

Strategic Planning in the Arts: A Practical Guide

Boards

In today's difficult arts funding environment, an arts organization's Board and staff must work together, yet the tension between Board and staff—even in successful organizations—is palpable. Effective board management can develop mutual respect between the Board and staff in a way that encourages Board members to contribute their time and resources generously.

The Board of Directors (or Trustees) of an arts organization is meant to be a leadership and support group that cares deeply for the institution and works diligently to find the resources required to achieve its mission.

Yet for many arts executives there is no area of operations that generates more controversy and anxiety than the Board. The tension results primarily from the potential of the Board, the frequency with which that potential is *not* fully realized, and the power resident in a lay group of volunteers.

While some Boards and arts executives enjoy strong working and personal relationships, few troubled arts organizations do not experience Board-staff conflict. The staff virtually always believes that its problems would be solved if the Board contributed more, and the Board frequently blames the institution's problems on staff errors. Even in many successful organizations, the conflict between staff and Board is palpable.

This tension can be crippling. In today's difficult arts funding environment, the Board and staff must work together; failure to do so inevitably results in the loss of the best Board and staff members, substantially reducing the odds of establishing or maintaining organizational health.

The strategic plan, therefore, must clearly delineate the roles of the Board and must reveal an approach to maximizing its effectiveness while minimizing the potential for conflict with the staff.

Boards serve both legal and non-legal functions. Legally, the Board is responsible for financial oversight, for hiring and firing artistic and administrative leadership, and for setting major policies. The Board should also serve, *de facto*, as cheerleaders in the community, as contributors and solicitors of funds and other resources, and as champions of fund-raising events. The Board is *not* responsible for making specific operational or artistic decisions. If the Board, as a unit, is unhappy with the administrative or artistic direction of the organization, it can remove the artistic or administrative director. Acting on their own, discontented Board members can "vote with their feet," choosing to resign from the Board and withholding financial support.

The line between active participation and interference is a fine one, particularly with Board members who are extremely generous with their time and money. If major donors insist on "poaching," it is difficult and risky to try to rein them in. These powerful contributors must be accommodated and "worked around" as one copes with any other major operational constraint.

In fact, one wants to encourage the interest of Board members while still discouraging unhelpful behavior. Creating "engagement" on the part of Board members is a goal of all arts executives and Board leaders. When Board members are engaged, they are the most likely to be generous and to work on the organization's behalf.

Since Boards are agglomerations of personalities, no two are exactly alike. Nor does the Board's profile remain unchanged over time. In fact, the nature and roles of the Board frequently change in predictable ways as the organization matures.

During the institution's formative years, the Board tends to be composed of friends of the artistic founder. They are called upon to offer much moral and some financial support. Frequently, these initial Directors also act like quasi-staff, helping with numerous staff functions: accounting, legal work, marketing, fund-raising and even sewing costumes on occasion.

As the organization matures, however, the demands placed on the Board change as well. Typically, operating functions become the province of professional staff, thereby reducing the need for Board involvement. As the budget and funding requirements grow, Board members are called upon to increase their own contributions and to play more active roles in the development campaign. Those individuals who may have balanced the books or sewn beautiful costumes may not be in a position to give more money or to solicit more from friends.

This dichotomy between the requirements and the capabilities of the Board frequently results in a substantial transition period during which older Board members are replaced by newer ones. This can be a most painful period in the institution's history. Those Board members who find themselves losing a role in the organization frequently resent the way their past contributions have become overlooked. While the restructuring must be handled tactfully and thoughtfully, the survival and development of many arts organizations depend, in great measure, on the willingness of the Board to re-invent itself.

Those Boards with active Nominating or Trusteeship Committees - that evaluate the organization's Board needs, evaluate the current members, and identify and nominate new members - are the most likely to handle restructuring effectively.

Indeed, evaluating and revitalizing a Board should not be a one-time project nor should it wait for a crisis. The executive staff and Board leadership should be working on an on-going basis to find new Board members and to remove those who would better serve the organization in other capacities.

There is no magic formula for finding new Board members. The first step is to define clearly the expectations for new members. Is there a requirement for giving or soliciting a specific level of funding? Must members attend Board meetings on a regular basis? Is each member expected to serve on a committee? A clear, specific set of guidelines helps potential new Board members decide whether they can be successful; it also helps existing members determine whether they should remain on the Board. Setting a required level of Board giving is a difficult process. Too high a target may result in a very small Board; too low a target may dissuade individual members from making major gifts. The correct level depends on the nature of the Board, its historic role in supplying funding and the needs of the institution.

If the Board needs strengthening, these requirements should be broadcast to everyone associated with the organization. Corporate and foundation funders, local politicians, old and new Board members, major patrons, etc. will all have ideas for appropriate Board candidates. Create a comprehensive list of candidates, and have Board and staff leadership visit each candidate ready to explain the organization's needs, its view of Board participation and its plans for the future.

One caveat: There are very few perfect Board members with a complete set of required skills, talents and resources. It is important to develop a Board that, as a group, has the requisite assets. Not every member must be wealthy, must fund-raise, must understand the operations of a not-for-profit arts group or must have a passion for the art form. Some members may be added for their expertise, others for their resources, others for their link to a community one wishes to serve. The Nominating or Trusteeship Committee must evaluate the current Board "portfolio" of skills and add to it appropriately.

A consistent, coordinated effort to identify and solicit new members invariably results in a systematic improvement in Board productivity. While this process should be on-going, Boards that require major overhauls should not add new members one-by-one. It is far more effective to add new members in bunches. New Board members typically learn "expected" behavior from the more senior members. If the entire Board gives in small increments, is uninvolved in fund-raising and has a tendency to micro-manage the staff, a new Board member, despite tremendous potential, will learn to mimic this behavior. Adding several new members at one time will increase the chances that the new recruits will bring an energy and a sense of purpose of their own to the Board, thereby helping the body to change more rapidly.

In creating a Board, or in re-inventing one, it is imperative to remember that the real work typically occurs outside of Board meetings. If a Board member is willing to allot four hours a month to an organization, and three of them are spent in meetings, there is little time remaining for fund-raising, soliciting new Board members, etc. If an organization has too many Board meetings, attendance begins to falter; continuity becomes virtually impossible to achieve. Three to five meetings a year should suffice for most organizations. This allows Board members more time to find resources for the institution or to serve on active Board committees.

Committees can attack an issue in greater depth than can the full Board, yielding more effective solutions in a more time-efficient manner. Full Board meetings can become more efficient if they are characterized by well thought out communications by Board committees and staff. Even during periods of crisis, when the full Board must tackle a major issue, pre-meeting discussions between key Board and staff should result in proposals for full-Board consideration.

In addition to the Trusteeship or Nominating Committee discussed above, virtually every arts organization should have an Executive Committee that acts in place of the full Board. The Executive Committee will frequently meet in months when the full Board does not. The Committee will be composed of the most important contributors, the most knowledgeable Board members and the chairs of the standing committees. Despite the obvious importance of this group, it is vital that the remainder of the Board not feel disenfranchised by the unity and power of the Executive Committee. This is a sure way of eliminating the engagement of the majority of the group.

Every organization also needs a Finance Committee that is charged with analyzing financial reports, budgets and audits on behalf of the full Board. The Finance Committee serves as in-house controllers, alerting the full Board of impending crises and working with the staff to solve pressing problems. Boards must also have Audit Committees that function independently of the Finance Committee to ensure proper accountability.

The formation of other committees will differ by institution. Many Boards will have a Development Committee. It can be dangerous to form a Development Committee if those Board members *not* serving on this Committee believe that they are not required to participate in the fund-raising activity. The Development Committee should be charged with organizing the Board's fund-raising efforts, not implementing them. Virtually every Board member should participate, in some measure, in accessing resources for the institution.

Other organizations will have a Marketing Committee. This can also pose problems if the Committee's charter is not clearly specified. Too often, Board members from the corporate sector believe that the marketing techniques that work for their businesses will be equally successful in the arts. More often than not, this is not true. Corporations spend so much on marketing that they can afford to support speculative programs. As long as the marketing efforts *in total* are successful, it is possible for corporations to take great risks. Arts organizations do not have this luxury. Most allocate small portions of their budgets to marketing but expect a big impact, supporting both earned and unearned income generation. It is dangerous for arts organizations to divert funds from proven marketing methods to new, risky ventures. If a Board Marketing Committee can help to improve existing marketing initiatives or can find additional resources to support new initiatives, they can be very helpful. If they insist that "they can do for the arts organization what they did for their own corporation," they invariably fail.

Indeed Marketing Committees, Development Committees and all Board members must appreciate the craft of arts management and the knowledge base and experience of the staff. While there are certainly staff members who do not have the breadth of vision to appreciate some excellent ideas presented by Board members, there are many more who can differentiate between a potentially valuable proposal and an inevitably wasteful one. Board members must either trust their senior executives when they reject a Board proposal or they must replace them.

When the Board and staff have mutual respect, when the staff works hard to engage the Board members in the activities of the organization and the Board members contribute their time and resources generously, there is little that cannot be accomplished.

BOARD PLANNING ISSUES

Each of the following issues should be addressed in the plan for the Board:

- What are the current needs of the Board?
- How can these needs be met?
- How should the Board be managed?

- How can Board members become more engaged in the activities of the organization?
- Does the organization have appropriate Board committees?
- Have the responsibilities for Board members been clearly defined and communicated?
- Is there a minimum Board requirement for giving or getting gifts?