

## Lunch number four: THE BOARD'S ROLE IN ARTISTIC RISK

With the Rt Hon Lord Smith of Finsbury (Chris Smith), Chairman of the Donmar Warehouse and the Environment Agency, and the inaugural Director of the Clore Leadership Programme.

15th February 2011

### A summary of Chris' talk

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A Board's role in artistic risk is difficult to pin down because it is dependent on the organisation and personalities of the senior staff and Board members involved. However, to be effective in any context, it requires a strong sense of trust between both parties, and crucially, between the Chair and Artistic Director. To illustrate good governance in artistic risk, Chris drew on his experience as a previous Trustee of the National Theatre and as current Chair of the Donmar Warehouse.

#### Three case studies:

##### **Convincing a Board by stealth**

Shortly after Nick Hytner had been appointed as Artistic Director of the National Theatre, but before he had taken up his post, he wanted to propose the ground breaking idea of a £10 season in the Oliver Theatre. He needed to convince the Board that this would pull in new audiences and be financially feasible due to prudent production costs. After checking with the Chair, Nick took each Board member out to lunch individually, presented his idea and outlined proposals for mitigating the risks. By the time he was in post and ready to start work, the whole Board were signed up and publically advocating this radical approach. A great example of good communication with the Board in its entirety, particularly important as a new appointee.

##### **'Raising an eyebrow': the extent of the Boards' ideal role in artistic risk**

At the Donmar Warehouse, the Artistic Director Michael Grandage presents his proposed seasonal programme of six in-house productions to the Board on an annual basis. Despite attracting 95% capacity audiences, the risk for the Donmar is significant because the theatre houses just 250 seats and employs high production values. All productions make a loss, bridged by significant fundraising with individual donors and Arts Council England. Despite the scale of the fundraising, the Board have never once in the past nine years opposed Michael's artistic decisions. They grill him occasionally, but his artistic judgements have repeatedly proved themselves resulting in a high level of trust. With regard to their role here, Chris says *'we've never done more than raise an eyebrow.'* At the time of writing, a new Artistic Director is soon to be appointed to the Donmar; trust between the incumbent and the Board will need time to become established through the success of the programme.

##### **A duet: the Artistic Director and the Chair**

Having negotiated a provisional deal with Cameron McIntosh, in 2007 Michael Grandage was keen to present the 'Donmar at Wyndhams', a season of four carefully selected, star-studded productions playing to a wider audience of up to 700 per night in the West End. This was a big undertaking

involving a significant risk, not least because the intention to keep the ticket prices affordable meant the profit margins were minimal and required an 84% capacity audience to break even. Also, the Donmar needed to be able continue its own usual programme meanwhile.

Michael went to Chris as Chair and presented the idea, complete with all four play ideas and three signed up stars (Kenneth Branagh, Jude Law and Derek Jacobi). He hadn't yet confirmed Judi Dench. Chris liked the idea but asked that before taking it to the wider Board, Michael should mitigate two key risks. Firstly to confirm Judi Dench, and secondly to find a way of guaranteeing that the Donmar-based programme would remain as strong as ever and not play second fiddle to the prestige of, or costs involved in the Wyndham season. Michael worked through these requests and then both he and Chris were able to take the idea to the wider Board with greater confidence. The Board agreed but then had to decide how best to finance the Wyndham season. Should they entice an investor who would then carry much of the risk (but also any profits made), or 'gulp hard' and finance it out of their own savings hoping to attain at least 84% audiences to cover cost? They chose the latter and achieved 97% audiences; 13% above the break even target.

The good governance lesson here, is that the strong relationship of trust between the Artistic Director and the Chair meant they were able, as a duo, to identify and mitigate some potential risks in advance of taking the idea to the whole Board. This in turn reassured the Board and made it easier for them to take key decisions around financial risks.

#### **The Board's role in artistic risk: some key lessons**

- The most important thing the Board can do is focus on appointing the right Artistic Director.
- Once appointed, the Board then confirm the broad thrust of what the Artistic Director will do artistically, agreeing a sense of 'the flavour' (not the minutiae) going forward.
- The Artistic Director proposes programmes and the Board, if necessary, questions the programme (particularly around financial risk). The Board then signs off the programme and trusts that the Artistic Director will get it right.
- The Artistic Director then proves themselves through the success of the programme. This will then allow the Board to build trust in his or her ability to make joined up artistic and financial judgements.
- However there needs to be room for occasional one-off 'failures'. The Board need to watch the trajectory. If the programme is heading in a tricky direction i.e. two to three failures in a row, then clearly the wrong decisions are being made and the Board need to step in and either provide support to the Artistic Director to get the programme back on track, or change the personnel.
- The Board must never micro-manage.

## Notes from the ensuing discussion

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### Appointing the right Artistic Director

Building up trust in the Artistic Director's programme stems from feeling confident that the right choice of personnel was made in the first place. The process of appointment is crucial:

- Change is good, but an outgoing Artistic Director can often feel like a hard act to follow. The Board need to look inward to agree how to appoint with a renewed sense of direction. "What are we looking for? Revolution or evolution?"
- Who should sit on the interview panel? It was felt that a small group of available Trustees should be selected for their skills in appointing, *not* for their specialisms. Therefore, artists on the Board should not be on the panel because of their artistic knowledge (which will be subjective) but because they are right for the panel. Funders will often be invited to sit in on an interview of a key appointment (usually at the latter stages) but will not have a vote.
- What skills are needed in an Artistic Director?
  - a compelling interpretation of the mission;
  - programming;
  - an understanding of how artistic and financial decisions are inextricably linked;
  - directing productions or curating exhibitions;
  - leading a team;
  - an appreciation of the diversity of the area and the desire to be inspired by this;
  - schmoozing with donors, partners and funders.
- Candidates should be grilled about the artistic flavour they will bring to the role. What is their vision? Give an example programme. What will the programme and audience make-up look like in five years time under their leadership?

### The Board's role in the first year

Once appointed, the Board's role in the first year is to advise and support the new Artistic Director. To make it easy for him or her to make the right artistic decisions in the knowledge that they are trusted to get on with the job. People respond well to trust; clipping wings rarely pays dividends. The Board have another crucial role to fulfil at this stage; to help win the audience and supporters' trust in the new Artistic Director by taking every opportunity to repeat publically their faith in the new appointee.

### The influence of the donors and funders

At the Donmar, the new appointee will be expected to stand up in front of Director's Forum of Principal Supporters from day one, and convince them that the organisation is in good hands. After all, their donations are a vote of confidence in the person developing the artistic product.

When Michael Grandage announced his resignation to Chris, Chris asked that he phoned their principal sponsor (with whom they were in the midst of a four year agreement) to let them know personally before the news was made public. Their response was that as long as the process for finding his replacement was sound and led by the Chair then the sponsorship deal would remain. They trusted the Board's judgement, but for financial and reputational reasons it was vital that they were amongst the first to know.

### **Encouraging risk in a penny pinching climate**

When finances tighten, risk seem tougher to take. However the purpose of subsidised organisations has to be to take risks, particularly when there is less subsidy to go around. Accordingly, the funding system will need to become more focussed on investing in risk-taking and growth. The role of the Board here is therefore crucial: to encourage (rather than dictate) the Artistic Director to take *enough* risks and avoid retracting to what is 'safe'.

### **Artistic expertise on the Board**

The value of having artist Trustees was also discussed, in line with Brian McMaster's recommendation that two artists sit on the Boards of all cultural organisations to provide appropriate expertise, not least because '*...the move in recent years towards Boards encompassing a variety of skill, has in some places been at the expense of artistic expertise.*' The challenge for the Chair is to ensure their voices are not dominating.

Although the Board should buy wholly into their Artistic Director's vision, sometimes they might not feel artistically knowledgeable enough to discuss or question his/her programming should the need arise. Questioning and scrutiny can happen at executive level but is this best practice for the Board? Is this where the involvement of artist Trustees might help? Rarely do any Board members know more about artistic programming than the Artistic Director, so their questions tend to be about financial risk rather than artistic taste. However, keeping the Board artistically updated and inspired is crucial, particularly if they are to advocate with passion.

### **Board's role in reviewing**

To what extent might a Board collectively review a production or season after it is over? Whilst positive feedback was felt to be welcome at any Board meeting, there needs to be a sensitivity around those events which were less enjoyed by audiences or critics. Chris advocated a carefully worded, personal discussion between the Chair and Artistic Director rather than with the whole Board, which could sap morale. He reiterated that the job of Trustees is to remind the Artistic Director that the critic's view is one of many, and to be there for the Artistic Director when the going gets tough. Chris acknowledged that there may come a point where, as Chair, you can't defend them anymore, but up until that point you have to be their chief supporter. He also argued that there needs to be a philosophy of failure, whereby occasionally panned productions are seen as part of the mix and the risk; a hard, but necessary ask for a Board who carry the long term success of the organisation on their shoulders.