

# Arts Governance

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Issues and practices in arts governance with an emphasis on nonprofit orchestral organizations

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### **ABSTRACT**

Because successful boards of directors are an essential component of successful nonprofit organizations, this paper seeks to explore best practices and pertinent issues relating to boards of directors in the arts, and specifically that of orchestral nonprofit organizations. While arts boards can access and employ general governance practices, this paper highlights issues which impact the way board members, executive leadership, and staff approach and navigate governance in the arts. This paper provides extensive literature review of both general and arts nonprofit governance sources, with a special emphasis on orchestral arts governance. Analysis of literature explores governance models, participants in governance, and the responsibilities and activities of governance participants. Ultimately, successful arts boards should place the organization's artistic mission at the center of their activities, while creating a collaborative environment in which all constituents and stakeholders can appropriately contribute and participate.

### **Keywords**

governance, art, collaboration, leadership, mission, communication, responsibilities

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## CHAPTER 1: INTRODUCTION, APPROACH AND OVERVIEW

### INTRODUCTION

Boards of directors are an essential component of nonprofit organizations, required by law for nonprofit status, and often integral to the overall function of an organization.

Moreover, success of the board is intricately linked to success of the organization as a whole.

While board members and staff members may have individual ideas of what a board is or how it functions, there is often significant disparity in expectations of the board, of individual board members, and of the organizations executive leadership and staff. Criticisms of board governance by scholars, professional managers, and board members alike include: a general lack of performance, bad communication and chemistry, un-engaged board members, and a critical failure in knowing roles and responsibilities. Inability to communicate and understand common goals and functions will almost certainly undermine the ultimate efficacy of a board and the work it can accomplish, resulting in dire consequences for an organization.

Boards in the arts contend not only with the problems described in the previous paragraph, but also with elements unique to the arts. First, arts organizations have a product often difficult to quantify, making planning and evaluation difficult. Additionally, the spectrum of constituents and participants includes the typical players of the nonprofit world (board, CEO, staff), in addition to artistic directors, artists, and a sometimes fickle audience. Arts boards, therefore, must be cognizant of typical governance problems in addition to aspects unique to the arts.

Much has been written about board governance with the singular perspective of the nonprofit sector as a single entity. In reality, it is a broad ranging sector including: health services, education and research, social and legal services, religion, arts and culture, foundations, public charities and private foundations (Worth, 2009). Within the arts, there is also a broad range of subdisciplines: museums, fine arts, arts education, and the performing arts, which includes symphony orchestras, opera, chamber music, and dance.

While exploring general nonprofit and arts governance issues, this paper will focus on governance practices in the specific discipline of nonprofit orchestral organizations. Ultimately, this paper should help to inform staff members on how to best understand, utilize and guide their board to success. This paper will serve to illuminate these issues for arts board members as well. Although the term “arts” is used throughout this paper, the resources cited and consequent recommendations are slanted towards orchestral nonprofit organizations. It is hoped, however, that that governance practices for other arts organizations can also be derived from this discussion.

#### **RESEARCH APPROACH, TYPES OF LITERATURE REVIEWED, AND EXPECTATIONS**

It was anticipated that this research would identify governance topics such as governance structures, bylaws and policies, fundraising, and strategic planning. However, it is likely that these areas can be grouped together by overarching themes. Ultimately, this paper aims to identify best practices for board governance, while also examining different models of governance and uncovering the realities of leadership in regard to both the board and staff.

General nonprofit and arts management books were selected as sources based on their

common acceptance in academic and other scholarly arenas, in addition to having current publication dates. While some sources written prior to 2000 are cited, much has changed in the 21<sup>st</sup> century, resulting in prioritization of using current sources.

Literature relating to general nonprofit governance consists of numerous possibilities. However, much of it is in the “self-help” vein, and often anecdotal. Worth (2009) asserts that most observation and criticisms in the governance arena are based on experiential evidence, and not quantitative research. The following authors, however, were identified as being prominent contributors to governance literature within the last few decades: Carver; Chait, Ryan, Taylor, and Holland; Andringa; Board-Source; and Jossey-Bass. *The Handbook of Nonprofit Governance* (BoardSource, 2010) was the organizational guide in identifying main governance themes throughout this paper.

In regard to arts based governance literature, arts management books typically contain a dedicated section to governance, although it is often only a basic description of boards and general discussion of function. Otherwise, there are few publications relating specifically to arts governance, with notable exceptions by Ostrower (2002) and Kaiser (2008 and 2010), and some of the sources cited throughout this paper. Journal and online articles provided some of the most recent and in-depth discussion regarding orchestral governance, in addition to the recent *Fearless Journeys* (Tepavac, 2010), published by The League of American Orchestras.

## **DOCUMENT OVERVIEW**

Throughout this paper, general nonprofit governance issues are addressed, in addition to specific implications for arts governance. The first half explores governance models, board

and organizational change, and the issue of leadership. The second half of the paper focuses on operational elements of governance, such as policies, meetings, board recruitment, and fundraising. The concluding chapter includes a recommended model for arts governance, suggestions for further research, and recommendations for arts boards and arts leaders.

## CHAPTER 2: FRAMEWORK AND MODELS FOR NONPROFIT GOVERNANCE

### NONPROFIT GOVERNANCE ORIGINS

One of the significant factors in understanding the framework and function of boards lies in the origins of nonprofit governance emerging from the for-profit sector (Noteboom, 2003). One of the first publications contending with nonprofit governance was Dayton's (1987) *Governance is Governance*. Dayton's immersion and success in the corporate world, in what would eventually become Target stores, gave him a unique vantage point to discuss governance. While Dayton's (1987) contribution to nonprofit governance was significant, much has changed since its publication, especially in the post-Enron, Sarbanes-Oxley era which requires more transparency and oversight in both the private and nonprofit sectors (Noteboom, 2003). Noteboom cites those in the nonprofit field who reject a corporate-based model, such as Hodgkin (1993) and Taylor, Chait, and Holland (1996). The roots of nonprofit governance, however, cannot be undone or ignored. Instead, recognizing the significant differences between the for-profit and nonprofit sectors, especially in regard to governance, will allow board members and staff to best navigate board issues.

One of the most significant differences between the for-profit and nonprofit sectors is the manner in which success is evaluated. Whereas the goal and measurement of success within the business sector is financial gain, nonprofits are concerned with a specific mission not necessarily linked to profit (Chong, 2010). Therefore, the responsibilities and functions of the nonprofit board will likely have involvement in activities other than fiduciary matters (Chong, 2010; Morris, 2002). Morris asserts that within the business sector, executives are often part

owners of their organization, as opposed to executives and staff in nonprofits, who are sometimes seen more like hired hands. In a 1999 American Symphony Orchestra League panel, documented by Judy (1999), Witmer (a panelist) asserted that “nonprofit organizations generally lag behind the more progressive for-profit companies and need help to become more organizationally effective” (p. 50). Additionally, Witmer observed that “organizational effectiveness is difficult to achieve with...different constituency groups and no single chief executive officer” (Judy, 1999, p. 50). Witmer seems to be comparing the for-profit structure which places a single, well-paid, CEO as the head of the board against the multi-layered nonprofit governance structure. While the lines between the for-profit and nonprofit sectors have been observed as becoming increasingly blurred and overlapping, there still remain significant differences between the two sectors which should be recognized. Therefore, for-profit governance models can be employed in nonprofits, but should be done so with careful attention paid to important differences between the two sectors.

Disparities between for-profit and nonprofit governance are further exacerbated when nonprofit arts organizations are considered. First and foremost, arts organizations typically place artistic output at the heart of an organization’s mission (Kaiser, 2010; Klein, 1999). Products and services of arts organizations are often difficult to quantify and can also change from day-to-day, due to varying performances or artistic offerings (Klein). Further, arts organizations “invite their audiences to have opinions about their work” (Klein, 1999, p. 4), creating a volatile and emotional dynamic, sometimes difficult for boards to navigate. Because of the “perceived dissonance between the creative process and sound business practice” (Klein, 1999, p. 3), it can become easy to “romanticize the creation of art and not hold it accountable”

(Klein, 1999, p. 5). Conversely, arts organizations can isolate the creative process from operational functions, resulting in organizational fragmentation (Klein). Commitment to an artistic mission can often be perceived at odds with organizational and business practices, but the reality is that the business sector and the mission-driven nonprofit sector offer valid practices which can be simultaneously implemented. There is likely no single method for all nonprofits, but these disparities must be recognized and understood for an arts organization to remain unhindered in fulfilling its mission.

#### **LEGAL AND ETHICAL FRAMEWORK**

When asking what a board of directors is, or does, there are a multitude of possible answers. At a basic level, the board is a governing body required to exist by state and federal law in order for an organization to gain and maintain nonprofit 501(c)(3) tax exempt status. Consequently, nonprofit boards are perceived as ultimately responsible for their nonprofit. Each state has specific laws about boards of directors and how it must function within those laws, which are especially crucial during an organization's formation, in order to ensure that the board is established under proper legal requirements. Beyond formation, as a board continues in its operations, it is of the utmost importance that the board functions within those legal parameters. Boards must be able to meet and function at a level that is legally acceptable. If legal adherence is a concern, those involved should consider the viability of their organization.

Moving beyond the basic legal requirements for the existence of boards, most nonprofit practices subscribe to the fact that boards are needed as an ethical weathervane to assure stakeholders and constituents that a nonprofit is being provided with oversight (BoardSource,

2010; Undercofler, May 2, 2010). In addition to ethical responsibilities, boards often serve nonprofits in a multitude of capacities such as planning, evaluation, and fundraising. Ethical and practical responsibilities, as well as legal obligations, will be detailed and explored throughout this paper.

## **BOARD TYPOLOGY**

### ***GOVERNING BOARDS***

Within the legal and practical parameters, there exist a variety of boards. Carver (1997) identifies four different kinds of boards: governing boards, advisory boards, line boards, and working groups. Governing boards are the most characteristic of boards, which have ultimate responsibility of a nonprofit organization, especially in regard to fiduciary responsibilities, oversight, and the hiring of an Executive director (CEO). A line board is more rare, consisting of a group of board members who serve in the place of a CEO or manager. According to Carver, a work group is a governing board for a nonprofit with little or no staff, also called a working board. Ultimately, governing boards are what most governance literature is concerned with, because of the legal responsibilities and ramifications. However, other types of boards can exist either as an extension of a governing board, or because an organization falls under some other classification which does not need the legally required governing board.

### ***ADVISORY AND NON-GOVERNING BOARDS***

Advisory boards are occasionally put in place to offer advice and expertise to an organization, its CEO, and staff, but have limited (or no) authority. Advisory and community boards are made up of community members and/or other constituents as an extension of a

governing board, but without the legal responsibility or voting power (Worth, 2009). While some view advisory boards as a valuable asset for a nonprofit, there is also criticism of advisory and non-governing boards, especially in arts governance literature. Kaiser (2010) asserts that advisory boards are of little value, usually made up the friends of artists, or other artists. Worse yet, these boards can become a “parking lot” (Kaiser, 2010, p 110) for people who don’t want voting responsibility or who have left the board because of term limits but still want to be involved. Advisory or community boards, however, should not exist merely as a vehicle to retain constituents. McDaniel and Thorn (2005) are more critical of advisory boards, contending that professional staff do not need additional advice and are capable of seeking out appropriate input when it is needed. Ultimately, if an organization finds value in an advisory or other non-governing board, its purpose and responsibilities should be clearly defined to ensure effective use of such a board and to prevent the advisory board from conflicting with other governance or staff activities.

### **SYMBOLIC BOARDS**

Another type of board, less frequently mentioned in literature, is what could be called a “symbolic” board. This term may be considered by some as taboo, indicating a lack of real influence or power by the board. Symbolic boards often occur in two specific situations. First, some nonprofits operate as a program of a larger organization, such as a university, performing arts center, or other umbrella institution. In this case the organization may have a board in place to maintain typical leadership structures, but the larger institution may also have a board whose power supersedes that of the smaller organization. Often, this kind of symbolic board

would have no legal responsibility and limited power. A board of this type would be in place to act as advisors, fundraisers, or other such functions.

Boards that they are led by the CEO and staff, with no leadership capacity of their own, are also characterized as being symbolic. Although they may have legal responsibility for the organization, they do little in the way of guiding or shaping the organization. This is also sometimes called “rubber stamping.” A symbolic board of this type may instigate the question of who is actually leading an organization: the board or the executive and professional staff? Ultimately, it is tantamount that the board and professional staff have defined roles so that all parties involved can have an effective impact on their organization.

## **NONPROFIT GOVERNANCE MODELS**

### ***POLICY GOVERNANCE***

In addition to the variety of types of boards, there are also different methods by which a board can govern. Worth (2009) provides an overview of three landmark governance models. First discussed by Worth is John Carver’s (1997) “Policy Governance Model,” detailed in *Boards That Make a Difference*. Carver’s method is called a policy governance model because of the assertion that a board will operate best through clearly defined, documented, and implemented policies. Worth (2009) indicates that Carver recommends “a clear distinction between the work of the board and that of the management staff” (p. 74). The importance of policies is not to be dismissed, but this potentially rigid structure is not the best option for all boards. Worth characterizes Carver’s assessment of boards as “bleak,” and bogged down by

menial work, often shepherded by staff. However, Carver's policy driven model is cited by many in the field as a useful and effective governance model.

### ***GOVERNANCE AS LEADERSHIP***

Another model discussed by Worth (2009), in contrast to Carver's structured policy model, is that of Chait, Ryan, and Taylor (2005) in their publication *Governance as Leadership*. This model recommends a flexible board structure not entrenched in procedural operations. Specifically, "the board's structure must be adapted to strategic priorities, not vice versa" (Chait, et al., 2005, p. 70). The Chait et al. model outlines the fluid interaction of fiduciary, strategic, and generative governance. Fiduciary governance is the basic level at which most boards operate, being "concerned primarily with the stewardship of tangible assets" (Chait et al., 2005, p. 6). Strategic governance is where "boards create a strategic partnership with management" (Chait et al., 2005, p. 7) and are able to "align internal strengths and weaknesses with external opportunities and threats, all in pursuit of organizational impact" (Chait et al., 2005, p. 52). As its name reveals, strategic thinking also corresponds with the ability of a board to meaningfully engage in strategic planning. The last level outlined by Chait et al. (2005) is generative governance, where "boards provide. . . [a] critical source of leadership of the organization" (p. 7). Generative thinking is also the theme of the *Harvard Business Review* article entitled "The New Work of the Nonprofit Board" (Taylor, Chait, & Holland, 1996), which challenges board members to take on the "new work" of the board, by focusing on what really matters. In detailing fiduciary, strategic, and generative governance, *Governance as Leadership* (Chait, et al., 2005) is based on the premise that ultimate success results when a board is

involved in all three levels of governance. Worth finds that Chait et al. have a negative assessment of boards, similar to Carver (1997), but that they encourage less stringent barriers between the board, the CEO, and staff members.

### ***BOARD CENTERED GOVERNANCE***

The last model explored by Worth (2009) is that of Herman and Heimovics (2005) who propose a board centered model which positions the work of the CEO and staff to support the activities of the board. Herman and Heimovics' board-centered leadership model is based on research which found that although organizational structures hierarchically place the board above the CEO, the reality is that successful organizations and successful boards are led by CEOs who skillfully guide and equip their board. The activities involved by CEO's guiding their board include:

1. Facilitating interaction in board relationships
2. Showing consideration and respect toward board members
3. Envisioning change and innovation for the organization with the board
4. Providing useful and helpful information to the board
5. Initiating and maintaining structure for the board
6. Promoting board accomplishments and productivity (Herman & Hemiovics, 2005, p. 158-159).

Because of the special focus on the role of the CEO and staff, it may be most useful for current nonprofit leaders to consider the Herman and Heimovics (2005) model as a method to

achieving desired results in working with a board, while allowing proper responsibility to remain under the board's domain.

#### **PARTICIPANTS OF ARTS GOVERNANCE**

The governance models discussed above, position the relationship of the board to the organization, with the CEO bridging the gap and reporting to the board. Arts organizations, however, often have the unique element of both a CEO (also called executive director, general manager, etc) and an artistic director (AD) who often is an artistic professional such as a conductor, choreographer, or other artistic leadership position. Depending on the type of arts organization, the AD and the CEO may both be hired by the board. While much is written in governance literature to clarify the delicate relationship between the CEO and the board, the relationship dynamics are intensified in arts organizations with the AD added to this complex relationship.

#### ***THE BOARD***

Traditionally, the board is at the top of the organizational structure (Byrnes, 2009; Chong, 2010), perceived as having ultimate authority. This authority is due to the fact that they have financial responsibility for the organization and because they hire executive leadership. Historically, boards had been perceived as holding the majority of power, which escalated to an untenable level beginning in the early 1900s through the 1960s (Fogel, 2000; Nielsen, 2008). Today, although board members (ideally) have a strong passion and commitment to the organization, they are not necessarily trained in the arena of the organization or as a manager (Morris, 2002). Further, board members typically do not spend the majority of their time

engaged with their organization, but instead lead busy lives with their vocations and other personal activities.

McDaniel and Thorn (2005) contend that boards are viewed with undue power, especially within the arts, because of the myth that artists and arts managers are concerned only with artistic endeavors and unable to make good business decisions. This myth may have arisen out of the fact that arts management was not always considered a skilled profession. Klein (1999) aptly points out the incorrectly “perceived dissonance between the creative process and sound business practices” (p. 3). The reality is that there are shared traits between businesses engaged in creative thinking and arts organizations who adopt sound business practices. Many arts leaders prove themselves as skilled leaders, evidenced in the ability of arts organizations to survive increasingly turbulent times (McDaniel & Thorn), and a trend in increased professionalization of arts managers. Given limitations in time and energy of boards and board members, and by dispelling myths regarding inept arts leaders, it may be appropriate to evaluate who provides leadership and authority within the governance structure.

#### ***ARTISTIC DIRECTOR***

The role of the AD as a decision maker in the governance structure is also worth consideration. The AD is often seen, rightly, as the artistic leader of an organization. They are often marketed as the leader (Morris, 2002), with their image and cache as a brand. The AD often has final artistic authority, and can have the power to hire and/or fire personnel (Morris, 2002), especially as it would relate to artistic output. However, the AD is often away from the organization much of the time (Morris). In the case of large organizations, such as a major

symphony orchestra, the AD may only be with the organization a quarter of the year. Additionally, although they have considerable skill and training in artistic matters, they may not have managerial or leadership qualities appropriate for running an organization. Some view the AD as wielding great power and influence, a perception conceived in the late 1800's and early 1900's, when European conductors came to conduct American orchestras (Fogel, 2000), and when much of the power was slanted toward both the board and the AD (Fogel, 2000; Nielsen, 2008). Often these conductors were seen as dictatorial, and were known to hire and fire people at will. While the culture of power-hungry artistic directors has mainly subsided, undue authority can still be given to ADs, occasionally carrying over to governance structure and function. The role of the AD, however, should not be unduly diminished as they are often responsible not only for the important task of artistic output, but also for a variety of other activities integral to the organization (Kaiser, 2010). Ultimately, the role of the AD should be clearly defined, both in regard to their responsibilities toward the organization and to the board.

#### ***EXECUTIVE DIRECTOR***

It is the Executive director who is, typically, most intimately involved with the daily operations of an organization, as well as being involved in artistic decisions (Morris, 2002). Morris alleges that "many executive directors have little artistic training or expertise" (p. 49), but this statement seems unlikely due to the recent trend of professionalization in arts leadership, pointing to professionals having vast experience as artists and arts educators. Nonetheless, CEOs often are the primary bridge between the board and staff, as well as

between the board and artistic personnel (Fogel, 2000). Some see potential conflict in the CEO leading a board who hires and evaluates him/her. Further discussion regarding the relationship between the CEO and board occurs later in this paper, but the degree of power held by the CEO is a key component in discussing the governance structure.

### **ARTS GOVERNANCE MODELS**

Given the individual and combined complexities surrounding the board, AD, and CEO, how can a governance structure be constructed to best serve an arts organization? A simple answer is: “the board raises money and sets policy, the management manages, the conductor conducts, and the musicians play” (Fogel, 2000, p. 29) This opinion, however, is *simplistic*. The following sections outline several governance models which help to navigate the complexities and intricacies of arts organizations.

#### ***TRIANGLE STRUCTURE***

In contrast to other nonprofit governance structures in which the CEO reports to the board, many arts organizations have adopted a triangle structure of governance in which the board, CEO, and AD make up the points of the triangle. In theory, the triangle structure represents shared power between all parties (Fogel, 2000). Judy (1999) asserts that “the performance of the board is directly related to the quality of the partnership among the board, the executive director, and the music [or artistic] director” (p. 52). Unfortunately, an effective partnership between all parties does not always manifest, resulting in different critique and criticism of the governance triangle. Fogel points out that this three-legged stool has the power to hire and fire two of its legs, pointing to potential instability and/or collapse. Further, Fogel

questions if a shared power structure truly works? McDaniel and Thorn (2005) allege that the triangle “structure encourages three separate and distinct cultures” (p. 14). Morris (2002) derisively calls the structure the “Bermuda triangle,” describing an untrained board-president, supported by the CEO and AD with divergent responsibilities, resulting in inevitable tension. Noteboom (2003) abandons the triangle imagery and simply calls it “three-pronged,” asserting it is ultimately unsuccessful in the nonprofit world because “nothing short of collaborative governance can truly be effective” (p. 34). Before addressing the concept of collaborative governance, it is important to concede that the three-legged stool, or governance triangle, can be effective and can embody a spirit of collaboration. However, due to criticisms and the recent successes of collaborative governance, the triangle structure may no longer be the best option.

### ***COLLABORATIVE GOVERNANCE***

Recent literature in arts governance finds that collaborative governance models are often effective (Noteboom, 2003; Tepavac, 2010). The recent publication *Fearless Journeys* (Tepavac) provides several case studies of major symphony orchestras who embrace the concept of collaborative governance in order to move their organization forward. While each organization had a unique story, collaborative governance generally involved numerous open conversations and planning sessions not only between the board, CEO, and AD, but with the musicians as well. Fogel (2000) asserts that musicians must be a part of governance in order to contend with the problems in orchestras today, a concept which will be discussed later in detail.

Collaborative governance also signifies a change in the relationship between the staff and the board. Tepavac (2010) describes a change from staff needing to “spoon-feed” (p. 34) the board, to the board being a part of the collaborative culture. Noteboom (2003) views collaborative governance as vital because it positions all parties as working together toward the same goal. The potential for failure exists “if any one constituency fails to own its fair share of the challenge, the organization’s chances of surviving the crisis are seriously reduced” (Noteboom, 2003, p. 34). Conversely, success is seen as the likely outcome when all constituencies are able to actively participate within a collaborative framework.

#### ***PROFESSIONALIZED GOVERNANCE***

In contrast to the collaborative governance model and to the traditional triangle structure, are the recommendations of McDaniel and Thorn (2005) who seem to reject any structure in which the board is actually leading an arts organization. Contending with the *theory* that “the board determines the vision, mission, and planning and then hires staff to implement its direction” (McDaniel & Thorn, 2005, p. 12), the authors assert, instead, that “professional leadership must be at the center of the organization. An arts organization is successful because of the vision, passion, investment and commitment of its professional leadership” (McDaniel & Thorn, 2005, p. 12). McDaniel and Thorn recommend a staff led board, coined as “led collaboration” (p. 25), with the board primarily securing needed resources. Ultimately, McDaniel and Thorn’s governance structure positions executive leadership and staff at the center, leading a smaller board with a network of community partners supporting functions and activities of the organization.

The drastic rejection of traditional governance structures by McDaniel and Thorn (2005) is also evident in a recent governance model proposed by Undercofler (May 2, 7, & 15, 2010) in a series of blog entries on the website Artsjournal.com. As a response to the dissatisfaction of board performance, Undercofler (2010) suggests that the entire board structure be done away with, replaced by three legally required members who would be certified in nonprofit governance and managed by state arts agencies. This model, according to Undercofler (2010), would solve the problem that “board authority and competence is essentially unchecked by any external authority” (May 15, 2010, ¶12). Anecdotally, Undercofler found support among professionals in the nonprofit sector at the recommendation of a doing away with large, unmanageable, or ineffective boards. However, there is little evidence to support the efficacy of this model.

One of the potential obstacles proposed by both McDaniel and Thorn (2005), and Undercofler (2010), is that some may find it hard to trust the entire well-being of an organization to only three people, as opposed to the traditionally comprised board. Also, since boards often serve to reach out into the organization’s community, limited board size might inhibit the capability of a board to serve as advocates for their organization. As a solution to diminished board size, however, McDaniel and Thorn propose a network of community partners to participate in activities typically assigned to board members. As the nonprofit world, and specifically nonprofits arts management, becomes increasingly professionalized it may be possible to reconsider the “professionalization” of the board, resulting in modified roles and responsibilities for board members and volunteers. As of now, it is not known if any nonprofit has implemented any such governance model.

## **THE CHANGING NATURE OF BOARDS AND NONPROFITS**

The need for governance models to diverge from the triangle structure is becoming increasingly recognized (Fogel, 2000), although there is no one model appropriate for every organization (Judy, 1999; Kaiser, 2010; Noteboom, 2003). Changes in governance structure should be arrived at organically (Fogel), and change is often the sign of a healthy board aware “of the need for constant evolution” (Tepavac, 2010, p. 86). How can an organization and/or its board decide if change is needed? And what does that change look like? Evidence points to the fact that as an organization undergoes change, the board will follow suit (Kaiser, 2008, 2010; Kotler & Scheff, 1997; Ostrower, 2002; Tepavac, 2010; Webb, 2004).

### ***ORGANIZATIONAL LIFE CYCLES***

Significant literature has been dedicated to the life cycle and stages of nonprofit organizations. Among nonprofit literature, Webb (2004) identifies three organizational stages impacting roles and functions within an organization: emerging, adolescent, and mature. The stages identified by Webb can also be applied to governance structures, as it is important for boards to know what stage they are in, in order to best operate and guide future plans (Kotler & Scheff, 1997; Tepavac, 2010). Simply put, the needs of a young, working, board are likely to be quite different from the needs of a mature board (Kaiser, 2008).

Sharkey and Donovan (2007) identify stages which impact organizational elements such as staff, fundraising, and governance. Life cycle issues affecting governance are organized in Figure 1.

GrassRoots/ Invention	Start-Up/ Incubation	Adolescent/ Growing	Mature/ Sustainability	Stagnation and Renewal	Decline and Shutdown
<ul style="list-style-type: none"> <li>• Not yet a real concern</li> </ul>	<ul style="list-style-type: none"> <li>• Formal governance structure in place</li> <li>• Small, passionate and homogenous board</li> <li>• Members tend to be volunteers or hand-chosen by executive</li> <li>• Operating board</li> <li>• Strong emotional commitment and motivation to the mission</li> </ul>	<ul style="list-style-type: none"> <li>• Board expansion</li> <li>• New board members are added who are professionals with expertise</li> <li>• Less focus on operation, more on planning &amp; oversight</li> <li>• More reactive than strategic in policies</li> <li>• Transitioning to governance board</li> </ul>	<ul style="list-style-type: none"> <li>• Board size and diversity increases</li> <li>• Main function is policy and oversight</li> <li>• Fundraising becomes a more important role</li> <li>• Good committee structure-most work done in committees</li> <li>• Better board accountability</li> <li>• Key board role is to ensure organization longevity</li> </ul>	<ul style="list-style-type: none"> <li>• No or very high board turnover</li> <li>• Sluggish and less involved</li> <li>• Bogged down in structure that may be outdated</li> </ul>	<ul style="list-style-type: none"> <li>• Very low board attendance</li> <li>• No new board members</li> <li>• Key board members may leave</li> <li>• Eventually dissolves itself</li> <li>• Major disagreement among board on mission and future</li> <li>• Board members make derogatory statements in public</li> </ul>

**FIGURE 1.** Characteristics of board in relation to organizational lifecycles, adapted from Sharkey and Donovan (2007) by Speakerman Management Consulting.

An organization does not always move cyclically through the stages listed in Figure 1, but instead is engaged in at least one of the stages. At the “stagnation and renewal” stage, an organization would likely strive to engage in a renewal process, avoiding collapse, returning the organization to an earlier stage of the life cycle.

Kotler and Scheff (1997) also identify five phases of growth, pertinent to the functions of an arts organization, including governance, outlined in Figure 2.

Growth through creativity	Growth through direction	Growth through delegation	Growth through coordination	Collaboration
<ul style="list-style-type: none"> <li>• Founder and board are organization</li> <li>• Active, hard-working board often act as staff</li> </ul>	<ul style="list-style-type: none"> <li>• Policy manuals written</li> <li>• Formalized communication</li> <li>• Staff begins to take over more operational activities</li> </ul>	<ul style="list-style-type: none"> <li>• Board becomes decentralized and diversified</li> <li>• Broader committee structure</li> <li>• Less control of organization by board</li> </ul>	<ul style="list-style-type: none"> <li>• Greater integration and communication</li> <li>• Board moves beyond earlier policy and red-tape</li> </ul>	<ul style="list-style-type: none"> <li>• Open collaboration between board, staff, and executives</li> </ul>

**FIGURE 2.** Characteristics of board in relation to organizational phases, adapted from Kotler and Scheff (1997).

The phases put forth by Kotler and Scheff (1997), as shown in Figure 2, indicate a continuum with the ultimate goal of collaboration. Due to the changing nature of organizations and the people involved, boards must be aware of these phases, ultimately looking towards improved governance and effectiveness, with collaboration as the benchmark for success.

#### ***INTERRELATED TRANSFORMATION OF ORGANIZATIONS AND BOARDS***

While it has been observed that as an organization changes, so will its board (Kaiser, 2008, 2010; Kotler & Scheff, 1997; Ostrower, 2002; Tepavac, 2010; Webb, 2004), it in fact, seems *essential* to the success of organizational growth that a board mirrors the change occurring in an organization. According to Kaiser (2010), “stages in the life cycle must be matched by the development of the board itself” (p. 6). Similarly, Tepavac (2010) observes that “as these boards advocated making the orchestras more relevant to the diverse communities, they began changing their own composition, reflecting a diverse mix of skills, interest, backgrounds, and aspirations” (p. 89). The case studies in *Fearless Journeys* (Tepavac), especially those of the Saint Paul Chamber Orchestra and the Atlanta Symphony Orchestra, specifically reference changes in their board as being crucial to, and paralleling, changes in the orchestra. These changes can exist within the framework of organizational cycles as previously described, or simply as a change in culture as exemplified in an increased culture of openness and transparency within the Atlanta Symphony Orchestra (Tepavac).

Although this parallel effect is touted as essential to growth, it is also important for organizations and boards to recognize this phenomenon in regard to undesired behaviors. For instance, if staff is not satisfied with functions of the board, it may be that the board is simply

mirroring dysfunction of the organization as a whole. Conversely, if a board is concerned with its own ineffectiveness, it may also need to identify functions and operations in the overall organization which need to be modified as well. These observations should not serve to place blame, but to understand the interconnectedness between the health of a board and its organization. Ultimately, boards and organizations need to be “in a perpetual state of reinvention” (Tepavac, 2010, p. 84) in order to maintain health, growth, and relevance.

### **GOVERNANCE LEADERSHIP**

Regardless of board typology, governance structures, or life-cycle phase, boards require leadership. Leadership can come from the board, from professional executives and/or staff of an organization, or as a collaborative effort. Since the board is seen as the legal stakeholder of a nonprofit, many consider the board to be the primary leader. However, it is difficult to distinguish actual leadership from a group of individuals. In this case, board leadership from within the board is often perceived as being from the board president or board chair. Kaiser (2010) outlines four different possibilities for board leadership:

1. Board chair
2. Board chair and president as co-leaders
3. Co-chairs
4. Board chair and co-chair

McDaniel and Thorn (2005), within their suggestion of a reduced and limited role of the board, recommend that board leadership should consist of both a board chair and a president. The chair would be “external – not a figurehead, but concentrating on strategic positioning, board recruiting, and key fundraising” (McDaniel & Thorn, 2005, p. 53). The president would be responsible for internal board structure and board member development (McDaniel & Thorn).

According to McDaniel and Thorn, however, this leadership model would still be staff led. While competent and skilled leaders may hold board leadership positions, a frequent criticism in the arts is that these leaders often have no training in within the arts or arts management (Morris, 2002). Regardless, if a board chooses to identify leaders from within the board, or elsewhere, it is crucial for the roles and responsibilities of that leader to be clearly stated, understood, and upheld.

In contrast to looking towards the board for ultimate leadership, some assert that professional executives and staff should lead the board and, consequently, the organization. However, if executives or staff lead the board outright, this calls into question the existence of the board and may leave an organization with an impotent and stagnant group of constituents. In other instances, executives and staff may be acting out a charade which gives the board perceived power, when professionals are really making the decisions (McDaniel & Thorn, 2005). This unfortunate scenario is not only a waste of staff time and energy, but also deceives a group of individuals who care about and are involved in an organization important to them. Perpetuation of this façade would likely result in the ultimate demise of an organization and its board.

Because of the pitfalls of board-only or staff-only leadership, a collaborative effort is likely the most effective approach. A collaborative approach may be difficult to achieve, but should exist as an ultimate goal. Therefore, nonprofits, in conjunction with their boards, need to strive for an open dialogue which allows all parties seek ongoing growth and evolution. Within this dialogue, leadership can be identified, be it from the board or from the professional executives and staff. Regardless of who is seen as a leader, an organization is successful because all of the

right people are in the right position (Morris, 2002), and all involved have a clear vision of their role and responsibilities.

## CHAPTER 3: GOVERNANCE OPERATIONS

### BOARD RESPONSIBILITIES

The question of what a board does is important as both an overarching question, and as a question each board must ask relating to their role with an organization. Figures 3 and 4 display a wide range of board responsibilities gathered from general nonprofit and arts governance sources. These are not exhaustive lists, but do demonstrate the commonalities and potential for overlap among the responsibilities and duties of boards. BoardSource (2010) indicates “the board as a whole has three primary roles: [1] setting organizational direction, including ensuring effective planning; [2] ensuring the necessary resources, both financial and human; and [3] providing oversight of the chief executive, assets, and programs and services” (p. 31). Figures 3 and 4 are, in part, organized by the three primary roles identified by BoardSource.

Two important traits are not included in the BoardSource (2010) categorization of three primary board roles, which have been positioned in the “other” category of Figures 3 and 4. First, is the role of the board as ambassadors of the organization to the community. Secondly, BoardSource does not include development of the board. Both topics are addressed by various governance literature and within in this paper.

[Figures 3 and 4 on following pages]

	BoardSource (2010): Preface from <i>Handbook of Nonprofit Governance</i>	Jossey-Bass (2010): <i>Handbook of Nonprofit Governance</i>	Brown and Guo (2009): "Exploring Key Roles"	Klein (2007): <i>Fundraising for Social Change</i>	Axelrod (2005): in <i>Jossey-Bass Handbook of Nonprofit Leadership and Management</i>
Set Direction	<ul style="list-style-type: none"> <li>Understand /promote orgs work</li> <li>Define measures of success</li> <li>Develop plans</li> <li>Establish policies and programs</li> </ul>	<ul style="list-style-type: none"> <li>Set organizational direction</li> <li>Direct mission, vision, and values</li> <li>Engage in strategic thinking</li> <li>Ensure effective planning</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and planning</li> <li>Public relations</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring organizational continuity</li> <li>Setting organization policy</li> <li>Strategic planning</li> </ul>	<ul style="list-style-type: none"> <li>Define and advance organization's mission</li> </ul>
Ensure Resources	<ul style="list-style-type: none"> <li>Generate and allocate resources</li> <li>Hire CEO</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring necessary resources</li> <li>Build a competent board</li> <li>Select the CEO</li> </ul>	<ul style="list-style-type: none"> <li>Fund development</li> <li>Facilitate granting</li> </ul>	<ul style="list-style-type: none"> <li>Fiscal accountability</li> <li>Personnel</li> <li>Funding the organization</li> </ul>	<ul style="list-style-type: none"> <li>Ensure, develop and conserve resources</li> </ul>
Provide Oversight	<ul style="list-style-type: none"> <li>Assess organization's performance</li> <li>Monitor activities</li> </ul>	<ul style="list-style-type: none"> <li>Provide oversight</li> <li>Support and evaluate CEO</li> <li>Protect assets and provide financial oversight</li> <li>Monitors and strengthen programs and services</li> <li>Ensure legal ethical integrity</li> </ul>	<ul style="list-style-type: none"> <li>Prove guidance and expertise</li> <li>Board membership</li> <li>Financial oversight</li> <li>Policy oversight</li> </ul>	<ul style="list-style-type: none"> <li>Evaluating plans</li> </ul>	<ul style="list-style-type: none"> <li>Ensure assessment</li> <li>Provide oversight of management</li> </ul>
Other		<ul style="list-style-type: none"> <li>Enhance organization's public standing</li> </ul>	<ul style="list-style-type: none"> <li>Be a "working board"</li> <li>Generate respect</li> <li>Become knowledgeable</li> <li>Board member</li> <li>vitality</li> <li>Relationship to executive</li> </ul>		<ul style="list-style-type: none"> <li>Engage as a bridge between organization and stakeholders</li> </ul>

FIGURE 3. Lists of board responsibilities according to different nonprofit governance literature.

	Klein (1999): <i>The Art of Serving on a Performing Arts Board</i>	Byrnes (2009): <i>Management in the Arts</i>	Undercoffer (2010): "Boards Reconceptualized, Part I"	Kaiser (2010): <i>Leading Roles</i>	Noteboom (2003): "Good governance for challenging times"	Judy (1999): "Organizational effectiveness: The roles of the board of directors"
Set Direction	<ul style="list-style-type: none"> <li>Determine mission and purpose</li> <li>Select management and artistic leaders</li> <li>Ensure effective planning</li> </ul>	<ul style="list-style-type: none"> <li>Hire CEO</li> <li>Set policies for organization operations</li> </ul>		<ul style="list-style-type: none"> <li>Approving the plan</li> <li>Hiring, firing and compensating executive staff</li> </ul>	<ul style="list-style-type: none"> <li>Set Policy</li> <li>Hire CEO</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Planning</li> <li>Hire CEO</li> </ul>
Ensure Resources	<ul style="list-style-type: none"> <li>Ensure and manage resources</li> </ul>	<ul style="list-style-type: none"> <li>Approve annual budget</li> <li>Accept and approval annual financial report</li> <li>Help raise funds</li> </ul>	<ul style="list-style-type: none"> <li>Resource development</li> </ul>	<ul style="list-style-type: none"> <li>Approving the annual budget</li> <li>Developing resources</li> </ul>	<ul style="list-style-type: none"> <li>Raise money</li> </ul>	<ul style="list-style-type: none"> <li>Fundraising</li> </ul>
Provide Oversight	<ul style="list-style-type: none"> <li>Determine, monitor and strengthen programs/ services</li> <li>Ensure legal and ethical integrity/accountability</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate CEO</li> <li>Provide oversight of staff and mission fulfillment</li> <li>Monitor policies</li> </ul>	<ul style="list-style-type: none"> <li>Governance (fiduciary, professional staff oversight, assessment)</li> <li>Offer expertise</li> </ul>		<ul style="list-style-type: none"> <li>Evaluate CEO</li> </ul>	<ul style="list-style-type: none"> <li>Financial oversight</li> <li>Evaluate CEO</li> </ul>
Other	<ul style="list-style-type: none"> <li>Enhance organization's public standing</li> <li>Recruit and orient new board members</li> </ul>			<ul style="list-style-type: none"> <li>Serving as ambassadors to the community</li> </ul>		<ul style="list-style-type: none"> <li>Engage as a bridge between org and stakeholders</li> </ul>

FIGURE 4. Lists of board responsibilities according to different arts nonprofit governance literature.

Ultimately, boards should identify the responsibilities which will allow the board to fulfill the mission of its organization. Additionally, it may be helpful for boards to understand and differentiate between responsibilities and activities. Responsibilities would include such matters as fiduciary care, organizational planning and oversight. Clearly defined responsibilities should then effectively guide the board's short-term and long-term activities, which might include fundraising, implementation of plans, and evaluation. Board responsibilities and activities should be documented through informal methods such as written job descriptions or a board manual, in addition to official documentation in the board's bylaws and/or policies.

Figures 3 and 4 do not demonstrate striking differences between the roles and responsibilities for boards in the arts as compared to other nonprofit boards. However, McDaniel and Thorn (2005) highlight three factors that are specifically related to the challenges and responsibilities of arts boards. First, McDaniel and Thorn (2005) assert that "arts organizations must raise more money and it is increasingly difficult to raise contributed income" (p. 9), which directly impacts the responsibility of the board as financial overseers and fundraisers. Secondly, McDaniel and Thorn (2005) contend that "the professional and personal reality of people whom we select as board members and volunteers has become more complex and stressful" (p. 9). McDaniel and Thorn point to the growing demands of work and home on potential board members, suggesting that boards may need to change traditional structures in order to include constituents in a meaningful way. Lastly, McDaniel and Thorn (2005) assert that "organizations are saddled by the *theories* and *myths* about what a board could, should and would do" (p. 10). Consequently, the publication by McDaniel and Thorn attempts to debunk the myths and ineffective practices that plague arts boards. While there are specific

issues for arts boards, all nonprofit boards must contend with the individual mission of their organization, and the responsibilities and activities engaged in to support the mission.

Given the range of responsibilities and consequent activities of a board, how can the areas of the board's work be organized? Going forward, this paper will outline significant responsibilities and activities of the board, in light of general nonprofit governance and arts governance. First discussed will be activities of the board which relate to the inner-workings of the board itself, including: bylaws and policies, board make-up and recruitment, committee structure, and the relationship of the board to the CEO. Secondly, discussion will involve activities of the board which directly impact the organization, including strategic and succession planning, legal and ethical responsibilities, financial oversight, fundraising, communications and outreach, and evaluation. This dual focus illuminates the important balance between the board looking from the inside-out (activities impacting the organization) and the sometimes more challenging task of looking from the outside-in (activities for the benefit of the board). Equal attention paid to all of these elements will position a board to be effective, both in its own right and to support its organization.

## **BYLAWS AND POLICIES**

### ***BYLAWS***

Creating bylaws and policies is typically one of the first important steps done in the founding of a nonprofit and its board. This paper does not address nonprofit formation along with the articles of incorporation and initial bylaws, but it is crucial for a board to view their bylaws as a living document. It is recommended, and sometimes necessary, for a board to be

intimately acquainted with their bylaws and willing to evaluate elements which need to be modified, eliminated, or added. Bylaws are “significant written rules” in which the “highest level of board policies...can be embedded” (BoardSource, 2010, p. 275). Included in bylaws are issues related to state law including the members required for the board, how to achieve a quorum, the frequency of meetings, required executive members, and required committees.

### ***POLICIES***

Policies are voted upon for approval by the board, and are typically in addition to the board’s bylaws. Carefully crafted and implemented policies, based on the organization’s mission, can provide the framework for an effective board (BoardSource, 2010). Carver’s (1997) policy based governance model outlines recommendations and best practices regarding board policies, contending that policy is the foundation for any successful board. A board’s policies can address topics such as: budget, finances, staff, personnel, CEO hiring, and evaluation. It is important for an organization to set thoughtful policies from the founding of an organization, and for those policies to be specific so that they can be accurately followed. A board should also be willing to alter policies as best fits the current needs of the board and its organization.

Carver (1997) found that many boards are not aware of, or do not have, policies in place. Boards with substantive policies often resulted from staff who helped to guide the policies. Carver (1997) asserts, however, that “policies should grow out of the board’s, not the staff’s values and perspectives” (p. 82). According to Brown and Guo (2009), CEOs identified policy oversight was a responsibility of board, although, there was no mention of the actual creation of policy. CEOs in larger organizations more commonly look to the board to set policy

and guidelines, including guidelines for what actions the CEO should take (Brown & Guo, 2009).

In contrast, Brown and Guo (2009) found that smaller organizations do not commonly look to boards to set policy.

The danger exists for a board to become mired in policy, unable to think and act creatively and meaningfully. However, policies should be in place to guide a board in its activities and set standards upon which programs and activities can be evaluated. Additionally, policies can be set in order to respond to crisis situations, allowing for pre-established protocol to be followed during tumultuous times.

#### ***STAFF INVOLVEMENT***

There is little commentary on the role of professional leadership as being involved in setting policy. One reason for this may be that bylaws and policy are established at the founding of an organization, when there is often limited professional staff involved with an organization. As an organization grows, it will likely hire managers and staff who essentially navigate within the policies previously set. However, if policies are implemented to continuously guide an organization and its board, involvement of board members and staff might be the most effective approach to policy changes. Fogel (2000) asserts that boards should still be ultimately responsible for setting policy, but asks “do we really want a structure that excludes the top professional managers from setting policy” (p. 30). If a board decides to involve its organizations professionals in the policy process, the board may in fact need to establish a policy for staff involvement.

### ***ARTS BOARD POLICY***

Arts boards must think beyond the commonly addressed policy areas previously mentioned. For instance, boards might want to develop policies regarding artistic programming, communications in relation to press reviews and critiques, or policies regarding communication and involvement with the artistic staff. While the implementation of these policies would likely be followed similar to other policies, an arts board should anticipate elements unique to their organization's mission, with appropriate arts-centered policies.

### **BOARD RECRUITMENT AND COMPOSITION**

Much regarding board make-up and recruitment can be laid out in a board's bylaws and policies including. Issues to contend with include: how many board members must be on the board (both a minimum and maximum amount), the length of time a member can serve according to term limits, requirements for board members during their tenure (i.e. financial contribution, committee involvement), and plans or policies regarding keeping former board members involved in the organization. Beyond these policies, boards must engage in systematic activities which effectively recruit potential board members.

### ***RECRUITMENT TYPOLOGY***

Bylaws should indicate how board members are selected, a process for which there are several options. According to Worth (2009), the most common type of board is a self-perpetuating board, where new members are selected by current members. This is often overseen by a nominating or governance committee, although identification of potential board members should involve all members of the board. Worth also discusses elected boards, in

which the board members are elected by members of an organization. In some cases, board members run a campaign, but can also be brought before organization members and voted in as a type of “rubber-stamping” ceremony. The third distinct category of boards, as characterized by Worth, are appointed boards whereby the members are appointed by government or other similar officials (i.e. school boards). Lastly, Worth describes hybrid boards, where a member or two may be appointed and other members are recruited by current board members. One common-place example of a hybrid board is a self-perpetuating board which also elects a former ex-officio member to serve as a member of the board.

#### ***RECRUITMENT***

In any instance where a board must actively identify and seek out new members, it is crucial to have an active nominating or governance committee to ensure that board positions are filled. New members should be selected in a thoughtful way which helps to achieve the goals of the board and the organization. Potential board members should have a significant interest and commitment to the organization (BoardSource, 2010; Klein, 2007). A deep connection to an organization increases the likelihood of an individual to contribute time and money as a board member. Despite identifying individuals who have a passion for an organization, there are pitfalls in selecting board members who are truly the best fit for the board. The difficulty lies in determining what type of board members to look for, and where to look: Important people in the community? Those with a skill set to fill a need for the organization, such as a lawyer or marketing professional? Someone able to contribute or bring in considerable donations? Or, perhaps, someone who simply really loves the organization?

McDaniel and Thorn (2005) and Fogel (2009) warn against developing “slot boards” which identify either a specific person or specific skill to add to the board. Instead, it is recommended that boards identify their needs along with a list of qualities desired in a board member. Chief among this list of qualities should be a deep passion for the organization and its mission (Fogel, 2009; Kaiser, 2010; McDaniel & Thorn, 2005; Webb, 2004), which is in fact one of the only qualities consistently cited in literature. Otherwise, the list of qualities can include a number of other attributes including personal skill sets, amount of time available for participation, and the ability to contribute financially. Kaiser (2010) asserts that “too many people join boards without really understanding and accepting the mission of the organization” (p. xvii). More cynically, McDaniel and Thorn allege that boards feel they have to trick potential board members onto their board. Ultimately, a crucial element in the recruitment process is clear communication regarding goals, responsibilities, and needs of the board.

#### ***BARRIERS TO BOARD BUILDING***

A significant barrier to recruiting and building boards is societal changes that ultimately affect board participation and leadership. First, potential board members have “become more project and task-focused. They are not interested in taking ongoing responsibility for the continuity of the life of an organization” (McDaniel & Thorn, 2005, p. 10). Further, McDaniel and Thorn criticize using board membership as the only way to secure meaningful relationships with those willing to devote time and/or money, providing too many avenues of involvement for board members, when they could be shepherded more effectively as a volunteer or donor, and not as a board member. The criticisms by McDaniel & Thorn serve to support their

argument for small boards, led by professional staff, with a larger network of volunteers, working groups, and donor cultivation.

Regardless if one agrees with all of McDaniel and Thorn's (2005) assessments, their observations help to illuminate the difficulties of achieving success in board recruitment and composition. While there are success stories of boards coming together in a collaborative spirit, such as much of the case studies in *Fearless Journeys* (Tepavac, 2010), success in this area often requires hard work.

#### ***BOARD COMPOSITION IN THE ARTS***

One particular aspect often considered problematic for arts boards is that board members often have no formal training in the arts or in arts management (Fogel, 2009, McDaniel & Thorn, 2005). However, the participation of non-arts trained board members serves to represent the community within which the organization is a part of (Judy, 1999; Tepavac, 2010) and is an unavoidable element of arts boards (Fogel, 2009; Webb, 2004). Therefore, it seems essential for potential board members to truly ascribe to the mission and goals of the organization, regardless of their training in the arts or arts management.

#### ***BOARD SIZE***

Arguments exist for both small and large boards. Kaiser (2010) acknowledges the benefits of a large board which may result in greater advocacy opportunities and fundraising potential, but also concedes that large boards are not necessarily more effective than smaller boards. Board size is typically indicated in a board's bylaws or policies. Boards should take care to evaluate requirements regarding board size and adjust as needed. The success of large

boards is illustrated by Tepavac (2010), but these boards underwent significant changes in structure and culture before they achieved success and increased effectiveness. McDaniel and Thorn (2005) and Undercofler (2010) assert their preference for smaller boards, relying more on professional staff and an effective network of community volunteers. Ultimately, non-board member constituents should be appropriately involved as volunteers, allowing board size to properly support the responsibilities and work of the board.

### ***TERM-LIMITS***

According to most board governance literature, term-limits are often suggested, and typically documented in bylaws or policies. Term-limits are often seen as the best way to keep a board revitalized, and to eliminate ineffective board members. However, term-limits can also do away with effective and contributing members (Kaiser, 2010).

Morris (2002) cites specific success in symphony orchestras due to long, or undefined, term-limits, contending that long tenure on boards has the potential to allow board members and board leadership to become truly familiar with the organization. To avoid ineffective or otherwise problematic board members, both Kaiser (2010) and Morris assert that those members must be asked to leave the board, which may seem simple enough but can be uncomfortable, at best. Morris suggests frequent evaluations of the board and of individual members as the key to success for boards with undefined or long term-limits.

### ***THE ELITE***

A specific trait of boards in the arts is that of the “elite” board, a topic covered in depth through research by Ostrower (2002). Ostrower studied the boards of four major arts

organizations (two museums and two opera companies), all of which had over thirty members. Elite boards, according to Ostrower, are defined as such because of the social and economic status associated with its members. Some of the primary themes in her findings include board membership as being associated with a specific social class and cache. Additionally, Ostrower found that elite boards tend to operate within a specific social class, and even as they attempt to diversify, they do so primarily in that same social class. Arts organizations may tend to prefer elite boards because they are more willing to allow professional staff to make decisions, especially in regard to artistic matters (Ostrower). Moreover, elite boards strive for a “culture of excellence” (Ostrower, 2002, p. 85), which also affects the hiring of professional staff “who represent the best in their field” (p. 93). Paradoxically, elite trustees associate large organizations as being better organizations, but it is ultimately larger organizations which tend to have their boards expand and change, moving away from the singular “elite” culture (Ostrower). Chong (2010) finds the elite board structure problematic, resulting in a stagnant governance structure which can ultimately harm the organization. While the findings of Ostrower are truly illuminating, further research especially in regard to smaller organizations would benefit arts leaders and board members not a part of large institutions.

### ***MUSICIANS AS BOARD MEMBERS***

Another topic specific to performing arts boards, and especially for symphony orchestras, is the placement of musicians on the board of directors. Beginning in the 1970s, musicians became increasingly involved in contract negotiations with the board and management and by the 1980s, musicians began to hold seats on the board (Nielsen, 2008).

The primary reason that musicians sought to gain official status on the board was to have their needs fully considered and represented (Nielsen, 2008; Rugerri, 2006; Tepavac, 2010). Fogel (2000) asserts that orchestras tend to not consider musician involvement in governance issues, however recent case studies in several major orchestras seem to demonstrate musician involvement as being essential to organizational success (Noteboom, 2003; Tepavac, 2010).

Nielsen (2008) identifies two ways in which musicians can be involved in governance. Firstly, musicians can be integrated into the traditional three-pronged structure, which essentially retains a traditional governance structure with the inclusion of musicians (Nielsen). Integration of musicians into a traditional structure is in contrast to organizations adopting a cooperative or self-governing orchestra where the musicians, at least in part, own and manage the organization (Nielsen). This cooperative model has found success with some organizations, such as the Orpheus Chamber Orchestra (Nielsen), and the Saint Paul Chamber Orchestra (Tepavac, 2010) but requires a significant and drastic change to previously established structures. The cooperative model, however, has its roots in how many orchestras in the United States were founded, an important topic which is beyond the scope of this paper.

Advocates of musician involvement in governance contend that musicians are typically the longest serving employees of an organization, providing vast knowledge of an organization's history and culture (Noteboom, 2003), in addition to providing expert knowledge about music and possibly the music business (Nielsen, 2008). The presence of musicians on the board can also help to clarify misconceptions about musician's lives (Rugerri, 2006), as well as providing the valuable perspective of an organization's artistic output, as heard from the art producers themselves.

Criticisms regarding musician involvement include assertions that musicians are not familiar with the social or business structures involved in orchestra management (Ruggeri, 2006). Fogel (2000) differentiates between musicians who are fully capable of being involved in governance issues, those who want to be involved but don't know how, and those who simply do not want to be involved. Judy (1999) also points out the paradox that musician involvement is often problematic if an organization is run poorly, however during troubled times an orchestra likely needs the help and support of all constituents. Problems also lie in identifying musicians as full board members in regard to financial contributions and voting rights. Separating the musicians into an "other" category on the board can create tension or ineffective board dynamics. Musicians, however, may simply not be able to fulfill the financial requirements often required of board members. Conceding this fact, boards looking to involve musicians may have to stipulate alternate requirements or exceptions regarding board member requirements, such as financial contribution.

Judy (1999) and Nielsen (2008) assert that successful organizations must include all constituents in governance and decision making matters, including musicians. Based on the case studies in *Fearless Journeys* (Tepavac, 2010), the recommended collaborative governance models all include varying degrees of involvement by musicians. Ultimately, it seems that musician involvement is a growing and effective trend. In order to facilitate this participation, the board may need to modify bylaws and policies in order to establish protocol for musician involvement. As with other participants in governance, roles and responsibilities should be clearly defined and communicated so that all involved can fulfill expected outcomes.

### ***STAFF AS BOARD MEMBERS***

With the exception of an organization's CEO, it is not common for staff members to serve as board members. In typical governance structures, staff are not considered a part of governance, despite the fact that it is common practice for staff to present information at board meetings as well as being assigned to committees of the board. The CEO is often responsible for representing staff concerns on the board. Altered models of governance, such as those suggested by Undercolfer (2010) and McDaniel and Thorn (2005), provide greater opportunities for staff involvement in governance although these models do not seem to be widely practiced. Ultimately, it is often recommended for boards to have policies in place not only regarding personnel policies, but in regard to staff participation in governance.

### **THE BOARD/CEO RELATIONSHIP**

The relationship of the board to the CEO is full of complexities and potential for varying degrees of success or failure. The relationship begins when the board is tasked with hiring the CEO, of which the details should be documented in the board's bylaws and policies in order to maintain legal and ethical standards. The board must look for a leader who can serve as an integral part of the board, but must also lead the organization in day-to-day activities. Annual assessment of the CEO should also be included as a requirement of the board. Secondly, the board must decide if the board's composition will include the CEO. Carver (1997) recommends that the "CEO should be on the board because of the board's constant need of CEO input" (p. 171), and most literature assumes the inclusion of CEO membership on the board.

The relationship between the board and CEO can often set up a paradoxical framework. Although the CEO is hired by and accountable to the board, a CEO is often put in the position of leading and guiding the board. In ideal circumstances this relationship can result in fruitful coexistence, but it can also lead to unfortunate results. Undercofler (May 15, 2010, ¶16) asks, “why should the executive director, who reports to the board, have to teach the board about their roles and responsibilities? It just doesn’t make sense.” Another danger is that the board can blindly follow the CEO, merely rubber-stamping decision made by the CEO. This situation can ultimately strip the board of its power and authority. Additionally, once that CEO leaves, the board may be left completely without direction and unable to self-govern.

The reality for most boards is that the CEO serves the dual function of leading the organization in addition to providing critical participation and leadership on the board. The board, therefore, must understand the significant function of the CEO and hire accordingly, making sure to develop and evaluate the relationship between the board and CEO. Conversely, a CEO must understand their position in regard to both the organization and its board. Many CEOs indicate the necessary skill of guiding the board without wielding undue authority, which echoes the board centered and staff led governance model of Herman and Heimovics (2005).

### ***CEO AND VOTING RIGHTS***

It seems to be common practice that the CEO serves as a member of the board, however they may not always have full voting rights. Since the board will, in fact, vote on issues regarding the CEO, there can be a problematic conflict of interest if the CEO is a voting member (BoardSource, 2010; Carver, 1997). It is possible, however, to develop policies allowing the CEO

to vote on certain issues (BoardSource). McDaniel and Thorn (2005) recognize the ethical question of a CEO voting on their own salary and compensation, however they contend that “professional leadership creates the budget and determine everyone’s salary” (p. 52), including their own. Ultimately, policies regarding the CEO should include defining executive power, clarifying leadership roles, and voting rights.

#### ***GOVERNANCE MODELS AND THE CEO/BOARD RELATIONSHIP***

The governance models of Carver (1997), Chait et al. (2005), and Herman and Heimovics (2005) provide contrasting constructs in which the board and the CEO interact. Carver (1997) recommends that the roles and responsibilities of the board and CEO should be “separate and complementary” (p. 101). While this model may work for some boards, the reality of keeping responsibilities *completely* separated may prove to be difficult.

Chait et al. (2005) recognize the often blurred and overlapping boundaries between the board and CEOs. Boards are beginning to act more like managers, instead of volunteers; and nonprofit managers are becoming increasingly professionalized organizational leaders, not just “do-gooders.” Chait et al. (2005) assert that “CEOs aided by senior staff, are presumed to be the organization’s most influential generative thinkers” (p. 90), a fact that can be both a benefit and a hindrance. While it is important for CEOs to be involved in generative thinking, the board must not default to relying solely on the CEO. Boards must develop their own skills in order to be engaged in generative thinking as well (Chait et al.).

The model put forth by Herman and Heimovics (2005) prioritizes the important relationship between the board and the CEO, pointing out that effective CEOs build a specific

skill set which will “enable and develop their boards’ abilities to carry out their [the boards] duties and responsibilities” (p. 157). However, the ability of CEOs to seek guidance from and prioritize their relationship with the board is often determined by overall organizational capacity (Brown & Guo, 2009). Brown and Guo found that CEOs of larger organizations tend to look to their board for guidance more than smaller organizations. The findings of Brown and Guo are surprising, as one might expect that the CEO of a smaller organization would rely more on its board due to a lack in professional staff. Overall, the research done by Brown and Guo provides much insight regarding the important and intertwined relationship between CEOs and their boards.

#### ***ARTISTIC DIRECTOR AND THE BOARD***

The significant difference in arts organizations and the relationship between the CEO and board, compared to other nonprofits, is the addition of the artistic director to the governance leadership structure. The leadership role of the AD has been discussed earlier in this paper, and in light of the issues brought forth, it is essential for an arts board to consider the AD when addressing policies, procedures, and the overall governance structure. Ultimately, similar themes will prevail in regard to the interaction and communications with the AD as with the CEO.

#### **LEADERSHIP SUCCESSION PLANNING**

The relationship between the board and CEO is a cyclical process (BoardSource, 2010) which includes the hiring of a CEO, ongoing evaluation, and preparation for eventual leadership change. Some of the basic elements of leadership succession planning include having a current

job-description on file, having current compensation policies in place, and having protocol for how to conduct a CEO search (BoardSource).

In an ideal leadership succession plan, an organization will part amiably with the outgoing CEO. Allowing for time and effort towards evaluating the direction of the organization, based on mission, the board can identify possible candidates to effectively lead the organization. However, seamless leadership change is not always possible. Therefore, the board needs to be proactive in having a system in place in the event that a new CEO needs to be hired with limited notice, including interim leadership plans. The approach to succession planning can also be implemented in regard to hiring artistic leadership.

The for-profit sector tends to groom upcoming leadership from the inside, but this is not the case for nonprofits (BoardSource, 2010). Often it is viewed as an asset to have a “fresh” outsider come in to a nonprofit organization, which can have ramifications on how staff view their potential of moving up in an organization. Therefore, policies regarding succession planning should address hiring from the “inside,” in addition to being part of the discussion regarding leadership succession.

Leadership succession planning is often overlooked or ignored. Boards can be hesitant to engage in succession planning because its importance is not understood. Additionally, boards may not want to face the eventual departure of leadership or make their CEO feel like their job is in jeopardy. CEOs, therefore, must also actively engage in leadership succession planning, even if the current plan is for long tenured employment of the CEO. Collaboration between the board and CEO regarding succession planning will position an organization to be prepared for new leadership at the appropriate time.

## **BOARD MEETINGS**

Board meetings are often the primary way through which the board communicates among itself, in addition to providing a venue for official record to be made of the board's work. Board meetings can be the platform for committees to report on the work they have done. Despite their importance, the thought of board meetings can cause trepidation and unpleasant feelings. How then, can board meetings be a positive and effective use of time?

### ***MEETING MANAGEMENT***

Literature regarding board meetings stress the importance of organized and efficient meetings to best maximize and respect the use of board members' time. Axelrod (2005) asserts that board meeting management is the key element to a successful board. This has become even more crucial as, "the faster pace of society and the presence of younger and more assertive board members have pushed boards to streamline their structures and operations, including meetings" (BoardSource, 2010, p. 295).

Planning and preparation for a board meeting is typically assigned to the board chair and the CEO, in which they draft an agenda with a timeline, outlining topics of discussion for the meeting. Once the agenda is determined and distributed (ideally prior to the meeting), care must be taken during the meeting to follow the agenda so that all issues are addressed within the time allotted for the board meeting. Additionally, routine functions of the board (i.e. approval of minutes) can be grouped together on a consent agenda for blanket voting and approval (BoardSource, 2010). Further, highlighting issues that require a vote or specific action will help a board to make sure specific needs are addressed (BoardSource). Effective time

management during board meetings will ensure that all topics are covered, and that board members feel their time is being spent effectively.

### ***STAFF INVOLVEMENT***

In addition to committee reports, information provided for discussion at board meetings might be prepared and/or presented by the organization's staff. Staff contributions can include summaries of ongoing programs, financial and fundraising reports, or other organizational activities. One approach to staff involvement during board meetings is to view the relationship between the board and staff as a cooperative, with a mutual feeling of ownership (Andringa & BoardSource, 2007). The cooperative approach described by Andringa and BoardSource (2007) is also present in the collaborative governance models described throughout this paper.

A collaborative approach is in stark contrast to Carver's (1997) model, which stresses the importance of determining which issues belong to either the board or the CEO. Carver (1997) warns that staff may want to use board time as "show and tell" (p. 172) and that staff issues should be a concern of the CEO by default.

While it may be helpful to determine who is taking action on a specific issue, having a shared environment of cooperation is likely to be most effective. The board must decide what information and interactions will best support the work of the board, including contribution from staff. The board, therefore, must clearly communicate their needs and provide an atmosphere in which information can be effectively shared. Consequently, staff must respect the time and needs of the board, sharing pertinent information in a professional manner.

### ***MEETING ATTENDANCE AND FREQUENCY***

Other logistical issues regarding board meetings include requirements of attendance and frequency of meetings. Typically stated in bylaws, a certain number of board members are required to constitute a quorum for an official board meeting, often resulting in strict requirements for meeting attendance. Attendance problems must be dealt with accordingly to ensure that the board is, in fact, meeting legal requirements. However, if poor attendance at board meetings seems to be at epidemic proportions, a board may need to consider internal causes such as poorly run meetings, too frequent of meetings, meetings viewed by members as not being important, and/or a negative culture. McDaniel and Thorn (2005) assert that board attendance does not ensure board effectiveness, but concede that attendance needs to allow for the adherence of state laws. Typical meeting frequency ranges from monthly, quarterly, bi-annually, or some other predetermined amount. Boards should be flexible in evaluating and changing the frequency of meetings in order to make board meetings an effective and efficient use of time, depending on factors such as committee efficacy and responsibilities of the board.

### ***MISSION DRIVEN MEETINGS***

The previously discussed logistics are not the only key element to successful meetings. Kaiser (2010) highlights the problem that board meeting structure is based on a for-profit model which has fiscal focus. Although fiduciary responsibilities may be an important part of the boards work, a nonprofit organization and its board is ultimately concerned with a mission that is not fiscally driven (Kaiser). Therefore, the board's work will likely include many non-

fiduciary matters, making the for-profit board meeting model insufficient. Ultimately, it is important for the board to keep the organization's mission at the center of their meetings.

## **COMMITTEES**

Often within bylaws or policies are the requirements for committees of the board. One of the most common is the executive committee, which consists of members who have been voted into board leadership positions: board president or chair, vice president, treasurer, and secretary. Additional committees can include finance, fundraising, volunteers, nominations, or other board activities. Committees should serve to carry out work that is to be accomplished outside of board meetings (BoardSource, 2010). Different committees may be needed at different times, depending on activities of the board. Boards might also consider a zero-based committee structure where the board decides, on a regular (annual or bi-annual) basis what committees are needed (BoardSource), ensuring that committees are strategically used, maximizing the time and effort of board members. Because of the importance stressed regarding efficient use of committees, boards should carefully consider required committees indicated in bylaws or policies. The danger is to include "required" committees which may not ultimately be necessary. Documentation can reflect a flexible approach to committee structure which will allow the board to adhere to bylaws and policies in addition to supporting effective use of committees.

In addition to the work carried out between board meetings, communication between board meetings is equally important. With the growing methods of communication, board members can communicate not only by informal meetings and email, but through dedicated

chat-room sessions and website features with board-only access (BoardSource, 2010). Effective communication methods can provide information sharing on ongoing activities, keep members accountable for their designated tasks, and can limit unnecessary time spent on the reporting of activities at board meetings. A board can also opt to have publicly accessible information, such as a board newsletter or CEO blog (BoardSource) in order to keep the public and other constituents informed about activities of the board and the organization.

### ***REDUCED COMMITTEE STRUCTURES***

An emerging trend, particularly according to arts governance literature, is a reduction in committees, which is similarly aligned with the recommendation of a zero-based committee approach. For instance, the Saint Paul Chamber Orchestra completely eliminated their executive committee, transferring power to the board as a whole (Tepavac, 2010). This decision by the SPCO created a culture of shared responsibility, which also coincided with increased musician involvement in governance issues. McDaniel and Thorn (2005) warn about creating committees, and making committee involvement a requirement simply as a way to keep board members involved. Unnecessary committee work will not only waste the time of board members, but can also create unnecessary work for staff involved (McDaniel & Thorn). Based on the recommendations of McDaniel and Thorn, the case study of the SPCO (Tepavac), and the zero-based committee model (BoardSource, 2010), best practices seem to suggest a flexible committee structure which engages board members, and possibly staff, in pertinent and necessary activities.

## LEGAL AND ETHICAL RESPONSIBILITIES AND FINANCIAL OVERSIGHT

Financial oversight is intrinsically linked to the legal and ethical responsibilities of the board. One of the primary legal requirements for nonprofits is to be run by a board that provides financial oversight in order to “maintain financial accountability...of the organization they serve” (BoardSource, 2010, p. 128). In fulfilling these duties, the board provides its primary function for a nonprofit. Therefore, it should be of the upmost priority for all board members to be made aware of specific state laws which hold them accountable for the well-being of their board’s nonprofit organization. While state laws regarding nonprofits and boards can be entrenched in legal jargon, board members should be familiar with the “test of reasonableness” in which “board members are expected to regard and treat the nonprofit organization’s assets and other resources with the same care with which they would treat their own resources” (BoardSource, 2010, p. 128).

Board members are typically responsible for approving the organization’s operating budget, overseeing investments, and also ensuring overall welfare of the organization (BoardSource, 2010; Brown & Guo, 2009; Egan & Sasser, 2005). If there is no, or limited, staff this work becomes even more crucial for the board and may also increase the importance of the treasurer (BoardSource). The CEO is usually responsible for financial reporting to the board, but if the organization has a staff member responsible for finances, that employee might be involved as well.

McDaniel and Thorn (2005) assert that although the board is tasked with considerable financial oversight and responsibility, most of this is common practice and not legally required by the IRS. Usually, state law indicates the minimum for three trustees to “define fiduciary

accountability” (McDaniel & Thorn, 2005, p. 18). Beyond this, the board can have a more limited role. It may be that although only three trustees are required, larger boards resulted, in part, to share the burden of legal and fiduciary responsibility.

With the responsibility of ethical and financial oversight, Carver (1997) asserts that it is important for the board to be free from the daily workings of the organization. This separation might make for more independent decision making, but may be unrealistic for an organization with little staff and a “working” board. In the case of a board more involved with daily operations, self-evaluations are one tool to uphold ethical and legal responsibilities (Carver). Regardless of an organization’s size or capacity, boards must be fully aware of and able to actively uphold their legal and ethical responsibilities.

An organization’s executive leadership and staff do not have the legal responsibilities often charged to the board. Their intimate knowledge of the organization and professional skill set, however, positions them as especially capable of supporting the board in upholding these responsibilities. Therefore, professionals should have an avenue in which to point out areas where a board may not be fulfilling its duty. Care must be taken to honor respective roles, but both boards and the staff of an organization should work to create an atmosphere in which all are working to support the legal and ethical integrity of the board and its organization.

### ***FINANCIAL OVERSIGHT IN THE ARTS***

Arts organizations have become increasingly professionalized and often staff is engaged to oversee and guide financial operations of an organization. As a result, discussion regarding financial oversight and responsibilities of the board is often minimal in arts governance

literature. One unique difficulty for arts boards is that when faced with crisis, the tendency is to cut artistic programming in order to save money (Kaiser, 2008). Kaiser attributes this incorrect reaction to board members who are entrenched in the business sector, looking to fiscal solutions as the first resort. According to Kaiser, a decline in artistry and programming will ultimately cause more financial harm, due to a lack of patrons and constituents. Financial crisis cannot be ignored, but it is crucial for arts organizations and their boards to maintain unyielding commitment to mission, despite financial constraints.

## **FUNDRAISING**

### ***THE ROLE OF THE BOARD AS FUNDRAISERS***

Fundraising is often cited as the single most important role and responsibility of a board (BoardSource, 2010; Brown & Guo, 2009, Drucker, 1990). Boards are often involved in fundraising because of their involvement in financial oversight and intimate knowledge of an organization's fiscal needs. In addition, board members are often tapped for their connections to potential sources of funding, including private and corporate donors. Board members are often looked upon as a gateway to connect potential donors with the CEO or staff for fund development (Brown & Guo, 2009; BoardSource, 2010), even if they are not ultimately doing the actual "asking."

### ***FUNDRAISING PLANS***

If a board has consensus that fundraising is one of its primary responsibilities, this role needs to be committed to by current members and made clear to potential board members. Klein (2007) asserts that board members struggle in fundraising either because they don't

understand their important role in this area, or they are uncomfortable with asking for money.

Ultimately, board members *must* be concerned with fundraising because of their legal and ethical obligations to financial oversight and organizational viability.

Boards should, first, work to develop and approve a fundraising plan. This planning should include pertinent development staff specifically tasked with fundraising. It is typical that staff are responsible for government, foundation, and grant monies (Klein, 2007), but CEOs often look to boards to help prioritize and target which grant to seek out (Brown & Guo, 2009).

The board's contribution to fundraising often begins with financial contributions from the board members themselves. Board member contribution is often a specified amount which is voted upon and documented as policy. How and when the contributions are received should be made clear as well. It is also important to keep in mind that this amount can change, based on the needs and capability of the board. By contributing personally, board members are in the position to lead by example when they are seeking out other potential donors (BoardSource, 2010).

Using a diversified fundraising plan can also help to assign board members with fundraising tasks they are comfortable with (Klein, 2007). Activities in fundraising can include cultivation and stewardship of donors, special events, and developing different fund sources and campaigns. A variety of activities can help to ensure that board members have multiple points of participation, allowing the board to fulfill its role as fundraisers.

Despite the important role of board members as fundraisers, it is crucial for the board to recognize and respect the fundraising responsibilities of staff. Any plans made by the board should include input, and perhaps approval, by executive leadership and fundraising staff. In its

role of hiring the CEO, the board puts its faith in executive leadership to hire adequate staff to fulfill organizational activities, often including fundraisers. Conversely, staff should be aware of the board's role as fundraisers, and understand the relationship between the board's fiscal responsibility and their concern for fundraising. Fundraising staff should work to maintain open communication with the board regarding fundraising, which should ultimately benefit the work of staff members and maximize funds raised.

#### ***BARRIERS TO EFFECTIVE FUNDRAISING***

Despite a good plan, boards can still fall prey to ineffective fundraising. Some of the reasons for this include: board members are overworked or too much is expected of them, the board avoids making decisions, decisions are made and then not implemented, a few members do all of the work, and board members or staff are reluctant to share information and power (Klein, 2007). With these pitfalls in mind, the board must plan accordingly to avoid these, and other similar problems.

#### ***ARTS BOARDS AND FUNDRAISING***

Contrary to much of the general nonprofit governance practices in regard to fundraising, literature pertaining to arts boards tends to recommend limited responsibility in fundraising matters, although boards remain active in fundraising activities. Noteboom (2003) asserts that "governance does not include raising money, although that is an important responsibility of most boards. The fundraising function, while critical, is not in fact a governance function" (p. 29). Both Kaiser (2008) and Fogel (2000) indicate that fundraising is an activity primarily for professional staff, and Kaiser specifically asserts "it is actually the artists and marketers who are

the true fundraisers” (p. 18). Board members in the arts are seen most commonly as personal contributors (Byrnes, 2009; Kaiser, 2008; Webb, 2004), with varying degrees of involvement in fundraising activities. Noteboom (2003) categorizes board members involved in fundraising as “volunteer extensions of the development staff” (p. 29). The reality is that most arts organizations have some sort of development or fundraising staff. Even among the smallest organizations, with limited staff, fundraising is often an essential staff activity. However, given the boards legal and financial responsibilities, board involvement and oversight is likely. In a healthy and collaborative atmosphere, shared responsibility among staff and board members has the potential to result in successful fundraising.

#### **STRATEGIC PLANNING**

Strategic planning is an essential tool employed by nonprofits to ensure progress towards an organization’s short-term and long-term goals. Despite its importance, it is often considered a daunting and sometimes ineffective method, which is true if it is not carried out with the support of all involved. Strategic planning often combines the input and work of the board, CEO, staff, and sometimes outside constituents and consultants (BoardSource, 2010). The board must, ultimately, support and approve designated strategic plans, although it is often the CEO and staff who are tasked with carrying out planned activities (BoardSource). The board is often involved in evaluation of the strategic plan, which is discussed later in this paper. According to Brown and Guo (2009), CEOs identify strategic planning as the second most important role for boards. Executives often look to the board to help guide and direct the organizations goals which are ultimately set forth in strategic planning.

Similar to the *Governance as Leadership* component of generative thinking (Chait et al., 2005), BoardSource (2010) asserts that strategic planning is ideally the “practice of asking far-ranging questions to help clarify thorny problems, offer breakthrough insights on pressing issues, [and] present new ways of thinking about challenges” (p. 189).

Arts governance literature focuses on the fact that strategic plans in arts organizations must serve an artistic mission (Klein, 1999). Additionally, the constituents involved in strategic planning for arts organizations will likely include artists. The success of strategic planning in several orchestras has been directly attributed to musician involvement and a collaborative approach (Noteboom, 2003; Tepavac, 2010).

#### **COMMUNICATION AND AMBASSADORSHIP**

Communication, pertaining to boards, can involve a variety of activities including: public education, advocacy, marketing, fundraising, and membership services (BoardSource, 2010). If an organization has staff dedicated to marketing, this staff member may work with the board on issues such as branding, media influence, and even a crisis communication plan (BoardSource). However, if the organization does not have such a staff member, the board should work together with the CEO to plan communication issues, possibly documenting them in policy.

Furthermore, board members are often referred to as ambassadors of their organization (BoardSource, 2010; Brown & Guo, 2009; Judy, 1999; Kaiser, 2010). Board members are often positioned to be their organization’s “best advocates” (BoardSource, 2010, p. 216) because of their deep commitment to the organization, exemplified by their giving of

both time and money. Additionally, board members are often pillars of the community, with avenues of access to other people, nonprofits with which to partner, and businesses.

CEOs often feel that board members are able to best engage the community (Brown & Guo, 2009), possibly because they are not employed by the organization which they are advocating. Additionally, artists are seen as uniquely positioned to advocate for their organization (Kaiser, 2010). Musicians are often viewed and utilized as ambassadors for their organization, regardless if they are on the board or not.

Furthermore, the goal of ambassadorship should be considered in recruiting new members to the board. BoardSource (2010) asserts that “too many boards miss the opportunity to enlist board members as advocates because they take a narrow view of the board’s role, limiting involvement to meetings, fundraising, and committee work” (p. 217). Prioritization of communication and ambassadorship should be an integral element of a board’s activities and planning.

#### **EVALUATION AND OVERSIGHT**

Boards can be involved in evaluation in a number of different ways, and the actual process of evaluation should not be different for an arts board as compared with other nonprofit boards. First, evaluation should be part of any comprehensive strategic plan. This evaluation would be carried out by the board at the completion of, and possibly throughout implementation, of the plan. Boards are also responsible for evaluation of the CEO (BoardSource, 2010; Klein, 1999), which is usually carried out annually, but should be specified

in bylaws or policies. Specific evaluation can also be targeted towards the organization's programs, finances, planning, and other activities.

Evaluation should also include self-evaluation of the board and of individual board members (McDaniel & Thorn, 2005). Evaluation is a tool by which the board can gain perspective on the state of the organization in addition to ensuring that legal and ethical standards are being upheld (Carver, 1997). According to Judy (1999), boards and executive staff "should develop sets of specific performance indicators that enable [boards] to monitor performance" (p. 57). Performance indicators can be established for both organizational issues and for matters directly related to board performance.

Unfortunately, evaluation is a component that tends to be ignored by both boards and staff, often because its importance is not fully comprehended or because those involved are afraid of the results. One of the key ways to ensure implementation of evaluation is to include it in plans, such as a strategic plan or a working plan for a specific program. Additionally, the board can schedule yearly evaluations of the board and for members, possibly pairing evaluation with an annual board retreat.

Evaluation by the board is often an activity which can be greatly augmented by staff involvement, because of professional staff's ability to implement organized and procedural systems. Especially if a board is attempting to evaluate its own efficacy, having help from staff could help to keep the process objective. Staff involvement would only be successful if the relationships between the board, CEO, and staff are healthy, but should be considered when possible. Ultimately, evaluation will promote a healthy cycle whereby the board can assess its

successes, failures, and areas for future improvement. With this information, future plans can be modified or guided in order to suit the needs of the board and the organization.

### **BOARDS AND ARTS PROGRAMMING**

One element unique to arts organizations and boards is the constant balancing act between artistic programming and remaining financially viable (Fichlander, 2002). An arts organization will likely have artistic output at the center of its mission, making artistic programming an integral element of the organization. Although many boards think they will save an organization through fiscal means, Kaiser (2008, 2010) asserts that it is through artistic programming that an organization will be successful. Given the importance of artistic programming, in what capacity should the board be involved?

Typically, artistic programming is the responsibility of the artistic director, possibly in conjunction with the CEO. Large organizations may have artistic departments whereby executive staff is also involved in artistic programming decisions. However, small or start-up organizations with a working board may have limited staff for artistic programming decisions, resulting in a programming committee.

Assuming that there are professional staff involved in artistic programming decisions, Kaiser (2010) contends that programming committees are only successful if they are working several years out, not merely to rubber-stamp the season at hand. The board must also be cognizant of, and ready to contend with, the inherent tension between the artistic director, CEO, and possibly with artists (Fichandler, 2002). Ultimately, artistic programming needs to be one of the essential elements of an arts organization (Fichandler, 2002; Kaiser 2008, 2010;

Klein, 1999), and its prioritization should be ensured by the board, regardless of who is involved.

### **BOARDS AND VOLUNTEERISM**

There is conflicting opinion on regarding the board as a component of an organization's volunteer effort. In some cases the board is referred to as a "volunteer board of directors" (Byrnes, 2009, p. 208). Undercofler (April 17, 2010, ¶16) describes the volunteer nature of board members who "can walk away from their positions at any time." While Undercofler's dire assessment may occur, the fact remains that the responsibilities of a board member are likely to be quite different from a volunteer. Carver (1997) warns against grouping the board and volunteers in the same category, as it takes power and authority away from the board. Carver suggests that while it is possible for someone to be involved as both a volunteer and a board member, these roles should be viewed separately.

While board members and volunteers are both giving of their time and energy towards an organization, the roles are distinctly different and should be managed as such. Whereas volunteers can be involved at different capacities of involvement, their obligation to an organization can be quite limited. Board members, however, should be made aware of and charged with the important responsibility of serving as a board member from the moment they are vetted to join the board. Clearly defining the responsibilities and importance of board membership should help to attract board members who are willing to commit to this leadership role.

## BOARD EFFECTIVENESS

In light of all of the possible roles, responsibilities, and activities a board can be involved in, governance literature is ultimately positioned to improve the efficacy of boards.

BoardSource (2010) highlights twelve principles for effective governance:

1. Constructive partnership with CEO
2. Mission driven
3. Strategic thinking
4. Culture of inquiry
5. Independent mindedness
6. Ethos of transparency
7. Compliance with integrity
8. Sustaining resources
9. Results oriented
10. Intentional board practices
11. Continuous learning
12. Revitalization

Similarly, Noteboom (2003) asserts the following eight recommendations for effective board collaboration:

1. Shared goals
2. Shared information
3. Civility
4. Familiarity with one another
5. Commitment to honesty and candor
6. Trust
7. Willingness to take shared risks
8. Shared solutions

Worth (2009) and Noteboom (2003) provide a typical sampling of the recommendations from current governance literature, and highlight best practices which resonate with the findings discussed throughout this paper. Ultimately, the theme of collaboration is emphasized, and further echoed in governance literature pertaining in the arts, such as the case studies in *Fearless Journeys* (Tepavac, 2010). While some of these suggestions may be criticized as over-

idealistic or unachievable, it seems that the goal of collaboration should be sought after in order to achieve effective, mission-driven, collaborative governance.

In summary, the important responsibilities and activities of the board are varied and complex, further complicated by elements unique to arts organizations. The approach to the board's operations must embrace the recommendations not only specified by Worth (2009) and Noteboom (2003), but should also incorporate collaborative strategies which include the expertise and skill of the organization's professional staff and artists. The responsibilities and consequent activities of the board must be centered around the organization's artistic mission, clearly communicated and documented, in addition to being creatively planned and implemented. Ultimately, these practices will help to promote success among arts boards.

## CHAPTER 4: CONCLUSION

### SUMMARY AND REVISITING PRELIMINARY EXPECTATIONS

While this paper has paid special attention to the role of professional leadership and staff in regard to governance, the fact remains that the board must ultimately determine who is involved in governance and how governance and leadership are structured. A variety of governance models have been explored throughout this paper, all of which demonstrate varying degrees of leadership from board members, executive leadership, or staff. While most agree that there is no single model effective for every organization, current trends include increased collaboration with staff and other constituents. This collaborative approach is in spite of a minority opinion, which advocates a minimized role of a board of directors, relying instead on skilled and increasingly professionalized nonprofit arts managers. While the contributions of professionals are of unparalleled importance, it should not overshadow the role of board members.

In arts organizations, the existence of the triangle structure is difficult to ignore, due to the important roles of the board, CEO, and artistic director. However, this trio of leadership is becoming less standard due to increased participation by artists and other staff members. Arts boards must be aware of the inherent tensions and potential pitfalls between governance participants in order to understand and define what structures work best for a given organization.

Activities and operations of the board must ultimately be motivated by the organization's mission. The artistic mission of an arts organization, therefore, has a significant impact on issues such as the composition of the board, fundraising, and the board's

involvement in artistic programming. In light of the issues discussed throughout this paper, Figure 5 demonstrates a collaborative arts governance model placing artistic mission at the center of the board's responsibilities and activities. The participants in arts governance, as shown in Figure 5, should ultimately include board members, executive leadership (the executive and artistic directors), staff, and artists. In spite of the concession that there is no model which could be implemented by every organization, the collaborative governance model in Figure 5 should be considered by arts boards.

[Figure 5 on following page]



**FIGURE 5:** Collaborative arts governance model.

Within the variety of governance models, the matter guiding all others is leadership. Governance literature has offered several angles through which to define and view leadership, whether it comes from the board, executive staff, or as a collaboration. Ultimately, clearly defined and well-executed leadership is a key component to guiding nonprofits through today's perils.

#### **AREAS OF FUTURE RESEARCH**

The need for future research is a common theme in governance literature. While Carver (1997) asserts that scholarly work is not needed to ascertain that boards have problems, both qualitative and quantitative research will illuminate issues which have previously relied on anecdotal information.

Clearly defined roles and responsibilities are essential to effective governance. Whereas the research of Brown and Guo (2009) revealed significant data regarding how CEOs regard their boards, similar research should be conducted to identify perceived roles and responsibilities for all governance participants.

Research regarding currently employed governance models, and their perceived effectiveness, would greatly add to this discussion. In the arts specifically, time is needed to evaluate if the newly touted collaborative models are effective. Follow-up to the case studies in *Fearless Journeys* by Tepavac (2010) would be a significant addition to governance literature. Additionally, most arts governance research and literature is based on large organizations, such as Tepavac and Ostrower (2002). However, smaller organizations should be similarly assessed in order to shed light on commonalities and differences between organizations of different sizes.

Ultimately, governance issues are still primarily geared around individual people and their experience with each other and the organization. This fact makes quantitative information difficult, although not impossible, to gather. As the nonprofit and arts management fields become more professionalized, research should be engaged in as an essential activity.

#### **RECOMMENDATIONS FOR ARTS BOARDS**

The significance of the board, and the important contributions of board members, should not be minimized. Despite the pitfalls inherent to boards, members should seek to continually renew their commitment to their organization's mission, effective communication, and engagement in mission-driven activities. While traditional governance models have often isolated the board from their organization's professional staff and in the case of arts organization, the artists, boards should recognize trends towards collaborative models. In incorporating the expertise and experience of executive leadership, staff, and artists, boards will develop a deep connection to the organization's mission and access a rich reservoir of training and skill. In order to maintain proper bounds of leadership and authority, boards must also commit themselves to clear documentation and communication of roles and responsibilities as well as engaging in meaningful evaluation.

#### **RECOMMENDATIONS FOR ARTS LEADERS**

Keeping in mind the previous recommendations for board members, executive leadership and staff must be prepared to navigate within the governance structures in place at their particular organization. It is important to be aware of the origins of an organization and its current phase or life-cycle, in order to best understand the current state of an organization.

With this information, professionals can position themselves to offer input and recommendations in order to best support the work of the board and, consequently, the organization.

Arts leaders must embrace their skill and training as being an important asset to the governance process, but should also be aware of potential problems. With a spirit of transparency and collaboration, professional staff should strive to lead their board to success in supporting the organization's mission. Ultimately, clearly defined roles and responsibilities for board members and staff will help pave the way to effective collaborative governance.

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