

# In Whom We Trust: An Exploration of Theatre Governing Boards

By Zannie Giraud Voss, Glenn B. Voss, and Judith Cooper Guido

## The Big Picture

The 134 theatres included in this investigation -- the **Survey Universe** -- are, on average, in their 28th season. Given the ages of these organizations, it is a bit surprising to learn that 40 percent are still run by their founding artistic director, and 37 percent still have founding members on the board. In fact, roughly 65 percent of theatres with budgets \$500,000 and less -- theatres that are, on average, in their 21st season -- are led by their founding artistic director.

In addition to committed artists and employees, there are in total 3,591 courageous, dedicated individuals currently serve on the governing boards of the Survey Universe theatres. Of these, 3,109 -- 87 percent -- make a personal contribution to their theatre's annual operating fund, with total annual gifts topping \$48 million, not to mention over \$26 million in board gifts to capital campaigns, cash reserves and other funds. They also give of their time: on average, theatres hold six board meetings a year lasting an hour and 45 minutes each, not to mention committee work, retreats, performances, galas, and a host of other activities designed to strengthen board performance and increase ownership in the theatre.

There is commitment. There is support. Yet who are these individuals that willingly give of themselves for our organizations? How do our boards run? What is the relationship between staff and board members? What do board members do for our organizations?

In this report, we look into each of these areas, beginning with a profile of board members. We look at the survey universe as a whole -- all 134 theatres -- as well as at some of the distinctions that arise between different budget-size theatres. Throughout this report, where no distinctions are highlighted, it is due to the fact that there is little variation in activity between budget groups.

In the chart below, we break down theatres into five budget groups, with Group 1 being the largest theatres and Group 5 being the smallest. Not surprisingly, theatres that have been in existence longer tend to have larger operating budgets.

### Budget Group Theatres:

The 134 theatres that responded to the survey are broken into budget groups according to their annual expenses (budget size) as follows:

<u>Budget Group</u>	<u>Number of Theatres</u>	<u>Budget Size</u>
1	26	\$5 million or more
2	13	\$3 million-\$4,999,999
3	37	\$1 million-\$2,999,999
4	36	\$500,000 - \$ 999,999
5*	22	\$ 50,000 - \$ 499,999

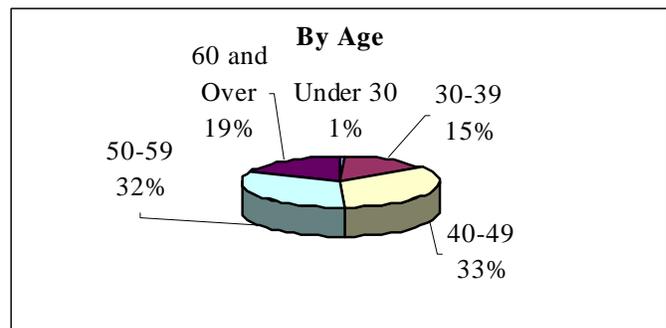
\*It should be noted that we have expanded the lower range of Group 5 Theatres from Theatre Facts to include a number of organizations with annual budgets below \$250,000.

## Board Composition and Structure

Who serves on our boards? It is as much a question of who desires ownership in our organizations as it is a question of whom do we invite to govern. The cast is as follows...

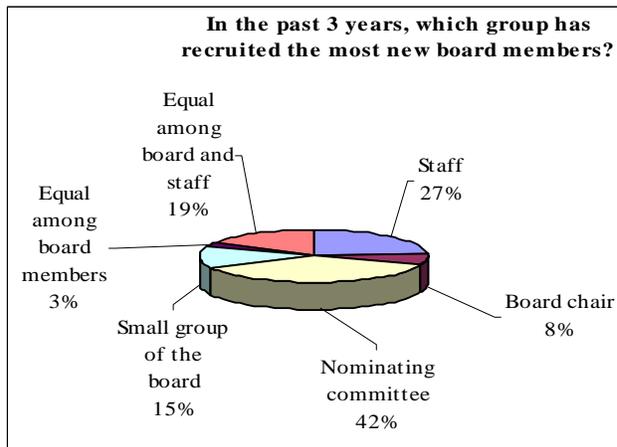
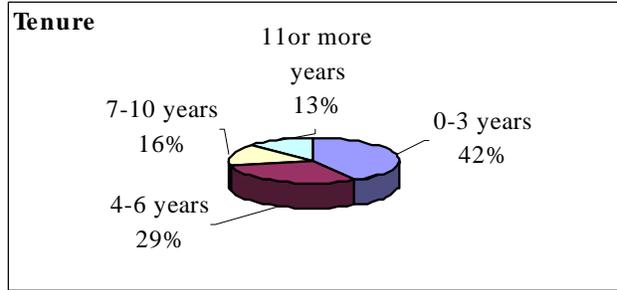
### The Survey Universe of Theatres:

- Theatres average 27 members on their governing board.
  - ▶ Group 1 Theatres average 45 members, Group 2's 40, Group 3's 26, Group 4's 20, and Group 5's 14.
  - ▶ The majority of board members -- 65 percent -- are between the ages of 40 and 59.
  - ▶ Notably few board members -- 1 percent -- are under the age of 30.
  - ▶ The smaller the theatre, the greater the percentage of board members between the ages of 30 and 39, and the lower the percentage of board members above the age of 50.



**The Survey Universe of Theatres:**

- Most board members have served six years or less, consistent with findings discussed in the Board Policies section regarding term limits; 42 percent have served 3 years or less and 29 percent have served 4-6 years.
  - ▶ Group 5 Theatres have the highest level of board members serving 11 years or more -- 18 percent.
- Board members have an average median income of \$123,035.
  - ▶ The range of median incomes was estimated between \$10,000 and \$1 million.
  - ▶ In general, the larger the theatre, the higher the average median income.
- Theatres average 17 members -- 63 percent attendance -- per meeting.
  - ▶ Group 5 Theatres averaged the greatest level -- 77 percent of members attend meetings.
- Nominating committees are the greatest source for recruiting new board members.
  - ▶ Staff members at smaller theatres also recruit a high percentage of new board members.



**Snapshot!**

**Do You Have...**

Board professionals that provide *pro bono* work: 81%

Political figures on your board: 25%

Political figures with a formal relationship with your theatre, other than as a board member: 27%

Board members whose primary contribution is their name: 18%

Voting privileges for your artistic director: 53%

Voting privileges for your managing director: 31%

An artistic director who serves on other nonprofit boards: 32%

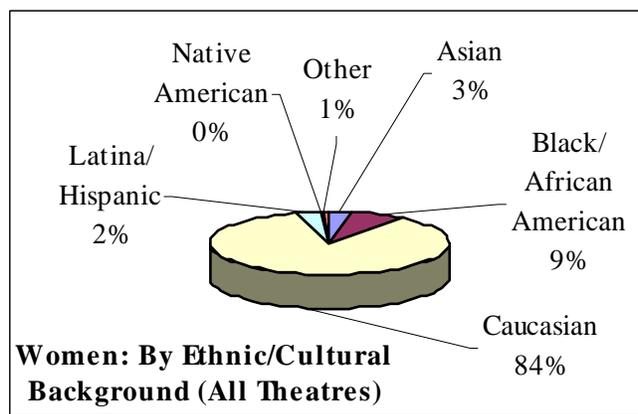
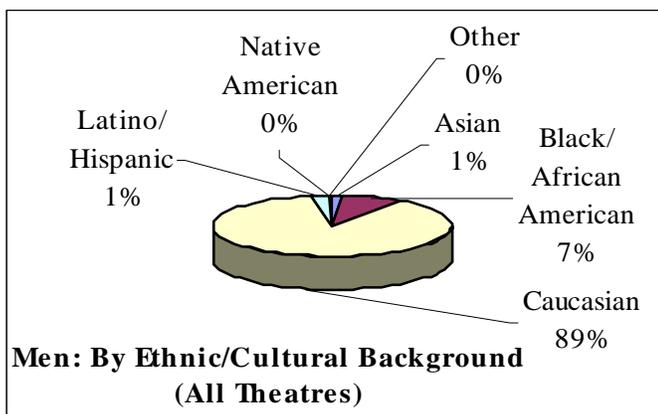
A managing director who serves on other nonprofit boards: 47%

**In addition,**

- 55 percent of theatres have a senior board mechanism -- typically a Board Emeritus or Honorary Board -- to retain the wisdom and involvement of members who have retired from the board.
  - ▶ The smaller the theatre, the less likely it is to have this mechanism.
- Only 19 percent of theatres have an Advisory Board, Junior Board, or other junior board mechanism to identify and develop future board members.
- The larger the theatre, the more likely it is to have relationships with politicians, either on the board or in some other capacity.
- Only one Group 2 Theatre had a board member whose primary contribution is their name, while 11 to 27 percent of theatres in other Groups had board members making this type of contribution.

## The Survey Universe of Theatres' Boards:

- Consist of 55% men and 45% women, on aggregate.
  - ▶ The average board has 15 men and 12 women.
- The overwhelming majority of men -- 89 percent --and women -- 84 percent -- are Caucasian, although important strides have been made in attracting a diversity of members, especially African American and Asian women.
- No theatre reported having Native American women on its board. Group 2 and Group 5 Theatres' boards each consist of one percent Native American men.
- The smaller theatres have the most diverse boards.
  - ▶ Group 5 Theatres attract the greatest level of Asian men -- 9 percent of their board members. Group 4 Theatres have the highest level of Latina/Hispanic board participation -- 9 percent.
  - ▶ The smaller theatres -- both Groups 4 and 5 -- attract comparatively more Black/African American men to their boards, averaging 11 percent.
  - ▶ Only three-fourths of Group 5 Theatre male board members are Caucasian.



## Board Development

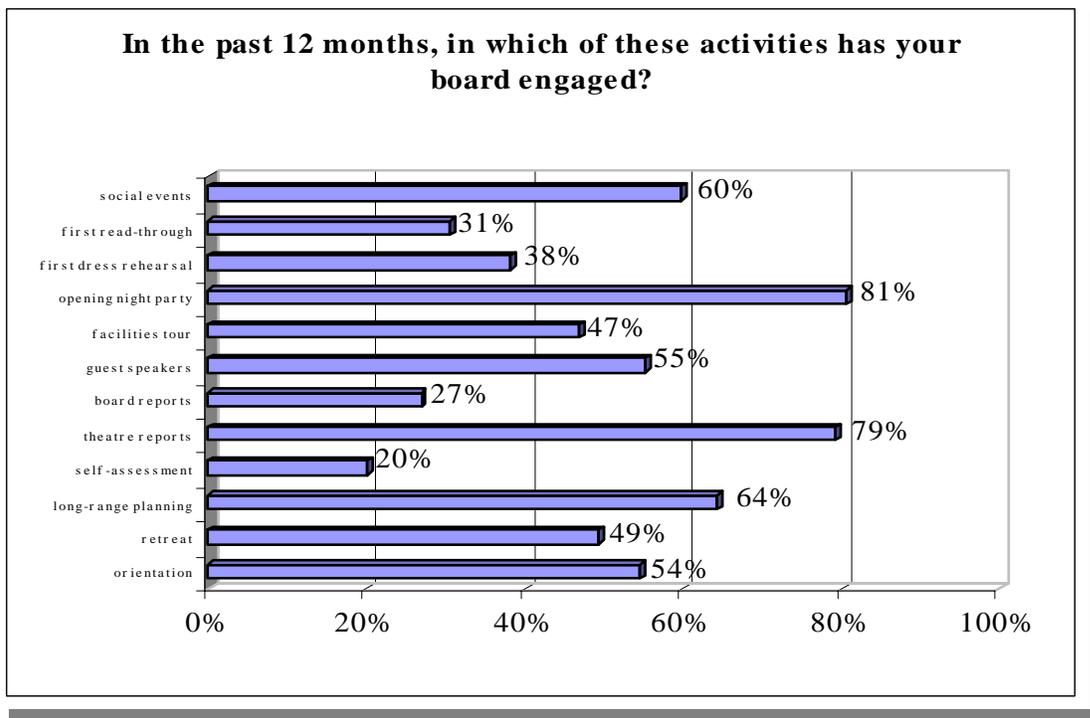
Closely linked to Board Composition and Structure is Board Development. Getting the right mix of people on the board is the necessary place to start, but it is only the beginning. Even the most effective group of individuals can be ineffective as a board without the right development. In this section, we look at how theatres work to strengthen board performance and ownership in the organization, and how they measure success.

The chart below shows the myriad of theatre activities that board members are encouraged to attend. It is easy to see that 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 social life. As board relationships are strengthened with the theatre, board members become less external and more internal to the organization.

Despite theatres' best efforts, significant work remains in this area. While the overwhelming majority of managers -- 81 percent -- believe that it is the theatre's responsibility to educate the board about theatre as an art form, 92 percent believe that their board is barely or not at all knowledgeable of theatre.

### Of The Survey Universe of Theatres:

- Roughly 3/4 have a long-range plan.
  - ▶ All but one Group 2 Theatre has a long-range plan.
  - ▶ Of theatres that do have a long-range plan, 57 percent find it helpful in daily decision-making and short-term planning.
- 71 percent see lack of time, and 65 percent see other, more pressing matters as obstacles to board development.
  - ▶ While less than one-fourth of the other Groups see a lack of money as an obstacle to board development, over half -- 54 percent -- of Group 2 Theatres feel it is.
- Very few -- 17 percent -- conduct an exit interview when someone leaves the board.
  - ▶ The exception is Group 2 Theatres, 46 percent of whom conduct exit interviews for board members.
- 72 percent have had a board retreat in the past four years.
  - ▶ Of these, 88 percent felt the retreat was successful, and nearly 70 percent had the retreat moderated by an outside professional.
  - ▶ 70 percent of those that used a moderator would recommend the individual to other theatres.



### Of The Survey Universe of Theatres:

- Only half have a board manual, on average.
  - ▶ 77 percent of Group 1 theatres have one, 77 percent of Group 5 theatres do not.
- On whole, managers believe that it is most important that the board represent the diversity of their communities in terms of race/ethnicity. Religious diversity and diversity of family legacy of involvement in theatre were seen as least important.
- Across all budget groups, boards rank financial stability as the most important measure of success, and reviews as the least important measure.
  - ▶ Attendance, their own experience with the art, and financial growth, were most often ranked as moderately important.
- Unlike other budget groups, 35 percent of Group 1 Theatres conduct board retreats and board self-assessment.
- The larger the theatre, the more likely it is to conduct a board orientation for new members.
  - ▶ 85 percent of Group 1 and 2 Theatres conduct orientations whereas only one-third of Group 4 Theatres and 27 percent of Group 5 Theatres do so.
- Only one-third of Group 5 Theatres have guest speakers or special presentations at meetings.
- The larger the theatre the more likely it is to give a facilities tour to board members.
- Well over half of the Group 2 Theatres -- roughly 58 percent -- invite board members to first read-throughs, first dress, or first technical rehearsals.
- 85 percent of Group 1 Theatres have purely social events for board members.

---

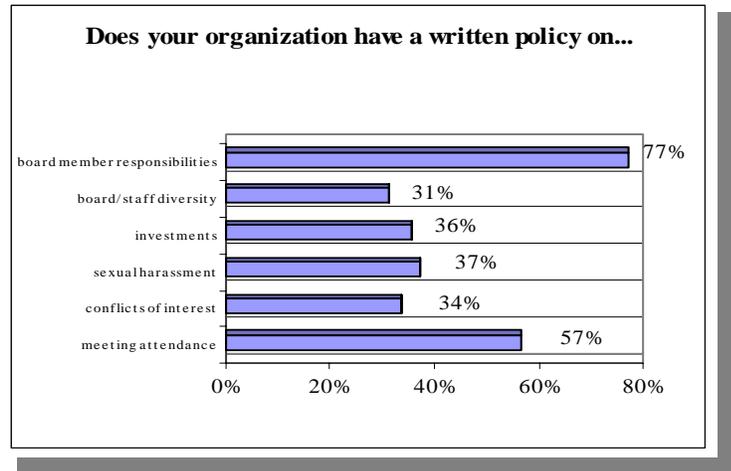
## Board Policies

---

Armed with a better understanding of who serves on our boards and how to develop a group of members into a cohesive, effective helm, we now turn to what we require of board members. Two of the reasons most often given for the success of a board are a sense of clear goals and ownership. When boards are viewed as weak, it is often because they are seen as lacking clear goals, direction, and an understanding of their responsibilities. More than half of the theatres in the Survey Universe-- 63 percent -- ask board members to leave when they are not fulfilling their duties (most often that request comes from the Board Chair or President). Theatres take both board member contributions and responsibilities seriously.

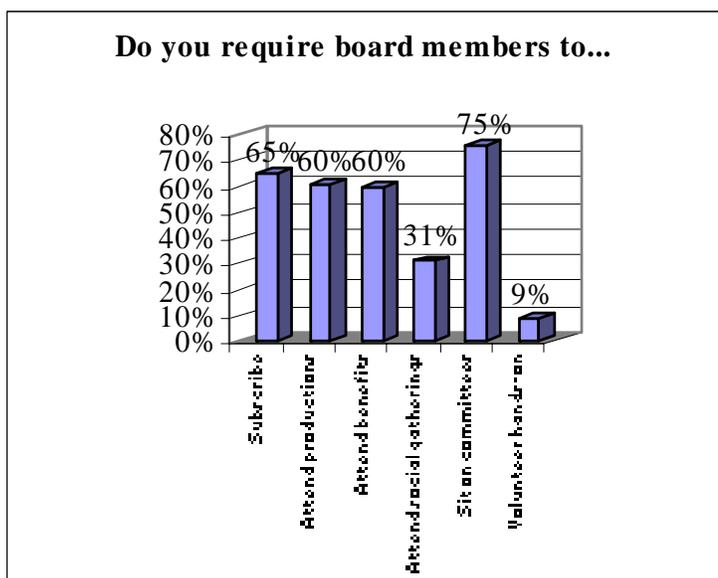
### Of the Survey Universe of Theatres:

- Most theatres -- 77 percent -- have a written list of board responsibilities.
  - The larger the theatre, the more likely it is to document board responsibilities.
- Just over half of the theatres-- 57 percent -- have a written policy on meeting attendance.
- Few Group 4 and 5 Theatres -- roughly 15 percent -- have a written policy on investments.
- Half of all Group 1 Theatres -- a higher level than any other Group -- have a written policy on board and staff diversity.
- On average, only 65 percent of theatres require board members to subscribe, with even fewer requiring members to attend the theatre's productions and benefits.
  - All Group 2 Theatres but only one-third of Group 5 Theatres require board members to subscribe.
- Roughly one-quarter of the Group 5 Theatres require board members to volunteer at the theatre in a hands-on capacity.
- Less than half of all boards -- 42 percent -- conduct a formal evaluation of the theatre's artistic and managerial leaders. Even fewer -- 30 percent -- conduct a formal evaluation of their own members.
  - The larger the theatre, the more likely its board is to conduct a formal self-assessment, and assessments of the artistic and managerial leadership.



### Of the Survey Universe of Theatres:

- Nearly half carry directors and officers insurance for board members.
  - The average cost per year is \$2,996.
  - All but 3 theatres that carry officer insurance pay for it out of the theatre's budget.
  - The larger the theatre, the more likely it is to carry officer insurance. 88 percent of Group 1 Theatres do, in contrast with only 9 percent of Group 5 Theatres.
- Roughly only 10 percent of theatres pay board members for professional services.
- The majority of Group 1 and 2 Theatres -- 62 percent -- and only one-third of Group 3, 4 and 5 Theatres set a limit on the number of terms or consecutive years that someone can serve on the board.
  - Across budget groups, theatres impose a 2-term limit, or an average limit of 6 years.
- On average, one-third of theatres impose a limit to the terms or the number of consecutive years one can serve as an officer of the board.
  - Across budget groups, theatres impose a 2-term limit, or an average limit of 3 years.



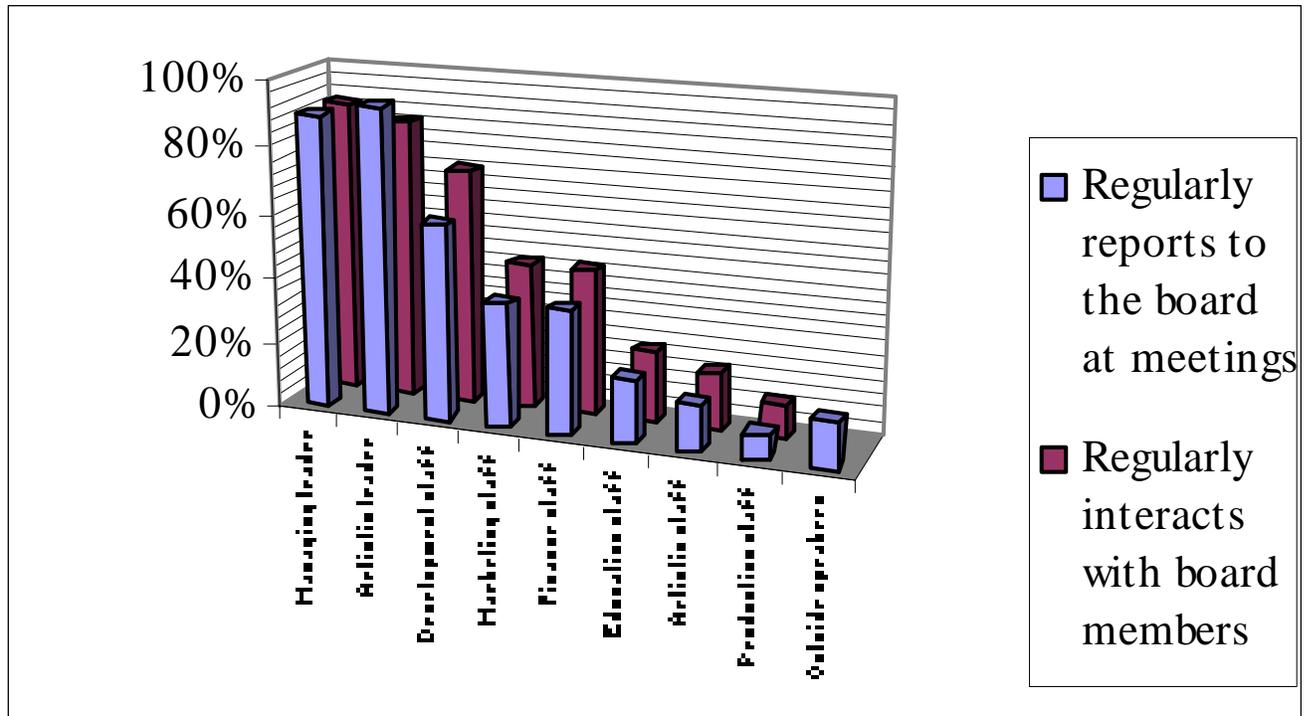
**Of the Survey Universe of Theatres:**

- Most -- 75 percent -- require board members to make an annual personal contribution.
  - Only 43 percent have a minimum suggested amount, with the suggested amount most often \$1,000.
  - Group 1 Theatres that require a minimum amount stipulate \$2,617, on average; Group 5 Theatres' minimum averages \$856.
- More than half of all theatres -- 60 percent -- require board members to help obtain/solicit funds from other sources.
  - The larger the theatre, the more likely it is to require board members to obtain/solicit funds from other sources.
  - Only 15 percent of theatres suggest a minimum amount, with that amount most often \$2,500.
  - Group 4 Theatres have the lowest average suggested minimum amount -- \$1,667.
  - 81 percent of all board members are encouraged to cultivate potential donors and/or board members by bringing them to theatre functions.
- Less than 1/3 of all theatres -- 28 percent -- have a “give or get policy,” allowing board members to do one or the other. Of those that do, nearly all suggest a minimum amount, with that amount most often \$2,500, but averaging \$5,500.
- One quarter of all board members gave at the minimum giving level; another 8 percent gave no gift at all; one can deduce that the remaining 67 percent gave above the minimum level.
  - 20 percent of Group 5 Theatre board members gave no gift at all.
- The larger the theatre, the greater the level of board member contributions to the annual fund.
  - 92 percent of Group 1 Theatres' board members made a personal contribution to the theatre; 68 percent of Group 5 Theatres' members made a donation.
  - The larger the theatre, the higher the average total board gifts to the annual fund. Group 1 Theatres average \$193,000 per year in total board gifts, Group 2's \$115,000, Group 3's \$84,000, Group 4's \$36,000, and Group 5's \$17,000.
- Group 3 Theatres had the most substantial board giving to cash reserve or other board designated funds, averaging \$210,000 per theatre.
- Group 2 Theatres had the highest average total board gifts to capital campaign funds per theatre : \$1.05 million.
- Group 1 and Group 4 Theatres bring in substantial in-kind gifts from their boards: Group 1 Theatres garner \$3.7 million while Group 4 Theatres attract \$586,000.

				<b>Board Gifts</b>			
				<b>Annual</b>	<b>Capital</b>	<b>Cash</b>	<b>Other</b>
				<b>Fund</b>	<b>Campaign</b>	<b>Reserve*</b>	
			# Theatres responding	126	33	19	16
			Total # board donors	3109	692	186	195
			Ave. # board donors per theatre	25	19	9	11
			Total gifts	\$9,962,094	\$17,218,402	\$2,086,470	\$3,581,632
			Ave. total \$ per theatre	\$84,425	\$453,116	\$86,936	\$170,554
			Ave. per person	\$3,204	\$24,882	\$11,218	\$18,367
			Total in-kind	\$38,108,684	\$4,395,500	\$1,500	\$126,750
			Ave. total in-kind per theatre	\$624,733	\$399,591	\$188	\$9,054
*or other board-designated funds							

## Board Staff/Relations

Perhaps the most important mechanism for engendering board ownership in the theatre is establishing strong but well-defined relationships between the board and staff. We first look at the quantity of board/staff interactions. Then, we begin to scratch the surface of the quality of the relationship between these two internal and vital constituents of our theatres.



### Of the Survey Universe of Theatres:

- Managing/administrative leaders spend an average of 7 1/2 hours per week working with board members on board-related matters, development directors 6 hours, artistic leaders 4 hours, and marketing directors 1 hour 45 minutes.
- Despite the discrepancy in hours per week spent with board members, managing and artistic leaders make roughly the same level of regular reports to the board.
- In most theatres -- 78 percent, the board of directors is responsible for hiring the Artistic Director. In theatres where this is not the practice, Artistic Directors are hired either by an Ensemble, by the outgoing Artistic Director, or by the Managing Director. Some theatres have not yet had to confront a policy of Artistic Director succession since the current Artistic Director is the theatre's founder.
- Managing/Administrative Directors are most often hired-- 68 percent of the time -- by the board of directors. The majority of the remaining theatres' Managing Directors are hired by their Artistic Directors.
  - Smaller theatres tend to have the Artistic or Producing Director hire the Managing Director.
  - In 60 percent of theatres, the Board Chair interviews candidates for important staff positions that will require a great deal of interaction with the board.
- Smaller theatres tend to have fewer staff members outside of the artistic and managing leader regularly make reports to the board at meetings. This could be due to policy; it might also be due to the smaller theatres having smaller staffs.
- The theatre's artistic leader formally solicits feedback from board members on the theatre's artistic work in fewer than half -- 45 percent -- of the theatres.
- Managers believe that their relationship with the board is both very close and very cordial. On average, they characterize the artistic leader's relationship with the board as less close but equally cordial.
  - On whole, the larger the theatre, the less close the relationship between the theatres' board and its artistic leader (as perceived by the managing leader).

## Board Committees

---

With 75 percent of theatres requiring board members to serve on a committee, it seems appropriate to give this area some scrutiny. In addition to the committees detailed below, theatres also have board committees for planning, facilities, real estate, personnel, education, endowment management, external relations, and playwrights. Effective committees are characterized by leadership, regular meetings, clear goals, focus, and committed and knowledgeable members who are proud of the theatre and take ownership in it. Ineffective committees stem from lack of planning, focus, direction, commitment, goals, purpose, and independence. Often, managers link ineffective committees with boundary problems where there is no clear understanding of where the line between staff and board responsibilities is drawn. While not every committee is functioning like a well-oiled machine, understanding why some work and some do not is a healthy first step to making all board committees more effective.

### Of the Survey Universe of Theatres:

- The overwhelming majority of theatres have an executive, nominating, finance, development, and gala/benefit committee.
  - All Group 2 Theatres have an executive committee, and all Group 1 Theatres have a nominating committee.
- The larger the theatre, the larger the number of people who serve on each committee, with the exception of the artistic committee.
- Gala committees average the largest membership.
- Only 3 percent of Group 4 Theatres have an artistic committee.
- Most committees have substantial staff involvement.
  - The staff is directly involved in all artistic committees.
- Most committees meet six times per year.
- Managing leadership is on nearly every finance committee.
- Larger theatres tend to have more staff directly involved in board committees. This is likely due to smaller theatres having smaller staffs.
- Managers feel that the executive and finance committees are most effective, and that development, marketing and nominating committees are weakest.

Which of the following committees does your board employ?													
					Executive	Nominating	Finance	Development	Marketing	Gala/Benefit	Artistic		
Percent of theatres with this committee					84%	83%	75%	70%	50%	69%	11%		
Ave. number of members					9	5	6	9	6	10	5		
Ave. number of meetings per year					8	5	7	6	6	6	4		
Managing leadership on the committee					75%	61%	70%	51%	34%	43%	8%		
The managing leader votes					33%	27%	27%	27%	15%	25%	5%		
Staff is directly involved					56%	56%	68%	64%	47%	63%	11%		

## Conclusion

---

Boards of Trustees are at the very core of our theatres. They grapple with the big issues such as long-range planning and position in the community. They share the struggle to reconcile financial constraints with artistic priorities. They work with us in the trenches, raising funds, calling on peers, and attending the productions and other activities that are so much a part of who we are.

This report merely scratches the surface of understanding about our boards. A true grasp comes when we move beyond a cursory look at the who, what, when, and how, and we begin to understand what motivates individuals to volunteer to serve as a member of the board, and what we can do to inspire them to excellence in that that position. The more we know about our boards and what makes them successful, the stronger and more productive they can become.

## Methodology

---

The information in this report comes as the result of a survey administered to TCG member theatres. The following 134 Theatres participated in the survey:

A Contemporary Theatre, Academy Theatre, Actor's Express, Alabama Shakespeare Festival, Alley Theatre, Alliance Theatre Company, American Conservatory Theater, American Stage, Arena Stage, Arizona Theatre Company, ART Station Theatre, Arvada Center-Arts and Humanities Theatre, Asolo Theatre Company, The B Street Theatre, Berkeley Repertory Theatre, The Bilingual Foundation of the Arts, Bloomsburg Theatre Ensemble, BoarsHead: Michigan Public Theatre, California Shakespeare Festival, Center Stage, The Children's Theatre Company, Childsplay, Inc., City Theatre Company, The Cleveland Play House, Connecticut Repertory Theatre, Contemporary American Theatre Company, Cornerstone Theater Company, The Coterie Theatre, Court Theatre, Dallas Theatre Center, Delaware Theatre Company, Dell'Arte Players Company, Detroit Repertory Theatre, East West Players, The Empty Space Theatre, Ensemble Theatre Company of Santa Barbara, Ensemble Theatre of Cincinnati, Florida Studio Theatre, The Foothill Theatre Company, Fulton Opera House, George Street Playhouse, Georgia Shakespeare Festival, GeVa Theatre, Goodman Theatre, Goodspeed Opera House, Hartford Stage Company, Honolulu Theatre for Youth, Horizon Theatre Company, Horse Cave Theatre, The Human Race Theatre Company, Huntington Theatre Company, The Independent Eye, Intiman Theatre, Jewish Repertory Theatre, Jomandi Productions, Jungle Theatre, L.A. Theatre Workshop, LaJolla Playhouse, Laguna Playhouse, Lifeline Theatre, Live Oak Theatre, Long Wharf Theatre, The Magic Theatre, Manhattan Theatre Club, Marin Theatre Company, McCarter Theatre Center for the Performing Arts, Merrimack Repertory Theatre, Metro Theater Company, Milwaukee Chamber Theatre, Milwaukee Repertory Theater, Mixed Blood Theatre Company, Music-Theatre Group, New American Theater, New Dramatists, The New Group, New Jersey Shakespeare Festival, New York Shakespeare Festival/Public Theater, New York State Theatre Institute, New York Theatre Workshop, Northlight Theatre, Old Globe Theatre, Olney Theatre Center, The Open Eye Theatre, Oregon Shakespeare Festival, Pan Asian Repertory Theatre, The Pennsylvania Shakespeare Festival, Penumbra Theatre Company, The People's Light and Theatre Company, The Phoenix Theatre, Pioneer Theatre Company, Pittsburgh Public Theater, Playhouse on the Square, The Playwrights' Center, Pregones Theater, Primary Stages Company, The Public Theatre, Red Barn Theatre, Repertorio Espa<sup>TM</sup>ol, The Repertory Theatre of St. Louis, Roadside Theater, Round House Theatre, Roundabout Theatre Company, Sacramento Theatre Company, Salt Lake Acting Company, San Diego Repertory Theatre, San Jose Repertory Theatre, Seacoast Repertory Theatre, Seven Stages, Shakespeare & Company, Signature Theatre Company, Sources Theatre Company, South Coast Repertory, Stage West, Stages Repertory Theatre, Stamford Theatre Works, Steppenwolf Theatre Company, The Studio Theatre, Tacoma Actors Guild, Taproot Theatre, Tennessee Repertory Theatre, Thalia Spanish Theatre, Theater Emory, Theatre de la Jeune Lune, Theatre for a New Audience, TheatreVirginia, TheatreWorks, Touchstone Theatre, Trinity Repertory Company, Ubu Repertory Theater, Virginia Stage Company, The Western Stage, The Wilma Theater, Woolly Mammoth Theatre Company, Writers' Theatre of Chicago c/o Books on Vernon