

Report of the Clore Leadership Programme's Governance Symposium

We're in this Together

How Boards and Executives jointly create strong cultural organisations

Kings Place, 30th March 2011

Chaired and convened by Sue Hoyle Director, Clore Leadership Programme, and Hilary Carty, Director, Cultural Leadership Programme

Speakers
Rosemary Squire OBE, Joint CEO, Ambassador Theatre Group
Doug Gurr (Chair) and Ian Blatchford (CEO): National Museum of Science and Industry (NMSI)
Tim Bailey (Chair) and Erica Whyman (CEO): Northern Stage
Rt Hon Baroness Usha Prashar CBE
Lucy Blythe, Director, Philia International
Tom Wilcox and Stephen Escritt of Counterculture Partners Limited

'Good governance' is one of the factors used by the Arts Council to inform funding decisions for the next four years. And coincidentally, this was the day ACE went public about those decisions. A sixty strong crowd of twittering, texting Chairs and CEOs gathered in London amidst mixed news. Whilst the overall tone was one of concern for the sector in the light of public funding cuts, the focus was on the crucial role of governance in creating strong cultural organisations.

The symposium was the culmination of a board development partnership between the Cultural Leadership Programme and the Clore Leadership Programme, which has provided support to 126 cultural organisations and 560 Board members since 2007. We heard from a variety of speakers and broke into small groups to respond to specific questions on issues such as income generation, artistic risk and diversity, the results of which can be read [here](#).

Clear themes and ideas emerged from the speakers, which we have summarised below, together with links to further information and to templates for wider use.

What makes a great Chair and how do you find one?

'In the long term the role of the Chairman is ethos, knowledge and maximizing the chemistry.'

'You need to facilitate with courage, to have the nerve to let the Chief Executive get on with it. But in the end you will take the flack.'

Rosemary Squire defines a great Chair as someone with sound judgement, strategic thinking, humility and gravitas in equal measure and an ability to build trust with the CEO and wider organisation. A great Chair will be facilitative (rather than directorial), able to get diverse people to act as a team, be individually heard and have impact. The message from Lucy Blythe that Chairs bring 'Time, Talent and Treasure', provoked lively discussion. How do we progress diversity if the Chair is expected to have a fat wallet? Arguably at all times - but particularly when funding is tight - the Chair needs to lead the process of fundraising whether or not s/he is able to donate money personally. Ultimately it's about the Chair's ability to connect and influence others to give. The Chair of NMSI Doug Gurr says *'my job as Chair right now is to get out there and "front up" to potential supporters'*. There was widespread agreement with the warning given by Ian Blatchford, recently appointed CEO of NMSI, that whilst the American 'dream Board model' can bring with it huge donations, it constantly struggles to be aligned with public benefit when Trustees' pet projects come higher up the agenda.

Engaging the wider Board

The Chair needs to put clear processes in place for Board succession, and get the skills-mix right, taking into account the current and future needs of the organisation. Northern Stage has kindly provided an example of a self-scoring skills matrix [here](#). Organisations wanting wide profile may benefit from recruiting nationally well-known and respected Trustees, but shouldn't underestimate the value of those locally based. They can come to shows, bring local networks, and can be "on the ground" when needed.

With the Board in place, the Chair must - in the words of Tim Bailey Chair of Northern Stage - *'excite Trustees out of thinking that by simply turning up the job is done.'* Doug reiterates this view. His Board comprises huge talent including Nobel prize-winners and CEOs of the blue chip companies, but he notes that whilst the role is unpaid, *'it is a job, not a Blue Peter badge.'*

Most Boards will have a core, committed group of active Trustees and others with less time and inclination: Chairs needs to provide opportunities for Trustees to get involved and work with the executive according to their expertise and interests. This might take the form of chairing task and finish groups, sub-committees or staff buddying, with the latter being most effective when engineered by the CEO and executive team.

Trustees will always have ideas. As Chair, the trick is to watch out for personal agendas but provide appropriate ways for ideas to be heard (i.e. not an off-agenda thought at a Board meeting) and deployed or dismissed as appropriate. Ideas are worth indulging when, as Chair, you have faith that the Trustee in question will follow through and help make great things happen.

Usha Prashar states that the Chair must encourage constructive challenge and high quality debate around the table, and allow a consensus to emerge rather than put decisions to the vote. S/he should undertake an annual review with every Trustee in order to give and receive feedback. Two examples of a Board review can be found [here](#) and [here](#). The Chair's role also involves ensuring that all Board members are clear about a) strategies, priorities and policies in order to hold the organisation accountable, b) monitoring risk and budgets, and c) the stewardship of people and assets. Finally, the Chair needs to invest time and care in his or her relationship with the CEO. More on that below.

Finding a great Chair

So how do you find a great Chair? Lucy Blythe, who runs a not-for-profit Board and leadership consultancy, urges the sector to take recruitment of Chairs as seriously as we take the recruitment of CEOs and Artistic Directors. We need to plan ahead, be honest about the role and source people who can match the future needs of an organisation. Slides from her extensive power-point presentation (a gift to anyone looking to recruit a new Chair) are available by request via info@phyllia-intl.com

Double act: the Chair/CEO partnership

When Erica Whyman was appointed CEO/Artistic Director of Northern Stage, she and the Chair Tim Bailey agreed a 'Chair/CEO compact' which was simple and instinctive but set out a mutual way of working. They've never needed to look at it since. Erica had experienced a previous Chair/CEO relationship as *'like trying to earn my parents' trust,'* and describes her current one with Tim as adult-to-adult, and a friendship beyond formalities. She values having a boss who is hugely supportive and concerned about her workload and career.

Doug, Chair of NMSI, has been closely involved with a number of commercial and not-for-profit Boards, and finds the latter considerably more challenging than the former. He feels this is partly because the Chair/CEO relationship breaks down more often. To avoid this, Doug says the Chair needs to move the ego aside and develop trust by

asking him/her-self, 'How can I help turn a good CEO into a wonderful CEO?' The Chair needs to be a coach, sounding board, critical friend and side-kick as required.

Chocolate cake and breakfast meetings

Over chocolate cake (NMSI) or breakfasts overlooking the Tyne (Northern Stage), it's vital that the Chair and CEO make regular time to meet up. But how does the Chair strike a happy medium between the strategic and the day to day support? There is no formula. The Chair and CEO of NMSI talk every day, whereas Northern Stage do so once a fortnight, every week or as required. What matters is that the Chair cares, even if that results in occasional meddling or clumsily expressed support. For Erica it's about knowing that she can get in touch when she needs to. *'I need space with the Chair to test ideas and room to be wrong, to knock things around. I need him to push me to take risks, consider new partnerships, state ambitions and really say what something costs.'*

Driving the governance vehicle

Tim of Northern Stage uses the metaphor of a car journey to describe the Chair/CEO relationship. As Chair, sometimes you are a co-pilot, sometimes the driver, sometimes the passenger. Moving fluidly between these positions requires an intimate understanding with your fellow CEO or Chair. He and Erica share unguarded 'bible burning' discussions together in order to air issues before agreeing how to tackle and talk about them appropriately with the wider organisation and external partners. As Chair, his role is to involve the Board in these issues, but he takes the view that not everything needs to be shared beyond the Chair/CEO or indeed with the entire Board.

Together with Erica, Tim accelerates, brakes, occasionally three point turns and even more rarely, stops in a lay-by to check mechanisms are working properly. When driving he feels a responsibility to help take the organisation into places it didn't know existed, and to encourage Erica to recognise the potential there. As a passenger, he will sit back, step out of Erica's way and let the journey flow by. As co-pilot he'll encourage and support Erica to rollout plans regionally, nationally and eventually internationally but if the speedometer is too high he'll put the brake on.

Being clear about what the Board exists to do

To make the most of the Board, the Chair/CEO duo needs to clear about its role. Whilst in the commercial sector, the Board exists solely to create shareholder value, the non-profit often has to balance the agendas of multiple stakeholders. Doug feels that this can sometimes undermine the strength and purpose of governance in the subsidised sector, and here he sets out what a non-profit Board is there to determine:

- **Direction** - set out what the organisation is there to do.
- **Resources** - ensure the right people and money are available, then leave them to get on with it.
- **Stewardship** - as a recipient of public funds, Boards need to ensure effective use of funds. For Doug, this is particularly pertinent as in this regard he is personally responsible to the Secretary of State.
- **Reputation** - build it, tell the right stories, sell to supporters, initiate relationships with partners.

Strategic alignment: Why Everything Matters

Whilst working together as Managing Director and Director of Strategic Development of the Whitechapel Gallery, Tom and Stephen (thanks to Frank Zappa) developed the idea of 'conceptual continuity', That is, the persistent realignment of an organisation's activities and structures to reflect core mission and values. It's a concept originally articulated by Frank Zappa to describe the common thread in his varied artistic output and life. For arts organisations managing multiple stakeholders and funding opportunities, this approach helps accommodate complexities and decision making through one common goal. In its absence, organisations may experience poor internal communication and silo mentality, heavy workloads, an underused Board, lack of customer focus, straying from charitable objectives. Tom and Stephen argue that good governance is a key driver for conceptual continuity. If you wish to read their power-point and enjoy the bonus of two wonderful illustrations: *The Temple of Financial*

Break out groups: questions and responses

What would make it easier for organisations to generate new income streams and what is the Board's role in this?

1. Ensure **regular debate** with the SMT and Board together to air strategic thinking, and align the vision and direction of travel to motivate everyone towards income generation.
2. Create a **culture of giving** amongst all Trustees, to suit all pockets, from as little as £10 a year +.
3. Encourage Trustees to **overcome reticence or shyness**, follow up on contacts and ask for money.
4. **Utilise Trustees' expertise** to help generate funds or monetise income, either through individual roles (i.e. publishing, catering etc) or as part of a task group / committee (Development Committee, Trading Subsidiary, Marketing Committee etc).
5. Generate **entrepreneurial thinking** amongst the Board and SMT, and emphasise that you have to invest to accumulate, whether in the Development Department or a new venture.
6. Develop **partnerships** with commercial organisations.

How can Board members from the commercial sector be best encouraged to both support and challenge a not for profit organisation?

- This is an equality issue: 'support and challenge' works both ways. Trustees from commercial backgrounds need support and proper induction just as much as other Trustees.
1. Acknowledge there are **two languages, two cultures**. For example: multiple stakeholders rather than a single bottom line; differences in staff motivation; unspoken assumptions, different rules of conduct. 50-60% of the Trustee's experience will be directly applicable and 25% will be completely irrelevant. Trustee needs time and support in working out which is which. Suggested ideas:
 - proper full induction, including time to see the organisation at work, meet staff;
 - Chair to take responsibility for spending time with new Trustees;
 - Buddying schemes: an existing Trustee who has already made the transition might buddy up with a new Trustee to help them navigate the journey.
 2. **Managing staff expectations:**
 - a Trustee from a commercial background is *not* a silver bullet who can be expected to solve or even deal with all financial issues.
 - encourage staff to embrace and expect challenge: often the strongest, most successful Boards have the most lively meetings, full of debate.
 3. **Utilising skills.** As part of the induction, a new Trustee needs to be asked about the skills they bring, their contacts and experience. Together with the Chair, they should identify the ways they can help, and the Chair should make it as easy as possible for them to contribute.

What potential for driving change can /should a new incoming Chair have?

1. **Ask the difficult, naive questions** and constructively challenge strategy, business model and internal culture.

2. **Understand the context** and keep the good things, as well as change what it necessary.
3. **Bring new ideas.** Review Board composition and governance arrangements.

What can Boards and CEOs do to ensure that Boards are truly diverse and fully represent the constituencies of their organisation?

- The sector needs to embrace **diversity in its broadest sense** as well as ethnicity and disability, and with relevance to each individual organisation's mission (age, geography, class etc).
 - **Beware tokenism.** Trustees should be recruited for their values not as part of a head count.
 - The way to increase diversity but avoid tokenism is to **make Boards less 'mysterious and aloof'** and **recruit much more widely** and imaginatively than we currently do.
1. Undertake a **skills assessment**:
 - get clarity and purpose behind appointments;
 - make recruitment driven by the strategic objectives;
 - be aware that a Trustee from a constituency doesn't necessarily represent that constituency.
 2. **Go wide with recruitment** and make the role explicit:
 - advertise in programmes, foyers, social networks, on websites and publications relevant to expertise sought;
 - be honest about the time commitment, logistics, expertise sought, expenses offered.
 3. **Change the culture of the Board** to make involvement in it accessible:
 - language;
 - clear papers;
 - initial Trustee to Trustee buddying;
 - logistics (time of meeting, support for attendance).
 4. Consider longer **progression routes** to becoming a Trustee :
 - youth advisory forum;
 - governance training;
 - options to be an observer first.

Is now the time to be bold? How can Boards be encouraged to embrace artistic risk in a time of austerity?

1. Without doubt the Board must encourage risk and ambition, in order to inject a **renewed sense of confidence** in the organisation during tricky times.
2. Boards must also **hold the balance** between financial, reputational and organisational risks.
3. The Board enables artistic risk by helping to a) **fill financial gaps** and b) **allocate reduced resources** intelligently (i.e. not salami slicing).
4. In order to embrace risk, the **Chair/CEO need to**:
 - recruit Trustees who understand risk in other contexts;
 - ensure all Trustees understand the drivers for risk and how to respond to them;
 - ensure all Trustees understand the relationship between a) artistic risk b) reputation and c) audience engagement. It all starts with artistic risk.

How do we make Boards and their membership less mysterious internally and externally?

1. Internal

- Get staff and Board to meet at social events, for joint training and staff meetings.
- Offer staff/Board buddying.

2. External

- Board members pictures and biographies on the website.
- Profile the Board and recruitment in theatre / gallery programmes.

How can Boards and staff support and motivate each other?

1. Double check on the real state of the relationship through a **Board effectiveness survey** that involve both executives and non-executives.
2. Ensure that all staff, not just the management team, **understand the role and value of the Board**. This should form part of the induction process.
3. Ensure that Board members have **regular contact** with a range of staff, not just the senior team.
4. Place **pictures and biography** details of Board members on the company website.
5. Boards need to have regular **private sessions**, without executives present. To avoid suspicion this should be seen as part of the normal routine.
6. Call together ad hoc groups to discuss a single topic for a few hours, or create a **task and finish group** to address an issue: a good alternative to the creation of too many standing committees.
7. Executives should ensure that the Board are given both **good and bad news** as part of normal business. Non-executives should not over-react to bad news.
8. Executives and non-executives need to be clear about where **decision-making** power lies on particular issues.
9. Executives need to invest time in **preparing for Board meetings**, and ensure that they see Board meetings as an opportunity to move things forward and not a chore.
10. Non-executives should **respect the professionalism of the staff**. Staff need to **value the range of experience that Boards can represent** and avoid defensiveness when challenged.