

## Leading Arts Boards: Board & Community Relationships

### **Introduction**

All of AAR's work related to boards is intended to help arts professionals and board members confront the realities of today's environment and develop mutually supportive relationships and partnerships that can best address these realities. This work focuses on arts professionals and the things that they need to do to serve their own best interests; and on committed board partners and community leaders truly interested in helping arts professionals and their organizations and communities. Within this context we ask arts professionals and board partners to join us in setting aside the theories and myths\* about what a board and staff *should* do and concentrate on creating the board and relationships they *need* for a healthy and balanced organization.

The concepts and approaches described herein are based on the practical application of our work with arts professionals, board members and volunteers in the U.S. and Canada. There is no concept, theory or action that we describe that has not been tested and used among many of the performing, presenting, visual, literary arts or service organizations with which we work. It is our experience that those actively working in the arts field will find that we are articulating and affirming what they are already instinctively questioning or implementing.

Those, including ARTS Action Research, who challenge the accepted understanding of not-for-profit boards are often perceived as anti-board. Nothing could be further from the truth. We have great admiration, respect and affection for board members and volunteers. There is example after example of people in the community serving in numerous ways, including situations in which singular board leaders have saved and restored organizations. Not-for-profit arts organizations have never had sufficient financial capital; the field's greatest resource is its human capital. Our work in rethinking and redesigning boards is aimed at creating more positive, healthy, productive and balanced organizations and relationships among professional staff, board and volunteers.

*\*theories and myths: we refer to theories (suppositions or systems of ideas intended to explain a reality) and myths (conventional wisdom that is passed from organization to organization and across generations) collectively because the area of board structure, role and function is relatively short on facts and very rich in both theories and myths.*

## Overview of the New Reality

The role of the arts board has grown increasingly confused, problematic and complex due to a confluence of three factors.

1. Arts organizations must raise more money in an environment (economic and political) in which it is increasingly difficult to raise contributed income;
2. The professional and personal lives of people to whom we look as board members and volunteers have grown more and more complex, demanding and stressful; and,
3. The notion of the traditional board structure, dictated by *theories* and *myths* about what a board could and should do, is increasingly at odds with the first two factors.

If the traditional structure ever worked it was during a time when resources were plentiful, competition less intense and lives less complicated. In spite of the substantially different realities in which contemporary arts organizations function, the board structure, and the theories and myths underpinning it, have endured virtually unchanged. Consequently the arts in this country are working with a board structure and expectations best suited to a mid-20<sup>th</sup> century arts environment defined by philanthropy, patronage and subsidy while functioning in an early-21<sup>st</sup> century arts environment of reciprocity, investment and capitalization. We believe that this approach to board structure and expectations requires serious retooling.

Today, the arts confront a new reality. More than ever, we need the help, support and activism that only true community partners can bring. In order to do this, arts professionals must not only confront these new realities but they must also overcome the pretense and denial inherent in holding onto the theories and myths of board engagement. The challenges we face and the future we want as a field will not be served by pretending that boards are accomplishing things they are not, by feigning helplessness in order to get help or by trading organizational control for the promise of resources. Anything less than complete honesty among ourselves and with our community partners about what we need and want from board members is irresponsible and counterproductive. New realities demand confronting 'old givens' and adopting new approaches and behaviors all of which begins with arts professionals themselves.

## The Theories and Myths vs. Reality of the Board

It is striking how much the world and our lives have changed in 40 years in contrast to how little the approach, structure and expectation of the arts board has changed in the same time. In part this is due to the fact that so many community leaders and funders continue to believe in the institutional model and to support a perception that there is an ideal approach that could be adopted and effective for all arts organizations. Many arts professionals and board members are given to believe that the theories and myths about boards are grounded in legal mandate. Neither the theories nor the not-for-profit organizational myths have virtually any grounding in reality yet they weigh heavily on every arts organization in the country.

### What you hear....

The board takes corporate, legal, fiscal, fundraising and policy responsibility for the arts organization (a business it knows little or nothing about).

The board determines the vision, mission and planning, hires staff to implement, then governs and oversees professional staff.

Arts professionals are only skilled at making art, not business; so they need help running their organizations

No matter the size of the board, whether it is 15 or 40 people, every board member will have equal passion, interest, time and skill, and will coalesce into a team and go out and raise money for the organization.

The only way to get someone to do something important for the organization or to recognize his/her contributions is to put him/her on the board.

### The reality....

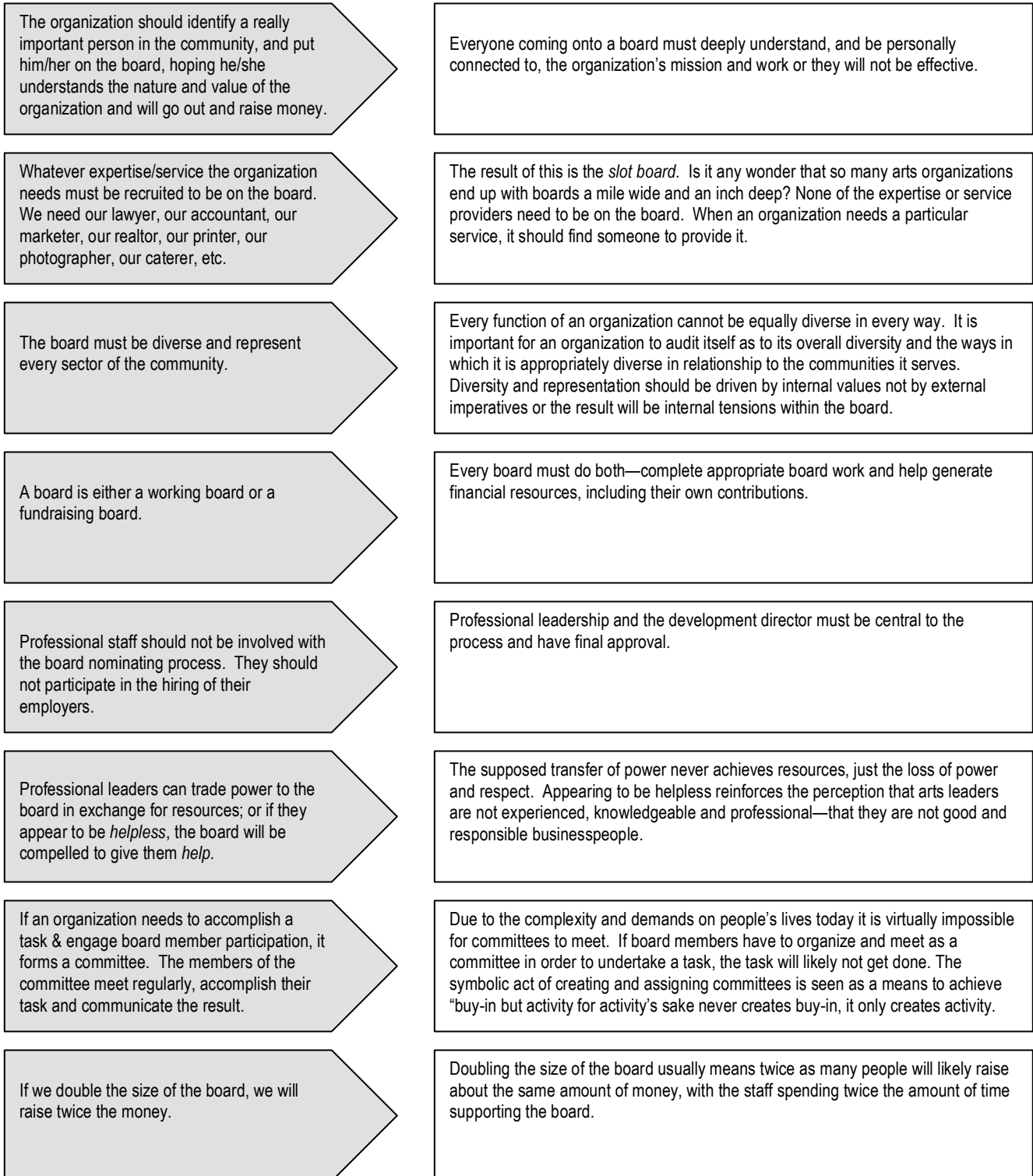
This assertion causes the whole enterprise to start out on the wrong foot. Would any other business operate in this fashion? Often boards are told their role is to "set policy." Yet it is clear that boards are not involved in artistic, curatorial, or programmatic decisions, which are the core policies of a professional arts organization and are appropriately the role of knowledgeable professional leaders.

The 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. Oversight is misperceived as a way to insulate the community's investment from arts professionals, perpetuating the belief that arts organizations need to be protected from arts professionals.

The belief that arts professionals do not know how to plan, manage money, run a business or administer an organization is a stubborn myth. In fact, arts professionals run very good businesses. Arts organizations are undercapitalized, lacking resources and basic infrastructure. In spite of this, arts professionals create an extraordinary amount of art and programming. Arts organizations aren't badly managed; they are under-financed.

It is impossible to get a group of individuals to unify. As a result, leadership feels ineffective and individual board members feel guilty because they cannot meet the blanket standards. It is critical to see each board member as an individual. How can the professional and board leadership evaluate each member and direct each to successfully do what she will (not what she could, should or ought to) do?

Given the complexity of people's lives, a growing number of people will do something only if they are *not* on the board. Most people have become project- and task-focused and less interested in taking ongoing responsibility for the continuity of an organization. Many important functions are now being performed off the board from fundraising gala committees to capital campaigns chairs.



### Where Do These Theories and Myths Come From?

None of the 'received wisdom' about the traditional board model is contained in the requirements of the Internal Revenue Service or state incorporation. Essentially, the IRS states that a not-for-

profit arts organization must be educational in nature and meet state incorporation regulations. The states set the minimum number of trustees (usually three) and define fiduciary accountability. The intention of fiduciary accountability is that the organization will spend contributions and income as intended for the pursuit of its mission. There is also broad language about the role of a trustee, including the fact that trustees cannot be paid to be board members. Nowhere does either the state or federal government specify large boards, heavy hitters, committee structures, or any of the expectations contained in the theories and myths outlined above.

The root and perpetuation of both the theories and myths about the board goes back to the creation of the National Endowment for the Arts in the 1960's. As the not-for-profit arts movement was developing in the late 1960's and 70's, the NEA exerted an enormous influence on the institutional model of not-for-profit arts organizations (early on, basic NEA funding guidelines required an organization to be not-for-profit, 501c3, in order to *qualify to apply* for a grant.) The NEA extended and reinforced the model through requirements passed along to state arts agencies and local arts councils.

The early and defining leadership and staff of the NEA came from foundations. They brought their experience and knowledge of the foundation legal structure and the roles of boards and staff within that structure. In fairness the foundation structure is a very good one, but only as long as an organization doesn't have to raise or earn money - foundations have to do neither. The foundation structure was established to allow wealthy families to keep their assets, with the caveat that a board of community members would decide how the income from the assets would be spent for the community good. In essence, the intention was that the board would serve as a wall between the family and the distribution of funds. Unfortunately, the separation of board and leadership that was inherent in the foundation structure has resulted in the notion that it is desirable to insulate the community and its investment from arts professionals. Among a variety of unintended consequences, this has served to reinforce and perpetuate the stereotyping of arts professionals as immature and emotional, unable to plan, administer or be responsible for money.

### **Professional Leadership Must Lead**

In a professional organization, professional leadership must assume the authority, responsibility, and accountability to lead and direct. We stress this so strongly because so many of the theories and myths contradict this approach. The question about who leads the organization, creates the vision, sets policy and conducts the planning is at the center of organizational stress and disconnect between professional staff and board.

The first responsibility of professional leadership is to define and describe reality. The leadership is uniquely positioned to see and understand the entire reality of the organization. Others on staff and board may have pieces of the picture, but they don't have a complete view. Describing reality through a fragment of the whole can be misleading or distorting. Today, arts organizations must view their environment and their conditions in cold, hard, truthful terms—there is no place for self-deception or romanticized notions of the organization's reality.

The confusion about the leadership of the organization can be greatly exacerbated when a volunteer president/chair of the board believes he/she is also the chief executive officer who directs the board and to whom the staff reports. These volunteer board leaders assume that they have knowledge and experience far greater than the professional leadership's. In the realm of professional arts producing, the professional arts leaders are the experts and the professional leader must be the CEO.

Too often the disconnection and the dysfunctional relationship between board and staff reveal latent class issues. For example:

- Board members work in the for-profit (perceived as real world)—arts professionals work in the not-for-profit (perceived as *not* real world).
- Board members are often highly paid—arts professionals are often not.
- Board members often have specialized degrees and professional recognitions—arts professionals work in a sector with relatively few status symbols.
- The board is the employer/ruling class—staff is the employee/working class.

We are not suggesting that this classist relationship exists in every situation. However, there are still too many examples that reflect and perpetuate class distinctions and thinking. These issues are more prevalent in some cities than others. They are also strongly influenced by generational factors. That is, the older generation of board members, not necessarily by age but by tenure, is far more entrenched in classist ways of relating to arts professionals. The newer generation of board members increasingly expects to be led and directed by staff. Unfortunately, in many organizations these issues present themselves not only around class, but gender and sexual orientation as well.

The issue of leadership is often further complicated as it relates to organizational founders. While there can be a greater acceptance of the founder as leader because it is 'his' organization, when the founder leaves, there is often a desire to shift the leadership to the board. We believe that it is essential for boards in these transitions to identify and engage appropriate professional

leadership to effectively lead and direct, even if it is the fourth or fifth generation of professional leadership.

It is sometimes difficult to get professional leaders to step into the center and lead. Some eagerly assume the responsibility, authority and accountability to lead and direct. Some are secretly leading but create an organizational façade so that board members believe they are leading. Other arts professionals, although their instincts tell them they should be at the center, believe that theories and myths do not allow them to be at the center and need encouragement to move into leadership. Still others do not feel comfortable as leaders and will not step up to leadership under any circumstances, leaving their organizations adrift. If arts professionals allow a leadership vacuum, someone will fill it—often the wrong person.

Placing the professional arts leader at the center should not be done in an arrogant or dictatorial manner, nor does it mean replacing one hierarchy with another. Every successful endeavor must have a knowledgeable leader who can articulate the vision of the organization and engage others to share and work for that vision.

As professional leadership leads and directs, it is the board's role to collaborate with leadership to exert influence in the community and help secure resources. In turn, the resources allow the organization to achieve its vision and goals. Professional staff cannot secure the resources alone. They need enormous help from the community. The appropriate relationship between staff and board is a "led collaboration." We again use the artistic process as our guide. When a production is being created, no matter how collaborative the process, the director makes the choices. Throughout the production, the director leads the collaboration. There is a diverse range of participants with critical areas of responsibility. The members of the team expect the director to make choices. The important discussion is why the particular decisions have been made.

In a for-profit organization, a strong chief executive officer, along with a chief operating officer or a chief financial officer, leads the organization. In most cases, the CEO is also the chair and the CFO or COO is president of the board. The board provides strategic support, which may include helping to secure new lines of capital. If the board members lose trust in the professional leadership, they change it. The same should be true of a not-for-profit arts organization.

### **Maintain the Entrepreneurial Spirit**

The elements that define a for-profit and a not-for-profit entrepreneurial approach are the same. In both cases, a person or group sees a need to create a product or service. They invest their creativity, energy, time, and resources to achieve their goals, and they assume personal risks. By definition an entrepreneur is a person who organizes, operates and assumes the risk for an idea, product, service or venture produced. Arts organizations are entrepreneurial by their nature and the professional leadership, however defined or configured, is the entrepreneur of each venture. We believe that the same respect showered upon entrepreneurs who drive and shape business and technology should be extended to arts leadership.

So much of today's worldwide economic, technological and applied research engines revolve around unleashing and supporting the vision, inspiration, creativity and resourcefulness of the entrepreneur. Likewise, this extraordinary resource, which is at the core of the artistic imperative, must be unleashed and supported within the arts sector and our arts organization. It is notable that many of the board theories and myths result in risk-adverse approaches that stifle entrepreneurship in the sector. The challenge is to protect and nurture the entrepreneurial center of the organization, without letting not-for-profit theories, myths and over-regulation strangle it.

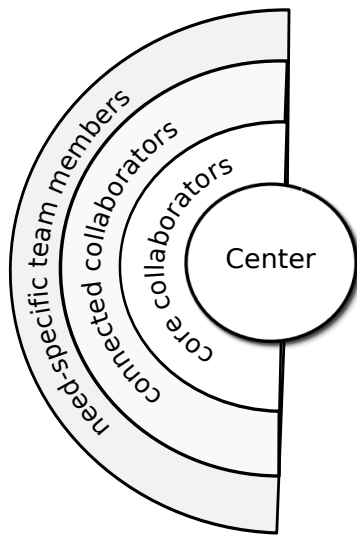
### **Create Healthy Relationships**

It is axiomatic: It is impossible to have a quality relationship externally in the community if there aren't quality relationships internally within the organization. Healthy relationships begin within the organization where they are essential - that is in the artistic, curatorial or programming process. The nature of these relationships can then inform all other relationships within the organization and elsewhere. This in no way suggests a new model; rather allowing what works to better inform that which needs to work better. So it begins with healthy artistic organizational relationships.

Healthy Artistic Organizational Relationships. We describe organizational relationships in *Folio One: The Process – Driven Organization*. The graphic (figure 1) represents professional staff, artists, producing, presenting, curatorial and programmatic function of an organization. For a more detailed description of these relationships, please refer to Folio One, pages 12 – 14.

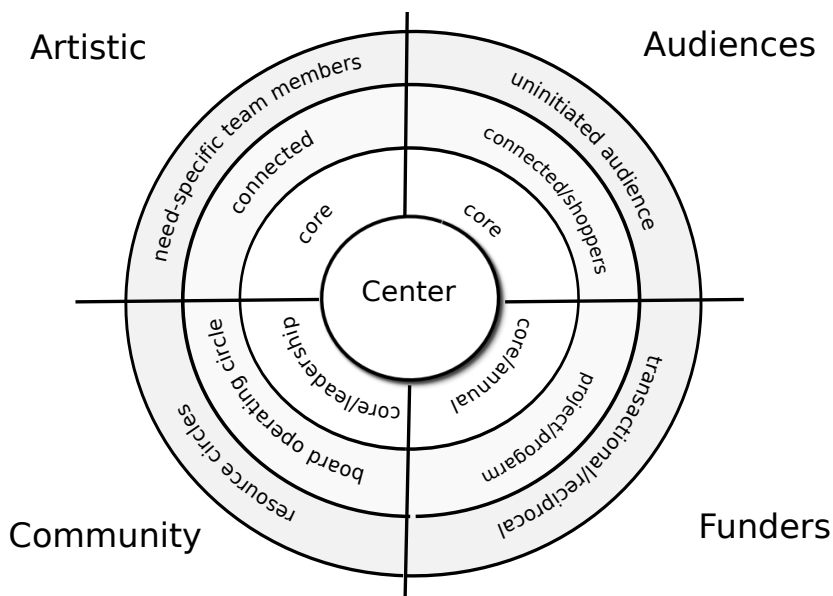


Figure 1: Organizational Artistic Relationships



Healthy Community Organizational Relationships. It follows then, that to create healthy relationships between the professionals and community partners—board and volunteers—it is necessary to mirror on the community side the relationships on the professional side of Figure 1. Again, this approach is not a model; it is a way of describing consistent, coherent, healthy and balanced relationships within the organization. At the center is the professional leadership, leading and directing the collaboration.

Figure 2: Organizational Artistic, Audience, Funder & Community Relationships



*The community leadership circle* corresponds to the professional core collaborators. These people find meaning and are deeply connected to the work; the organization's mission, beliefs, and values; and the leadership. They really get it. They may have a long-term, spiritual relationship. They actively participate in the life of the organization. They provide key leadership. Of course, they have a different level of intensity than the professional core, as the arts are not their profession or life.

*The community operating circle* are the people who respond to specific jobs and tasks rather than meetings, committees and board responsibilities. These people expand the work of the core or fill needs not represented in the core. Again, this circle exists in organizations but is not openly recognized. It is usually made up of some board members or volunteers who can be counted on to accomplish or support specific jobs or tasks of the core. They increase the number of people working on projects or take on jobs not represented in the core. They should have an ongoing relationship with the center and the organization, though one less intense than that of the core arc.

*The community resource circles and subsets*, as is the case with the artistic, programmatic and professional universe, help fulfill needs that cannot be addressed by the core or connected groups. These could include a specific legal, insurance or financial service; expertise provided by architects and contractors on a facilities project; computer advice; help on a capital campaign committee; or an annual fundraising activity. Again, the possibilities are unlimited. In this circle, a person is asked to accomplish an agreed-on task. The task usually has a specific time frame, and when the job is completed, the person is suitably recognized and thanked. There is no expectation of an ongoing relationship.

### **Meanings Create Energy**

To cause, increase and deepen participation in all three circles of relationships, the organization must have meaning in the participant's life. Meaning is created in two ways:

- through the person's relationship with the professional leadership and organization.
- through the person's commitment to the vision, values and work of the organization.

It is the integration of relationships and commitment to the vision that creates meaning, which in turn produces the energy that drives participation. The more intense the integration, the more meaningful the organization will be, which causes greater energy and deeper participation. Each

board member and community partner will integrate relationships and commitment to the vision on an individual basis.

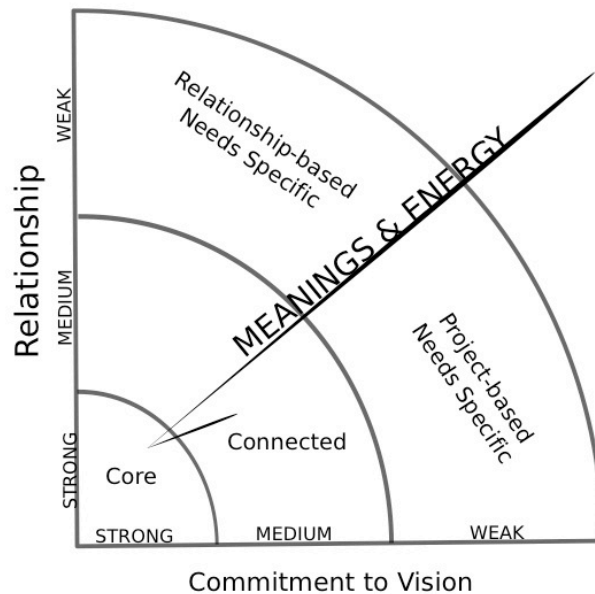
In the board's core/leadership circle there must be the greatest integration of relationship and commitment to the vision to achieve a very high level of meaning. In the connected/operational circle the meaning of the organization is somewhat less, and the balance between relationship and commitment to the vision will vary for each individual. In the need-specific/resource circle the initial connection will likely be based on a relationship. When the organization has a specific need and a person is identified who could fulfill the job, the appropriate representative will see if a relationship can be made with the individual. The beginning point will likely not be a commitment to the vision, values, and work.

If the integration of relationships and commitment to the vision for a board member is not personally and deeply meaningful, he/she should not continue on the board, but be appropriately recast in the operational or resource arcs. In identifying, cultivating, and selecting board members, it is the leadership's responsibility to assess how meaningful the organization is in the candidate's life. The leadership must also determine whether the potential exists to create an energetic and deeper meaning for the prospective member.

Using the diagram in Figure 3, the leadership can map the integration of relationships and commitment to the vision and resulting meaning and energy of each of its board members and volunteers. Is each one cast in his appropriate arc? Is there a way to intensify the integration of relationships and commitment to the vision to achieve greater participation? Should some people be recast into a different arc? How many lack meaning and energy? It is also useful to ask board members and key volunteers to map their own integration of relationships and commitment to the vision and to determine how meaningful the organization is to them.

There is a third influence that can create meaning for the individual: the enhancement of the person's professional and community *recognition* in being identified with the organization. While it can be important, this needs to be a by-product of involvement and not the central purpose of the commitment. Too many board members take advantage of a relationship with an organization to meet their personal and professional needs without appropriately participating. If a board member is not fulfilling her/his responsibilities to the organization, he/she should not be on the board.

Figure 3: Meaning & Energy in Community Relationships



### Create a Dynamic Culture

A goal of designing organizational relationships that reflect artistic relationships is to create a holistic culture that is centered by each organization’s artistic/programming process. A culture is made up of the mission, values, beliefs, expectations, communication patterns, and relationships of the organization.

Community partners should move through the various circles as their interest, time, and level of commitment correspond to the needs of the center. A *need-specific/resource circle* person may become intrigued by the organization and want to do more and become *connected/operational circle*. A *core/leadership circle* member may no longer be able to maintain her/his position in the *core* because the center’s needs have changed, or that person’s interests have changed, or there has been a change in her/his professional or personal life. He/she would be better served by moving into another circle. The center should encourage and direct this kind of movement.

Designing relationships with board members and volunteers with this approach also reflects the reality of boards today and how people want to participate. When you ask the leadership of an organization to describe its board, the response is much the same whether the board has 15, 25 or 40 members. If it is a board of 25, the leadership will say: “There are 6 to 8 people (30%) who really *get it!* We are very much in synch, and we can really count on them. We have another 8 to 10 (40%) who will do projects. They do not particularly like meetings or

committees, but they come through. We have another 4 or 6 (20%) who really do not participate very much, but if we get them with just the right activity at the right time, they will do it. We have another 2 to 3 (10%) who do not come to meetings and we can not engage them in any way”.

These proportions will describe most boards today. So instead of thinking that we are failing because we have not been able to fuse the 25 into a single unit, or trying to make individuals feel guilty because they are not meeting some uniform standard, we need to work within these realities. How can we help each person do what they will do successfully, not what they should, could or ought to do? Most of our community partners are looking for direction. They are asking, “What do you want me to do?” which should begin a process of negotiation. Negotiating terms not only meets the needs of the board member or volunteer, it also allows the professional leadership to understand clearly how much of a resource each participant will be.

### **Organize Participation by Non-Board Members**

Due to the complexity and demands in the professional and personal lives of people in the community, an increasing number want to help an organization in some way but do not want or need to be on the board. They do not want the ongoing responsibility of the board but are interested in project-based opportunities. There are also those in the community who may care a great deal about an organization but for various reasons cannot serve on the board.

An effective way to structure and recognize non-board participation is a *resource council*. Anyone who provides a service, contributes in-kind resources, or leads a project is *on the council*. The resource council does not have scheduled meetings and there is little or no maintenance; it is a structure for recognition - but it is different from strictly donor recognition.

There may be special designations or subsets within the larger resource council to recognize important past or current relationships, such as a Board Emeritus Council (made up of former board members) or a Capital Fundraising Group (assembled for the express purpose of raising capital monies to fulfill a particular need).

The resource council is also a way to respond to funders who still believe in large boards. The leadership can describe its community participation as having a board of X and a resource council of Y, which creates a community of X + Y size providing resources to the organization. This structure allows community partners to participate in ways that are appropriate to them and the organization.

## **The Legal Board Designation**

In the overwhelming majority of states the minimum legal number of board members required is three. The legal structure of the board is not hard and fast, either as dictated by a board model or by the circles of relationships described above.

Although it's unusual, in a few arts organizations the legal board function is held exclusively by the professionals and some combination of the artistic *core* and *connected*. These are instances in which the professionals are able to fulfill their board and community needs internally along with an amount of help from community partners who do not need or want to be on the board. For other organizations the *core* of community partners (along with the professional leadership and some artistic *core*) may fully meet their legal board requirements. The advantage of this is that it will constitute a relatively small group that can meet, organize and take action efficiently. In most cases, however, the legal entity is some combination of professional leadership, community *core* and possibly some members of the *connected* circle. The important thing to keep in mind is that the board needs to be big enough to undertake and fulfill the well-defined, narrowly focused tasks that the organization most needs board partners to address.

This Folio on Leading Arts Boards, like all of our Folios, extends into a corresponding AAR Workbook on Boards and Community Relationships. The concepts contained herein are developed into applications around Board Leadership Structure, Roles and Expectations, Recruiting New Board Members, Removing a Board Member, Rethinking Board Meetings and much more in the Leading Arts Boards Workbook. For more information about ARTS Action Research's work, services, publications and team of Associates please check our website at [www.artsaction.com](http://www.artsaction.com).