Assuming a professional mantle:
UK arts boards examined
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Amidst a broader governance debate spreading across sectors, UK cultural boards must contend with changing expectations regarding their responsibilities. Non-executive directors (‘NEDs’) are being asked to fulfil an ever-more professional mandate to deal with challenging external and internal circumstances. Consequently, cultural boards often find themselves taking centre stage in the fulfilment of their organisations’ missions, which increasingly requires providing governance oversight and strategic vision, in addition to support for financial and technical operations. Yet, while circumstances continue to redefine the art board’s role in addressing unique industry challenges, relatively little information exists on the structures and processes it can harness to carry out its responsibilities.

To better understand how cultural boards fulfil their role of safeguarding culture – and to complement increased scrutiny with actionable recommendations around best-in-class governance models – we looked at the boards of directors of 10 leading UK performing arts institutions and 10 leading UK museums.1 We also analysed a number of US organisations,2 where a similar debate currently rages, to provide context where additive. By highlighting UK cultural boards’ strengths as well as opportunities for improvement, we hope to provide transparency, raise questions, and inform a discussion about the range of choices these nonprofit boards can make.

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### Opportunities for strengthening UK Arts boards

#### Are boards equipped with the right mix of skills to support their organisation’s CEO and executive team?

- **74% of arts NEDs have no C-suite experience and 35% of boards have no CFO experience.**

#### Do boards showcase the technical expertise to innovate in the digital age?

- Only **6% of arts NEDs have any prior digital experience**, which primarily comes from working within a digital organisation, rather than from serving in a digital role.

#### Do boards represent the diversity of the constituencies they serve?

- UK arts boards hover around **4% ethnically diverse board members** and **35% female board directors.**

#### Are board members able to participate actively, with limited fundraising conflicts?

- The majority of UK arts directors sit on other boards, with an average of **4 additional board seats**. More than a quarter of these serve on 10 or more boards.

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1 Performing arts institutions included in this analysis had a median revenue of £32M and museums of £53M.

2 In the Russell Reynolds paper, *Who sits at the boardroom table? A look inside nonprofit boards* (2017), 10 US museums with a median revenue of $207M and 10 US performing arts institutions with a median revenue of $102M were profiled.
Where can UK cultural boards be strengthened?

LIMITED C-SUITE EXPERIENCE

UK cultural boards could benefit from more members with senior leadership experience: most NEDs in the UK have no prior C-suite experience, and the majority of boards lack CFO experience amongst their members (Figure 1). While the legacy of including experts from the arts – who may have less senior management experience – in part explains these statistics, that answer nonetheless raises another question: how well equipped are boards to advise the executive team on issues they are tasked with resolving?

AN UNMET DIGITAL NEED

Despite being cognisant of the need for technological expertise, most UK cultural boards are not digitally savvy. Only 4% of museum NEDs and 8% of performing arts institution NEDs have any prior digital experience, and those that do earned it predominantly by working in a digital organisation, not from a digital role (Figure 2). Consequently, even while cultural institutions struggle to stay in step with their evolving digital-age audiences and to invest strategically in new technologies, few board members possess the skills required to help them address these core challenges.

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1 For more on the topic of digital in cultural institutions, refer to The emergence of the chief digital officer in cultural institutions (Russell Reynolds, 2016).
GAPS IN DIVERSITY

Faced with increased public scrutiny and demands for accountability, organisations across all industries have recognised how important diversity and inclusion practices are to good governance. Cultural institutions in particular face increasing demands to reflect the diversity of the constituencies they serve, but data suggest there is room for improvement (Figure 3). Both museums and performing arts institutions orbit at or under 5% ethnically diverse board members, while performing arts institutions fare slightly better on gender diversity, with 34% female NEDs versus museums’ 26%. Adopting a broader industry lens, diversity statistics are comparable between UK cultural institutions and FTSE 100 companies, though the former fare slightly better in terms of gender diversity and the latter in terms of racial diversity. These findings suggest that, while diversity and inclusion are top-of-mind concerns across industries and institutions, such awareness has yet to translate into meaningful changes at the board level.

Figure 3: Diversity (average % of board members per board)

<table>
<thead>
<tr>
<th></th>
<th>FTSE 100</th>
<th>Museums</th>
<th>Performing arts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender diversity</td>
<td>26</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Racial diversity</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
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TOO MANY BOARDS, TOO LITTLE TIME

Research confirms that a lack of active participation from board members and an apparent disconnect between the board and the executive team are key impediments to board effectiveness. One potential source of this disengagement involves the number of additional board seats members occupy. Most board members at UK museums and performing arts institutions (76% and 59%, respectively) sit on at least one other board, with an average of four additional board seats (Figure 4). However, more than a quarter sit on more than 10 additional boards (as compared to only 13% for US cultural board members). These significant additional time commitments pose a potential challenge to a board’s effectiveness. With growing constraints on government subsidies, organisations are increasing fundraising efforts and looking to the board to take on a leadership role across a range of initiatives. However, the feasibility of delivering on these commitments, especially those of a financial nature, becomes questionable when members sit on multiple, potentially conflicting, boards.

Figure 4: Breakdown of additional board memberships

<table>
<thead>
<tr>
<th></th>
<th>Additional boards (% board members)</th>
<th>Number of additional boards (% board members with additional board seats)</th>
<th>Average number of boards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Museums</td>
<td>76%</td>
<td>65% 3% 27%</td>
<td>4.4</td>
</tr>
<tr>
<td>Performing arts</td>
<td>59%</td>
<td>65% 5% 29%</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Where are UK cultural boards ahead of the curve?

**A STREAMLINED STRUCTURE**

Board size – like several other aspects of board structure – encapsulates a trade-off: smaller boards may suffer from myopic vision, while larger ones could encounter efficiency concerns. The good news: neither of these challenges seem to apply to UK cultural boards, which average 14 members for both museums and performing arts institutions. Especially when compared to US cultural institutions, which average 33 board members for museums and 68 for performing arts institutions, UK cultural institutions emerge as benefiting from a streamlined board structure, which also features fewer committees and a higher representation of the organisation’s CEOs. However, US boards are often larger in order to deal with the fundraising imperative they face – will the changing UK landscape, marked by decreased government subsidies for the arts, force its cultural institutions to follow the US lead?

**A STRONG MIX OF EXPERIENCE**

Across assessments of US and UK NEDs, several internationally applicable best practices for a cultural board emerge: it should possess financial acumen; familiarity with academic, regulated, and highly matrixed environments; and subject matter expertise.

The UK does well in this regard: despite low levels of C-suite and digital experience, UK cultural boards display a breadth and depth of expertise, with most of their board members having held professional roles across both the nonprofit and for-profit sectors and a share having had international experience (i.e., 12% of museum NEDs and 5% of performing arts NEDs).

**RECOMMENDATIONS**

Given the array of challenges faced by cultural institutions, few ‘silver bullets’ exist regarding effective board composition. We have, however, set out the following recommendations to inform future decision making.

1. **Skills mix** – UK cultural boards display a strong variety of backgrounds among their members. However, they lack certain strategically valuable skill sets, including digital expertise and C-suite experience. To align the experience profile of board members with the organisation’s strategic goals and ensure strong critical thinking at the board level, conduct regular audits of skills (including digital and C-suite), define specific candidate selection criteria, and recruit individuals from a range of industries and with a variety of experience.

2. **Diversity** – UK cultural boards – like their FTSE 100 counterparts – feature a low share of female members and an even lower share of ethnically diverse members. To increase diversity meaningfully, ensure that board selection criteria and processes facilitate and encourage it, and develop a potential pipeline of diverse board members for the next five to 10 years. In that regard, consider younger candidate pools, who may have less board experience but more availability to participate. Moreover, to hold the organisation accountable and improve diversity efforts, consider making data on board composition public.

3. **Other governance commitments** – UK cultural board members sit on numerous additional boards across the nonprofit and for-profit sectors. To guarantee their ability to govern effectively and support fundraising initiatives, be clear and candid about the time and resource commitments that membership requires. Rigorously select new board members and objectively survey their motivation, availability, and what level of priority a given board appointment would take on relative to other commitments. Finally, institute two-way accountability: regularly monitor member performance, but also structure meetings to focus on critical issues and enable board members to deliver on their responsibilities.
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