



THE BOARD A CHALLENGE TO SERVE

*By Management Consultants for the Arts
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How does a board of trustees best serve a cultural institution? There are hundreds of how-to books that tell boards everything they need to do to run their institutions more effectively. These books give detailed prescriptions for effective fundraising, hiring and monitoring the executive, financial oversight, risk management and policy oversight – the traditional purview of the board. These books also deal with the make-up of the board – how many members, how many of those members should be lawyers, and on and on. With all of these books and all of their advice, you'd think that by now few boards would need organizational help. But in our work – and we've worked with hundreds of boards over the years – we continue to find organizations that have serious, ongoing problems. The traditional advice and how-tos haven't worked.

At Management Consultants for the Arts, we believe that the work of the board of a cultural institution transcends pro-forma definitions. Each institution is different, and each year brings new opportunities and new problems, some of which are so fraught with complexity and so entangled in emotional issues that no traditional how-to could begin to address them. We recall one case in which the brilliant and visionary founder of a high-profile theatre learned that he was dying, and selected a director to replace him. After his death, the board, which had always played a largely supportive role, was confronted with the fact that the appointment was not a good fit. Ultimately, the trustees made a gut-wrenching decision to overturn their founder's dying wish, and fire the new director, generating some unwelcome publicity in the process. In another case, the executive of a tiny theatre company that was on the brink of insolvency proposed a new program that would either save the institution – or drive it directly into bankruptcy. Its board literally had to decide the theatre's fate. Both situations required trustees to take thoughtful, courageous action.

Even when a board's problems are not cataclysmic, the conventional how-tos seem to fall short. That's because, in our view, they do not address the central issue: the process by which the people on the board relate to one another, to the executive and staff and to the organization itself. It is our contention that how a board carries out its duties contributes as much to the organization as what those duties are. Defining the "how" is the challenge that each board must face.

As the management texts tell us, every complex organization has its own culture, its own way to think and work and serve. Some institutional cultures develop by default; others grow out of deliberate, reasoned consensus. Cultural organizations and their boards are no different. Each has its ways of thinking and working. Many boards do perfectly well by following a formal, quasi-corporate model. Others, boards of organizations that are devoted solely to a founder's work, see their role as largely supportive of the founder. Still others take a hands-on approach. There are probably as many interpretations of a board's role as there are boards. And yet, we have observed that the most effective boards share certain characteristics. However different their organizations are, however divided by discipline or geography, size or financing, the most effective boards base their culture on two principles: dedication to organizational mission and commitment to collective leadership.

Most of this essay will concern the latter concept. Collective leadership is a style of management that emphasizes the team that values the contributions of all players – board, executive and staff. We've identified several qualities that promote collective leadership, among them honesty, collegiality and professionalism, humility, accountability, curiosity and delight in the program, and concern for the future. These qualities apply to the executive and staff as well as to the board, but in this essay, we will limit our focus to how they apply to the board. Before we discuss collective leadership, we will spend some time on the concept that should underlie all of the board's – and the organization's – activities: mission.

DEDICATION TO MISSION

Those who have worked with our firm are familiar with our belief in the concept of mission – the reason for an institution's existence. As we see it, mission is far more than custodianship of a building or a collection or a set of productions; rather, it is the essence of the institution. A board's commitment to mission will inform all of its major decisions. Proposals for everything from a new building to a new artistic venture can be handled more intelligently if the board's deliberations are based on a clearly stated mission. Yet, this sort of clarity can hardly be gained by memorizing a one-page mission statement. The most effective boards are those whose sense of mission is grounded in a knowledge of and belief in the institution they hold in trust. The particulars will vary depending on whether, say, the museum is a home for art and artifacts of the past or a showcase for contemporary painting and sculpture, whether the theatre is located in a seaside resort, a university town or major city. Whatever the nature of the institution, the most effective boards will know it and believe in it.

We recall the case of a noted regional theatre some years after the departure of its founder. He had created the theatre as a vehicle for classical repertory and that is how the theatre's board understood its mission. Not long after a new artistic director was appointed, it became apparent that although he had initially proclaimed his love for the classics, his real interest was in experimental theatre.² Mindful of infringing on the director's artistic prerogative, the board nevertheless tried to keep his penchant for the experimental in check. Eventually, through mutual agreement, he resigned. The board had

understood the theatre's mission and used it as a guide in monitoring the artistic director's performance.

It might seem that we are stating the obvious. How could a board of trustees not defend its mission? We have, however, seen more than a few for whom clarity of mission is muddled by other agendas. What board hasn't felt pressure to make revitalizing the downtown or attracting corporate sponsorship a top priority? What board hasn't been prodded to promote the special interest of a single donor or trustee? And what organization has not felt the attraction of a bigger – and costlier – building? Some of these agendas might be worthy – who can argue with improving the downtown? – and in some cases they can work in tandem with an organizational mission. But the most effective boards keep their focus. Mission comes first. It is the cornerstone of the board's culture and its every decision.

TOWARD A CULTURE COMMITTED TO COLLECTIVE LEADERSHIP

Mission is the foundation of a board's work, but mission alone won't produce an opera or hang an exhibition. Mission is a concept, and it must be translated into deeds. In our experience, the most effective boards cultivate habits – cultural processes, if you will – to make this happen.

In the corporate world, in the military, in religious institutions and other complex organizations, ideas are typically put into action through the ministrations of some form of hierarchical leadership. When a board of trustees is involved, this leadership often takes the form of the hour-glass model, in which the board oversees the executive, who in turn oversees the staff. This approach can work well for any number of organizations, including some cultural institutions. In our view, however, cultural institutions are not always well suited to strict hierarchical structures. These are fields in which collaboration not only stimulates creativity, but is often the basis for getting the job done. Consider the way that the set, costume and lighting designers work side by side with the composer, director and choreographer to create a ballet. We believe that the work of the board, too, can be part of a collaborative process. In fact, we have found that the most effective boards intentionally create a cultural mindset of collective leadership. The following are qualities that make up the culture of successful boards.

The most effective boards practice collective leadership

A culture of collective leadership encourages all players – trustees, executive and staff – to give all that they can to the institution and to facilitate each other's work. The trustees and the executive work together to facilitate the work of the artists and/or staff. In turn, the executive, artists and staff facilitate the work of the board. All strive to bring out the best in each other. In this way, the well-being of the institution becomes a team enterprise.

One key to collective leadership is a relationship among the board, the executive and staff based on mutual respect and collegiality. There are many ways to encourage such relationships. At one theatre we worked with, the board designs its own operating procedures, but these are always subject to the approval of the executive, even though, from a strictly legal standpoint, she reports to the board. Other boards have begun to give their executives board membership, complete with voting rights. These boards realize that the executives' participation will make all of their work go more smoothly; they believe in the principle of collective leadership.

Collective leadership does not mean that the board tries to do the executive's job – or vice versa. Effective boards understand that collective leadership requires boundaries as well as bridges. They know that it doesn't mean the trustees get involved in day-to-day management of the organization. They respect the executive's creative prerogative. They know that collective leadership means shared responsibility for the organization.

Effective boards cultivate collegial relations among the trustees

On the most effective boards, each and every trustee is expected to be a working trustee. These boards realize that trustees will bring different resources and talents to the table, and that the board should take advantage of all of them. No one person dominates these boards; often, the chair acts more as a facilitator than as an authority figure. On these boards, trustees inspire each other, encourage each other to greater service and periodically evaluate each other's performance. Their pay-off is twofold. The institution reaps the benefits of greater energy expended on its behalf by more people, and the people – the trustees – derive more satisfaction from their board service.

This view will be of special interest to the many boards that have executive committees, small groups of officers who work closely with the executive and handle much of the board's business. The appointment of the executive committee is typically rationalized as an expediency measure. A small group, according to this thinking, can accomplish the pressing business of the institution quickly and efficiently. In our view, this arrangement can disenfranchise the rest of the trustees, diluting the collective leadership and depriving the institution of the input of the greatest number of trustees. From a legal standpoint, reliance on an executive committee can cause some potentially troublesome legal liabilities for the trustees who are not on the executive committee; after all, under the rule of joint liability, no single trustee will be held less liable for the actions of the whole board.

We have found that executive committees are most effective when they are in practice accountable to the full board, and when their powers are clearly defined. If the board is so big that it is unwieldy, it can be reduced in size. And if this is not possible, dividing the work between several well-organized committees that report to the full board, can make things more manageable.

Effective boards value free and open exchange of information

A board that lacks information about its institution is a board that is on its way to becoming little more than a rubber stamp. Few boards would consciously choose that role. But lack of information is all too common among some boards, and often the situation is the fault of both the executive and the trustees. Many executives fear – rightly or wrongly – that informing the board will only complicate their work. They withhold facts and consummate policies before the matters ever get to the boardroom. We have even seen the staff director and board chair of a respected museum attempt to withhold a critical analysis of the board and the organization from the board itself. By contrast, the most effective executives know that board deliberations, while time-consuming, are productive. They know that it's the ill-informed board and the board that is briefed after the fact that complicates the work of the staff. If exchange of information takes place from the start, eleventh hour debates can be avoided.

Executives aren't the only ones responsible when information does not flow to the board. Trustees have a responsibility to be informed, to expect – and demand, if necessary – the materials they need, from both the staff and the board committees. Trustees who are informed feel enfranchised, and in our experience, are more likely to enjoy their board service and work harder at it.

We're not breaking new ground when we say that the free flow of information stimulates discussion and generates ideas. Boards that understand this common wisdom schedule time for discussion. They make sure important issues are raised early enough to allow for debate. At least one board we know of makes it a habit to schedule the discussion of an issue for one meeting and the vote on it for the next, so that decisions are never rushed.

So many good things come out of open, informed discussion that it surprises us how many boards fear debate. These boards worry about the expenditure of time that debate requires. More than that, they are afraid of debate itself, as though merely articulating different opinions might weaken an institution. Interestingly, it is the boards that have the weakest commitment to mission that tend to shrink from debate, while those whose sense of mission is solid have the highest tolerance for disagreement and diversity of opinion. They make discussion and debate part of their organizational culture.

The most effective boards do not fear self-criticism

Wise trustees do not exempt themselves from the ongoing exchange and debate that characterizes the rest of their deliberations. In fact, they make a practice of self-examination. They are not afraid to question themselves on big issues affecting the whole institution – Why did we choose that executive director if she didn't share our mission? They give equal scrutiny to internal housekeeping issues relating to the board itself – Why was that meeting uninteresting? Why did that trustee resign? In short, such boards make humility another element of their organizational culture. They regularly evaluate trustees' joint and individual performance. They ask their staff executives to assess them, as well. And they seek out consultants, community leaders and trustees of other organizations for fresh opinions and evaluations.

Effective boards grapple with the question of accountability

Side by side with humility is its more formal relative – accountability. To whom is the board accountable? That's a deceptively simple question. Some boards have legal obligations to municipalities or other community organizations. Others are bound by the restrictions of their endowments and their responsibility for collections. All are subject to the government's rules for non-profit organizations and to their fiduciary responsibilities.

These are the ready answers to the question of accountability. We believe, however, that accountability goes beyond legal requirements. It is easy to say that the executive director is accountable to the board or the curator is accountable to the executive. Or that the executive committee is accountable to the board. But to whom is the board accountable? One answer is the community. But then, how do you define community? Does it mean the city in which the institution is located? A larger geographic area such as the county or region? Or does it mean the audience that supports it? The various ethnic and racial groups that live in the area? The answers will vary with each institution, but it is important for boards to ask. The institution's relationship to its community or communities is directly related to how well it fulfills its mission.

We recall a small museum dedicated to the work of an American artist who died a few years ago. It is located in the small town where he lived for the last years of his life. Several of the townspeople still remember him, and even those who never knew him enthusiastically support the museum as volunteers and as fund-raisers. Almost intuitively, they understand its mission. The museum would not be what it is in any other community.

We also recall an arts center located in a medium-sized city. The center specialized in avant-garde programming and was supported by a small group of dedicated people. The city's population was only vaguely aware of the center's work, and despite some clever public relations and marketing campaigns, the situation remained that way. The board and executive finally concluded that they would have to scale down their hopes and expectations for the institution's relationship to the surrounding community. They realized that their small, devoted audience was their community, and they directed their efforts at it.

There is one more aspect of a board's accountability that we consider to be of critical importance, yet paradoxically, it is abstract enough that it can easily be overlooked. This is the board's accountability to the history and the future of the organization – and to the cultural programs it produces. Successful boards understand that their decisions will have long-term ramifications; they realize that their trusteeship is temporary. Their actions will affect all who follow them. For example, trustees of a museum might feel they understand these ramifications when they reduce the acquisitions budget by 25 percent. But does this mean fewer purchases of the same kinds of art works? Or purchasing less expensive works? Does it mean the museum has to narrow the breadth of its holdings to maintain depth in one area? Trustee decisions can affect a cultural organization's work for years to come.

We have seen boards that conceive of this kind of accountability as risk management. We're not speaking of insurance or investment policies (although they are necessary). Rather, we speak of the risk to the institution that comes with each major decision – and conversely, with each stalemate that defers action. Executive appointments, trustee appointments, major policy decisions all affect the long-term viability of the institution. The board of the cash-poor institution we mentioned at the beginning of this piece faced bankruptcy in a matter of months and had to decide whether to endorse a new program that had the potential to save the institution or kill it – or to find another solution altogether. Another board had to decide whether to relocate to a new theatre in a downtown revitalization district – and lose control of its schedule and its identity. And still another board, faced with declining attendance, had to decide whether to redirect its programming – and its mission – or watch its institution die a slow death. To be sure, not all trustee decisions will determine the life or death of the institution, but all will touch its future.

Effective boards put great effort into the make-up of the board

Plenty of care and thought is expended on casting a play or selecting an object for a museum's permanent collection. We believe that recruitment of trustees deserves just as much care and thought. The most effective boards take recruitment so seriously that they work at it constantly, either informally or through a formal standing committee. Their recruitment process does not begin two weeks before nominations are due and it does not end when all vacancies are filled. These boards recruit their trustees with the institution's mission uppermost in mind. They straightforwardly explain their mission to the prospective trustees and ask them whether they can support it. This is not a routine question. It's the basis for the trustee's entire tenure on the board.

If the selection of new trustees requires a thoughtful approach, so too, does saying good-bye to veteran trustees. Some boards find that strict rules of rotation prevent trustee stagnation and insure the board's infusion with new blood. These boards typically allow trustees to serve one or two terms of two or three years; some allow trustees to rejoin the board after a year or two off. In other cases, trustees are periodically evaluated by their peers and must stand for re-election. The latter option is favored especially by boards who have been troubled by a dwindling pool of volunteers. We believe

there is no single right way to approach the question. The most effective boards create systems that foster fresh ideas and maintain the organization's connection to the community. And once they create these systems, they use them.

Effective boards educate new trustees to both the culture of the board and the work of the institution

There will be times when personality differences interfere with a board's aspirations to best serve the organization. Strong voices will, intentionally or not, occasionally drown out weaker ones. There will be times, too, when trustees or executives depart, leaving a void of knowledge and experience. That's why it's so important for all parties to design an organizational culture that will overcome the inevitable obstacles posed by the changing dynamics of the board. The most effective boards devise systems for passing their culture on to new trustees; they offer formal education about the mission of the institution and the workings of the board. These are the boards whose culture endures over time.

We must hasten to offer this caveat, however; the goal of a lasting culture should not translate as resistance to change. The most effective boards take care not to become obstructionist, not to defend the institution from any breeze of change. Especially in these times of turbulence for cultural organizations, that kind of stance is foolhardy. An effective board will address change, acknowledging its stimulus to creativity while holding fast to their culture and mission.

Wise boards know, too, that the education of the new trustee to the organization's mission and programs is a necessity, and they make it part of trustee service. This education goes beyond the typical orientation and trustee handbook (although these are worthwhile). One board we know has its new trustees serve a probationary year, during which they circulate between various committees to learn all aspects of the board's work. New trustees are also required to attend all retreats, at which they take part in round-tables and seminars that illuminate not only administrative matters but also the organization's work. Some boards include a staff presentation on a current program at each board meeting – a stimulating, content-based presentation on the program, not just a report on openings, closings, costs and attendance. When trustees hear an artistic director explaining why a particular choreographer was chosen for a production or a curator telling what an exhibition is all about or a conductor commenting on a difficult piece of music, they gain a deeper understanding of what their organization does and why.

Effective boards encourage curiosity, delight and a sense of humor

Humility, self-criticism, accountability. If those were all there was to effective trusteeship, it might be a grim job. But effective boards are also fun. That's right; these trustees view their work with boundless curiosity and true delight. They don't squelch their sense of humor. As a result, their work is intellectually and emotionally stimulating. These boards have found entertaining ways of developing trustees' knowledge of programs and to enhance their performance on the board. One theatre board we worked with gained a better understanding of dramatic production by seeing one scene performed three different ways by the same actors. Another encourages trustee attendance at national conferences. There are countless ways to make board service enriching and fun.

Effective boards are strong advocates for their institution and cultural programming produced

An interesting thing happens when trustees are selected because of their interest in the institution's programming, when that interest is groomed into a dedication to mission and when the whole process is fun: the trustees become advocates for the organization. They speak up for it. They see themselves as its ambassadors and they are proud of the role. In numberless ways they personalize

the organization's mission for themselves. These trustees bring their passion and commitment to all of their board duties. And it makes a difference. In fundraising, for example, an appeal is more compelling when it is made by an individual who is passionate about the cause. Local government officials, too, will be more responsive to those who are so committed to a cause that they might make difficult adversaries. No matter what the task, passion and commitment, the hallmarks of advocacy, add strength and power to the effort.

Effective boards see fundraising as an outgrowth of their commitment to the institution

Readers who are used to thinking of a trustee's ability to make and seek out financial contributions as the foremost qualification for service are probably surprised that we have yet to address the "FR word" – fundraising. We concede that theirs is the traditional approach; we've held off to make our point.

We have found that when trustees are recruited solely for their ability to make large gifts, those gifts either do not materialize or come with strings attached. When this happens, neither the board nor the donor is happy. We know of one theatre that, in its pursuit of a sizable gift, not only appointed a major donor to the board, but named the theatre after him, as well. When the donor grew disenchanted, the theatre became embroiled in a lawsuit that challenged not only the gift but its name. The most effective boards know that major donors who want to support the institution without devoting time to its governance can be honored in other ways.

We won't disagree that the ability to support the institution financially is a very appropriate requisite for board membership, but we do not recommend a specific dollar threshold for board membership. In our view, trustees should be required to make financial contributions that are significant to the organization and to that person's resources and other charitable giving. This is an especially comfortable guideline for boards with members of differing financial backgrounds. It makes it possible for artists and members of the public to lend their talents to the board. It also encourages board members of greater means to make bigger contributions; specific dollar thresholds sometimes yield less than these trustees are able to give. We recommend that recruits should be chosen because they have a sincere interest in the mission of the institution and want to become involved in its governance. These individuals tend to generate funds for the institution as a result of their enthusiasm.

Successful boards see fundraising as a shared responsibility. They do not leave it to only a few members or the paid staff. They regard fundraising as a team responsibility. This arrangement might sound idealistic, but these boards are grounded in reality. New trustees receive training in fundraising from the board's own internal mentors or outside consultants. They do role playing to learn how to make solicitations. These boards make sure everyone participates. They never let a single person take on the lion's share of fundraising for long periods of time.

But this is ancillary to our main point: that the institutional mission should drive fundraising. We have seen fundraising become a mission in itself, to the detriment of the institution.

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All of this discussion about boards and collective leadership needs to be put into perspective. In the end, it is the quality of the cultural programming by which an institution will be judged. The quality of programming will inspire community interest and generate revenue. However, the quality of

programming will be determined, in large measure, by the institution's governance – by the decisions of the board of trustees on matters from the operating budget to executive staffing, from the degree of freedom afforded to the executive and staff to the risks that the institution may take. Make no mistake: the board of directors is at the heart of any cultural institution. In difficult times, when the cultural community is under siege, the work of the board is more important than ever. Let those who would serve understand this, and rise to the challenge.