- **CEO Development.** Based on areas identified for improvement in the annual performance review and/or based upon evolving circumstance in the organization or

the environment, the Board should take the lead in developing an appropriate program of development for the CEO.

- ***In Camera* Discussions.** Every regular meeting of the Board should include an *in-camera* session to provide all Directors an opportunity to informally share opinions on the CEO's performance and to identify areas in which further coaching and development may be helpful.

## 1.6 CEO's Performance Evaluation

The CEO's job contributions can be expressed as performance with respect to the following components:

- CEO's Position Description and Employment Contract;
- Annual performance objectives negotiated with the Board through its Executive Committee;
- Organizational achievement of operating plan and corporate objectives;
- Organizational operation within the boundaries established in Board direction;
- Quality of relationships with senior staff, the Board, and major stakeholders.

Appendix C to this Chapter provides guidance for the Board's performance management for the CEO.

## 1.7 Succession Planning and Senior Leadership Group (SLG) Appointments

The CEO, in order to maintain proper lines of authority and accountability, has full authority to recruit, evaluate and dismiss all staff, including the most senior managers. However, the Board has a particular interest in the appointment of a Chief Operating Officer, given the potential for the incumbent of such a position to succeed to the more senior position. Similarly, the Board may have a particular interest in the appointment of the Chief Financial Officer, the Chief Medical Officer and the Research Chair, given the importance of these positions and the considerable interaction that may be necessary between the incumbents of these positions and the Board.

Prior to an appointment to positions designated by the Board to be of special interest, the CEO should brief the Board on the job criteria established for the position, the recruitment process, a synopsis of candidates considered, and a résumé of the candidate to be appointed. Board members may offer comments but the decision to appoint (or not) a particular candidate is at the sole discretion of the CEO. Similarly, decisions with respect to compensation, discipline and termination of employment for incumbents in these positions are the sole purview of the CEO. That said, the CEO should advise the Board of any such actions beforehand since they may well have impacts that require subsequent Board action.

## 1.8 Succession Planning for the CEO

The Board of Directors should ensure that a robust succession planning process has been thought through, and that the Board is prepared to cope with either a planned or an unplanned vacancy in the CEO and other senior management roles.

To this end the Board should maintain a continuing watch for the potential of current senior managers to be ready to assume the CEO's responsibilities – either on an interim basis in the event of an unplanned departure or incapacitation of the incumbent, or to succeed the incumbent on an indeterminate basis. In addition, Board members should maintain a continuing watch for potential external candidates through their professional contacts and stakeholder networking. In addition, the Board should oversee the development of Perley Health's succession plan for senior management roles.

**Planned Succession.** During annual performance reviews with the CEO, it is important to ascertain their personal expectations regarding continued tenure at Perley Health. The CEO may share thoughts on the best approach to succession in the organization. The Board should be well prepared to deal with the departure, drawing upon its list of already identified (internal and external) potential candidates. Once the CEO announces their planned departure, the process by which the successor will be sought, and the transfer of leadership handled, should be agreed upon in advance in order for the process to transpire smoothly.

**Unplanned Succession.** In the event of sudden and unexpected departure or incapacitation of the CEO, the Board must immediately appoint an acting CEO on an interim basis. The CEO's terms of reference may require modification and alternate lines of responsibility to be established for particular functions and tasks. In the absence of a good list of potential candidates to succeed the departed CEO, the Board may choose to retain a professional recruiter.

## 1.9 Termination of the CEO's Employment

There are two types of situations potentially warranting consideration of termination of the CEO's employment:

- A sudden crisis in leadership wherein a serious situation has arisen due to actions taken by the CEO which may be illegal or otherwise damaging to Perley Health and its reputation.
- A persistent pattern of performance shortcomings in leadership, calling into question the ability of the CEO to live up to agreed-upon performance expectations or failure to adapt to the organizational culture of Perley Health.

In either situation, the Board must act decisively, yet find the right balance between a prolonged "wait and see" approach and initiating unsubstantiated or precipitate action.

In handling a sudden crisis in leadership, the Board must conduct a thorough investigation of the facts, independent of hearsay and anecdotal evidence. Since such investigations are time-consuming and may potentially require witness interviews, document analysis, police work, etc., the Board may consider temporary suspension of the incumbent and the appointment of an acting CEO.

In a situation where it is evident that the incumbent is struggling with job requirements, the Board should take immediate steps to support and mentor the CEO.

Perley Health  
BOARD GOVERNANCE GUIDE FOR DIRECTORS

A Board decision to terminate the employment of the CEO would be difficult and could have lasting repercussions throughout the organization. In deliberating possible termination of the employment, the Board must consider (*inter alia*):

- **Legal obligations** for the employer relating to severance, retirement and other benefits, as well as potential legal liability;
- **CEO succession** as discussed above. The Board must be prepared to undertake the process and steward the organization through the transition; and
- **Impact on the organization and its stakeholders**, including Perley Health's staff and volunteers, as well as other stakeholders such as funders, donors, and the public. Separate communication plans will be required for internal and external stakeholders.

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## Accreditation Canada's Standards for Recruitment, Selection and Evaluation of the CEO <sup>1</sup>

### *SUPPORTING THE ORGANIZATION TO ACHIEVE ITS MANDATE*

- 7.0 The governing body recruits, selects, supports, and evaluates the CEO and ensures an organization talent management plan is in place.**
- 7.1 The governing body oversees the recruitment and selection of the CEO.
  - 7.2 The governing body follows a policy on CEO compensation.
  - 7.3 The governing body develops and updates the position profile for the CEO.
  - 7.4 In partnership with the CEO, the governing body sets performance objectives for the CEO and reviews them annually.
  - 7.5 The governing body supports and commits resources to the ongoing professional development of the CEO.
  - 7.6 The governing body has a mechanism to receive updates or reports from the CEO.
  - 7.7 The governing body, with the input of the organization's leaders, evaluates the CEO's performance and achievements annually.
  - 7.8 The governing body has a succession plan for the CEO.
  - 7.9 The governing body oversees the development of the organization's talent management plan.

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<sup>1</sup> Extracted from Accreditation Canada Standards 2017.

**The Perley & Rideau Veterans' Health Centre (Perley Health)  
CEO's Job Description (2014)**

**Job Identification**

<b>Job Title:</b> Chief Executive Officer (CEO)	<b>Original date:</b> 9 January 2014
<b>Job Reports to:</b> Board of Directors	CEO Employment Contract dated 4 July 2013 (Legal reference document)
<b>Jurisdiction:</b> Management/ Non-Union	<b>Revision dates:</b> <b>01 April 2021</b>

**POSITION DESCRIPTION**

Reporting to the Board of Directors, the CEO is responsible for the overall leadership and direction of The Perley and Rideau Veterans' Health Centre (Perley Health) in accordance with the vision, mission, goals, strategic objectives, and policies approved by the Board in order to ensure the organization's current and future success. The CEO's over-riding responsibility is for excellence in quality of care, quality of life and safety of Perley Health's residents and clients.

The CEO's principal focus is strategic. He/she brings a passion for, and sensitivity to, seniors and aging issues, and provides visionary leadership in the stewardship of the organization and in pursuing its goal of improving the position of Perley Health as a recognized and respected leader in the provision of services to the elderly. The CEO advances the Perley Health's vision as a Seniors Village through strategic alliances and influence with a broad range of stakeholders. He/she ensures financial and operational sustainability and is responsible for corporate performance results in compliance with legislative requirements and industry standards and practices.

**1. Description of Duties (Core Accountabilities)**

**LEADERSHIP**

The CEO is Perley Health's strategic leader. As such, his/her main effort is in inspiring commitment to Perley Health's vision and the fulfillment of Perley Health's strategic objectives. The CEO:

- Provides overall leadership and direction for Perley Health;
- Provides clear direction with challenging but attainable performance objectives for self and others;
- Runs an effective team, motivating staff, resolving conflicts and recognizing achievements;
- Is an individual of integrity, serving as the ethical and moral compass for the Health Centre;



- Sets a personal example in everything he/she does, demonstrating initiative, capacity, comportsment and work/life balance and displaying commitment to the vision of Perley Health, thus inspiring others towards its attainment;
- Communicates effectively, inspiring openness to others' ideas and perspectives and promotes cross-functional dialogue;
- Promotes an effective corporate culture that reflects the organization's values; fosters innovation, cooperation and collaboration; supports a healthy and safe work environment; challenges the status quo; strives for continuous improvement; and facilitates team performance for quality service delivery.

### **SETTING STRATEGY AND VISION**

The CEO will help evolve the corporate vision, define organizational goals, formulate strategies and objectives, and align Perley Health's resources to fulfill that vision. The CEO:

- Maintains a comprehensive situational awareness of the evolving environment in provincial health care;
- Develops strategy proposals for recommendation to the Board and ensures that agreed strategies are reflected in the business;
- Displays innovation in strategic planning and resource utilization;
- Demonstrates effective risk management, identifying strategic risks and opportunities affecting Perley Health, managing risk and formulating mitigating strategies;
- Demonstrates adaptability and effectiveness in re-aligning organizational goals with Perley Health's evolving strategic objectives and changing operational realities;
- Develops multi-year operating plans, consistent with Perley Health's vision, mission and strategic objectives, for presentation to the Board for support;
- Plans human resourcing to ensure that Perley Health has the capabilities and resources required to achieve its plans;
- Maintains robust management succession and management development plans.

### **EXECUTIVE MANAGEMENT**

The CEO will develop and maintain organizational structures, systems, policies and processes to meet the operational needs of Perley Health in providing excellent service, quality of care, quality of life and safety to its residents in an efficient manner. The CEO:

- Conducts the business of Perley Health to achieve operational results, as established by the Board, consistent with agreed plans, strategies and policies;
- Develops and maintains an organizational structure, operating philosophy and management systems that are effective, efficient and sustainable in the design, delivery, and quality of Perley Health's programs and services;
- Develops and maintains an effective framework of internal controls over risk that ensures compliance of all Perley Health programs, services and activities with governing legislation, directions, program guidelines and contractual obligations;
- Manages the organization's resources within budget guidelines according to current laws and regulations;

- Seeks continuous performance improvement in organizational effectiveness and efficiency with emphasis on resident quality of care, quality of life and safety;
- Achieves effective development of Perley Health’s human resources, including hiring, training and development of staff, to ensure a sustainable quality and capacity of the work force and effective succession of the senior management team.

### **STAKEHOLDER RELATIONS**

The CEO will cultivate and communicate with a broad network of internal and external stakeholders with the aim of advancing Perley Health’s reputation, goals and public interests. The CEO:

- Acts as key liaison with the Ministry of Long-Term Care and the Ministry of Health, with Ontario Health East and with Veterans Affairs Canada, ensuring sound, effective communication and maintenance of a solid working relationship with all three;
- Serves as the primary spokesperson and representative of Perley Health, ensuring that the organization and its vision, mission, programs, and services provide a consistently strong, positive image to relevant stakeholders;
- Develops and maintains a network of strategic stakeholders actively advocating for Perley Health;
- Manages the relationship with the Perley Health Foundation to achieve full integration of effort with our Foundation partner;
- Represents Perley Health and maintains an effective working relationship with key internal and external stakeholders, enhancing Perley Health’s visibility, image and credibility;
- Manages media relations;
- Plays a leadership role within the health care and community care communities to advance integration.

### **BOARD SUPPORT**

The CEO will ensure that the Board of Directors receives the necessary advice, information and administrative support for the fulfillment of its functions. The CEO:

- Provides advice to the Board regarding the development and delivery of effective corporate governance practices and recommends policies for Board consideration;
- Assists the Board in developing its knowledge and competencies necessary for good governance;
- Assists the Board in undertaking Perley Health’s strategic planning;
- Provides timely and relevant information on all material aspects of Perley Health operations, including plans, performance issues, risks and opportunities in clear, concise language and with appropriate recommendations;
- Reports periodically on the sustainability of the work force and state of succession of the senior management team;
- Provides quality administrative support for the Board;
- Executes Board direction enthusiastically;

- Establishes and maintains a close relationship of trust with the Chair, reporting key developments to him/her in a timely manner and seeking advice and support as appropriate;
- Assists in the recruitment and evaluation of Board members and Board leadership;

## **2. Targeted Objectives**

The CEO achieves annual targeted objectives approved by the Board.

## **3. Organization-wide support**

Reports to the Board of Directors and Chairs the Senior Management Strategic and Accountability Team bi-weekly meetings. Influences decisions and the decision-making process to ensure the realization of the strategic plan. Ensures the organization-wide adoption of Board approved policies and framework.

## **4. Minimum Education & Skill Requirement**

### **Education**

- Masters' degree: Master in Health Administration, Master in Business Administration or Master in Public Administration;
- Certified Health Executive with the Canadian College of Health Leaders.

### **Skill**

Senior management leadership with accountability to a Board of Directors in a large, multi-faceted organization with an operating budget of \$30-45 million, 500-750 staff and 200-350 volunteers.

## **5. Experience**

### **Previous related experience required to perform the job:**

10 years of progressive responsibility in health care and senior management roles, with a minimum of 5 years at the senior management level.

## **6. Initiative (Independence of action)**

Works independently, strategic direction and counsel is received from the Board of Directors.

## **7. Consequence of Errors**

- Errors by the CEO can have a serious impact on resident and client health and safety.

- Errors made by the CEO can cause serious financial losses with little to no opportunity to recover.
- Errors in judgment can cause serious public embarrassment and probable legal action.

## 8. Contacts

- Frequent and regular contacts with Perley Health Board Members and members of the Board of Directors of the Perley Health Foundation.
- Represents Perley Health in public relations and acts as its “spokesperson”.
- Regular contact with local and provincial health care officials.
- Regular contacts are made with hospital executives, physicians, medical centre administrators, local and regional business community leaders, volunteers.

## 9. Supervision or Direction Exercised

The CEO has the following 7 direct reports:

- Chief Operating Officer
- Chief Financial Officer
- Communications Director (for Health Centre responsibilities)
- Director, Seniors’ Housing Portfolio and Community Programs
- Director, Strategy and Transformation
- Executive Assistant
- Chief Medical Officer
- Research Chair

The CEO has over 750 indirect reports, with an annual budget of approximately \$60 million.

## 10. Physical, Mental and Visual Demands

Minimal exertion (sitting, standing, and walking) and moderate periods of close visual and listening concentration.

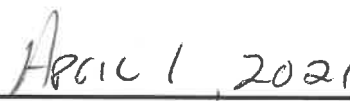
## 11. Working Conditions

Pleasant physical work environment, with regular interruptions to accommodate needs of staff, residents, and family and others.

## 12. Authorization



Chair, Board of Directors



Date

## Performance Management for the CEO

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### Section 1

#### Performance Planning

##### General

To fulfill the mission of Perley Health, the Board of Directors employs a full-time Chief Executive Officer (CEO). The CEO manages the day-to-day affairs of Perley Health, putting into practice the organizational culture, values, operating principles and parameters set out by the Board of Directors. In conjunction with the Senior Leadership Group (SLG), the CEO also sets the strategy for the organization on an annual basis.

To assist the incumbent in achieving maximum success, Perley Health follows a defined CEO Performance Management Process as described in this Appendix.

##### Objectives

The objectives of performance management for the CEO are:

- To encourage excellent performance by setting clear objectives that are linked to leadership competencies and corporate plans; and by evaluating the CEO's performance in light of these objectives.
- To recognize and reward strong performance and identify under-performance. And,
- To provide a rational basis for determining competitive compensation.

##### Principles

An effective system for evaluating the CEO's performance will:

- Facilitate Board-CEO communications and shared understanding regarding organizational and CEO performance expectations.
- Recognize and reward leadership performance that is aligned with the organization's goals and stakeholder expectations.
- Assist the CEO to build upon personal strengths and overcome weaknesses.
- Provide the Board and the CEO with information to detect early signs of problems.
- Create a sense of teamwork between the CEO and the Board, making it more likely that the CEO will receive the support of the Board in difficult times.

- Facilitate performance planning for the next cycle.
- Clearly relate CEO performance to near and longer-term compensation.
- Help Perley Health to achieve its current operational goals.
- Demonstrate leadership that will strengthen Perley Health and assure its long-term success.
- Demonstrate to regulators and stakeholders that the Board is effectively providing the necessary oversight of the CEO's performance. And,
- Help protect the Corporation against related lawsuits.

## Setting Objectives

Performance planning is carried out during operational planning for the following year, i.e., it commences in November and December coincident with the preparation of the next year's budget. Expectations for the forthcoming year are defined for both Core Accountabilities and Targeted Objectives.

Reference material used in preparing the objectives includes: the previous year's performance review; the CEO's Job Description; Perley Health's Strategic Plan and its Operating Plan for the upcoming year; and the results of any audits, compliance checks or other forms of performance survey that might indicate fulfilled or unfulfilled performance expectations.

Clear statements are developed for each Core Accountability and Targeted Objective and, in the case of Targeted Objectives, specific performance indicators also included against which these objectives will be evaluated.

## Core Accountabilities

Core Accountabilities are expectations that do not usually change from year to year. The five principal areas of accountability for the CEO are:

- **Leadership:** The CEO is Perley Health's strategic leader. As such, the CEO's main effort should be to inspire commitment to Perley Health's vision and the fulfillment of its strategic objectives.
- **Setting Strategy and Vision:** The CEO will help develop the corporate vision, define organizational goals, formulate strategies and objectives, and align Perley Health's resources to fulfill its vision.
- **Executive Management:** The CEO will develop and implement organizational structures, systems, policies and processes to meet the operational needs of Perley Health in providing excellent service, quality of care, and quality of life and safety to its residents in an efficient manner.
- **Stakeholder Relations:** The CEO will cultivate and communicate with a broad network of internal and external stakeholders with the aim of advancing Perley Health's reputation, goals and public interests.
- **Board Support:** The CEO will ensure that the Board of Directors receives the necessary advice, information and administrative support for the fulfillment of its functions.

## Targeted Objectives

Targeted Objectives are priority areas of focus which are linked to the strategic plan and corporate objectives. They should be challenging but achievable with effort through the individual's own influence and control. They are results-oriented and to the extent possible, should be tailored as SMART<sup>1</sup> goals. While Targeted Objectives may vary year-to-year based on changes in the Strategic Plan, typical Targeted Objectives are shown at Page 1 of the sample CEO Assessment Template at Attachment 1 to this Appendix.

## Global Rating

The Global Rating of the CEO's performance reflects an aggregate consolidation of the ratings for both the Core Accountabilities and Targeted Objectives. It should reflect not only the CEO's performance against their objectives, but also the relative scope and complexity of the challenges faced.

## Performance Ratings

The Global Rating as well as each Core Accountability and Targeted Objective is rated on the CEO Assessment Rating Template according to the following guidelines:

- **Unsatisfactory.** The CEO demonstrates a persistent pattern of performance shortcomings in leadership, calling into question their ability to live up to agreed-upon performance expectations or a failure to adapt to the organizational culture of Perley Health.
- **Improvement Required.** The CEO failed to satisfactorily fulfill one or more specific Core Accountability or Targeted Objective for reasons that were within their control.
- **Fully Satisfactory.** The CEO achieved fully satisfactory results in fulfilling Core Accountabilities and Targeted Objectives.
- **Superior.** The CEO achieved fully satisfactory results and, in some cases, exceeded expected results.
- **Outstanding.** The results achieved by the CEO significantly exceeded the success indicators of the Annual Targeted Objectives.
- **Unable to Assess.** For justifiable reasons, the rater is unable to assess performance for that accountability or objective (perhaps due to unfamiliarity with that aspect of the CEO's work, a prolonged absence of the CEO, or the delay or suspension of a targeted objective for reasons beyond the control of the CEO, etc).

## Performance Management Cycle

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<sup>1</sup> **SMART:** Specific, Measurable, Achievable, Reasonable and Timed

The performance management process follows an annual cycle which includes the elements shown graphically at Attachment 2 to this Appendix. The process covers three general timelines: the Previous Year; the Current Year; and the Next Year and beyond.

### Previous Year

- In December, the Chair of the Executive Committee determines who will lead the evaluation process – generally either the Chair or another experienced member of the Executive Committee. The lead then undertakes work to review and update the CEO Assessment Template and also confirms the timeline for completion of all assessment activities.
- In January, the CEO submits a Targeted Objectives and Core Accountabilities Self-Assessment to the Executive Committee. This report outlines the CEO's summary of achievements versus objectives and also highlights any significant outcomes of audits, inspections etc.
- In February, the Executive Committee reviews the CEO's Self-Assessment and, subsequently, Executive Committee members carry out an individual evaluation of the CEO's performance utilizing the Self-Assessment document plus the CEO's Job Description, this Chapter of the Governance Guide and the CEO Assessment Rating Template. On completion, members submit their individual assessments to the lead for compilation and comparison.
- Also in February, the Executive Committee Chair initiates a review to determine whether circumstances necessitate an in-year assessment of the CEO's compensation package, as well as the parameters for any such review. In determining whether a compensation review is necessary, the Chair may consult with other members of the Executive Committee, the Director of Human Resources, and the Treasurer for example.
- In March, the Executive Committee members meet *in camera* to reconcile their individual assessments and, if necessary, discuss and resolve any compensation issues that need to be addressed. The Chair then submits a consolidated report to the Board for its review and approval at the April Board Meeting.
- Once the Board has approved the CEO's consolidated evaluation report, the Chair will draft a written summation of the overall evaluation and submit this to the CEO for retention, with a copy to the Director of Human Resources for inclusion in the CEO's employment file. The Chair will also arrange to orally debrief the CEO on the Board's determination.

### Current Year

- In January, the CEO commences necessary actions to achieve the approved Targeted Objectives and Core Accountabilities for the year.
- In April, the Board reviews the CEO's Targeted Objectives and, if it is deemed necessary to make changes, negotiates these with the CEO before they are approved. In April, August and November, the CEO produces interim progress reports related to fulfilment



of all Targeted Objectives for submission at the subsequent Board Meeting (i.e. the May, September and December Board meetings).

### **Next Year**

- In October, the Executive Committee, in consultation with the Director of Human Resources, will discuss and determine the need to conduct a fulsome review of the CEO's compensation package. Under normal circumstances, such reviews will be conducted every three years and generally require outside support from an appropriate executive compensation consulting firm.
- Also in October, the Executive Committee will discuss the next year's Targeted Objectives and Core Accountabilities with the CEO and provide any guidance deemed necessary to assist in their adjustment and further development.
- In November, the CEO will finalize Targeted Objectives for the next year and submit these to the Executive Committee for discussion and endorsement. Any adjustments to Core Accountabilities should also be addressed at this time.
- In December, the Board will consider and approve the CEO's Core Accountabilities and Targeted Objectives for the next year.

## Section 2

### PERFORMANCE REVIEW

The performance review is an integral part of the evaluation process. It provides necessary feedback to build upon success, strengthen the CEO's performance, inspire greater achievement and lay the foundation for the next performance management cycle. Effective two-way communications are foundational to ensuring that the performance management system operates smoothly.

#### Coaching and Feedback

Coaching and feedback should be regular and ongoing throughout the performance cycle. It provides necessary feedback, when appropriate, to help guide the CEO in fulfilling their ongoing Core Accountabilities and achieving the specified performance objectives. Drawing on specific performance-related input from the Executive Committee, the emphasis here is on communication between the CEO and the Chair. Feedback provides a basis for future performance planning and helps to ensure that the formal performance review contains no surprises.

Coaching discussions could include: an assessment of progress towards specific performance goals and objectives; identifying areas of strength and areas for improvement in fulfilling Core Accountabilities; providing guidance and support; and recognizing achievements. Coaching and feedback can take place in many ways, including: a brief exchange, e.g. comments on a job well done; a private meeting between the Chair and the CEO; and/or other opportunities such as Executive Committee meetings. Accountability for providing coaching and feedback lies with the Chair, but that does not prevent the CEO from seeking feedback.

#### Interim Reviews

At the request of either the CEO or the Executive Committee, an Interim Review may be conducted to determine whether performance is on track and to provide an extra opportunity for the Executive Committee and the CEO to have a performance dialogue.

Interim Reviews will be informal. If performance correction is required, performance observations and action plans to address performance deficiencies must be discussed and documented. If no performance correction is required, no additional documentation is needed.

If, as a result of an interim review, it is necessary to make any significant changes to the expectations outlined in the Annual Targeted Objectives, the changes should be negotiated and approved by the Board during the performance cycle, not at the end of the cycle.

#### Annual Performance Interview

At the end of the evaluation process previously described, the Chair will hold a performance review interview with the CEO to:

- Debrief on the Board's approved Performance Evaluation;

- Identify performance strengths and weaknesses and discuss areas for enhancing the CEO's effectiveness;
- Discuss the CEO's career development objectives;
- Begin planning for the next performance period; and
- Advise the CEO of any compensation changes agreed to by the Board.

A signed copy of the completed performance evaluation shall be retained in the CEO's Employment File by Human Resources.

### **Unsatisfactory Performance**

In the event of overall unsatisfactory performance and the failure of the CEO to respond to remedial initiatives, the Board may consider terminating employment.

The Employment Agreement outlines the process for terminating the CEO's employment.

## Section 3

### COMPENSATION

This section describes the process for the development of the Perley Health CEO's executive compensation package:

#### Compensation Philosophy

A well-designed executive compensation program is one that is fairly structured, is competitive in the relevant labour market and serves as a key component in motivating and retaining the CEO (or in recruiting a replacement, should that prove necessary). The program should provide the Board of Directors with the means to appropriately administer and manage the CEO's compensation in a way that meets the needs of the Corporation as well as the CEO; and which also adequately reflects the increased responsibilities of the CEO in comparison to other members of the Senior Leaders Group.

#### Start-up Planning

The responsibility for establishing a new or updated executive compensation package for the CEO is generally delegated to the Executive Committee, acting on behalf of the Board.

To lead the process, the Executive Committee will designate a Project Authority (ideally the Board Chair) supported by a sub-set of the Executive Committee.

The Project Authority will engage with the Director of Human Resources to develop an initial plan for conducting the review as well as ensure the availability of requisite reference material including:

- The CEO's job description and current employment contract;
- Existing compensation elements such as base salary, perquisites, benefit plans (extended healthcare, dental, life insurance, LTD), leave provisions, retirement plans, etc.; and
- A current management organization chart.

If an external executive compensation firm has been engaged to assist in conducting the review, the Project Authority will also conduct an initial planning meeting with the consultants and all involved in the process to confirm the project's work plan, schedule, budget and deliverables.

#### External Compensation Review

The external review is a key element of the compensation review process, carried out to ensure competitiveness with the external labour market. In such a review, the CEO's total compensation package is compared with the compensation being provided to other CEOs with similar job content, scope, responsibilities, education and experience and employed in comparable industries. Comparators considered should include:

- Public and not-for-profit organizations that are both smaller and larger than Perley Health;
- Organizations with whom Perley Health may gain or lose staff;
- Organizations which are primarily located within Ottawa and elsewhere in Ontario (but which may also include select organizations from across Canada);
- A sufficient number of comparator organizations (15 to 20) recognizing that not all targeted organizations will respond to a request to divulge financial information; and
- Should a compensation consultant be involved in the process, any information available from their own collated databases.

## Compensation Structure

The Perley Health CEO Compensation Plan comprises the following elements:

- **Salary Range:** A minimum to maximum salary range that is based on a review of the external market, as outlined above.
- **Base Salary:** The CEO's base salary is established within the parameters of the Salary Range in accordance with the following factors:
  - The base salary recognizes the CEO's professional knowledge, skills, experience, demonstrated performance and value and may also reflect their potential and future worth to Perley Health;
  - The base salary is intended to attract and retain a highly valued employee;
  - The CEO's base salary should take into account their current salary, the market average, any increases being given to other non-unionized staff and any issues of salary compression; and
  - The base salary should account for any significant growth in the CEO's job requiring new skills, greater competencies, and more experience.
- **Perquisites:** Perquisites form part of the CEO's total compensation package and include such things as benefits, pension, professional development reimbursement, etc. and are based on the CEO's employment agreement as well as a review of comparable benefits across the external market.
- **Performance Bonus:** The compensation philosophy that Perley Health has adopted includes a 'bonus equivalent' as part of the CEO's base pay. This bonus equivalent is based on the average bonus (in %) being offered by those comparator organizations which offer such an incentive and is rolled into the base salary. Notwithstanding, the Board recognizes that occasions may arise where the CEO has demonstrated exceptionally strong performance under particularly challenging circumstances and, in such cases, may award a one-time non-pensionable lump sum (resources permitting).

- **Frequency of Review:** While the CEO's compensation is reviewed annually, in normal circumstances a full review with external consultations etc. should only be required approximately every three years. The annual review, which takes place coincident with the CEO's Annual Performance Assessment, should review how the CEO's compensation is faring in relation to that of their direct reports and consider any relevant factors such as cost-of-living adjustments etc. that might influence the compensation situation.

## Section 4

### ADMINISTRATION

The table below summarizes the responsibilities for the administration of Perley Health’s performance management system for the CEO.

<b>Chair</b>	<p>Acts as the communication link between the Board/Executive Committee and the CEO for all matters relating to compensation including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Total compensation;</li> <li>• Annual Targeted Objectives; and</li> <li>• The Annual Performance Review</li> </ul>
<b>Executive Committee</b>	<p>Advises the Chair and the Board with respect to the foregoing. In particular; the Committee:</p> <ul style="list-style-type: none"> <li>• Reviews and endorses the Annual Targeted Objectives, ensuring the work objectives are supplemented with defined, measurable outputs or outcomes for each;</li> <li>• Evaluates the CEO’s performance for the period, including fulfillment of the responsibilities and success factors outlined in the Core Accountabilities and Annual Targeted Objectives;</li> <li>• Makes recommendations on all aspects of compensation.</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Approves the Annual Targeted Objectives, the Annual Performance Review and any compensation implications.</li> </ul>
<b>CEO</b>	<p>Contributes to the performance management process by:</p> <ul style="list-style-type: none"> <li>• Suggesting appropriate performance objectives with measurable outcomes for the Annual Targeted Objectives;</li> <li>• Conducting a self-assessment of their own performance in terms of both the fulfillment of the responsibilities and success factors of the Core Accountabilities and Annual Targeted Objectives;</li> <li>• Ensuring that all related administrative details are completed; (e.g. agreed documents are appropriately signed, maintaining appropriate records, etc.)</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• Provides supportive and advisory services.</li> </ul>

\* \* \* \* \*

### SAMPLE CEO ASSESSMENT TEMPLATE

*This is a sample template only. The template is reviewed and adapted annually as required for use, with current Targeted Objectives and voters' initials, and distributed to members of the Executive Committee in a suitable format.*

**For the Targeted Objectives and Core Accountabilities, enter a number that indicates your assessment of the CEO's demonstrated performance. Rating considerations that may be considered when assigning a number are shown in the attached document. The ratings are:**

**1 = Unsatisfactory    2 = Improvement Required    3 = Fully Satisfactory    4 = Superior    5 = Outstanding (or enter UA = Unable to Assess)**

(May use half points, e.g.4.5)

#### 1) (year) CEO Targeted Objectives Assessment

Individual Voter	D1	D2	D3	D4	D5	D6	D7	D8	Total	Average
Sustain Excellence in Seniors' and Veterans' Care										
Improve Perley Health's Sustainability										
Embody a People First Philosophy										
Develop Perley Health's Expertise										
Embrace Technology										
Ensure Trusted Voice and Contribute to the Health System										

#### 2) (year) CEO Core Accountabilities

Individual Voter	D1	D2	D3	D4	D5	D6	D7	D8	Total	Average
Leadership										
Setting Strategy and Vision										
Executive Management										
Stakeholder Relations										
Board Support										

**Note: While it is not necessary to provide a narrative to support each rating, a brief comment on high or low ratings is highly encouraged.**



**For the Global Rating, mark an ‘X’ indicating one of the five options below.**

**3) (year) Global Rating**

Individual Voter	D1	D2	D3	D4	D5	D6	D7	D8	Overall Consensus ???
Unsatisfactory									
Improvement Required									
Fully Satisfactory									
Superior									
Outstanding									

**Global Rating**

The Global Rating reflects an aggregate consolidation of the ratings for both the core accountabilities and the targeted objectives. It should reflect not only the CEO’s performance against their objectives, but also the relative scope and complexity of the challenges faced.

**Performance Ratings**

The Global Rating as well as each core accountability and targeted objective is rated on the CEO Assessment Rating Template according to the following guidelines:

- **Unsatisfactory.** The CEO demonstrates a persistent pattern of performance shortcomings in leadership, calling into question their ability to live up to agreed-upon performance expectations or a failure to adapt to the organizational culture of Perley Health.
- **Improvement Required.** The CEO failed to satisfactorily fulfill one or more specific core accountabilities or targeted objectives for reasons that were within their control.
- **Fully Satisfactory.** The CEO achieved fully satisfactory results in fulfilling core accountabilities and targeted objectives.
- **Superior.** The CEO achieved fully satisfactory results and, in some cases, exceeded expected results.
- **Outstanding.** The results achieved by the CEO significantly exceeded the success indicators of the Annual Targeted Objectives.
- **Unable to Assess.** For justifiable reasons, the rater is unable to assess performance for that accountability or objective (perhaps due to unfamiliarity with that aspect of the CEO’s work, a prolonged absence of the CEO, or the delay or suspension of a targeted objective for reasons beyond the control of the CEO, etc.).

For additional guidance, please refer to the Governance Guide Pt III, Ch 1 and also to the CEO’s Job Description at Appendix B of the same document.

## RATINGS NARRATIVE

CEO Performance Evaluation Graphic

Calendar Year	Current Year											
	Month	Nov	Dec	Jan	Feb	Mar	Apr	May -Jul	Aug	Oct	Nov	Dec
Actions Related to Previous Year		Exec Chair: Determine lead for Eval Process Eval Lead: Undertake work to develop evaluation template and timeline.	CEO: Submit Targeted Objectives and Core Accountabilities Self-Assessment for previous year.	Exec Cmte: Review CEO Targeted Objectives and Core Accountabilities Self-Assessment Eval Lead: Distribute evaluation template. Exec Cmte Members: Complete and submit individual evaluations. Exec Chair: Consider need for in-year compensation review.	Exec Cmte: Reconcile individual evaluation inputs. Exec Cmte: Review CEO compensation if required. Exec Chair: Submit Consolidated Evaluation/Compensation Report to Board for approval	Board Chair: Provide CEO with written evaluation plus oral debrief.						
Actions Related to Current Year			CEO: Commence actions to achieve Targeted Objectives for Current Year.				CEO: Submit Status Report to Board. Board: Consider any adjustments to CEO Objectives.		CEO: Submit Status Report to Board.		CEO: Submit Status Report to Board (CEO)	
Actions Related to Next Year										Exec Cmte: Discuss potential adjustments to Targeted Objectives for coming year with CEO. Exec Cmte: Consider need for Compensation Review	CEO: Submit Targeted Objectives for next year to Exec Cmte for endorsement.	Board: Consider/approve CEO Targeted Objectives for next year.

## **PART III – Executive Authority**

### **Chapter 2**

#### **OTHER SENIOR EXECUTIVE MEMBERS**

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##### **2.1 General**

The executive management team of Perley Health includes the Chief Operating Officer, the Chief Financial Officer, and the Chief Medical Officer. These officers are appointed by the Chief Executive Officer (CEO) to carry out executive management functions delegated to them by the CEO.

In addition to their executive functions, the Chief Executive Officer and the Chief Medical Officer have statutory responsibilities under the Long-Term Care Homes Act. As well, the Director of Nursing and Personal Care has a statutory role under that Act in managing the nurses and personal support workers of the organization as the most senior registered nurse in the organization. The Director of Nursing and Personal Care reports to the Chief Operating Officer. The general responsibilities of the members of the executive management team referred to above follow.

##### **2.2 Chief Operating Officer’s Responsibilities**

The Chief Operating Officer (COO) reports to the CEO and provides expert strategic advice to the CEO, Board of Directors and Board Committees in order to enhance the facility’s overall operating capacity. In partnership with the CEO, the COO sets annual goals for the organization to support the achievement of Perley Health’s Strategy. The COO supports the CEO in a manner which allows the CEO to maximize the external aspects of the role. The COO provides overall leadership for operational matters and leads all quality and safety improvement activities. The role includes oversight of Nursing Operations, Clinical Practice, Human Resources and Community Outreach and Programming (including Seniors Housing).

##### **2.3 Chief Financial Officer’s Responsibilities**

The Chief Financial Officer (CFO) reports to the CEO and provides expert strategic and operational advice to the CEO, the Board of Directors and Board Committees in the areas of financial planning and management, financial risk management and corporate compliance/reporting to ensure the organization has capacity to continually improve the well-being of those under its care. The CFO is responsible for Perley Health’s corporate finance, procurement, stewardship, and oversight to ensure transparency and sound financial management for the Corporation in compliance with Generally Accepted Accounting Principles (GAAP) and Ontario Healthcare Reporting Standards (OHRS). The CFO directs treasury, budgeting, audit, tax, accounting, and financial risk management. The CFO also provides oversight to the Director of Support Services

which includes Food Services, Housekeeping, Linen Services, Property (Facilities) Services, Material Management, Security and Information Technology.

## **2.4 Chief Medical Officer's Responsibilities**

As the statutory Medical Director, the Chief Medical Officer is responsible for clinical and administrative direction for the medical services at Perley Health and leads a team of approximately 15 physicians. The Chief Medical Officer provides advice to the CEO and the Board of Directors on medical care and services. He/she also recruits attending physicians and is accountable for the development, implementation and evaluation of medical services, according to professional expectations and standards of the Ministry of Long-Term Care. In addition, the Chief Medical Officer provides clinical care as an attending physician for residents.

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