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TOWARDS AN IDEAL BOARD

The governance of non-commercial theatre companies in Australia.

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There are two kinds of main-stream theatre companies in Australia: the commercial companies which regularly revive overseas musicals and for the most part re-stage productions which have already proven popular in London or New York. Their success is judged by their ability to make a profit. Then there are the non-profit theatre companies. These are located in both capital cities and some regional centres. They are primarily concerned with developing a genuinely Australian theatre directed, acted and designed by Australian artists and producing classical and contemporary plays from Australia and abroad. Their success is judged on a balance between artistic excellence, popular appeal and financial responsibility.

This paper will deal with the non-profit theatre companies which are established under the Australian Corporations law and governed by Boards of Directors: with companies which are dependent on government support through the State and/or Federal funding bodies.

The non-profit companies comprise one of the few industries in the world in which the most critical decisions are made by people with little or no professional experience or knowledge of the theatre industry; people who are comfortable with financial and legal issues, but so uncomfortable with artistic issues that they often seek to avoid them altogether.

In theory, the registered members of a non-profit theatre company are its major stakeholders. The members of the company elect a Board of Directors to look after their interests in much the same way share-holders in a company-for-profit elect a Board to look after their monetary interests. Company membership is open to anybody who purchases a parcel of shares.

Membership of non-profit companies is not open. It is limited by the constitution, and appointments are made by the Board of Directors. It is not easy to become a member. This closed circle places ultimate control of most non-profit companies in the hands of the Board and leads to a tendency for Boards to think of themselves as the "owners" of the company rather than the servant of the stakeholders – or even servants of the industry.

The majority of non-profit theatre company Boards are composed of distinguished and influential individuals who have an interest in the theatre and are willing to devote time, effort - and occasionally money - to assist the companies of their choice. Business people predominate, closely followed by lawyers, accountants, academics and wealthy, well-intentioned citizens. There are proportionately few theatre practitioners on theatre company Boards. Is this because practitioners are unwilling to serve, or because Boards prefer to exclude them to protect their own influence? Whatever the reason, Australian non-profit theatre company Boards are overstocked with managers, business people and lawyers.

I believe it is time that members of the theatre profession took a greater interest in the politics of theatre and began to influence the governance of their own industry rather than leaving power in the hands of amateurs.

The State and Federal funding bodies actively promote Boards with financial, business and legal skills. In my experience, I have known the funding bodies to even check the names of Board directors before granting the organization their stamp of approval

In 1980, the year after I set up the Sydney Theatre Company in association with John Clark, the STC Annual Report noted

A great deal of time was spent revising the company's articles of association...In keeping with certain conditions of grant as set by the Australia Council and the NSW Division of Cultural Activities, a degree of democratization was necessary, while still allowing for some appointments to ensure a Board make-up of a desirably mixed group of people.

This “*desirably mixed group of people*” was, and still is, designed to provide the funding bodies with some assurance that their client companies are run along good business lines; that they comply with all the necessary legislation; and that tax-payers’ money is responsibly spent.

These tasks are relatively easy for both Boards and funding bodies to oversee, monitor and assess. Assessing artistic excellence is another matter.

Some Boards constitute themselves as Boards of Management and actively involve themselves in both the administration of a company and its artistic direction. Other Boards concern themselves primarily with Governance, with the general oversight of the company’s operations, and are more or less prepared to leave the management of the company to the professional staff. In this paper, I am more concerned with Boards of Governance than Boards of Management.

It is often said that a Board’s most important task is to appoint the person or persons who will run the company.

The vast majority of companies are run by Artistic Directors, responsible for the company’s creative activities, working closely with General Managers responsible for administration, financial management and marketing. It is extremely rare in Australia, and in most other countries, to find one person with the requisite skills to perform both roles. The jobs are so

fundamentally different and so time-consuming, they require very different sets of knowledge and practical skill.

In some companies, (such as the Sydney Theatre Company), the Artistic Director is the person formally in charge – the Chief Executive Officer in corporate parlance; and in other companies (such as the State Theatre Company of South Australia) it is the General Manager. In practice it does not really matter who is the formal boss, as theatre is both an art and a business and each role is entirely dependent on, and must complement, the other.

However, one thing is clear: the General Manager of a theatre company cannot manage without dynamic and imaginative artistic direction. Boards often forget that management should be at the service of art, not the other way round. They are easily impressed by new structures and strategic plans without asking exactly what these procedures are trying to achieve and how they connect with improving the artistic excellence of the company.

Having dealt with a great many Boards as the General Manager of NIDA and with the Boards of other companies during my time on the Australia Council Theatre Board and working for the New South Wales Premier's Department, I have become increasingly aware that there are, and I suspect there always will be, tensions between theatre artists and Boards of Directors.

There is a fundamental difference of mentality between artists and arts-educators on the one hand; and on the other, the kind of non-artistic people responsible for the governance of most Australian theatre companies; a difference in the way they think and a difference in the way they function.

Business people, bankers, managers, accountants and lawyers tend to think in terms of financial statements, business plans and strategic plans. They recognize the paramount need for rules and regulations; and they function most comfortably within formal management structures, procedures, contracts and controls.

The focus of creative artists, especially Directors, is fundamentally different. They think more in terms of content than form. Imagination, spontaneity, intuition, inspiration and ideas are paramount. Risk is a normal artistic process and risk management an alien concept. They understand that creative work requires quick and often instinctive decision making. Trial and error is an everyday activity. You don't talk about it - as Berthold Brecht said to his actors "...*just do it!*" - and if it doesn't work, try something else.

Board members generally find this kind of thinking difficult to deal with. On top of that, theatre artists, especially Directors, tend to be impatient, temperamental, highly strung, unpredictable and difficult to manage. Boards find it far easier to deal with balance sheets than artistic excellence. They cannot always understand why procedures and structures appropriate to the business or legal worlds do not always apply to the arts. Committees can be the death of creativity. Theatre is not democratic. Theatre flourishes under inspirational leadership. Boards prefer cool and level-headed administrators who go by the rules to volatile and passionate Directors.

Despite these differences, you could argue that Australian theatre has done reasonably well over the past fifty years under the existing system of

Board governance, particularly those companies which have enjoyed extended periods of strong artistic leadership, such as with the Melbourne Theatre Company under John Sumner and the Sydney Theatre Company under Richard Wherrett.

On the other hand, some Boards have done considerable damage. I was in a position to closely observe the demise of the Old Tote Theatre in 1979 and I believe that poor governance was ultimately responsible for destroying that company. The Board made inappropriate artistic decisions, bad appointments and displayed a naive lack of political skill. The Chairman refused to consult with the funding bodies and could not conceive that their support might be withdrawn. A number of unpopular productions, as well as an expensive and inappropriate building, had resulted in a huge deficit which the Board believed could be turned around by a new artistic director whose age was far greater than his reputation in the profession.

Not long afterwards, I observed the same thing happen to the Nimrod Theatre Company because the Board was unable to assess the artistic direction of the company or monitor its financial management. More recently, the Northside Theatre Board allowed the company to go into liquidation when other alternatives may well have been available. It would appear that Opera Australia is not without its current problems and according to recent press reports, the Board of the Kookaburra Music Theatre Company is out of kilter with the Executive Director's vision and artistic policy.

At NIDA I have never been entirely happy with the many Boards I have dealt with: neither their composition nor the role they have adopted in the life of the company...and for this I must accept some responsibility.

When I was appointed Bursar of NIDA way back in 1969, the Board worked extremely well, largely because the Chairman was the founding Director of NIDA, Robert Quentin. He provided wonderful guidance to the Director and me because he knew the school, he understood the profession, he had worked as a director in professional theatre in both Australia and in England and he appointed to the Board several members with theatrical and educational expertise.

In the eighties, as NIDA became more established, things began to change. Membership of the NIDA Board was sometimes viewed as a prestigious appointment and the distinction between governance and management became blurred. There was a dicey period in the mid 1980s when three Board members closely associated with the University of New South Wales had diametrically opposed views of what NIDA should be and how it should be run. They did not appreciate the difference between a vocational, conservatory theatre school and a university drama department. Personal animosities emerged, the Board lost its corporate unity and university politics were played out at the expense of the staff and students.

As NIDA grew and flourished during the nineties - happily with a minimum of rules and regulations - the Board worked reasonably well. The membership was adjusted according to the changing needs of the company. There were a number of excellent members who provided the Executive with invaluable political contacts and professional advice. Some members made generous donations to the Stage II building fund; and some gave practical

assistance on the design and construction of the building itself. Alas, there always seemed to be one or two members more concerned with what NIDA could do for them than what they could do for NIDA – a not uncommon phenomenon in theatre company boards!

So long as NIDA was moving ahead; so long as it produced demonstrable results in the employment rate of graduates and the number of awards they won; so long as the government believed the school was well run – the Board was content to leave things to the professionals, and for this the executive and staff were most grateful. Although Board interest in the life of the school sometimes left a little to be desired, at least the Board worked as a team and everyone connected with NIDA shared a common vision and made sure this vision was forcefully communicated to our patrons in government.

The main lesson I learnt over this period was that the Executive should lead the Board and not allow the Board to lead them. The Director and I kept the NIDA Board well-informed on all artistic and educational issues, especially the content of all courses and the artistic and educational rationale underpinning all management changes. Everything was presented to the Board for ratification; and presented in a well documented and well-argued format, which always left room for the Board to comment, to debate and to improve.

In more recent years, I have somewhat modified my views. In the current theatrical environment, change in the artistic direction and leadership of both theatre companies and theatre schools has become more frequent. I now believe Boards need to become more pro-active. If they are to make wise decisions, they must be prepared to take more responsibility for their own composition and think a great deal more clearly about their role and their actions and especially the artistic policy of the company.

In this paper, I was invited by Currency House to address the topic ***My Ideal Board***, and having outlined some of the problems with non-professional, lay theatre boards, I shall do my best to offer a few suggestions which may help non-profit theatre companies get the kind of boards they rightly deserve.

Firstly, the Composition of Boards: An effective Board will constantly renew itself by seeking the best possible mix of people to support the activities of the company at any given time. A turn-over of membership is desirable. As economic conditions and the political climate change, Boards require an active nominations committee constantly on the look-out for new members willing and able to fill the gaps in expertise. Board members should not hang on for their own gratification or to serve out their constitutional span. I am also committed to the value of small Boards. Six or seven members are ideal. Larger Boards are unwieldy, ineffective and difficult to involve in the life of a company. I am equally committed to the importance of adequate artistic expertise on Boards. Without theatrical knowledge a theatre Board will be as ineffective as a for-profit Board without business skills. It is time for more members of the theatrical profession - producers, casting agents, theatre directors, designers and managers, as well as actors - to prepare themselves to serve on theatre company Boards by acquiring better political skills, by setting aside their personal agendas and by developing a broad view of the industry.

Secondly, Fundraising: At one time, the Boards of theatre companies were expected to raise funds from the private sector. In many countries, this is still the case. It was a past Chairman of the Royal Academy of Dramatic Art, Lord Richard Attenborough, who almost single handedly raised 32 million pounds to rebuild the school in the centre of London. In more recent times, many arts organizations in Australia have established Foundations to ensure donations to the company comply with government legislation regarding tax deductibility. Foundations can be a mixed blessing for Boards because Foundation members often put more time and effort into supporting the organization than the Board members themselves; and for this they must be given appropriate status and recognition within the company. Foundations also let Boards off the hook by leaving members either questioning their role or ignorant of their responsibilities.

The role of the Board. The Board of Directors of a non-profit company is legally responsible for the oversight of the organization's activities. It is the role of the Board to ensure that the mission of the company - the reason for its very existence - is clearly defined and thoroughly understood by all its members. The mission should encompass the kind of play-productions or dramatic activity the company was established to produce, and against which its performance should be assessed. The mission should be clear to everybody with an interest in the company. For example, the perception of the Bell Shakespeare company's mission is clear – it is to produce the plays of Shakespeare, present them to as wide an audience as possible, and to encourage the interest of young people in Shakespeare's plays. On the other hand, it is widely understood that the mission of the Griffin Theatre Company is primarily to generate new writing and to develop the careers of young Australian playwrights. The mission of a company is the responsibility of the Board. The Director is appointed to carry out that mission. It is essential that the Director and the Board should regularly discuss, review and amend the mission as appropriate. In addition, the Board must keep under review the company's long-term strategic directions, ratify all policies and procedures pertaining to its core business and ensure the mission, strategies and policies are understood inside and out of the company. Without a clear understanding of the company's mission, it is difficult to see how a Board can make informed decisions when a new Director has to be appointed.

The executive: Boards of governance usually (but not always) stay away from the management of the company, leaving that to the General Manager and the Director who are either members of the Board or in attendance at Board meetings, thus keeping the lines of communication open. It is sometimes claimed that a Board "*must support the Director*" – but this is only possible if every member of the Board is fully aware of the company's mission, as well as the Director's artistic policy and vision for where the company is going and what it might achieve. Some Boards find it easier to ignore artistic policy and see their role as an uncritical rubber-stamp for all executive decisions. This cannot be in the best interests of the company. An effective Board will keep the Director and the General Manager on their toes by asking the difficult questions, by ensuring all managerial decisions are related to artistic outcomes, and by assuring the mission and direction of the company is clearly understood by the funding bodies, the community at large and everybody within the company.

The role of the Chairman: It is the primary role of the chairman (or chair or chair-person, as you wish), to represent the company to the community at large and to assist in the positioning of the company with governments or with the funding bodies. Secondly, it is the Chairman's responsibility to represent the Board to the company itself. Without effective communication between the Board, the artists, the staff and the company members, the Board will remain a mystery and thereby create uncertainty and suspicion throughout the organization. Thirdly, an effective Chair-person will provide the Board with firm leadership, ensure the mission is understood and regularly reviewed, ensure every Board member knows why they are there, knows what is expected of them and is made aware of their special value to the company. In this way the Board will operate as a team, rather than a collection of individuals from different walks of life. The Chair will work strenuously to achieve unanimity in all critical Board decisions. A divided board is not only a dysfunctional Board, of limited value to the organization, but a poor reflection on the Chair.

Evaluation: It is important for a Board of Directors to regularly assess and evaluate the performance of the company and check whether its objectives are being achieved. This is where Boards often have a problem. Economic performance is comparatively easy to assess; artistic excellence somewhat more difficult. Accurate evaluation of artistic performance can only be achieved if the mission of the company is clear, the Director's vision understood and there are members of the Board who are comfortable generating the discussion and assessment of artistic matters. (I have noticed that a fall-off in audience attendance figures is invariably attributed to factors other than a decline in artistic standards!) It is also important for the Board to have an open and transparent system for assessing the performance of the Director. Unless this is done in relation to the mission statement of the company and the job description to which the Director was appointed, this can be a subjective and confusing process for both parties.

Assessing the Board: In my experience, Boards are reluctant to assess their own performance, both the performance of the Board as a whole and the performance of individual members. During my time at NIDA I can remember only one rather scrappy attempt to do this and it achieved nothing at all. If a Board is open to frank, uninhibited, informal debate, at least one meeting a year could be devoted to self assessment. It is also an opportunity to review the aims of the company, to check that all members are aware of problems affecting the management and artistic direction of the company and discover how Board members can better assist the company.

In summary, if we are to continue with the present system of non-profit theatre companies governed by Boards of Directors and heavily dependent on government support, there are several issues that should be addressed. I would like to see

- more members of the theatre profession invited to join the boards of non-profit theatre companies.
- more members of the profession take an active interest in the politics of theatre and accept more responsibility for their own industry.

- non-profit theatre company membership broadened and company members more pro-active in the life of the organisation.
- I would like to see Boards accept more responsibility for artistic excellence in addition to performing their fiscal and legal responsibilities.
- Boards undertake far more rigorous self-assessment.
- Boards more prepared to adjust their membership and role to changing political, economic and social circumstances.
- Finally, Boards who genuinely care about the theatre must do all in their power to ensure the community at large is fully informed about what their company is doing, what needs to be done to assist it, and how the theatrical profession contributes to the cultural life of this country.

However, on the question of *The Ideal Board*, the fundamental tension between theatre artists and Boards remains inescapable. Consequently I have begun to question whether our Australian system of company governance by non-professional people is the best and most effective way to ensure artistic excellence. Maybe we have reached a point where we should take this issue a stage further and ask ourselves

“Is the present system open to improvement or is it fatally flawed? Is there is not a better way of organizing non-commercial theatre?”

In Australia, we have adopted an organizational system similar to that which operates in the United Kingdom and the United States, a system very different from the systems in some European and Asian countries, where municipal, state and central governments accept far more direct responsibility for professional theatre. Our “*arm’s length*” principle lets the government and the funding bodies off the hook. The failure of a theatre company is never their responsibility. Some Boards think the same way. A company in trouble is never their fault. The Artistic Director is usually left to carry the can.

At a time when governments and private enterprise in countries throughout the world are re-evaluating the way national economies are managed and regulated, it might be appropriate to open up a new avenue of debate and re-assess the way we organize government supported, non-commercial theatre in Australia.

Maybe this is a topic for serious consideration by our state and federal funding bodies.

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