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FOCUS ON: GOVERNANCE

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IN WHOM WE TRUST IV

THEATRE GOVERNING BOARDS IN 2007

**BY ZANNIE GIRAUD VOSS, GLENN B. VOSS,
CHRISTOPHER SHUFF AND ILANA B. ROSE**

INTRODUCTION BY JAAN WHITEHEAD
BOARD CHAIR, SITI COMPANY

One of the many benefits TCG provides its trustees is the survey of governing boards it conducts every three years. This is the fourth board survey, and it provides a wealth of information that helps us know who we are and who our fellow trustees are. For example, what is the size and composition of our boards? How do we recruit board members, and how do we evaluate them? How many of us have board books or written lists of board responsibilities? What policies do we have on board giving and how much do we actually contribute to our theatres? And how do small theatres compare with mid-size and large theatres in their activities? This is just some of the information found in the survey.

When you look at the survey results, you see that there are many areas to be proud of; as board members, we are increasingly professional in how we conduct our work, we are making more and more efforts to become knowledgeable about the art of our theatres, and our financial generosity continues to grow. But there are also areas of concern. As most of us know, our boards are aging. But what we might not be as aware of is that our boards aren't much more diverse now than they were a decade ago. Then 89% of board members were Caucasian; today 86% are. The country has changed, the art has changed, why haven't our boards? Also, only 15% of our theatres have leadership transition plans. We are moving into our second and even third generation of artistic and managing leaders; are our boards prepared for these changes?

These are just a few of the highlights of the survey; read on for how much more it tells us about our work as trustees and about the issues facing our theatres today.

In Whom We Trust IV: Theatre Governing Boards in 2007

By Zannie Giraud Voss, Glenn B. Voss, Christopher Shuff and Ilana B. Rose

Every three years since 1998, TCG has conducted a survey that is an in-depth exploration of theatre governing boards. These surveys have served as the basis of reports that reveal the critical contributions that board members make to our organizations and the areas where opportunities for improvement lie. We seek to discover more about how boards organize and operate in the service of our organizations, and more about the individuals that give of their time and talents.

We begin this report with a look at the **Survey Universe Theatres**, the 143 theatres that responded to the 2007 investigation. We also examine some of the distinctions that arise between different budget-size theatres. Where no distinctions are highlighted, it is because there is little variation in average activity due to budget size.

The breakdown of theatres into six budget groups follows that of *Theatre Facts*, as depicted in the table below. The average budget size for participating theatres is \$4.3 million. Annual budgets range from \$90,000 to \$49 million.

2007 Survey Universe

Budget Group	Number of Theatres	Budget Size
6	16	\$10 million or more
5	22	\$5 million-\$9,999,999
4	17	\$3 million-\$4,999,999
3	41	\$1 million-\$2,999,999
2	22	\$500,000-\$999,999
1	25	\$499,999 or less

In the second part of this report, we highlight key changes for the **Trend Theatres** that participated in this survey each time it has been administered: in 1998, 2001, 2004 and 2007. Following the same set of theatres over time eliminates the variation that arises when different theatres participate in some years but not others, and it allows us to look at their changes in board composition, structure, development, policies, relations with staff and committee involvement.

THE BIG PICTURE: THE SURVEY UNIVERSE OF THEATRES

The 143 theatres in the Survey Universe are, on average, in their 31st season and have 25 board members, 64% of whom attended the theatre's last board meeting. On average, the older the theatre is, the larger its annual budget and board.

Budget Group	Average Theatre Age	Average Number of Board Members
6	44	41
5	44	40
4	33	29
3	28	21
2	25	15
1	20	13

The number of individuals serving on Survey Universe theatre boards totals 3,535. Of these, 87% make a personal contribution to their theatre's annual fund. On average, if we consider both cash and in-kind donations, board contributions account for 26% of theatres' total

annual operating funds, 32% of capital campaign funds, and 5% of cash reserves. Board members also serve as liaisons between the theatres and their communities and give of their time: theatres average seven board meetings a year lasting two hours each—not to mention a myriad of other activities designed to strengthen board performance and increase ownership in the theatre.

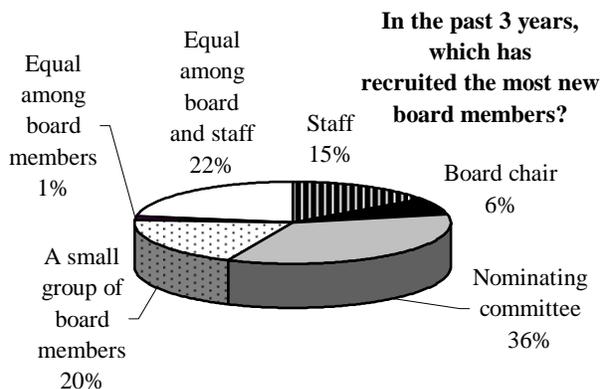
Founding artistic directors still lead their organizations at 36% of theatres, and 26% of theatres still have founding members on the board. Only 12% of theatres have a founding managing leader, none of them in either Budget Group 4 or 6. Nearly half—46%—of theatres have no founders still serving in any capacity. Overall, the smaller the theatre, the more likely it is still run by a founder: roughly 55% of Group 1 and 2 Theatres are led by their founding artistic director. There are no founding leaders serving in any capacity at 88% of Group 6 Theatres. Only 15% of theatres have a leadership succession plan.

Board Composition and Structure

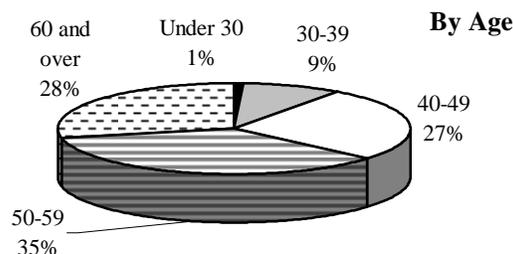
Board members represent our organizations to the community. They consist of committed individuals who value live theatre, who want to see it thrive in the community and who believe in the organization and its mission. In this section, we examine who the individuals are that take on the responsibility of theatre governance, how we cultivate board members and how fundamental aspects of our boards are structured.

For the 2007 Survey Universe of Theatres:

- ◆ Most recruitment of new members is done by nominating committees.
 - ▶ 59% of Group 4 Theatres depend on a nominating committee for new board members as compared with 20% of Group 1 Theatres.
 - ▶ At 32% of Group 1 Theatres, staff is the primary source for recruitment of new board members.
 - ▶ At 34% of Group 3 Theatres, recruitment of new board members is done by a small group of board members.
 - ▶ No Group 4, 5 or 6 Theatre's board chair leads the board recruitment efforts, nor are recruiting efforts equally distributed among board members.



- ▶ 24% of theatres have a junior board mechanism to identify and develop future board members. Of those, 22% have an advisory board, 17% have a junior board and 66% use other mechanisms such as a board internship program, community advisory committee, or young patrons committee.
- ◆ The wisdom and involvement of members who have retired from the board are formally retained: 62% have a senior board mechanism.
 - ▶ Of these 88 theatres, 43 have a board emeritus, 19 have an honorary board, 43 have an advisory board and 21 employ other mechanisms such as life trustee appointments.
 - ▶ Only 44% of Group 1 Theatres have a mechanism to retain relationships with those who have retired from the board whereas 94% of Group 6 Theatres do so.



- ◆ Board members tend to be aged 50 or older.
 - ▶ Only 1 percent of board members are under the age of 30.
 - ▶ Every budget Group of theatres had more representation of 50-59 year olds than any other age group.
 - ▶ Smaller theatres tend to have a greater percentage of board members under the age of 40 than larger theatres. No Group 6 Theatre board member was under the age of 30.
 - ▶ Only 2% of board members are physically challenged. This representation is largely driven by Group 2 Theatres, who average 4%—twice as high as any other Group.
 - ▶ Theatres with a junior board mechanism that is used as a way to identify and develop future board members have nearly identical age distribution on their boards as theatres that do not.
- ◆ Board members earn estimated mean annual income of \$180,950.
 - ▶ Annual income estimates range between \$30,000 and \$1.2 million.
 - ▶ In general, the larger the theatre the higher the estimated average annual income of board members, ranging from an average of \$93,000 for Group 1 Theatres and \$316,000 for Group 6 Theatres.
- ◆ More theatres have artists on the board than do not.
 - ▶ The 55% of theatres that have artists other than their artistic director as trustees average 2 artists per board.
 - ▶ On average, the smaller the theatre, the higher the percentage of the board that is comprised of artists: 24% for Group 1 Theatres, progressively declining to 6% for Group 6 Theatres.

**Snapshot!
Do You Have...**

Board professionals that provide *pro bono* work: 86%

Political figures on your board: 21%

Political figures with a formal relationship with your theatre, other than as a board member: 20%

Board members whose primary contribution is their name: 13%

Voting privileges for your artistic director: 53%

Voting privileges for your managing director: 28%

An artistic director who serves on other not-for-profit boards: 8%

A managing director who serves on other not-for-profit boards: 49%

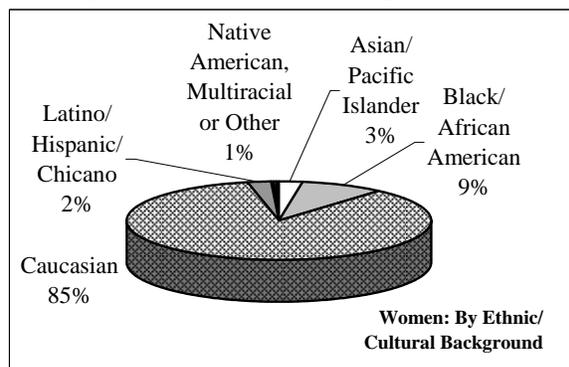
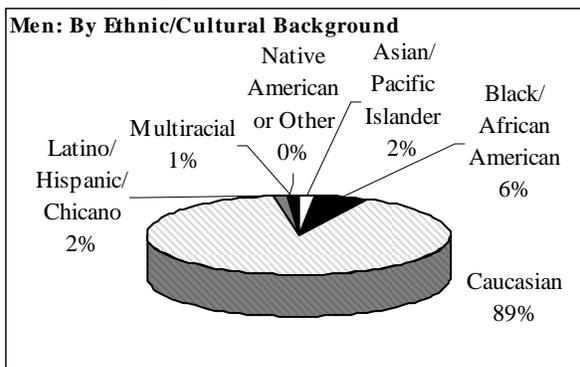
Of the 2007 Survey Universe of Theatres:

- ◆ Group 1 and 2 Theatres have the smallest proportion of political figures on their boards.
- ◆ Less than 10% of trustees at Group 1, 2 and 3 Theatres are trustees whose primary contribution is their name, as compared to 17% or higher for Group 4, 5 and 6 Theatres.
- ◆ Founders have greater voting privileges: 67% of founding artistic directors and 41% of founding managing leaders have voting privileges.
- ◆ Managing directors sit on other not-for-profit boards at 49% of theatres but only 28% have voting privileges at their own organizations.
- ◆ No Group 4 or 6 Theatre reported that their managing director serves on other not-for-profit boards. At least one theatre from every Budget Group reported that their artistic director engages in this outside activity.

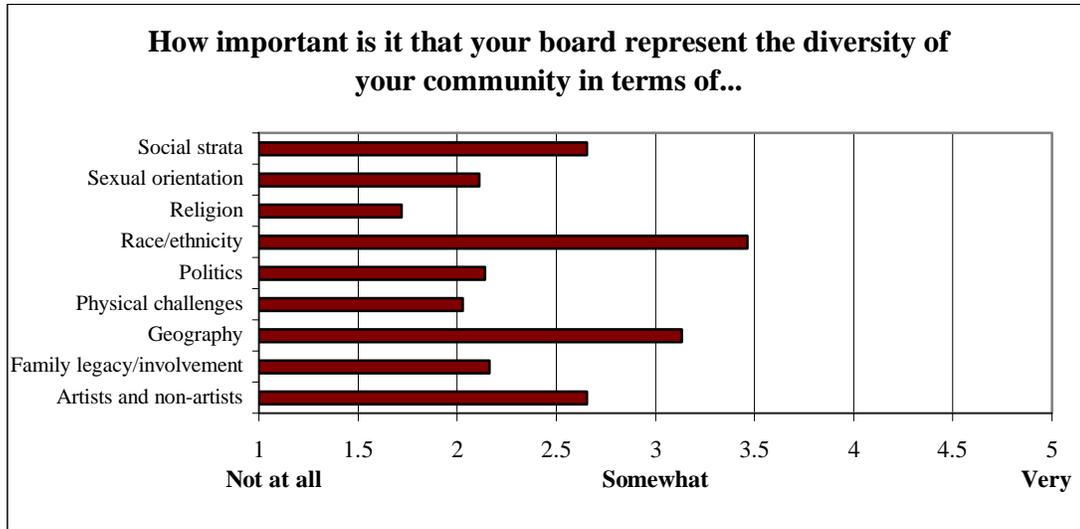
- ◆ In total, theatres reported 72 Asian Americans, 252 African Americans, 3,052 Caucasians, 69 Latinos and Latinas, 3 Native Americans and 33 people of multiracial descent or other heritage serving on boards. The table below shows the ethnic/cultural composition of boards per Budget Group.

Ethnic/Cultural Breakdown of Board Members, by Budget Group (men and women)	All						
	Theatres	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
Asian/Pacific Islander	2%	2%	2%	1%	1%	6%	1%
Black/African American	7%	8%	6%	5%	7%	7%	15%
Caucasian	88%	86%	90%	90%	89%	83%	81%
Latino/Hispanic/Chicano	2%	2%	2%	2%	2%	1%	2%
Native American	0%	0%	0%	0%	0%	0%	0%
Multiracial	1%	0%	0%	0%	1%	2%	1%
Other	0%	1%	0%	1%	0%	0%	0%

- ◆ The average board's gender balance is 54% men and 46% women. Women outnumber men on the average Group 1 and 2 Theatre's board. Generally speaking, as theatre size increases, the proportional number of men on the board increases. The pie charts below show the ethnic/cultural diversity of men and women serving on boards.



- ◆ As indicated in the chart below, managers believe, on average, that it is more than somewhat important that the board should represent the diversity of their communities in terms of race/ethnicity and geography. Religious diversity is seen as least important. In no case did theatres of any Budget Group believe, on average, that board diversity of any sort is very important; on a scale of 1 to 5 (i.e., 'not at all' to 'very' important), the highest average indicated was 3.8 by Group 5 and 6 Theatres concerning board race/ethnic diversity. Only 27% of theatres report having a written policy on board and staff diversity, as detailed in the Board Policies section below.



Of the 2007 Survey Universe of Theatres:

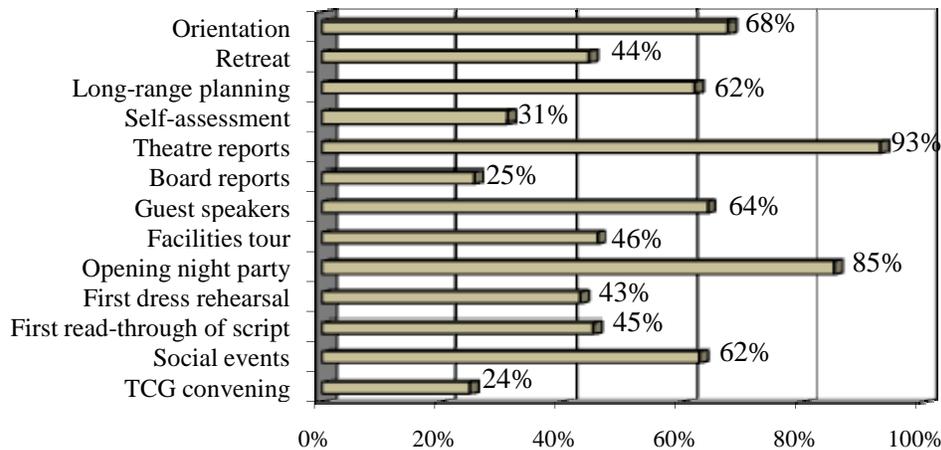
- ◆ Group 1 Theatre boards have the lowest representation of Caucasian men and women (81% in each case) and the highest representation of African American men (13%) and women (16%).
- ◆ On average, Group 2 Theatre boards have the largest representation by Asian/Pacific Islander men (7%) and women (6%).
- ◆ Group 5 Theatre boards have the least diverse representation with 93% of men and 87% of women being Caucasian.
- ◆ Theatres with a junior board mechanism that is used as a way to identify and develop future board members have nearly identical ethnic/cultural board make-up as theatres that do not.

Board Development

Establishing an effective recruiting mechanism and getting the right mix of individuals to serve on the board are fundamental steps to healthy governance. Closely linked to Board Composition and Structure is Board Development. Once someone commits to serving as a trustee, it is incumbent upon the theatre to orient the new member and to develop in them a sense of investment in the long-term life of the organization and a commitment to seeing it flourish. Even the most committed individuals will lose interest if their only engagement with the organization is annual check-writing. In this section, we look at how theatres work to strengthen board performance and ownership in the organization, and how they measure success.

One quarter of managers believe their board is very knowledgeable about theatre, 5% consider their board barely knowledgeable and the remaining 70% believe their board is somewhat knowledgeable. At the same time, eight out of ten managers believe that it is the theatre's responsibility to educate the board about theatre as an art form. These efforts to educate and to connect board members with the life of the theatre take a myriad of forms. The chart below shows the variety of theatre activities designed to strengthen board performance that board members were encouraged to engage in during the past twelve months. In addition to buying into a theatre's mission and goals financially with contributions, board members give generously of their time as they become intertwined with the theatre's artistic, administrative and community life. As board relationships are strengthened and board members become more knowledgeable of the art that is at the core of our organizations, they become more valuable and effective.

Which of the following activities has your board engaged in within the past 12 months?



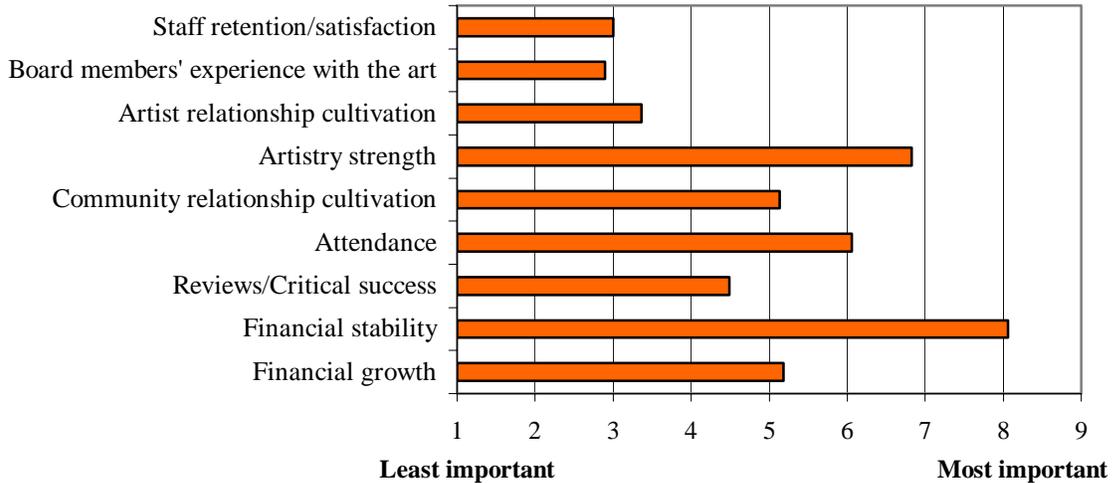
Of the 2007 Survey Universe of Theatres:

- ◆ Not surprisingly, theatres where management believes it is their responsibility to educate the board about theatre as an art form are 10% more likely to hold a board retreat, 12% more likely to engage the board in long-range planning, 18% more likely to invite board members to first dress rehearsals and purely social events, 25% more likely to invite board members to first read-through of scripts, 27% more likely to give facilities tours to trustees and 30% more likely to bring in guest speakers or have special presentations at meetings, as compared with theatres that do not.
 - ▶ Of theatres that hold this belief, only 46% invite board members to first dress or a technical rehearsal and half invite board members to a first read-through of scripts.
- ◆ Every Group 4 and 6 Theatre distributes reports to the board about the theatre’s activity and every Group 6 Theatre also brings in guest speakers to board meetings.
- ◆ Far fewer Group 2 Theatres conduct a board orientation for new members than other Groups: 8 of 22, or 36%.
- ◆ Group 3 and 5 Theatres have an exceptionally high number of theatres that invite board members to first read-throughs of scripts.
- ◆ Other activities designed to strengthen board performance in which theatres engage board members include attendance at design conferences, attendance at a National Arts Strategies workshop and asking the board member to host cast parties in their home.
- ◆ One in four conducts an exit interview when someone leaves the board.
- ◆ 68% have a long-range plan in place.
 - ▶ Fewer Group 5 Theatres—only 53%—report having a long-range plan than do theatres in other groups.
 - ▶ Of theatres that do have a long-range plan, 88% find it helpful in daily decision-making and short-term planning.
- ◆ 76% see lack of time and 71% see other priorities as obstacles to board development. Obstacles less onerous are lack of money (27%) and lack of interest on the part of the board members (25%).
 - ▶ Nearly half of the Group 4 Theatres saw lack of money as a key obstacle to board development.
 - ▶ Group 6 Theatres encounter proportionally fewer obstacles than theatres in other groups, with the lowest reported levels of each obstacle.
 - ▶ Only 7% of theatres reported no perceived obstacles to board development.
- ◆ While only 44% of theatres reported holding a board retreat in the past 12 months, 75% have had a board retreat in the past four years.

- ▶ Of those, 95% feel the retreat was successful.
- ▶ 60% of board retreats were led or moderated by an outside professional. Eight out of ten theatres that used an outside moderator would recommend the individual to other theatres.

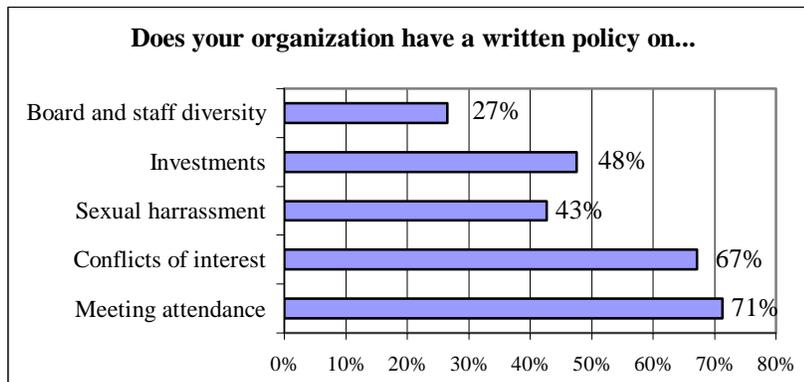
◆ Managers perceive that boards rank financial stability as the most important measure of success for all Budget Groups except Group 6, where strength of the artistry is ranked slightly higher. The chart below shows the relative emphasis that board members place on various success measures, on average.

How does your board measure organizational success?



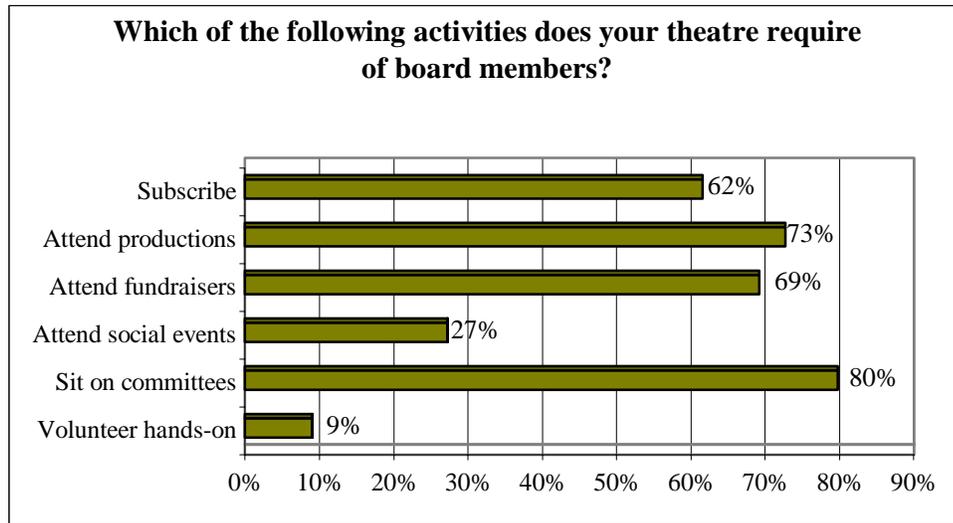
Board Policies

With a better sense of both the composition of boards and what theatres do to develop a stronger cadre of trustees, we now explore what theatres require of board members. Formal policies and procedures establish clear articulation of expectations and priorities. They help staff leadership know what to expect of board members while helping board members know the full scope of what is expected from them. Many theatres have developed and formalized numerous board policies. More than three-quarters of the Survey Universe theatres report having a written list of board members' responsibilities (see the table below for details) and more than half—58%—have a board manual; generally speaking the larger the theatre the more likely it is to have a manual and/or written policies. Whether codified into a manual or not, these policies and responsibilities are taken seriously. More than half of the theatres in the Survey Universe—57%—ask board members to leave when they are not fulfilling their duties (three out of four times that request is made by the Board Chair).

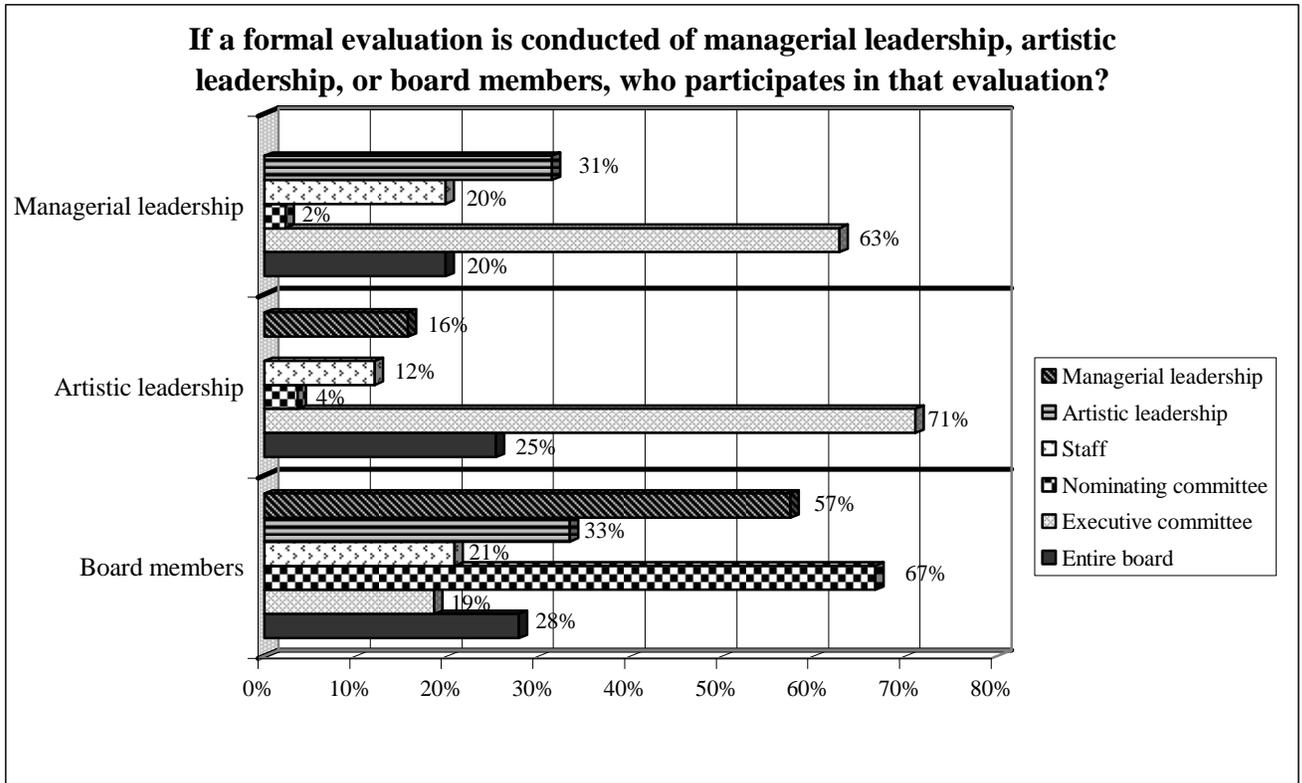


Of the 2007 Survey Universe of Theatres:

- ◆ Board members are more likely to be required to attend productions than to subscribe.
 - ▶ Only 62% of theatres require board members to subscribe while 73% require that board members attend productions. The obligations were reversed for Group 5 Theatres, 86% of which require board subscriptions and only 59% generally require attendance. It is important to note that not all theatres offer a subscription series.
 - ▶ Smaller theatres are more likely to require board members to volunteer in a hands-on capacity.

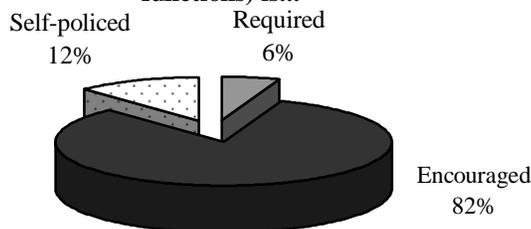


- ◆ Only 39% of Theatres set limits on the number of consecutive years that someone can serve on the board
 - ▶ Of these, 64% impose a limit of six years or less.
- ◆ One in three sets limits to the number of consecutive years that someone can serve as an officer of the board.
 - ▶ Of these, only three allow someone to serve as an officer for more than 6 years.
- ◆ Formal board evaluation of managerial and artistic leadership was conducted in 60% and 59% of theatres, respectively. By contrast, only 38% of boards conduct formal evaluations of their members.
 - ▶ Group 6 Theatre boards tend to conduct formal evaluations of the theatre's managerial leadership and of their membership at a far higher rate than other Groups: 81%.
 - ▶ In all but Group 6 Theatres, roughly the same percentage of boards evaluates both managing and artistic leadership.
- ◆ Nominating committees and managerial leadership have the greatest participation in evaluating board members.
- ◆ Nominating committees played a minimal role in the evaluation of artistic and managerial leadership.
- ◆ In theatres where formal evaluations occur, only 16% of managing leaders evaluate the artistic leadership whereas 31% of artistic leaders evaluate the managing leader.
- ◆ Executive committees play a dominant role in evaluation of managerial and artistic leadership but a minor role in evaluation of board members.



- ◆ Only 19% of trustees provide professional services for which the theatre pays a fee or retainer. When this occurs, 70% of the time the fee is offered at a substantially reduced rate than normal and the difference is considered an in-kind contribution.
- ◆ Nearly three out of four Survey Universe Theatres—73%—carry directors’ and officers’ insurance for board members.
 - ▶ The average cost per year is \$2,899.
 - ▶ All except four theatres that do carry officer insurance pay for it out of the theatre’s budget.

Cultivation of potential donors and board members by current governing board members (i.e., bring them to theatre functions) is...



- ◆ The majority of theatres—73%—require board members to make an annual contribution, which includes both personal funds and funds obtained from other sources. The table that follows provides detail on the percentage of theatres in each Budget Group that require their board members to contribute and suggested amounts.

- ▶ 44% of theatres have a “give OR get” requirement, 97% of which have a minimum suggested amount, the average of which is \$4,400. The range of minimum suggested amounts was \$25 to \$35,000.
- ▶ 29% of theatres enforce a “give AND get” policy, 90% of which have a minimum suggested amount. Fifteen of these theatres establish a minimum amount both for the personal donation and the amount obtained from other sources while 22 only articulate a minimum for the personal gift portion of the requirement. The required personal donation average minimum is \$4,077 and the range of minimum suggested personal donation amounts was \$100 to \$25,000. The required minimum from other sources is \$5,300 and the range of minimum suggested amounts from other sources ranged from \$500 to \$17,500.
- ◆ Nearly half of all board members—49%—give above the minimum level. Roughly one quarter give at the minimum giving level and 8% give no gift at all.

Do you require board members to make an annual donation (Give And/Or Get)?						
	Group 6	Group 5	Group 4	Group 3	Group 2	Group 1
% requiring an annual donation	81%	68%	71%	76%	82%	60%
Of those that do,						
% suggesting a minimum amount	100%	100%	100%	94%	89%	87%
Minimum suggested amount: Low	\$ 300	\$ 2,500	\$ 50	\$ 250	\$ 100	\$ 25
Minimum suggested amount: High	\$50,000	\$15,000	\$15,000	\$15,000	\$15,500	\$5,000
Average	\$16,492	\$ 7,667	\$ 5,037	\$ 3,773	\$ 3,034	\$1,205

Board Giving

	Annual Fund	Capital Campaign	Cash Reserve*	Other	
% of theatres responding		99%	32%	43%	30%
Total # board members making gifts		3,083	669	266	108
Average # board donors per theatre		23	15	6	3
Total cash/cash equivalent gifts	\$32,000,861	\$81,608,398	\$2,922,770	\$2,620,655	
Average total \$ per theatre	\$ 231,890	\$ 1,736,349	\$ 63,538	\$ 72,796	
Average fund balance represented by board gifts		9.51%	31.69%	4.62%	5.06%
Average per person	\$ 10,380	\$ 121,986	\$ 10,988	\$ 24,265	
Total in-kind	\$ 4,231,135	\$ 673,525	\$ 1,000	\$ 6,300	
Average total in-kind per theatre	\$ 37,444	\$ 16,036	\$ 23	\$ 162	

*Cash reserve or other board-designated funds

- ◆ Theatres averaged \$231,890 in total gifts to the annual fund by trustees, or \$10,380 per board member.
- ◆ Every Group 4, 5 and 6 Theatre reported board contributions to the annual fund.
- ◆ Not surprisingly, the larger the theatre, the higher the average total board giving to the annual fund. Group 1 Theatres average \$15,248 per year in total board gifts; Group 2 Theatres, \$44,582; Group 3 Theatres \$127,530; Group 4 Theatres \$198,803; Group 5 Theatres \$460,333; and Group 6, \$785,376. Board gifts make up 5% of total annual operating funds for Group 1 Theatres, 8% for Group 4 and 6 Theatres, 9% for Group 2 and 3 Theatres, and 13% for Group 5 Theatres.
- ◆ Every budget group had at least one theatre that reported trustee gifts to a capital campaign.

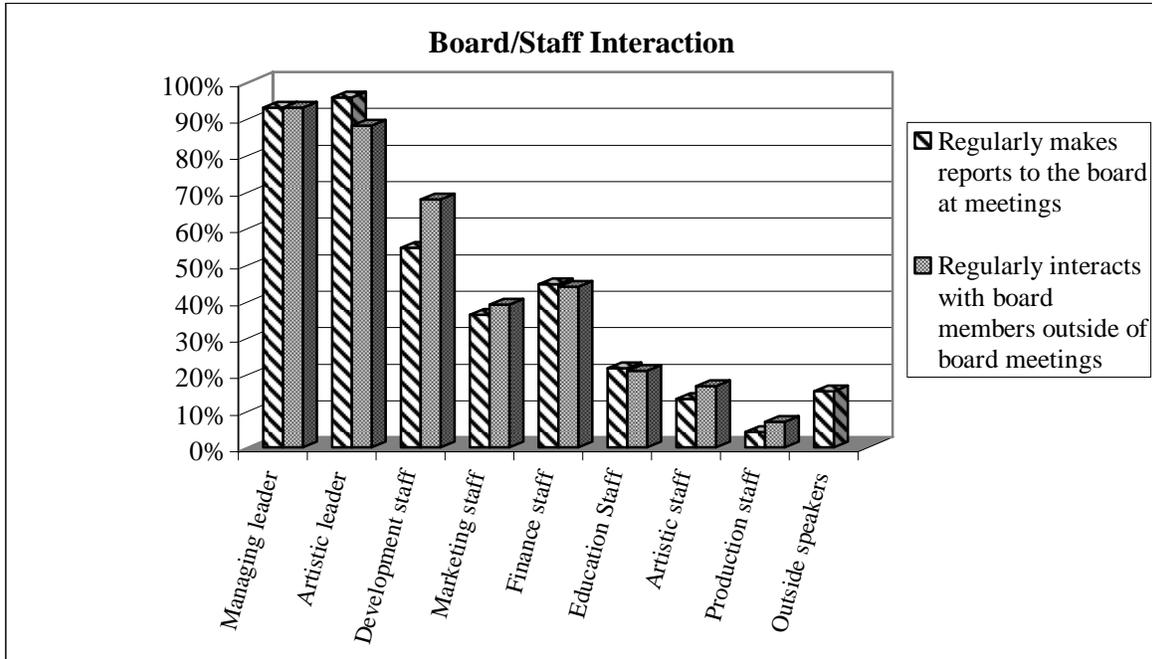
Board/Staff Relations

In addition to being educated about theatre and having a clear sense of responsibilities, board members can increase their sense of ownership in the theatre with strong, well-defined relations between trustees and staff members. In this section, we examine the intensity and frequency of board/staff interactions, as well as the quality of the relationship between these two vital stakeholders.

Not only do board members devote time, talents and resources to theatres, but theatres also dedicate a considerable amount of time and effort to maintain relationships with trustees. The commitment works both ways.

Of the 2007 Survey Universe of Theatres:

- ◆ As indicated in the chart below, most managing leaders (93%) and artistic leaders (96%) regularly make reports to the board at meetings.
 - ▶ No Group 1, 2 or 6 Theatre reported regular production staff reports to the board at meetings.
 - ▶ All Group 5 Theatre managing and artistic directors make regular reports at board meetings.
 - ▶ All Group 4 Theatre artistic directors make regular reports at board meetings.
- ◆ Both managing leaders and artistic leaders interact with board members on a regular basis outside of board meetings.
- ◆ Most staff members regularly interact with board members more than they engage in the formal activity of making board presentations.



- ◆ Managing leaders spend an average of 7 hours 15 minutes per week working with board members on board-related matters, while artistic leaders average 3.5 hours per week, development directors average 8 hours and marketing directors 2 hours. These averages differ depending on theatre size:
 - ▶ Group 5 Theatre managing directors average 13 hours per week and development directors average 15 hours per week working with board members, while Group 2 Theatre managing directors spend 3.5 hours per week and development directors spend 2.5 hours per week.

- ▶ Group 4 Theatre artistic directors average 5 hours 20 minutes with board members per week while Group 6 Theatre artistic directors average just under 2.

- ◆ Managing leaders are hired by the board in 68% of theatres and by the producing or artistic director in 25% of theatres. In most of the remaining theatres, managing leaders are hired by the president of the umbrella organization.

Snapshot!

In which of the following ways do non-senior staff members and board members interact?

Board department tours: 13%

Staff permitted to sit in on board meetings: 58%

Staff provided with board meeting updates: 32%

Other activities mentioned:

Company wide picnics/retreats, Event planning
Board/staff liaison committee
Board committee work
President sits in on staff meetings
Theatre social activities and special events

- ◆ The board chair interviews candidates for important staff positions that require a high level of interaction with the board in 57% of theatres.

- ◆ The theatre's artistic leader formally solicits feedback from the board in only 42% of theatres.
 - ▶ This is true whether the artistic leader is a founder or not.
 - ▶ Group 2 Theatre (54%) and 6 Theatre (50%) artistic leaders more actively solicit feedback from the board.

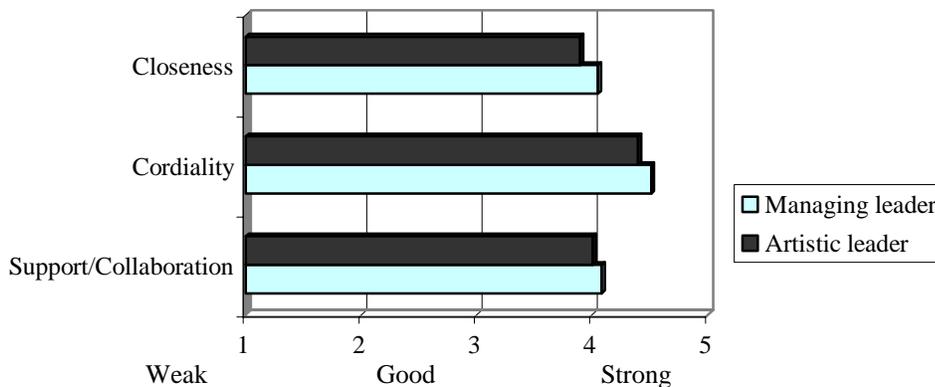
- ◆ As indicated in the chart below, managers believe that their relationship with the board is very close and quite cordial and that the relationship between the artistic leader and the board is close and cordial but a little less so. Managers perceive that the level of support and collaboration between the board and each leader is nearly the same.

Of the 2007 Survey Universe of Theatres:

- ◆ The board of directors is responsible for hiring the artistic director in 83% of theatres. In some remaining theatres, the artistic director is hired either by the managing leaders (2%), an executive committee or an umbrella organization. Some theatres are still led by their founding artistic director and have not yet established a succession policy. This is particularly true for smaller theatres.

- ▶ In Group 1 Theatres, artistic leaders are perceived as having a closer and more cordial relationship with the board than the managing leader.
- ▶ The perception is that founding artistic directors have a slightly closer relationship with their trustees than do non-founders and founding managing directors have a slightly more distant relationship with their trustees than do non-founders.

How would you characterize the relationship between the board and the following leaders in terms of...



Board Committees

Committee work is required by 80% of theatres. As the most mandatory obligation asked of trustees, committee participation, structure and evaluation deserve attention. In addition to those listed below, committees are formed by theatres to address personnel, endowment, facilities, real estate, education, capacity building, board development, investments, strategic planning, by-laws, leadership transition and operations.

Which of the following committees does your board regularly employ?								
	Executive	Nominating	Finance	Devel.	Marketing	Gala/ Benefit	Artistic	Capital Campaign
Percentage of theatres with this committee	88%	86%	94%	78%	50%	66%	15%	23%
Average number of members	9	6	6	10	5	7	6	6
Number of meetings per year	6	4	6	5	5	6	7	7

Of the 2007 Survey Universe of Theatres:

- ◆ Executive, nominating and finance committees are active in more than 85% of theatres.
 - ▶ Every Group 6 Theatre has an executive committee.
 - ▶ Every Group 4 and 5 Theatres has a finance committee.
 - ▶ Each board committee is employed by at least one theatre in every Budget Group.
- ◆ Managing directors assess the executive, finance and gala committees as the most effective and the marketing committee the least effective.
- ◆ One in three theatres employs procedures for board involvement in lieu of committees, such as appointing board liaisons to work with staff in various departments or to serve on a task force.

TREND THEATRES

The majority of theatres that participated in the 2007 governing board survey did not participate in 1998, 2001 and 2004. We now offer some insights into how board policies, composition, structure, relationships and decisions have changed over time for the 22 **Trend Theatres** that participated each year. Following the practices of the same set of theatres over time provides us with the clearest picture of organizational changes from 1998 to 2007. Where no trend is noted, it is due to the fact that responses fluctuated over time and no trend emerged.

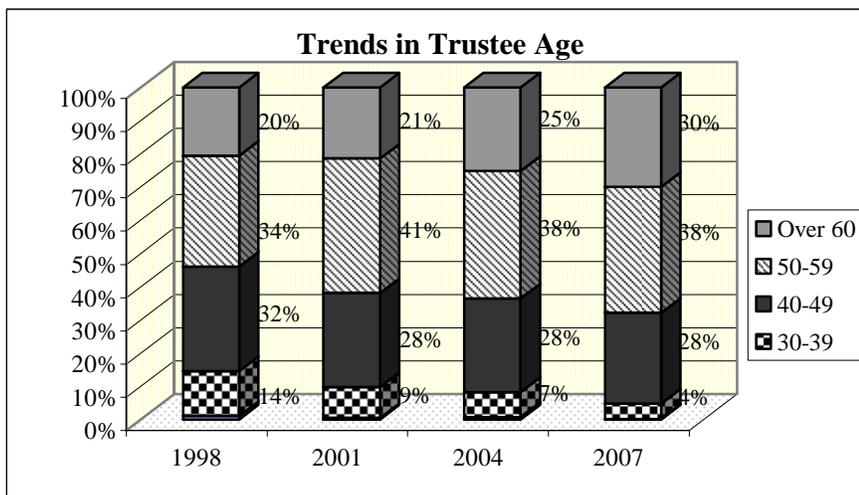
Time has had no effect on many areas. There has been little change over the past six years in the number of board meetings held by theatres, the duration of each meeting, the number of attendees and the length of board service. Voting privileges for artistic and managing directors have remained steady, as has the proportion of boards that formally evaluate board members. There has been only negligible change in the balance of men and women serving on boards and the cultural or ethnic diversity of trustees. Theatres also have been consistent in whether or not they impose term limits for board members and the duration of the terms. The proportion of board members who donate has remained unchanged. The managing, artistic, development and marketing directors spend roughly the same number of hours per week with board members outside of meetings each year.

For Trend Theatres:

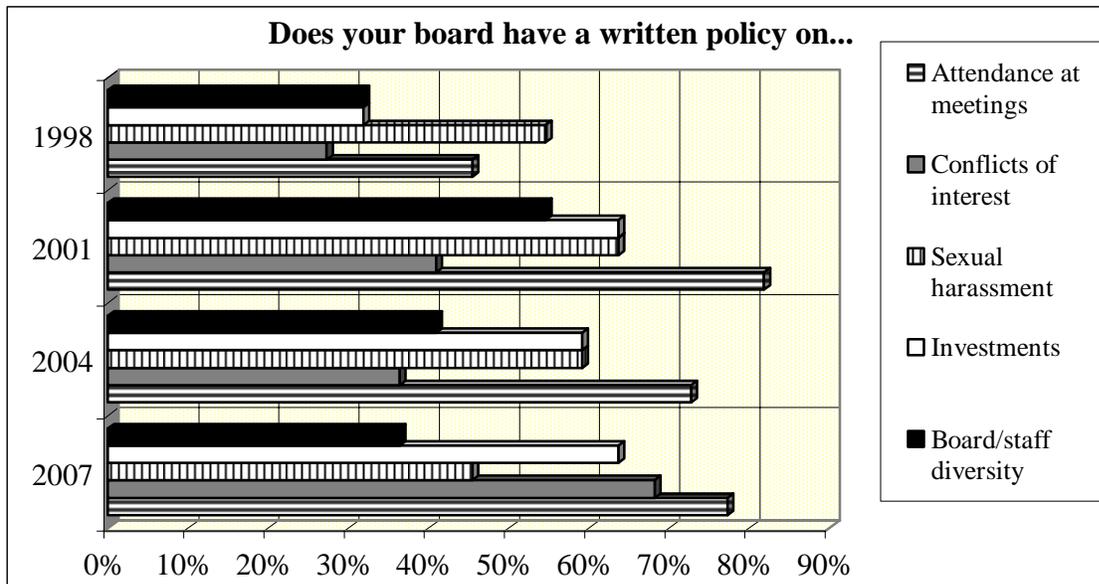
- ◆ The average budget grew steadily, from an average of \$4.6 million in 1998 to \$6.2 million in 2001, \$6.8 million in 2004, and \$7.6 million in 2007. This represents 40% growth after adjusting for inflation that would move the average theatre from Budget Group 4 to 5. Four of the 22 Trend Theatres more than doubled their budgets over the 9-year period in inflation-adjusted figures.
 - ▶ The smallest budget among Trend Theatres increased from \$430,000 to \$627,000 per year; the largest budget expanded from \$13.7 million in 1998 to \$24.5 million in 2007.
 - ▶ Only 2 of the 22 Trend Theatres experienced budget growth that did not keep pace with inflation.

For Trend Theatres:

- ◆ There is a natural attrition of founding artistic leaders and board members who still serve. The presence of founding artistic leadership dropped from 45% of theatres in 1998 to 22% in 2007. Founding board members still served on 50% of theatres in 1998 and only 18% in 2007. Interestingly, the 10% of founding managing leaders who were serving their organizations in 1998 were still serving them in 2007.
- ◆ Average board size fluctuated annually between 32 and 34 members.
 - ▶ In total, 5 Trend Theatre trustees were physically challenged in 2001 vs. 11 in 2004 and 13 in 2007.
- ◆ Board members are older now, on average, than they were in 1998, as indicated in the chart below.
 - ▶ The percentage of trustees under the age of 50 has diminished while that of trustees 50 and over has mushroomed. This could reflect general demographic trends, influenced by the aging of baby boomers.
 - ▶ Board members under the age of 30 accounted for less than 1% of total board membership each year.



- ◆ Not surprisingly, the estimated mean annual income of board members is appreciably higher in 2007 (\$181,700) than it was in 1998 (\$127,800).
- ◆ Overall, managing directors are serving on the boards of other not-for-profits more frequently: 50% reported doing so in 1998, 77% in 2001 and 2004, falling slightly to 72% in 2007. The same can be said of artistic directors: 5% in 2001, building to 9% in 2007.
- ◆ There was an overall increase in pro bono work donated by board members or their firms. Pro bono work was reported by 64% of theatres in 1998 and 90% in 2004, with a slight decrease to 82% in 2007.
- ◆ Over time, theatres have shifted in their level of structure for retaining the wisdom and involvement of members who have retired from the board. In 1998, 64% of theatres had a senior board mechanism such as an honorary board or board emeritus. That figure dropped to 59% in 2001 and 2004 then climbed in 2007 to 73%.
- ◆ Involvement of political figures is down.
 - ▶ There are 6% fewer Trend Theatres with political figures serving on their boards. In 1998, 32% of theatres reported having politicians, whereas only 27% did in 2007.
 - ▶ Fewer theatres are reporting a formal relationship with political figures in some capacity other than as a governing board member: 27% of theatres reported having these relationships in 1998, 14% in 2001 and 2004, and only 9% in 2007.
- ◆ The staff and small groups of the board have played a diminishing role in the recruitment of board members, as use of nominating committees has increased.

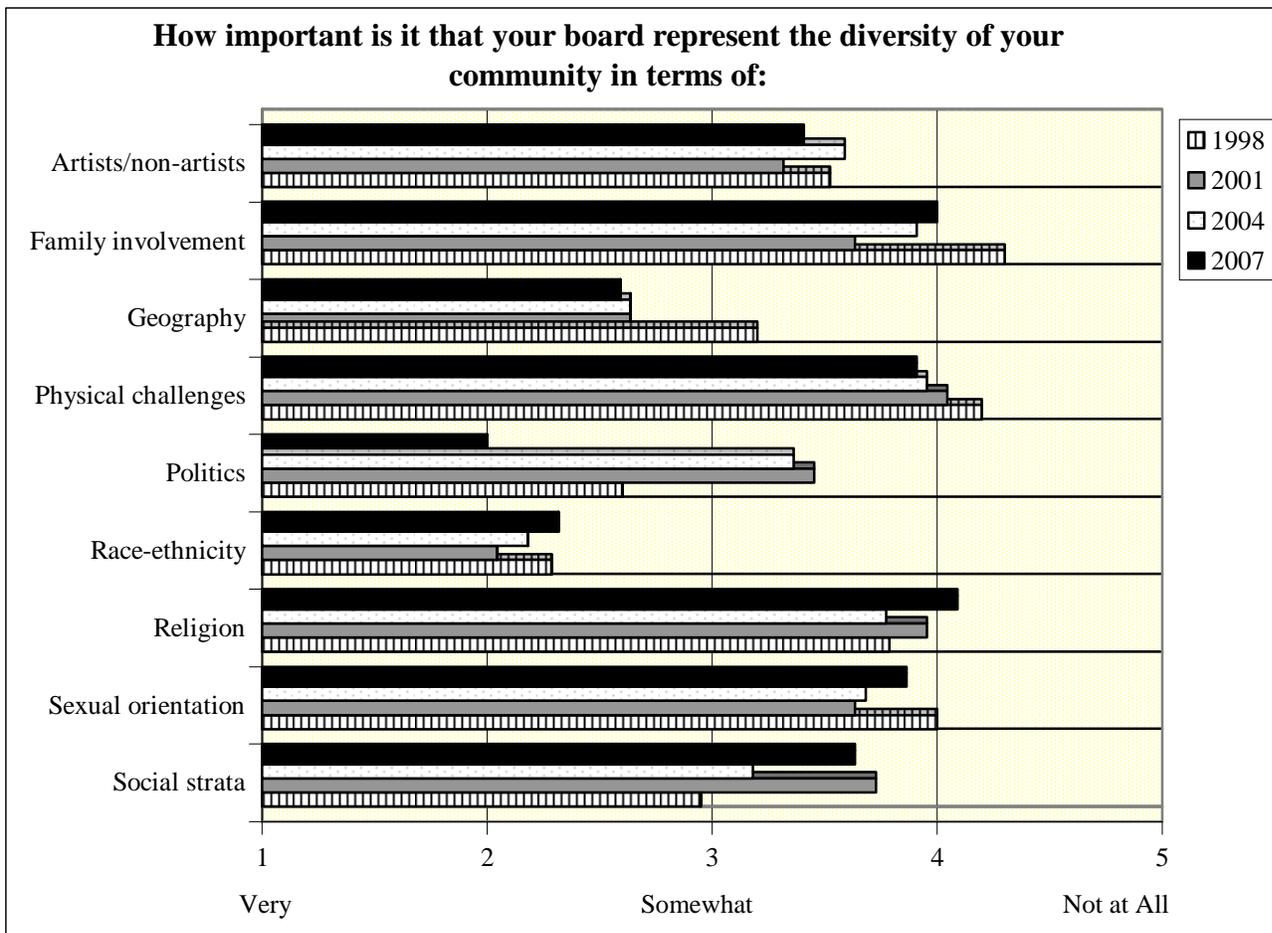


For Trend Theatres:

- ◆ Overall, theatres are putting more policies in writing, with 86% doing so in 1998 and 2001, increasing to 90% in 2004 and 2007. More theatres have written policies with respect to attendance at meetings, conflicts of interest and investments, as indicated in the chart above. Fewer theatres now have a written policy on sexual harassment than in any of the prior survey years. Board and staff diversity policies were codified by the majority of theatres in 2001 but fewer theatres now report having them.
- ◆ Theatres have fluctuated over the years in requiring board members to engage in activities such as subscribing and attending productions. The activities that have become increasingly mandatory are attendance at the theatres’ fundraising benefits and participation on committees. Fewer theatres now require board members to attend the theatre’s social gatherings and volunteer in a hands-on capacity.
- ◆ More theatres now set a limit to the terms or the number of years that someone can serve as an officer of the board: from a low of 23% of theatres in 2001 to a high of 45% in 2007. Although more theatres set limits for board officers, the average number of consecutive years a board officer may serve has remained stable at 5.
- ◆ More theatres now require that board members make annual personal donations or obtain donations from other sources. The percentage of theatres with a “give or get” policy has risen steadily each year from 23% in 1998 to 50% in 2007.
 - ▶ For theatres that place a minimum requirement on giving, that average reported minimum has fluctuated between \$4,900 and \$7,600 over the 9 years.
- ◆ The average number of board members making personal contributions to the theatre’s annual fund, either cash or in-kind, has fluctuated between 80% and 90% during the survey years.
 - ▶ Board cash or cash equivalent donations constituted 14% of the total annual fund in 2001, 9% in 2004, and 12% in 2007.
 - ▶ In-kind giving from board members averaged between \$30,000 and \$39,000 each survey year.
- ◆ Between 6 and 8 theatres reported board gifts to a capital campaign in each of the survey years. The percentage of board members who made capital campaigns contributions was 18% in 1998, 12% in 2001, 15% in 2004, and 8% in 2007.
 - ▶ The total annual value of board members’ cash (or cash equivalent) gifts to capital campaigns averaged \$250,000 in 1998, \$3.2 million in 2001, \$6.2 million in 2004, and \$7.5 million in 2007.
 - ▶ Annual total board gifts accounted for 47% of the capital campaign fund balance in 2001, 61% in 2004, and 42% in 2007, indicating that board members led capital campaign fundraising with a strong showing of personal

commitment in earlier phases of the campaign, which then allowed theatres to successfully leverage those gifts and attract capital campaign donations from non-board sources.

- ◆ Theatres are engaging in more board development and strengthening activities.
 - ▶ More theatres are engaging in board orientation programs for new members (68% of theatres in 1998 vs. 91% in 2007); board self-assessment (27% in 1998 vs. 50% in 2007); distribution of reports about the theatre’s activities and programs (86% in 1998 and 2001 vs. 100% in 2004 and 2007); guest speakers or special presentations at meetings (68% in 1998 vs. 86% in 2007); opening night parties (82% in 1998 vs. 100% in 2004 and 2007); and invitations to first read-throughs of scripts (41% in 1998 vs. 68% in 2007).
- ◆ In each of the survey years, between 17 and 19 theatres engaged in a recent retreat.
 - ▶ Theatres increasingly report that the retreats are successful: 13 of 17 theatres had a successful retreat in 1998 as compared with 17 of 18 theatres in 2007.
 - ▶ Each survey year, fewer theatres that had a retreat employed a professional moderator.
- ◆ Sentiments about board diversity have shifted in some respects and remained constant in others.
 - ▶ Board members’ geographic diversity has become increasingly important over time, as has inclusion of members with physical challenges.
 - ▶ Political diversity among board members has become an important issue in 2007, much more so than it was in either 2001 or 2004.
 - ▶ Although racial/ethnic diversity is still one of the highest diversity priorities, it was deemed less important in 2007 than in prior years, as was religious diversity.



For the Trend Theaters:

- ◆ Officers' insurance for board members has become more commonplace. 54% of theatres carried officers' insurance in 1998, 64% in 2001 and 2004, and 82% in 2007.
- ◆ More theatres conduct an exit interview when board members rotate off: 3 of theatres did so in 1998, 2001 and 2004 as compared to 5 theatres in 2007.
- ◆ Financial stability has remained boards' key measure of a theatre's success, and reviews/critical success rank as being the least important measure.
- ◆ All managing and artistic directors have regularly made reports to the board at meetings since 2004. Fewer finance directors have made regular reports to the board over time—45% in 1998 vs. 32% in 2004 and 2007.
- ◆ Since 2004, all managing directors have interacted with the board on a regular basis outside of board meetings. Artistic director interaction has fluctuated with each survey year.
- ◆ Generally speaking, interaction between staff and trustees has increased overall and changed slightly over time. Artistic, development and marketing staff members are more likely to interact with trustees in 2007 as compared with 1998.
- ◆ Trustees are perceived as being increasingly knowledgeable about theatre. This may be due simply to changes in perception, or to the increase in board development activities and interaction with staff. In 1998, all Trend Theatre managers felt their board members were barely or not at all knowledgeable about theatre. By 2007, all perceived their board members to be very or somewhat knowledgeable about the art form.
- ◆ Although relations between managing and artistic leaders and trustees are generally perceived as quite close and cordial, the relationship between the managing leader and the board is perceived as becoming slightly more cordial over time despite reportedly lower cordiality in 2001. The relationship between the artistic leader and the board is perceived as having become increasingly close.
- ◆ Executive, nominating, finance, development, marketing, gala/benefit and artistic committees have become increasingly employed by Trend Theatres.
 - ▶ Every Trend Theatre now has an executive, nominating, finance and development committee of the board.
 - ▶ Marketing committees were consistently ranked as the least effective committee of the board and executive committees and finance are perceived as the most effectively functioning committees.
 - ▶ Over time, executive, nominating and gala/benefit committees have become more effective, while artistic committees have become increasingly less effective.

CONCLUSION

Theatres' artistry, community ties and fiscal stability are all enhanced by the active leadership of governing board members who are strongly committed to the organization's mission. Going beyond passive stewardship to active leadership requires an understanding of the art form, and in this report we find that trustees are increasingly knowledgeable about theatre. Towards this end, theatres are engaging in far more board development activities designed to strengthening the bond between board members and the organizations they serve.

This report sheds light on some emerging trends, based on four surveys conducted over a period of nine years. There is a natural attrition of founding artistic leaders and board members who still serve, and boards are aging. Theatres are left with the challenge of recruiting and developing younger board members who can be the lifeblood of the board in years to come. This gives rise to opportunities as well as challenges in accomplishing some of the expressed diversity priorities. More theatres now set a limit to the terms or the number of years that someone can serve as an officer of the board, opening opportunities for more board members to hold leadership positions and insuring fresh perspectives. Theatres increasingly require board members to either give personally or obtain donations from other sources. In doing so, board members acknowledge that the bold ambitions of the theatre can only be accomplished with their financial support and community network.

The more we know about our boards and what makes them successful, the stronger and more effective they can become. This report provides information about governing board recruitment and orientation, roles and responsibilities, assessments and evaluations, committees and structures, and development activities based on the governing board survey administered to TCG member theatres. It presents theatres' average response to questions and is not intended to be prescriptive of an ideal. Each theatre, its governing board and its community are unique.

METHODOLOGY

The information in this report comes as the result of a survey administered by TCG to its member theatres. The following theatres participated in the survey in 2007:

A Contemporary Theatre (ACT), The Acting Company, The Actors' Gang, Actor's Theatre of Charlotte, Actors Theatre of Louisville, Actors Theatre of Phoenix, Alley Theatre, Alliance Theatre Company, Amas Musical Theatre, Inc., American Conservatory Theater, American Players Theatre, Arena Stage, Arizona Theatre Company, Arkansas Repertory Theatre, Artists Repertory Theatre, Arvada Center for the Arts, Asolo Repertory Theatre, B Street Theatre, Berkeley Repertory Theatre, Berkshire Theatre Festival, Bloomsburg Theatre Ensemble, Boise Contemporary Theater, CENTERSTAGE, Center Theatre Group, The Chance Theater, The Charleston Stage Company, Chicago Dramatists, Childsplay, Inc., The Cleveland Play House, Cleveland Public Theatre, Commonweal Theatre Company, Cornerstone Theater Company, Court Theatre, Dad's Garage, Dallas Children's Theater, Dallas Theatre Center, Deaf West Theatre, Delaware Theatre Company, Depot Theatre, Detroit Repertory Theatre, Eugene O'Neill Theater Center, Everyman Theatre, Florida Studio Theatre, Fountain Theatre, Free Street Theatre, GableStage, Gamm Theatre, George Street Playhouse, Great Lakes Theatre Festival, Hartford Stage Company, Hedgerow Theatre, Honolulu Theatre for Youth, The Human Race Theatre Company, Huntington Theatre Company, Idaho Shakespeare Festival, Imagination Stage, Jubilee Theatre, Kansas City Repertory Theatre, La Jolla Playhouse, Lantern Theatre Company, Lark Play Development Center, Long Wharf Theatre, Lookingglass Theatre Company, Luna Stage, The Lyric Stage Company of Boston, Magic Theatre, Manhattan Theatre Club, Marin Shakespeare Company, McCarter Theatre Center, Meadow Brook Theatre, Merrimack Repertory Theatre, Metro Theater Company, Milwaukee Repertory Theater, Milwaukee Shakespeare, Mint Theater, Montgomery Theater, Mu Performing Arts, Mum Puppettheatre, New Repertory Theatre, New York Theatre Workshop, Next Act Theatre, North Carolina Stage Company, Northern Stage Company, Northlight Theatre, NYS Theatre Institute, Olney Theatre Center, Omaha Theater Company, Open Stage of Harrisburg, Oregon Shakespeare Festival, Pan Asian Repertory Theatre, Paper Mill Playhouse, Passage Theatre, The Pennsylvania Shakespeare Festival, Penobscot Theatre Company, People's Light and Theatre Company, Perishable Theatre, Perseverance Theatre, Pittsburgh Irish and Classical Theatre, Playwrights Horizons, Portland Stage Company, Pregones Theater, Profile Theatre, PURE Theatre, Roadside Theater, Round House Theatre, Roundabout Theatre Company, The Salt Lake Acting Company, San Diego Repertory Theatre, San Jose Repertory Theatre, Seacoast Repertory Theatre, Seattle Children's Theatre, Seattle Public Theater, Seattle Repertory Theatre, Shakespeare Theatre Company, The Shakespeare Theatre of New Jersey, Signature Theatre, Signature Theatre Company, South Coast Repertory, Southwestern Shakespeare Company, Stages Theatre Company, The St. Louis Black Repertory Theater, Steppenwolf Theatre Company, Synchronicity Performance Group, The Talking Band, Taproot Theatre, Target Margin Theater, Teatro Vista, Theatre in the Square, Theater of the First Amendment, Theatre West, TheatreWorks, Traveling Jewish Theatre, Trinity Repertory Company, Utah Shakespearean Festival, Vermont Stage Company, Victory Gardens Theater, Virginia Stage Company, WaterTower Theatre, Weston Playhouse Theatre, William Inge Center for the Arts, The Wilma Theater, Writers' Theatre, Youth Ensemble of Atlanta