



Taking a second look: motivating Boards

A discussion paper by Sue Hoyle for the Chairs and CEOs of cultural organisations

In 2009, I wrote about the role of Boards and executives in leading cultural organisations, posing the question *Do Boards allow leaders to lead... and do leaders allow Boards to govern?*¹ I felt there were many strengths in the British model of governance, which has inspired systems and processes in other countries, but I thought it might be interesting to compare the experience in the UK with that in the US. Drawing on interviews with arts leaders in New York and Washington, I identified four principal issues: the power and composition of the board; the priority placed on fund-raising and its impact on risk and challenge; the difficulty of recruiting board members; and the line between executive and non-executive functions (www.culturalleadership.org.uk/publications-and-research)

Since the article was published, there have been a number of developments on both sides of the Atlantic, which have prompted me to re-visit the findings of last year's article. There has been a change of government in the UK, and the appointment of Jeremy Hunt as the new Secretary of State for Culture, Olympics, Media and Sport. In his inaugural keynote speech in May 2010 he spoke about the need to build a culture of giving and encourage philanthropy as part of a mixed economy for the arts. This has led to concerns about a radical shift in UK arts funding towards "US-style arts philanthropy" in which "private money runs the show"².

Over in the USA, there are signs that the country is starting to emerge from the grip of the economic recession, although the arts may not yet be feeling the benefits. In New York, according to *The Independent*,³ the upswing in the economy has not been reflected in renewed contributions to the arts. Michael Kaiser, President of the Kennedy Center, (described as a "missionary for the arts" by National Public Radio) is continuing a tour of 50 States to help address the arts "in crisis". Russell Willis Taylor, President and CEO of National Arts Strategies believes "There are no crises, only tough decisions"⁴, pointing out that "krisis" is the Greek word for "decision", and that the arts will be unsustainable if organisations bury their heads in the sand and do not make changes to the current delivery structure.

¹ *Governance Now*, Cultural Leadership Programme, 2009

² *This is what happens when arts funding is outsourced*, Clemency Burton-Hill, *The Independent*, 4 August 2010

³ *idem*

⁴ Title of keynote address for the League of American Orchestras, 30 June 2010

The role of the Board, and its relationship with senior staff, is clearly vital in addressing these challenges. Michael Kaiser, in his blogs for the Huffington Post, has written of the pressure that Boards feel: “Most board members I meet are scared and frustrated and most staff members believe their board members are not being as generous or as helpful as they should be during this crisis”.⁵ This sets up a tension between the dispirited executive and frustrated and conservative board members, with the former “tired of struggling to create interesting programming while balancing the budget and appeasing their (nervous) boards”, and the latter often worrying about their own businesses and, partly as a result of this, feeling even more anxious and insecure about the arts organisations they govern. In this context, Kaiser points out⁶, some boards may feel that they need new managerial blood, not recognising the skills, contacts and knowledge that cultural leaders have built up over years of experience and often erroneously thinking that a financial expert from the commercial world can be parachuted in to run an arts company. “These board members are forgetting that financial people measure problems; they rarely solve them”, Kaiser concludes.

Earlier this year, I returned to New York and met with the Executive Directors of three different organisations, asking them about their relationships with their boards in the context of the pressure to raise funds. The governance structures of the three organisations are very different: one has a Board of 14 members; another is rebuilding its board and re-growing the company at the same time, after a hiatus: its Board numbers 14 at present but it is looking to recruit more; the third company has 35 board members but would like to increase the number to help with fundraising. In two of the companies, both the Artistic and Executive Directors are members of the Board, leading one to say: “Now I feel less of a hired help”.

Despite their differences, all three Executive Directors spoke positively about the contribution their Boards made to the organisation, but explained that this was not something that was won lightly and that they needed to invest time and effort if they were to get a good (financial) return from their Boards. They spoke of the need to “light the fire” of Board members, keeping them passionately committed to the vision of the organisation. They took care to brief Board members about projects which they might persuade their friends or colleagues to invest in – or which they might think of investing in themselves. One Executive Director felt that running a performing arts company isn’t a top-down process, with information and decisions cascading down from the Board. He sees his role as being the “engine”, working closely with the Artistic Director and motivating the staff and the Board. Another Executive Director explained that she speaks to each member of her Board once a fortnight – she would like to recruit additional members, but feels she simply wouldn’t have the time to look after them properly.

⁵ *The Evolution of Boards*, Huffington Post, 2 November 2009

⁶ *A Lasting Legacy of Recession*, Huffington Post, 17 May 2010

I wondered what systems might be introduced if you were trying to manage a Board with over 30 members. I feared that the workload might be overwhelming and distract from the core business of running a performing arts company. I wondered if it might be preferable to follow the example of some British Boards, which number between 12 – 16 members and have a separate development committee to help with fundraising. In talking to American colleagues, I found out that there were a number of practical steps which had been taken to ensure that both Executive and Board members' time were used efficiently, although they also raised other issues:

- (1) *Leadership by the Chair.* Executive Directors stay in frequent contact with their Chairs – one mentioned she speaks to her Chair three times a week, to keep her up to date and discuss any problems with her. Not all Chairs are on a fixed term: in a competitive fundraising environment, his or her departure (probably to chair the Board of another arts organisation) would be likely to lead to a drop in the level of funds raised for the company. Whilst this is understandable, is the organisation at risk if it is so dependent on one individual?
- (2) *The roles and responsibilities of the Board and its various committees are clearly defined.* I looked at one company which has a number of sub-committees, including an Executive Committee, which meets between each Board meeting. The main roles for the large Board group is overseeing the strategic direction of the organisation and fundraising. Whilst the formation of an Executive (or F & GP) Committee might be a practical way of ensuring decisions are taken without having to consult with a large number of people, there is a chance that other Board members could feel “disenfranchised”, particularly if discussions at Board meetings seemed to be merely rubber-stamping what had been agreed at a Committee meeting.
- (3) *The Board's composition and performance in key areas is monitored and each Board member completes an annual self-review.* I was very interested to hear that one of companies I met gathers data about the composition of the Board (by gender, ethnicity, age, location), which it reports to the Board year-on-year. It also monitors annual trends in the percentage of members who attend Board meetings, who are actively engaged in committees, who raise funds from others, etc. The annual self-review requires each Board member to report on the time, expertise and funding he or she has committed to the organisation, and on participation in fund-raising efforts. Board members also have the opportunity of suggesting ways in which their skills or interests could be better utilised and how their experience as a Board member could be improved. This mechanism appears to be working well and provides the Chair and Executive with information about specific issues, which might need to be addressed by the Board as a whole or by the Chair in discussion with an individual. It also makes Board members accountable for the role they play in “giving” or “getting”.

I am not suggesting that here in the UK we follow the US model of large boards who are primarily focused on fundraising. Indeed, I think there are reasons why small boards can be more effective than large ones, and in a subsequent paper I shall be drawing on the Australian experience to argue why this is the case. However, there are some principles about good governance that apply equally well on both sides of the pond, as the above examples demonstrate: the need for the Executive to invest time in informing and motivating Board members; effective leadership by the Chair; the importance of being clear about the roles and responsibilities of sub-committees; and the benefits of regular Board reviews, to which individual members as well as the Board as a whole contribute.

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