

INTRODUCTION

BY NANCY ROCHE

THE CHECK-UP

Theatre Facts 2000 authors Zannie Giraud Voss, Glenn B. Voss and Christopher Shuff (with Hillary Jackson) have just published *In Whom We Trust II: Theatre Governing Boards in 2001*. Their report profiles our boards by age, gender, ethnicity and structure; defines our activities; and reflects our priorities. The report provides trustees and managing directors with a remarkable cross-section of useful benchmarks. For example, as Center Stage explores additional revenue sources, the statistics on trustee and individual giving not only suggest untapped opportunities but also realistic target dollar amounts. The report also begs some unsettling questions. Why, for example, do our boards spend so much energy making reports rather than engaging in activities surrounding the art?

THE TUNE-UP

TCG hosted the Fall Forum for trustees in New York in November 2001. *Theatre Boards in 2001: Activism in a Changing World* offered metaphorical vitamins for mind and heart. George Thorn, consultant and Co-director of Arts Action Research, kicked off the meeting by addressing the issue of board composition. If our nominating committees shape the future of our theatres, then they are arguably the most important board committee. Thorn advocates rigorous requirements for board membership. He suggests that board membership **MUST** be contingent on an understanding of our work — and that cultivation continue until we are sure that a prospective trustee really “gets it.” Prospective trustees should be viewed through a lens requiring that:

1. Every board member extends the reach of the theatre.
2. Every board member participates in appropriate fundraising activities.
3. Every board member makes a personal contribution.
4. Every board member commits to making our theatre no less than his fourth priority (on a scale that includes family, work and personal relationships).

George Thorn provocatively suggests reconfiguring our board meetings. He would do away with almost all committee reports (excluding the finance committee) that can be mailed in advance. Instead, he recommends topic-specific forums that encourage trustees to engage in depth and that move the institution forward. Consider the budget as a philosophical document. What does it say about our choices and balances? Consider the fundraising plan. What are trustee responsibilities? Consider the Byzantine intricacies of obtaining artistic rights for a production. What are some of the pre-production hoops for the artistic staff?

Thorn challenges trustees to think radically. Do away with most committees (although perhaps not the nominating and finance committees). Substitute ad hoc committees that are topic specific — for example, a campaign committee, a revenue enhancement committee and a board effectiveness committee. Rather than relying on committees as communication tools, use the board as a committee as a whole for decision making. Whatever you do, use board members effectively and efficiently.

THE FOLLOW-UP

Conditions today, Thorn emphasized, reaffirm the fundamental reason for the arts. What we do has never been needed more. Theatre offers meaning, connection and relationships. Thorn likened the art of theatre to that of the tightrope artist whose work — and even whose life — is contingent on a dynamic balance. He must continually move forward or backward. Standing still is death. Thorn underscored that in these precarious times, everyone in our organizations (trustees and staff) must be productive. Everyone must add value.

We theatre trustees are committed and generous. Trustee giving has increased nearly 77 percent since 1997. We are also more fluent in the art of theatre. In contrast to survey responses in 1998, 84 percent of managers now feel that their board is very or somewhat knowledgeable of theatre.

To learn more about what we look like in aggregate, I encourage you to read on. If you would like to gain a deeper understanding of the analysis presented in the enclosed report, please see the detailed results from *Theatre Governing Boards in 2001*, accessible as a link in the *Centerpiece* section of www.tcg.org.

TCG

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In Whom We Trust II: Theatre Governing Boards in 2001

By Zannie Giraud Voss, Glenn B. Voss and Christopher Shuff with Hillary Jackson

In 1998, TCG conducted its first governing boards survey — a first look into the vital contributions that board members make to our organizations. It confirmed some assumptions about boards and dispelled others, and it shed light on the areas where work was needed most.

We begin this report with a look at the **Survey Universe** theatres — the 154 theatres included in the 2001 investigation. This year's survey asks the same questions as that of 1998, so that we can begin to look at changes in board composition, structure, development, policies, relations with staff and committee involvement over time. We seek to discover more about how boards organize and operate in the service of our organizations, and more about the individuals that willingly give of themselves for our organizations.

We also look 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. Lastly, we will point out key changes for those theatres that participated in this survey in both 1998 and 2001 — the **Trend Theatres**. It should be noted that the 2001 Survey Universe is comprised largely of a different set of theatres than that of 1998 — 60% of theatres are new to the survey in 2001.

The breakdown of theatres into six budget groups follows that of *Theatre Facts*, with Group 1 being the smallest theatres and Group 6 being the largest. Annual budgets range from \$64,000 to \$30 million, with an average budget size of \$2.91 million.

Survey Universe

The 154 theatres that responded to the 2001 Governing Boards Survey are broken into budget groups according to their annual expenses (budget size) as follows*:

Budget Group	Number of Theatres	Budget Size
6	9	\$10 million or more
5	22	\$5 million–\$9,999,999
4	14	\$3 million–\$4,999,999
3	43	\$1 million–\$2,999,999
2	32	\$500,000–\$ 999,999
1	32	\$499,999 or less

*Two theatres did not give their current year expenses; therefore, they are included in survey universe analyses but not in analyses by budget group.

The Big Picture

The 154 theatres in the Survey Universe are, on average, in their 26th season. Forty-six percent of theatres are still run by their founding artistic director, and 33% still have founding members on the board. Only 14% of theatres have a founding managing leader on staff. Overall, the smaller the budget group, the higher the percentage of theatres still run by a founder. In fact, 63% of theatres with annual budgets less than \$500,000 and 56% of theatres with budgets between \$500,000 and \$1 million are led by their founding artistic director.

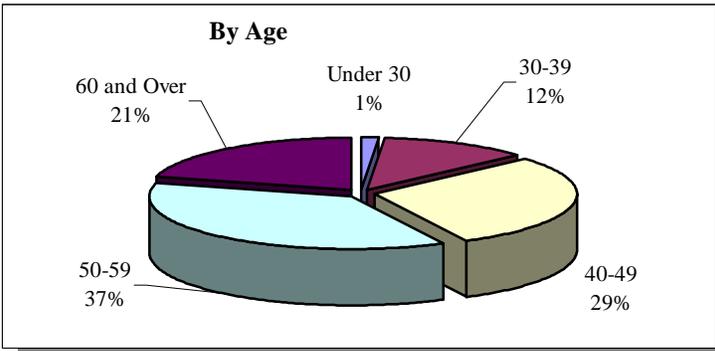
The number of dedicated individuals serving on Survey Universe theatre boards totals 3,894. Of these, 3,297 — 85% — make a personal contribution to their theatre's annual operating fund. On average, board contributions account for 16.4% of theatres' total annual operating fund, 33% of capital campaign funds, and 54% of cash reserves. Board members also give of their time: theatres average eight board meetings a year lasting an hour-and forty-five 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.

Board Composition and Structure

Boards consist of committed individuals who share the value of theatre in their communities and who desire ownership in our organizations. Through their association, board members also represent our organizations to the community. In this section, we examine the individuals that take on the responsibility of theatre governance, how we cultivate board members and what are some fundamental, structural aspects of theatre boards.

The Survey Universe of Theatres:

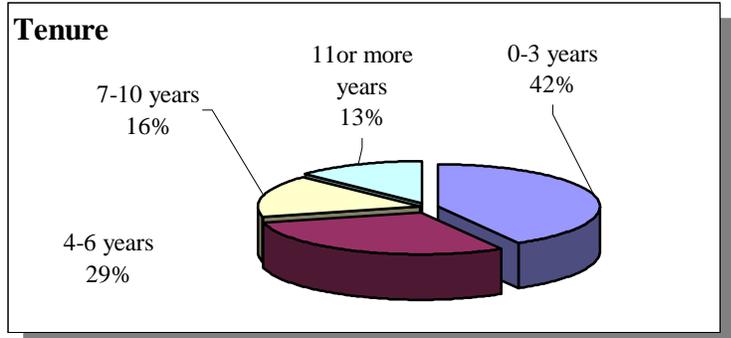
- Theatre governing boards average 25 members.
 - The older the theatre, the larger the theatre and the larger the board:
 - Group 1 Theatres average 14 years and 14 members
 - Group 2 Theatres average 25 years and 17 members
 - Group 3 Theatres average 26 years and 25 members
 - Group 4 Theatres average 31 years and 30 members
 - Group 5 Theatres average 33 years and 43 members
 - Group 6 Theatres average 48 years and 47 members



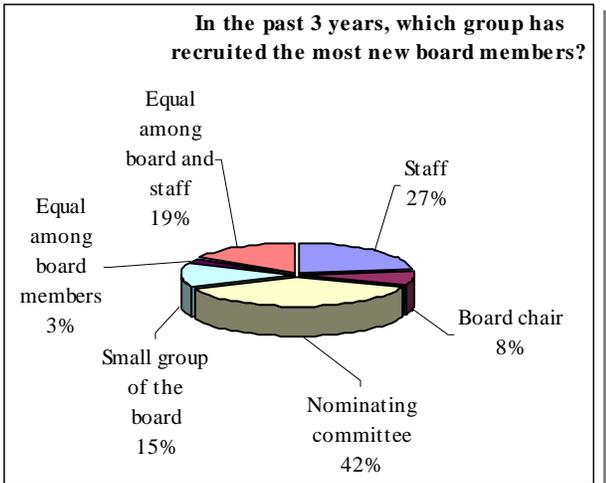
- The majority of board members — 66% — are between the ages of 40 and 59.
- As was the case in 1998, only 1% of board members are under the age of 30.
- In the 1998 Survey Universe, 51% of board members were over age 50 and 49% under 50. In 2001, 58% of board members are over 50 and 42% are under 50.
- The smaller the theatre, the greater the percentage of board members under the age of 40.
- Only 1% of board members are physically challenged.

Of the Survey Universe of Theatres:

- There has been virtually no change in board tenure since 1998.
- Most board members — 71% — have served six years or less, consistent with findings discussed in the Board Policies section regarding term limits. 42% have served 3 years or less and 29% have served 4–6 years.
- Board members are estimated to have a mean annual income of \$122,230.
 - ▶ The range of annual incomes was estimated between \$30,000 and \$750,000, a more narrow range than that of the Survey Universe of 1998.
 - ▶ In general, the larger the theatre, the higher the estimated average annual income of board members.



- Theatres average 16 members — 67 percent attendance — per meeting.
 - ▶ Group 1 Theatres averaged the highest level — 73% of members attend meetings.
- As was the case in 1998, nominating committees are the greatest source for recruiting new board members.
 - ▶ 73% of Group 5 Theatres depend on a nominating committee for new board members.
 - ▶ At 38% of Group 1 Theatres, staff are the primary source for recruitment of new board members.
 - ▶ No Group 5 or 6 Theatre reported that board recruitment efforts are either led by the board chair or equally distributed among board members.



- 47% of theatres have a senior board mechanism to retain the wisdom and involvement of members who have retired from the board.
 - ▶ Of those, 50% have a board emeritus and 44% have an honorary board.
 - ▶ In general, the smaller the theatre, the less likely it is to have a mechanism to retain relationships with those who have retired from the board.
- Only 22% of theatres have a junior board mechanism to identify and develop future board members.
 - ▶ Of those, 59% have an advisory board and 18% have a junior board.
- 65% of theatres have artists on the board.
 - ▶ Those that do average 3 artists per board.
 - ▶ Where only one artist was reported, that artist was often the artistic director.
 - ▶ In absolute numbers, artist representation on the board is fairly consistent across budget groups. Since board size decreases with budget size, the smaller the theatre, the higher the percentage of artists on the board. To illustrate: artists account for 20% of the board in Group 1 Theatres and only 5% for Group 6 Theatres.

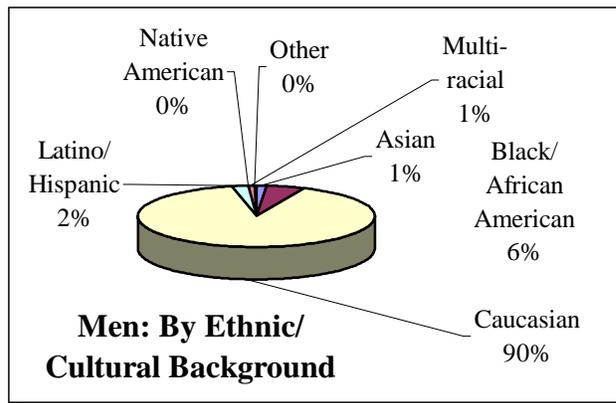
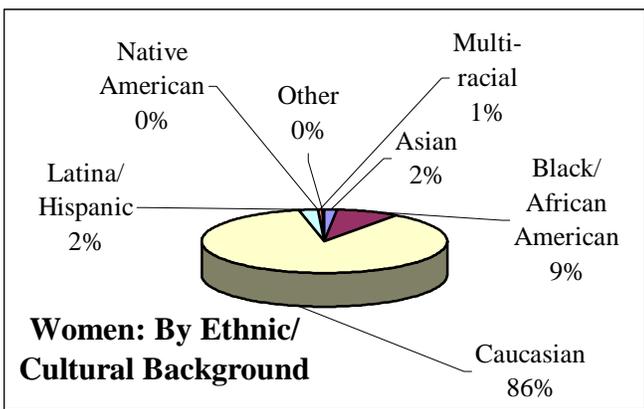
In addition,

- 10% more board professionals are reported to provide *pro bono* work than was reported for the Survey Universe of 1998.
- Every Group 5 theatre reported that board members provide *pro bono* work.
- 7% more artistic directors and 6% more managing directors serve on other nonprofit boards than did in the Survey Universe of 1998.
- In general, the larger the theatre, the more likely it is to have politicians on the board.
- There are 12% fewer political figures serving on boards than in the Survey Universe of 1998.
- 71% of founding artistic directors and 66% of founding managing leaders have voting privileges.

Snapshot!

Do You Have...

- Board professionals that provide *pro bono* work: 91%
- Political figures on your board: 13%
- Political figures with a formal relationship with your theatre, other than as a board member: 24%
- Board members whose primary contribution is their name: 15%
- Voting privileges for your artistic director: 54%
- Voting privileges for your managing director: 33%
- An artistic director who serves on other nonprofit boards: 39%
- A managing director who serves on other nonprofit boards: 53%



Of the Survey Universe of Theatres:

- Boards average 54% men and 46% women.
 - ▶ The average board has 13 men and 12 women.
- There is very little change in the distribution of men and women by ethnic/cultural background from the Survey Universe of 1998.
- The overwhelming majority of men — 90% — and women — 86% — are Caucasian.
- In total, theatres reported 57 Asians, 261 African Americans, 87 Latinos and Latinas, 5 Native Americans and 25 people of multiracial descent serving on their boards.
- Native Americans are the least represented ethnic/cultural group.
 - ▶ Only one theatre reported having a Native American woman on its board.
 - ▶ No Group 1, 3 or 6 Theatre reported the service of Native American men on its board.

- The smallest theatres have the most diverse boards.
 - ▶ In total, only 83% of male and 79% of female board members are Caucasian in Group 1 Theatres.
 - ▶ Group 1 Theatres have the highest representation of Latinos/Latinas — 4% of men and 4% of women.
- African Americans are most represented on Group 1 and Group 6 boards.
 - ▶ In total, 11% of all men and 13% of all women on Group 1 Theatre boards are African American.
 - ▶ In total, 8% of all men and 10% of all women are African American on Group 6 Theatre boards.
- Group 4 Theatre boards are the least diverse, with 95% Caucasian men and 96% Caucasian women.
- Asian women are best represented on Group 3 Theatre boards, comprising 3% of all female board members.

Board Development

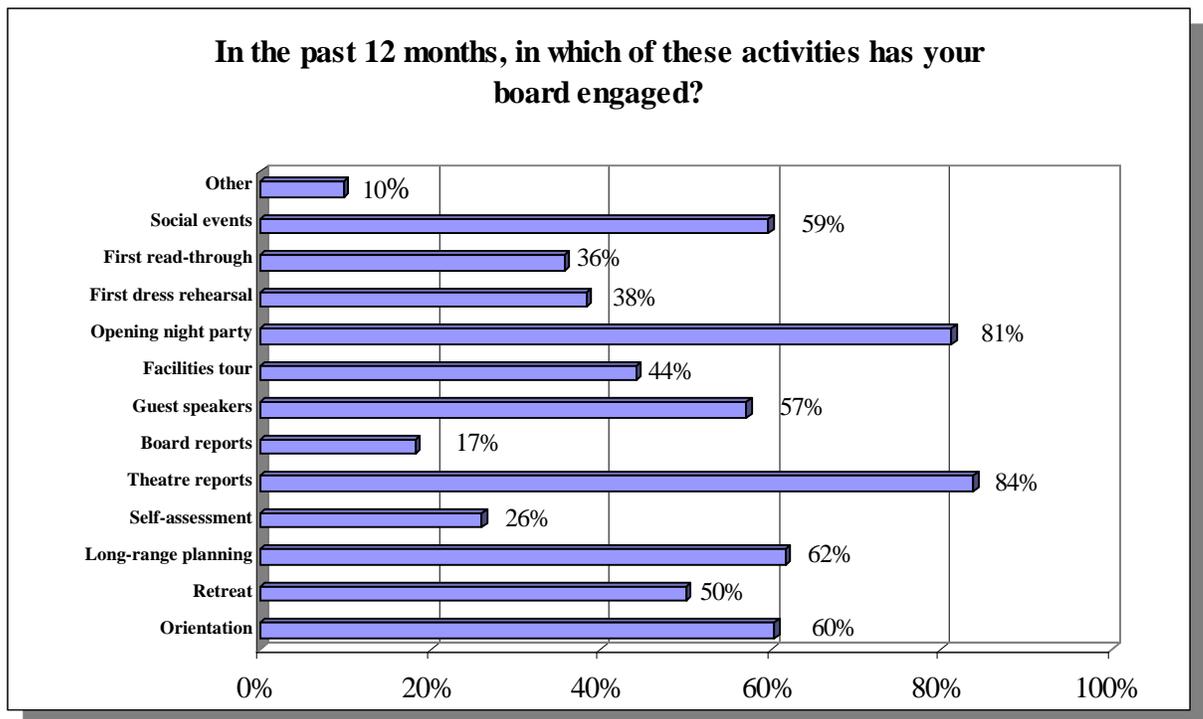
Closely linked to Board Composition and Structure is Board Development. Getting the right mix of people on the board is essential, but it is only the beginning. Even the most effective group of individuals can be ineffective as a board without a strong board development mechanism in place. In this section,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

From the Survey Universe of 1998 to that of 2001, there was a significant change in managers' perceptions of how knowledgeable board members are of theatre. In 1998, 92% of managers responded that their board was barely or not at all knowledgeable of theatre, while 81% believed that the theatre was responsible for educating the board about theatre as an art form. In 2001, 94% of managers feel that their board is somewhat or very knowledgeable of theatre, and 84% believe that educating the board about the art form is the theatre's responsibility.

Either managerial perceptions have radically changed, or board education efforts have been extremely effective

over the past two years. Since 1998, TCG has taken a greater leadership role in providing trustees with professional development opportunities such as the creation of the TCG National Council for the American Theatre, the annual TCG Governing Boards Conference and participation by trustees in the biannual TCG National Conference.

Efforts to engage board members in the life of the theatre are represented by the chart below, which 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, trustees become less external and more internal to the organization, and they become more knowledgeable of the art that is at the core of our organizations.

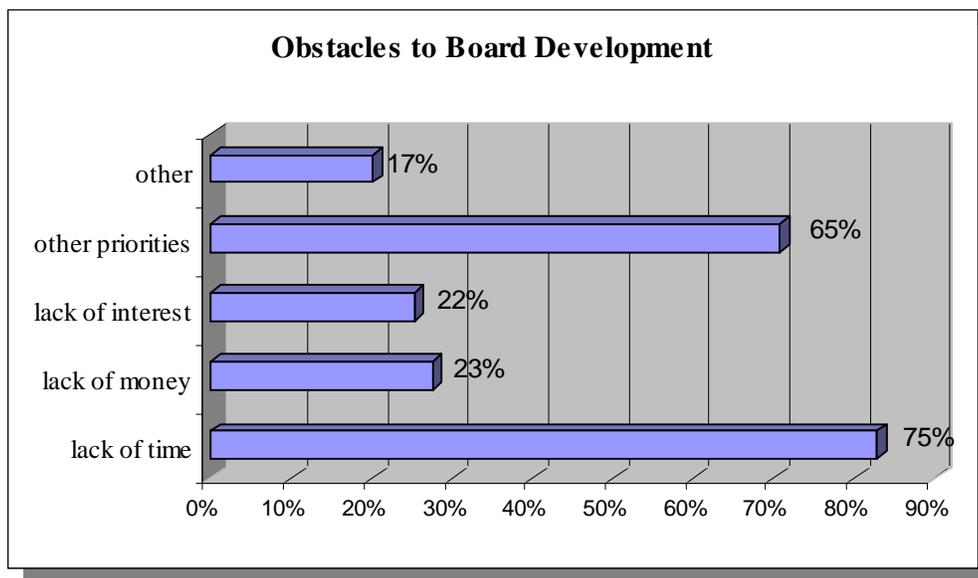


Of the Survey Universe of Theatres:

- 72% of Theatres have a long-range plan in place.
 - Group 4 has the lowest percentage of theatres with a long-range plan — 64%.
 - 80% of theatres that do have a long-range plan in place find it helpful in daily decision-making and short-term planning.
- 75% of theatres have conducted a board retreat in the past 4 years.
 - Of those that did, 90% considered the retreat a success.
 - 61% of those holding a board retreat hired an outside professional as the retreat moderator. Of these, 68% would recommend this individual to other theatres for their retreats.
- On average, only 40% of Group 1 and 2 Theatres conduct board orientation for new members. To contrast, an average of 74% of theatres in Groups 3–6 conduct board orientations.
 - 31% of Group 1 and 33% of Group 6 Theatres conduct board retreats — the lowest industry levels — as compared to 66% of Group 3 Theatres and 59% of Group 5 Theatres.

Of the Survey Universe of Theatres:

- Very few — 18 percent — conduct an exit interview when someone leaves the board.
- Across all budget groups, managers perceive that lack of time and other priorities are the greatest obstacles to board development.
 - Other reported obstacles to board development were difficulty recruiting people with children, a lack of a plan for board development, a lack of social connections among current board members, geographic limitations, difficulty finding people with an interest in the theatre’s artistic aesthetic and heavy competition for key members of the community.



Of the Survey Universe of Theatres:

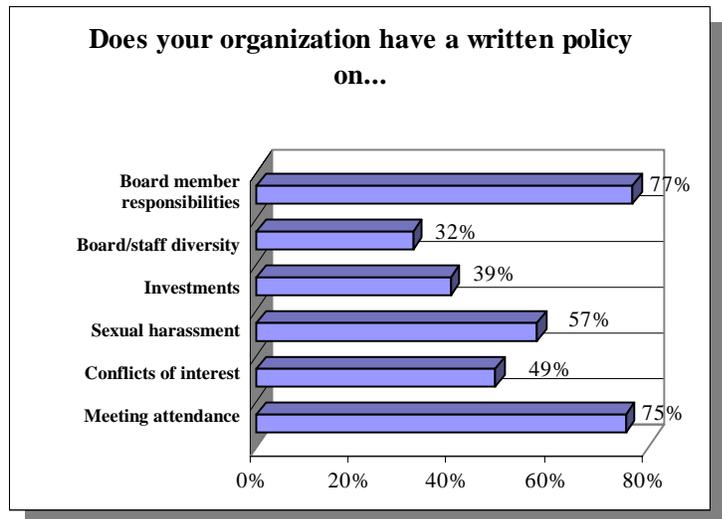
- Slightly more than half — 54% — have a board manual.
 - 78% of Group 6 Theatres have one; 69% of Group 1 Theatres do not.
- On the whole, managers believe that it is most important that the board represent the diversity of their communities in terms of race/ethnicity and geography. As was the case for the 1998 Survey Universe, religious diversity and diversity of family legacy of involvement in theatre were seen as least important. Diversity of sexual orientation and representation of those physically challenged on the board was perceived as not very important.
 - Group 2 Theatres ranked diversity of social strata as most important.
- Across all budget Groups, managers perceive that boards rank financial stability as the most important measure of success and critical reviews as the least important measure.
 - Attendance, their own experience with the art and financial growth were most often ranked as moderately important.
- No Group 5 or 6 Theatre manager felt that his or her board was only barely or not at all knowledgeable of theatre.
- Overall, board self-assessment was the activity least engaged in over the past year.
 - The level of board self-assessment varies considerably — from 10% of Group 2 Theatres to 50% of Group 5 Theatres.
- Every Group 6 Theatre and all but one Group 4 Theatre distributes reports about the theatre’s activities and progress to board members.
- Overall, the larger the theatre, the more likely it is to have guest speakers or special presentations at meetings.
- 95 percent of Group 5 Theatres have purely social events for board members.
- 68% of Group 5 Theatres invite their board members to first dress or techs.
- Every Group 6 Theatre and all but one Group 5 Theatre invites board members to opening night parties.

Board Policies

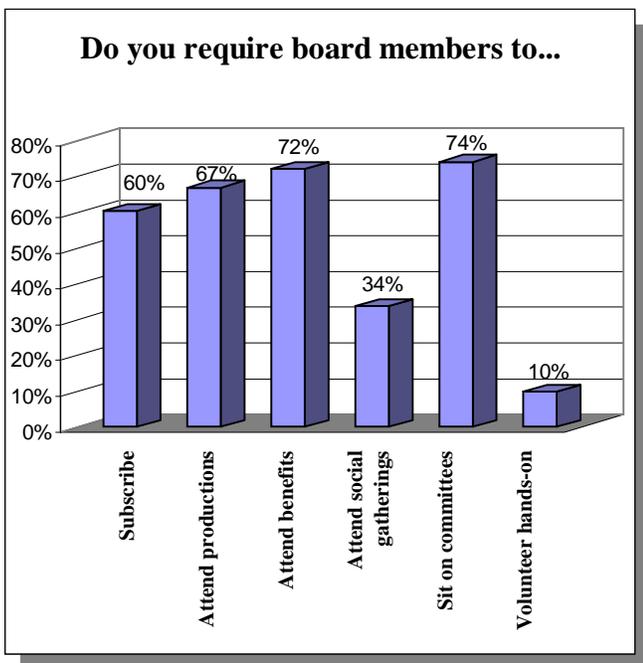
Now that we know the cast of our boards and what measures we take to develop a group of individuals into a cohesive, effective helm, we now turn to what we ask of trustees. Board contributions are vital to the life of every theatre, but any individual can make a donation. Those who serve on our boards seek a deeper relationship. Organizational ownership arises out of a sense of involvement, partnership and clear sense of goals. More than half of the theatres in the Survey Universe — 64% — 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:

- Overall, theatres have a higher level of written policies than did the Survey Universe of 1998.
- Most theatres — 77% — have a written list of board responsibilities.
 - ▶ 56% of Group 1 Theatres put board member responsibilities in writing, as compared to 91% of Group 5 Theatres.
- 75% of theatres have a written policy on meeting attendance, up considerably from the 1998 Survey Universe level of 57%.
- 20% more theatres have a written policy on sexual harassment than did the Survey Universe of 1998.
- Only 19% of Group 1 Theatres have a written policy on investments.
- 55% of Group 1 Theatres — a higher level than any other Group — have a written policy on board and staff diversity.
- Participation on committees was the activity most required of trustees both in 2001 and 1998.
- No Group 5 or 6 Theatre requires board members to volunteer in a hands-on manner.



- Overall, theatres require more of trustees than did those of the Survey Universe of 1998 — when only 60% of theatres required board members to attend the theatre's productions and benefits.
 - ▶ 7% more theatres required production attendance and 12% more required gala and benefit attendance than the 1998 Survey Universe.
 - ▶ Only 37% of Group 1 Theatres require that trustees subscribe — a level far below that of all other Groups — and yet 75% require trustees to attend productions. It should be noted that perhaps fewer Group 1 Theatres offer a subscription series.

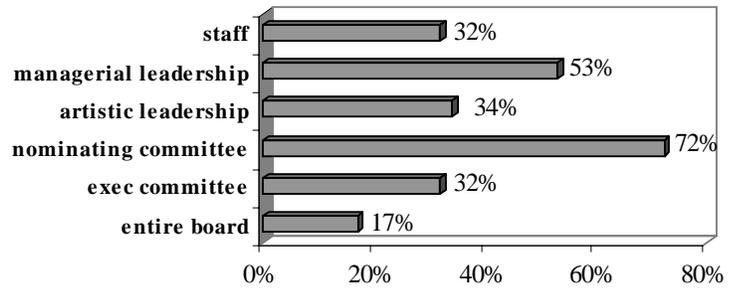


- The most dramatic decrease from the 1998 Survey Universe was in the level of theatres requiring that trustees subscribe, a drop of 5%.
- More than half — 58% — carry directors' and officers' insurance for board members.
 - ▶ The average cost per year is \$2,291.
 - ▶ All but 3 theatres that carry officer insurance pay for it out of the theatre's budget.
- 17% percent of theatres pay board members for professional services.
 - ▶ When this occurs, 54% of the time that fee is offered at a substantially reduced rate than normal and the difference is considered an in-kind contribution.
- 43% of theatres set a limit on the number of terms or consecutive years that someone can serve on the board.
 - ▶ Of these, the average is a 2-term limit, or an average of 6 years.
 - ▶ Only 19% of Group 1 Theatres set term limits.
 - ▶ 3 years constitutes a term in 85% of theatres that set terms.

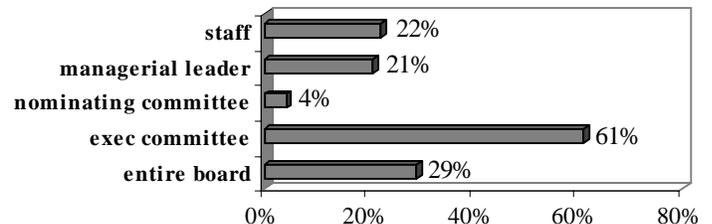
Of the Survey Universe of Theatres:

- Only 23% of theatres impose a limit to the terms or the number of consecutive years one can serve as an officer of the board.
 - On average, theatres impose a 2-term limit, with an average limit of 2 years per term.
- 31% of theatres conduct a formal evaluation of board members.
 - Only 9% of Group 2 Theatres and 19% of Group 1 Theatres formally evaluate trustees.
- Less than half of all boards — 47% — conduct a formal evaluation of the theatre’s artistic leadership and 51% formally evaluate the theatre’s managerial leadership.
 - In theatres where formal evaluations occur, an average of 34% of artistic leaders evaluate the theatre’s managerial leadership, whereas only 21% of managerial leaders evaluate the theatre’s artistic leadership.
 - Group 4 Theatres conduct the lowest level of formal managerial evaluation — 29%.
 - Group 6 Theatres have the greatest discrepancy in their levels of formal leadership evaluation. 44% formally evaluate the artistic leadership and 66% evaluate managerial leadership.
- Most — 79% — require board members to make an annual personal contribution.
 - Of those, 59% have a minimum suggested amount, with the suggested amount most often being \$1,000.
 - Group 1 Theatres that require a minimum amount average \$754 as that minimum (with minimums ranging from \$200 to \$2,500); for Group 6 Theatres, that average jumps to \$8,917 (with minimums ranging from \$1,000 to \$25,000).
 - For those theatres that do not suggest a minimum amount, 19% expect board members to make the theatre one of their highest giving priorities.
 - All Group 4 and 6 Theatres require trustees to make annual contributions.
- Less than 1/3 of all theatres — 27% — have a “give or get policy,” allowing board members to do one or the other. Of those that do, 55% suggest a minimum amount, with that amount most often \$5,000.

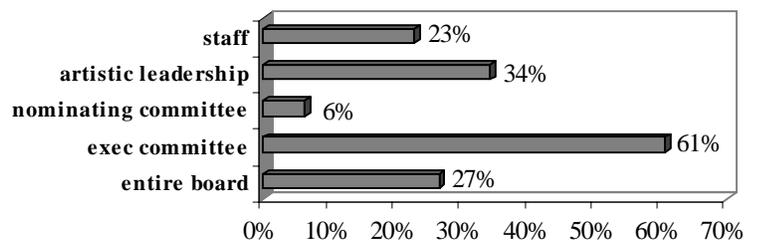
In theatres that conduct a formal evaluation of board members, who participates in that evaluation?



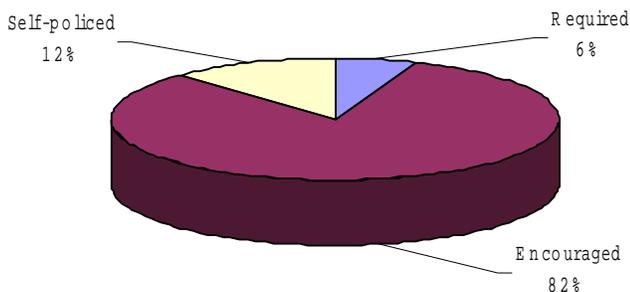
In theatres that conduct a formal evaluation of the theatre's artistic leadership, who participates in that evaluation?



In theatres that conduct a formal evaluation of the theatre's managerial leadership, who participates in that evaluation?



Many theatres require/encourage board members to cultivate donors and/or potential board members by bringing them to theatre functions. Is cultivation by your governing board members...



- More than half of all theatres — 55% — require board members to help obtain/solicit funds from other sources.
 - 28% of these suggest a minimum amount, with that amount most often being \$2,500 but averaging \$6,563.
 - Only 33% of Group 6 Theatres require board members to obtain/solicit funds from other sources, far below the level of other Groups.
 - Only one Group 6 Theatre required a minimum amount — \$20,000.

Of the Survey Universe of Theatres:

- 36% of all board members gave at the minimum giving level, another 7% gave no gift at all and the remaining 57% gave above the minimum level. 10% more trustees gave at the minimum level rather than above it, as compared to the Survey Universe of 1998.
- With roughly the same number of total board donors in both years, the 1998 Survey Universe’s total cash/cash equivalent gifts was only \$9.96 million, as compared to \$15.7 million in 2001.
- Theatres reported far less in total in-kind contributions to annual and capital campaign funds than did the 1998 Survey Universe. This is likely due to one theatre that reported a total of \$40 million in in-kind gifts to annual and capital campaign funds in 1998 but no in-kind gifts to either fund in 2001.
 - Group 5 Theatres that reported in-kind board gifts average a total of \$369,025 per theatre. This figure is six times that reported by any other budget Group.
- No Group 2 or Group 6 Theatre reported board gifts to a cash reserve or other board-designated fund.
- The percent of board members who made a contribution to the annual fund varied slightly among Groups.
 - 85% of Group 1 Theatres’ board members made a personal contribution to the theatre; 79% of Group 4 Theatres’ trustees made a donation.
 - In general, the larger the theatre, the higher the average total board gifts to the annual fund. Group 1 Theatres average \$20,698 per year in total board gifts, Group 2, \$26,067; Group 3, \$109,780; Group 4, \$154,114; Group 5, \$309,532; and Group 6, \$282,883.
- Some theatres from every Group reported contributions to a capital campaign.
- Groups 1, 4 and 6 each had two theatres reporting board gifts to a capital campaign fund. For these two Group 1 Theatres, total board gifts to the capital campaign averaged \$24,000, for the two Group 4 Theatres \$1.2 million and for the two Group 6 Theatres \$8.3 million.

Board Gifts

	Annual Fund	Capital Campaign	Cash Reserve*	Other
# Theatres responding	148	39	11	16
Total # board donors	3,297	653	169	178
Average # board donors per theatre	22	17	15	11
Total cash/cash equivalent gifts	\$15,676,709	\$54,900,504	\$5,957,944	\$3,397,487
Average total \$ per responding theatre	\$121,525	\$1,444,750	\$541,631	\$212,343
Average fund balance represented by board gifts	16.46%	32.82%	53.82%	28.07%
Average per person	\$5,455	\$86,287	\$35,254	\$19,087
Total in-kind	\$2,552,643	\$539,531	---	\$230,250
Average total in-kind per responding theatre	\$36,466	\$44,961	---	\$23,025

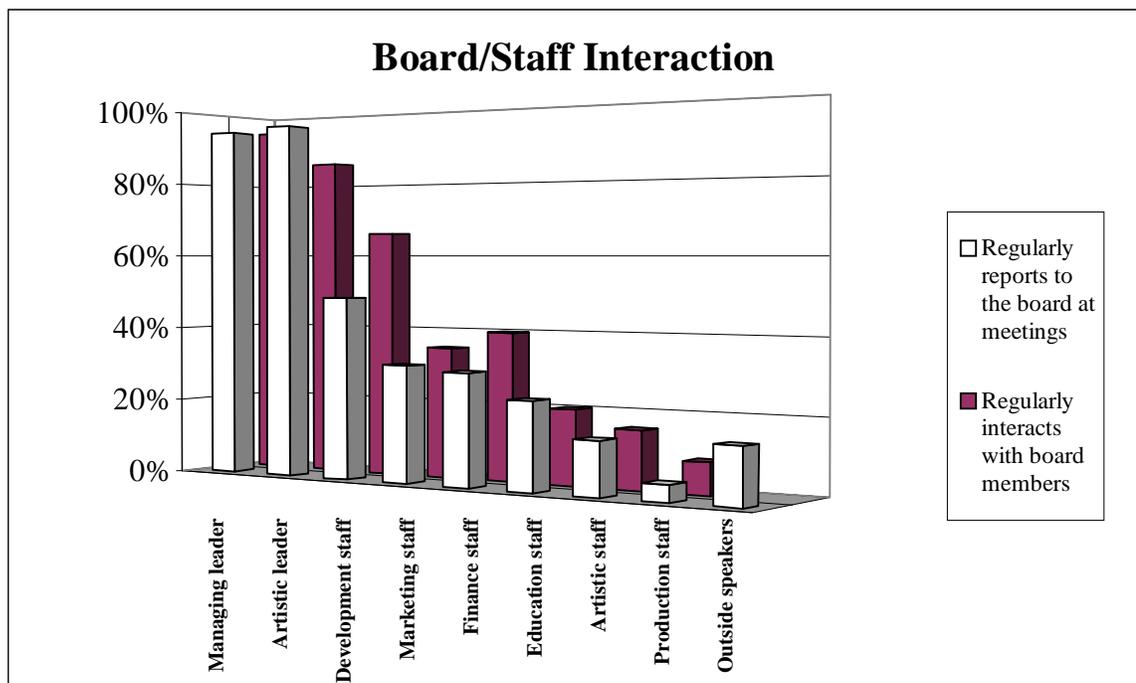
*or other board-designated funds

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 vital constituents of our theatres.

Of the Survey Universe of Theatres:

- Managing/administrative leaders spend an average of 6-hours-per-week working with board members on board-related matters; development directors, 5 hours; artistic leaders, 3 hours; and marketing directors, 1 hour. In every category, these figures are lower than those of the 1998 Survey Universe.
 - 95% of managing leaders and 86% of artistic leaders regularly interact with trustees outside of board meetings.
 - Only 16% of other artistic staff and 8% of production staff interact with the board outside of meetings.
- 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 — 73% — 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 executive director, producing director, board president, the ensemble, the outgoing artistic director or by the managing director.
- Some theatres — particularly smaller budget theatres — have not yet had to form a policy on artistic director succession since the current artistic director is the theatre’s founder.



Of the Survey Universe of Theatres:

- Managing/administrative directors are most often hired — 64% of the time — by the board of directors. In 69% of the remaining theatres, managing directors are hired by a producing or artistic director.
 - The board hires all artistic directors and 78% of all managing directors in Group 6 Theatres, as compared to 59% of artistic directors and 56% of managing directors in Group 1 Theatres.
- The theatre’s artistic leader formally solicits feedback from board members on the theatre’s artistic work in fewer than half — 43% — of the theatres. This finding is fairly consistent across budget Groups.
 - 36% of founding artistic directors versus 49% of non-founders solicit board feedback on the theatre’s artistic work.
- In 48% of theatres, the board chair interviews candidates for important staff positions that will require a great deal of interaction with the board.
- Managers believe that their relationship with the board and that of the artistic director and the board are equally very close and very cordial.
 - Group 4 and Group 6 managers perceive their relationship with the board as less close, as compared with manager responses of other Groups.
 - Group 6 managers perceive the relationship between the theatre’s board and its artistic leader as less close, as compared with manager responses of other Groups.

Board Committees

With 74% of theatres requiring board members to serve on a committee, it seems appropriate to take a closer look at this important area of board activity. In addition to the committees detailed below, theatres also have board committees for long-range and strategic planning, facilities, board development, legal issues, human resources, education, capital campaigns, government relations and investments.

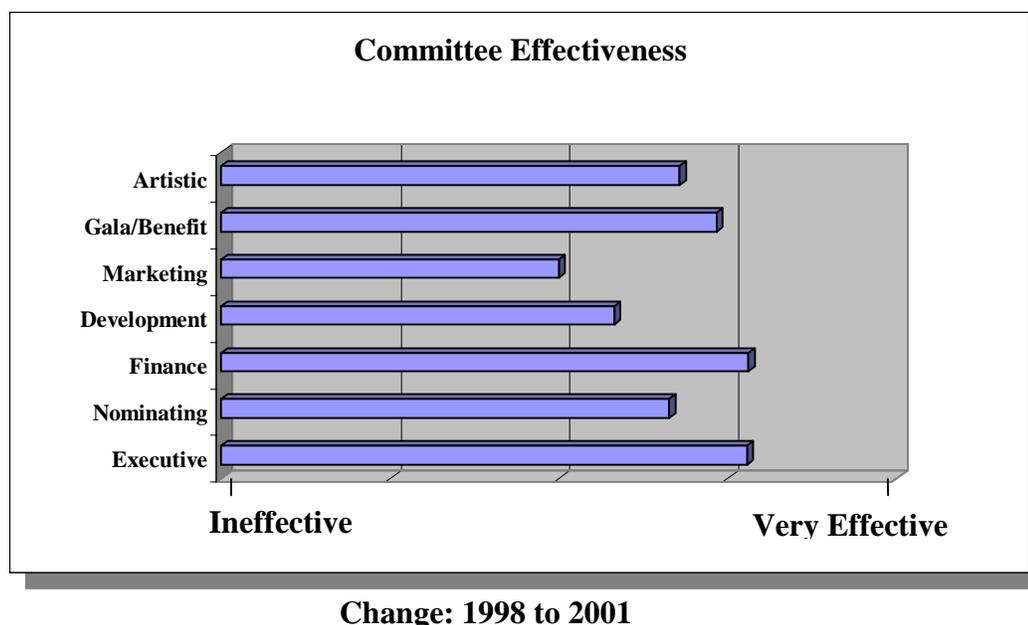
Which of the following committees does your board employ?							
	Executive	Nominating	Finance	Development	Marketing	Gala/Benefit	Artistic
Percent of theatres with this committee	82%	73%	76%	74%	45%	69%	11%
Average number of members	8	5	5	8	5	8	3
Average number of meetings per year	7	4	7	6	4	6	2
Managing leadership on the committee	89%	77%	90%	77%	73%	64%	88%
The managing leader votes	37%	38%	39%	36%	27%	36%	53%
Staff is directly involved	63%	65%	79%	85%	93%	87%	82%

Of the Survey Universe of Theatres:

- The overwhelming majority of theatres have an executive, nominating, finance, development and gala/benefit committee.
 - All Group 6 Theatres have an executive committee, and all but one Group 5 Theatre have a nominating committee.
 - Only 33% of Group 6 Theatres have a marketing committee — the lowest level of all Groups.

Of the Survey Universe of Theatres:

- The managing leadership is very involved in board committees. In 80% of all cases where a committee exists, the managing leader is a member but only has voting privileges an average of 38% of the time. The exception is with regard to artistic committees, in which managing leaders have voting privileges 53% of the time.
- Theatres' managing leadership is on nearly every finance committee.
- Roughly 45% of founding managing leaders vote on their theatre's executive, nominating, and finance committees, a figure slightly higher than the averages for the Survey Universe as a whole.
- Only one Group 4 Theatre has an artistic committee.
- 9% of theatres run by a founding artistic director have an artistic committee of the board.
- Most committees have a high level of staff involvement.
 - No Group 6 Theatre reported artistic committee staff involvement.
 - On whole, staff involvement is higher in every category of board committee than that of the 1998 Survey Universe.
 - Nearly every theatre with a marketing committee has staff involved with that committee.
- Managers feel that the executive and finance committees are most effective, and that marketing and development committees are weakest.
- Only 22% of theatres employ procedures for board involvement in lieu of committees, such as appointing board liaisons to work with staff in various departments.



As mentioned earlier, the majority of the 2001 Survey Universe of theatres was comprised of a different set of theatres than that of 1998. To get the clearest picture of organizational changes from 1998 to 2001, we examine the 62 theatres that participated in the governing boards survey for both years — the **Trend Theatres**. One of the more surprising findings is how little has changed for these theatres over the past three years. We now look at those areas of the survey that reveal either significant differences in responses from 1998 to 2001, or no change in responses whatsoever. For those areas *not* mentioned in this section, theatres' answers were so similar in both years that the difference was not noteworthy.

Of the Trend Theatres:

- One theatre experienced a 67% increase — totaling \$12 million — in its annual budget from 1998 to 2001. Excluding this theatre from the analysis leaves an expected increase in average theatre budgets.
- There are now significantly fewer board members between the ages of 30–49 and significantly more trustees aged 60 and over than in 1998.
 - The drop in trustees aged 40–49 was driven by Group 5 and 6 Theatres, whereas the increase in trustees aged 60 and older was driven by Group 1 and 5 Theatres. The decrease in trustees aged 30–39 was experienced by theatres in all Groups.
- Significantly more theatres now have a junior board mechanism that is used as a way to identify and develop future board members.

Of the Trend Theatres:

- No theatre reported a change in whether it had a senior board mechanism, used to retain the wisdom and involvement of members who have retired from the board.
- Significantly more theatres adopted a written policy on attendance at meetings — 50% in 1998 and 77% in 2001 — driven by Group 3, 5 and 6 Theatres.
- There was no difference at all in the requirement that board members subscribe to the theatre, indicating that the observed decrease in the percentage of theatres with this requirement in the larger Survey Universe was driven by theatres new to the governing boards survey in 2001.
- The average suggested minimum amount of annual personal donation decreased from \$1,833 to \$1,661 from 1998 to 2001, driven by drops in the average minimum suggested amounts of Group 3, 5 and 6 Theatres. On the other hand, the average suggested amount that board members obtain from other sources increased slightly — from \$8,000 to \$8,500.
- The average total board gifts to annual funds increased significantly from 1998 to 2001. Eliminating one theatre with a \$1.8 million increase still leaves an overall average change from \$86,000 to \$158,000 per theatre. Group 3, 4, 5 and 6 Theatres all experienced a significant increase in total average annual fund board gifts.
- No theatre reported a change in whether it conducts a formal evaluation of board members, or whether it conducts an exit interview when someone leaves the board.
- There was a significant increase in the number of theatres that conduct a formal evaluation of the theatre's managing leadership — 53% in 1998 and 63% in 2001 — predominantly driven by Group 3, 4 and 5 Theatres.
- No theatre reported a change in whether the theatre has a long-range plan in place.
- More Group 3, 5 and 6 Theatres view lack of money as an obstacle to board development — an overall increase to 27% in 2001 from 16% in 1998. On the other hand, 16% fewer Trend Theatres believe that other priorities are an obstacle to board development.
- All artistic leaders regularly made reports to the board at meetings in 2001.
- There is a significant reversal in how managers assess their board's knowledge of theatre. In 1998, 95% of managers felt their board was barely (65%) or not at all (30%) knowledgeable of theatre. In 2001, 94% of managers felt their board was very (18%) or somewhat (76%) knowledgeable of theatre. No manager in 1998 reported that their board was very knowledgeable of theatre, and no manager in 2001 reported that their board was not at all knowledgeable of theatre.
- Significantly fewer theatres had a nominating committee in 2001 — 77% — than in 1998 — 88%.

Conclusion

Governing boards are at the very core of our theatres. They share the struggle to reconcile financial constraints with artistic priorities. Since 1998, great strides appear to have been made in educating trustees about theatre. This is an important step in the direction of mutual understanding of our organizations and their place in our communities.

This report provides a cursory look at the who, what, when and how of our governing boards. It is not intended to prescribe an ideal, but merely to present theatres' average response to questions and to make some general observations. Each theatre's circumstances and community are unique, and no doubt each theatre's board of trustees is working toward its ideal composition, structure, policies, cultivation mechanisms and staff relationships.

This report is an examination of the industry as a whole. Armed with this information, we can begin to explore what motivates individuals to volunteer to serve as a member of a board and what we can do to inspire them to excellence in 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 theatres participated in the survey:

3 Legged Race New Theater, A Contemporary Theatre, A Traveling Jewish Theatre, About Face Theatre, Actor's Guild of Lexington, Actor's Theatre of Charlotte, Actors Theatre of Phoenix, Adirondack Theatre Festival, The African Continuum Theatre Company, Alabama Shakespeare Festival, Alley Theatre, Alliance Theatre Company, Amaryllis Theatre Company, American Conservatory Theater, American Folklore Theatre, American Repertory Theatre, American Stage Festival, Arden Theatre Company, Arena Stage, Arkansas Repertory Theatre, Artists Repertory Theatre, Asolo Theatre Company, Atlantic Theater Company, Austin Theatre Alliance, The B Street Theatre, Barrington Stage Company, Berkeley Repertory Theatre, Bilingual Foundation of the Arts, Bloomsburg Theatre Ensemble, BoarsHead Theater, Book-It Repertory Theatre, Brat Productions, California Shakespeare Festival, The Cape Cod Theatre Project, Castillo Theatre, Charleston Stage Company, Chicago Theatre Company, Childsplay, Inc., The Cider Mill Playhouse, Cincinnati Playhouse in the Park, City Theatre Company, Clarence Brown Theatre Company, The Cleveland Play House, Cleveland Public Theatre, Coconut Grove Playhouse, Colony Theatre Company, Commonweal Theatre Company, Contemporary American Theatre Company, Cornerstone Theater Company, The Coterie Theatre, Court Theatre, Deaf West Theatre, Dell'Arte Players Company, Detroit Repertory Theatre, Diamond Head Theatre, The Empty Space Theatre, Fargo-Moorhead Community Theatre, Florida Studio Theatre, Free Street Theater, GALA Hispanic Theatre, George Street Playhouse, Geva Theatre, Goodman Theatre, Hippodrome State Theatre, History Theatre, Honolulu Theatre for Youth, Horse Cave Theatre, The Human Race Theatre Company, Huntington Theatre Company, The Hypothetical Theatre Company, Illusion Theater, Imagination Stage, Infernal Bridegroom Productions, Inside Broadway, InterAct Theatre Company, International City Theatre, Invisible Theatre Company, The Joseph Papp Public Theater/New York Shakespeare Festival, L.A. Theatre Works, Laguna Playhouse, Lifeline Theatre, Long Wharf Theatre, The Lyric Stage Company of Boston, Madison Repertory Theatre, Main Street Theater, Marin Shakespeare Company, McCarter Theatre Center, Metro Theater Company, Mill Mountain Theatre, Milwaukee Repertory Theater, Missouri Repertory Theatre, Nevada Shakespeare Festival, Nevada Theatre Company, New Conservatory Theatre Center, New Mermaid Players, New Mexico Repertory Theatre, New Repertory Theatre, New Theatre, Next Act Theatre, North Coast Repertory Theatre, Northlight Theatre, The Open Eye Theater, Open Stage of Harrisburg, Oregon Shakespeare Festival, The Pennsylvania Shakespeare Festival, Penobscot Theatre/Maine Shakespeare, Perishable Theatre, Perseverance Theatre, The Phoenix Theatre, Pittsburgh Irish and Classical Theatre, Pittsburgh Public Theater, Playhouse on the Square, The Playwrights' Center, Plowshares Theatre Company, Portland Center Stage, Portland Stage Company, Riverside Theatre, Roadworks Productions, Round House Theatre, Roundabout Theatre Company, Sacramento Theatre Company, The Salt Lake Acting Company, San Diego Repertory Theatre, San Jose Repertory Theatre, Seattle Children's Theatre, ShadowLight Productions, Shakespeare & Company, Signature Theatre, Signature Theatre Company, Skylight Opera Theatre, South Coast Repertory, St. Louis Black Repertory, Stages Repertory Theatre, Steppenwolf Theatre Company, Studio Arena Theatre, The Studio Theatre, Syracuse Stage, Taproot Theatre, Ten Thousand Things, Theater J, Theatre for a New Audience, TheatreWorks, Touchstone Theatre, Trinity Repertory Company, Utah Shakespearean Festival, Victory Gardens Theater, Virginia Stage Company, Walden Theatre, Walnut Street Theatre, Weston Playhouse, Williamstown Theatre Festival, The Wilma Theater, Woolly Mammoth Theatre Company