

Grantmakers in the Arts
Proceedings from the 1999 Conference

Strengthening the Arts Through Policy, Performance and Practice

November 14-17, 1999 San Francisco

Leadership Development and Transition in the Arts

This panel explored both the theory and practice of leadership, and issues of leadership transition, in the arts. How can founder-driven arts organizations prepare for the inevitable transition of leadership? What can funders do to better assess effective leadership and invest in skill development for the future? Leadership models, successful retention strategies, the role of boards, and other aspects of organizational leadership were covered as part of this discussion.

Moderator: Catherine Wichterman,
Panelists: *The Andrew W. Mellon Foundation*
Karen Brooks Hopkins, *Brooklyn Academy of Music*
J. Richard Hackman, *Harvard University*
Susan Stevens, *The Stevens Group at LarsonAllen*
Bruce Atwater, *Walker Art Center*

Presented November 16, 1999, 3:00 p.m.

Suzanne Sato: *I'm very pleased to introduce our moderator, Catherine Wichterman, who is the program officer for Performing Arts at the Andrew W. Mellon Foundation, where she oversees its national programs in music, theater, opera, and dance. She came to Mellon from another constituent organization, Meet the Composer, and before that she worked for four orchestras. So she's been on both ends of the table and has lots of experience to bring to our panel today. So without further ado, Catherine Wichterman.*

Wichterman: Thanks Suzanne. This session grew out of a discussion that Cora Mirikitani and I had several months ago around concerns about leadership transitions within arts organizations and also issues of leadership development in arts organizations - particularly in light of the fact that there are so many

organizations that have now entered that mid-life phase where founders are beginning to think about the ends of their careers, and organizations need to position themselves for that transition.

But we felt like we didn't really want to concentrate on the fact of leadership transition and rally around that subject, but rather to broaden the discussion a bit. And we thought the conversation would be much richer if we did branch out into some other areas. That led us to the distinguished panel we have here.

Shepherding effective leadership transitions from one artistic or managing director to another is, I think (and I'm sure most of you would agree), a total institutional responsibility - one which, above all, involves boards of directors. That's something we often overlook or sometimes feel hard-put to evaluate. Too often as grantmakers we find it difficult to assess the state of governance and its readiness to effect, and then to subsequently support staff transitions - even to prepare effectively for succession within its own structure, which is just as critical to the ongoing support of the organization as staff leadership.

So to think about how we as funders might better support leadership transitions and understand issues of leadership development within organizations, our panel plans to address several issues.

First, we're going to address the theoretical concept, hearing from two people who have studied both the characteristics of leadership and changing models for decision-making within organizations.

From there, we want to get much more specific, and we'll hear from two people, one trustee and one president of an organization, who have recently been involved in very high-profile leadership transitions within their organizations. They'll talk about differing approaches to the process and key indicators of success. Finally, the panel will discuss how funders might better assess overall institutional ability in this area, as well as what specific things we might do to help improve organizational performance around issues like this.

We hope that this will be an informal discussion. The panel does have prepared remarks. We have about an hour discussion. And at that point, we really want to make this a conversation, because we're interested in hearing from you as well, not only the questions you have for the people here who have experience in this area, but also what you do in your own grantmaking to look at this issue of total institutional capacity.

So we're going to move on, and I'd just like to introduce the panel.

On the far end, we have J. Richard Hackman who is the Cabners-Rabb professor of Social and Organizational Psychology at Harvard. Richard has done research on a variety of topics in social and organizational psychology, including the performance of work teams, social influences on individual behavior, and the design and leadership of self-managing organizations. He also has the rather dubious distinction of having served as one my advisers in the recent program for

symphony orchestras that Mellon Foundation developed. And so he's been really involved with us in a lot of our discussions about leadership.

Next, we have Susan Stevens, whom I think many of you know. Susan is principal-in-charge of the Stevens Group at Larson Allen in St. Paul. Founded in 1982 by Susan, the Stevens Group specializes in strategic financial and management advice to nonprofits, foundations, and entrepreneurial government agencies nationwide. She is widely published, speaks widely at conferences, and is a noted educator as well.

Next to Susan is Bruce Atwater, who in May of 1995 retired as chairman and CEO of General Mills Corporation in Minneapolis. He is extremely active on boards, not only corporate boards but also boards of directors of nonprofit organizations. He's currently a director of the Mayo Foundation and serves as a trustee of the Walker Arts Center. And he was very closely involved in the leadership transition that took place at Walker. He will talk about the board perspective of that transition.

And finally, to my immediate left is Karen Brooks Hopkins, who is now president of the Brooklyn Academy of Music. Karen is a staff person who succeeded, if not the founder of the organization, the person everybody thinks was the founder, Harvey Lichtenstein. A quite interesting structure has evolved at BAM as a result of that transition. Karen has been an extremely successful fundraiser for many, many years and has been a writer and a good thinker about best practice in the field.

We are beginning with Richard.

Hackman: I tried to get her not to use the word "theoretical" since I'm the academic in the crowd, but she used it anyway. I won't do that, though.

I am supposed to set the stage in terms of broad thinking about what we've learned and what's changed in our thinking about leaders, leadership development, and leadership transition and succession.

I want to start just with something that is absolutely true of all of us when we think about great groups or great ensembles or great museums or great organizations of any kind. What we do so often is say, "ah, great leader, okay." GE, it was Jack Wells; or a great baseball team, it was Torres who brought the Yankees around. Or a great orchestra, it was that conductor who really did it. When we think of a great organization, we tend to think about a great leader. With Carlyle we think that the history of the world is the history of great persons. He said the history of great men, but we would say the history of great persons.

That view, which is really very natural, attributes the responsibility for greatness in a group or an ensemble or a museum or an organization to an individual. It does some interesting things to us when we try to think about how we perpetuate the greatness of an organization that is doing pretty well. It puts a lot of emphasis on identifying who the leader is. Who is great? What are the traits or

characteristics of the person who is going to be really great? So that we can pick a good one for the next leader of this enterprise. And what do those great people actually do? What are their styles? How do they act? So that we can train them. Because what we do when we think about leadership development is think about selecting great people and training them very well.

And as natural and as pervasive as what I call "personcentric" ways of thinking about leadership are, the cold water of research raises some questions about it, and I want to identify four reasons for pause about really focusing on the founder, great leader, entrepreneur, CEO, conductor, whatever it is.

First, there has been so much research in this century trying to identify the personality traits and the demographic characteristics of people who are going to be great leaders. That has simply not worked. A major review was done even a couple of decades ago now, and for those of you who had Statistics 101, you know what the correlation coefficient is, it's something that goes from zero to plus or minus one. Zero means there's no relationship. One means it's a perfect relationship. The median correlation in all these studies of the personalities of leaders associated with the effectiveness of the groups or the organizations they were leading is .1. That is no influence whatsoever.

We are much better at using demographic characteristics to predict who will become a leader; that's the sociologist's view. The best way to become a king is to be born to a king or a queen. The best way to become a captain of industry may be to be born in the right place with the right education. So there clearly are things about us as individuals that determine the opportunity structure of society. But in terms of being able to go in and measure and identify what it is about you or you or you that's going to make you great in your leadership function, the research is pretty miserable. That's problem number one.

Faced with this problem, psychologists and management theorists say that we can't really use measurement instruments to pick who's going to be a great leader, but we can train them. What do great leaders actually do? Let's identify the styles that they use in their work. We identify those styles. We can then train other people to use those styles. It's not their traits, it's their behavior. And that approach has also had a very good run, but with a couple of problems.

We can, in fact, categorize people according to leadership styles. The research has shown to be better in classroom settings, in training settings, off site. The sad news here is that the evidence on the transfer of learning from leadership education programs that focus on the styles (whether on participative or structurally or whatever) to the back-home setting is really pretty depressing. Because in the learning setting, we've got everything oriented toward exercising and practicing this new and better way of behaving. We don't have those incompetent subordinates, that hostile board, and all the other obstacles. When we get back, those things seem just to overwhelm the training that was learned. Besides, research actually shows that there really isn't any one style that is better. How you ought to behave depends on a whole lot of things.

My former colleague at Yale University, Victor Broom, actually developed a little black box (like a PalmPilot) that you carry around and when you're faced with a decision as a leader, you ask - should I make this decision myself? Should I convene a group to do it? Should I ask them to consult with me? And you flip these little switches. Is there conflict in the group? Do they have the information? Do I have the information? How long-term is it? All the things that the theory says. You flip the little switches, push the button, and then the machine tells you how you're supposed to behave.

This kind of illustrates the ludicrousness of this approach.

But the transfer of learning problem is serious for another reason. And that brings me to the third concern about the personcentric approach. How we behave is significantly more strongly predicted by how people around us act than it is by any espoused or intended style that we have.

A lovely little study was done with some purported Job Corps trainees about 15 years ago. The real subjects in this experiment were the people who had been hired to supervise these people in a clerical task. Their typical behavioral styles (the supervisors' styles) had been measured some months before, and the researchers wanted to see if they actually implemented these styles with the trainees. The trainees were, in fact, confederates of the experimenter and they were trained either to behave cooperatively or with hostility - to behave either competently or to make a whole lot of mistakes. You know the end of the story from the way I set it up.

The style of the leader was a direct function of how cooperative and competent the subordinates were. When subordinates were cooperative and competent, supervisors behaved participatively and democratically. When they were hostile and incompetent, supervisors were very directive and authoritarian. There was no correlation with their measured tendency to style. So you know, the implication is that if you're thinking about trying to create conditions for a particular kind of leadership, maybe the thing to do is to figure out what's going on that is influencing the actual behavior of the people in the organization that will enable a leader to exhibit a preferred style.

The fourth concern about the personcentric approach is the one that I think is most important. As Cathy mentioned, most of my work in the arts has been with the symphony and chamber orchestras. And, of course, there we have the maestro model. To see the amount of musical talent and leadership talent that is sitting unused on the rehearsal stage in most professional symphony orchestras is to get a new concept of what the term "waste" means.

The question then, of course, is well then if not that, then what? And where our research has led us has been to what I will call a functional approach to leadership. That is one that focuses, not so much on the demographic characteristics or the traits or the personal styles of the person in the leadership position, but focuses much more on what the leader does to get key functions that are needed for the effectiveness of the organization or the ensemble

accomplished.

Now, let me just expand that a little bit because what I'm saying is what a great leader is, is someone who gets the functions that are critical to effectiveness in place in a way that they stay there and root. There are two questions embedded in that statement.

Question number one is, what do you mean effective? And question number two is, do we know what those functions are, that leaders ought to be doing? And let me spend just about 15 seconds on each of those.

When we've gone around to various kinds of arts organizations and looked at what they mean by effective, and we look at what we mean (because whenever you're talking about effective, you're making a value statement), we have been depressed by the degree to which, when there is something that can be counted, it gets counted - be it dollars, patrons, subscriptions - and that is used as the indicator. So we say instead that one really needs to step back from that approach. When we talk about effectiveness, we mean a group or an organization that meets three tests.

First, are the people who are the legitimate receivers, reviewers, and users of whatever it is that that organization exists to provide, at least happy with it and maybe even thrilled? In my arena of the arts in the orchestral world, this means how is the audience feeling about the orchestra; how are the record company producers thinking about it; how are the people who are arranging tours and the presenters thinking about it? What are the critics thinking? These people who are the receivers of what we do.

Second, in the process of passing the first test, have we strengthened our organization as a performing unit? Will we be better able to operate two years from now than we were this year? Or, did we basically burn ourselves up in the process of achieving our task outcome? Do we get better, like a great string quartet, that improves constantly over 20, 30 years? Many arts organizations fail, frankly, on number two and then look to a leader to fix that.

The third criterion that we focus on is what happens to the lives and the growth and the fulfillment, the personal and professional growth and fulfillment of the individuals who are contributing to the organization's work. Are they learning some things and growing professionally, personally, artistically in this process? Or are they getting de-skilled? Are they becoming alienated like one player in one fine orchestra who said, "I have to be very careful that my job, which is playing in this orchestra, doesn't get too much in the way of my career, which is making music." That's a failure on criterion number three.

So the question is, what are the functions that a leader can put and keep in place that increase the chances that you can, over time, balance number one and number two and number three? I won't bore you with what the research findings are about that, but they have a lot to do with functions that are best performed differentially by different people in the leadership team of a given organization.

There are certain kinds of conditions having to do with contextual supports that the board, the governors, the links with the community are really in a good position to do. Other functions are best done by whoever the artistic leader, be it a music director, a curator, whoever that is. Other functions are best done by the person in the executive role.

I was going to give you a kind of blush about those but, I can take your name afterwards and send you a paper that discusses what we've identified the four key functions that leaders need be able to do.

Let me close by trying to emphasize what I think the implications of a functional approach to leadership are for leader development and thinking about leader transitions. Because when you talk about functions rather than traits and styles, you're talking about somebody doing the leadership act in his or her own idiosyncratic way. The way Martin Luther King engaged people is different than the way Lyndon Johnson engaged people. They both knew what they were really good at and they did *that*.

Leaders do what needs to be done in their own way, playing to their strengths, avoiding their weaknesses, in order to get these functions accomplished. And that really has some implications, I think, for leader development and thinking about leader transitions, which I will say just in bullet form, and I will have been done within my 16 minutes. I noticed that I added a minute.

Wichterman: I must have really terrified them!

Hackman: You terrified me. She absolutely terrified me. It started with her saying, "Where were you for our 2:00 preparation meeting?" When I thought it was 2:30.

Implications for leader development. One, effective leaders really need to know some things about the conditions that do promote organizational effectiveness and they need to know some things about themselves.

And great leaders actually do. They know what we need to have in place, and they know what their strengths and their limitations are. We don't do an awful lot in our leader development activities for helping people learn those things.

Second, effective leaders need to know how to do some things. There are actual skills in this, in setting a good direction, in getting people working together to articulate better with the community. There are some actual skills. Leader development programs that train in leader styles, or focus on inspiring stories about how some great leader overcame all odds and turned an organization around don't help because people need to know the skills.

The third and last thing is that effective leaders (by engaging others in the work of creating fertile conditions) engender in the best arts organizations that we have studied, a shared leadership culture in which many people are using their special knowledge, their idiosyncratic styles, their special skills, to help the

organization as a whole achieve its goals.

My favorite example of this, and I will close with this, is the Orpheus Chamber Orchestra, which I have permission to talk about from the orchestra, so I can mention its name. Orpheus, in rehearsal, is a model of a shared leadership culture. It is not as it is commonly viewed, a one-person, one-vote co-op where everybody gets to throw in their two cents worth about how we ought to play the Mozart. It is an organization that pays real attention to and gives great respect to the fact that individuals have different interests and different knowledge and different skills. Not just everybody can be concert master. And when we're going to move from Mozart to Ives, the person who might provide us a vision of what a great rendering of a middle Mozart symphony would be, is a different person than the person who would provide the interpretive vision for what a great rendition of an Ives piece might be.

And so they are paying attention to the individual differences and drawing on them. The person who's the interpretive leader really is the leader! You know, it isn't Zubin Mehta, Pierre Boulez, or George Solti, you know? It's not one person expected to do all. It's different people for different pieces. They respect that.

Then they bring in the principle players who work with that interpretive leader, who may be sitting as a bassoon player, not the first violin. And the corps - they call it the corps - they get the piece, they get the vision transferred to them. This is seven or eight people. And then the rest of the orchestra comes in and the people who are in the corps serve as leaders to help the other cellos get it, to help the other woodwinds get it. And in rehearsal they're terrific.

Turns out when they take it to the executive office they can't do it. Okay? They assume everybody is equally skilled at making decisions and doing marketing plans and how should we promote ourselves and how we should pay ourselves, that the respect for the individual differences in the musical arena that they have because they're all top-of-the-line musicians, and what makes their rehearsal process work so well, they're all amateurs as managers. And they can't delegate to somebody the kind of interpretive role for that.

So you see the plus and you see the minus in organizations like this. And what I'm hoping is that those of you who are involved in supporting the arts can think more broadly about leadership, so that we can talk not about what do we do to fill the founder's shoes as if it has to be somebody size 12C, because that's a quixotic quest if ever there was one. But instead, talk about how can we help the organization achieve a culture of shared leadership in which we recognize that there are indeed some things that an individual does better that are not good for group decisions, e.g. an interpretation artistic vision. You don't see very many great symphonic scores that are the products of committee. They're the products of individuals. That know when it's an individual act and when, in fact, it's a shared and team and collective act. And that's a distinction that I think that we need to pay more attention to in figuring out questions of leader development, but also in questions of the succession.

Wichterman: Thanks, Richard. We're going to move on now to Susan Stevens.

Stevens: Wow!

Hackman: See if you can talk faster than I did.

Stevens: I've been known as a lively speaker, but I don't know that I can quite do that. But I will try to stay within my time.

I have been a management consultant for 20 years. I started the Stevens Group about 19 years ago. And in that 20 years, we've worked with a variety of social service organizations, and over the last ten years or so, with a variety of arts organizations. We've run a variety of arts programming for starting with the Mellon Foundation, the Ford Foundation's Working Capital Fund, programs for collaboration of the Jerome Bush St. Paul Foundation, soon to be a program with the Warhol Foundation. So I've gotten to know the arts, although I don't come out of the arts, honestly.

In these 20 years, be it social services or arts, I can count on one hand, issues that transcend any field. And leadership transition, particularly founder transition, is one of those. It is way up there on my hit parade of things that organizations consistently have difficulty managing and handling.

And in that spirit, I set out to write a piece on founder transitions for Grantmakers in the Arts. These odd-ball people we call founders. These people that sometimes we love to hate!

Now, they're brilliant. We love their brilliance. But they are also control freaks. You know what I'm talking about, particularly if you are one.

As I was writing this article, which I meant to whip up in about a week's time, I had a block about halfway through that I couldn't get beyond! I got to the point that I couldn't write this. Because it was *me* I was writing about. My motivations, these crazy people we call founders. These people who every idea they have is the best idea they've ever had; how nothing is ever enough; how we're never satisfied; how every single project we're working on is the best thing we've ever done, etc., etc., that is me.

And not only is it me, but I'm a woman of a certain age now. And everything I'm doing, I can count on one hand how many times I may do it again.

So. I don't want to focus on me here, but it was more difficult to write this darn thing than I thought it would be.

Then I remembered that I had just taken four founders in the (Ford Foundation's) Working Capital Fund away for a retreat. It was probably one of the most important things I've ever done in my professional career, because again, I was supposed to be moderating their thoughts on being a founder. We had a fixed agenda. And one of my young staff people kept saying "You're off. They're

totally off-track. We're totally off our timetable." I said, "Throw the timetable away. Throw it away. I want to hear what's on these people's minds."

This turned out to be just a fantastic experience for them and for me. And out of that came the article that I've written. Here's what it says. At some point, a founder-run organization has to decide, is this organization going to survive the founder or not? Is this a limited-life corporation? Or is this something that for whatever reason is going to go on?

And all too frequently, we leave that decision to the founder. The last person it should be left to! Because the founder is ambivalent. The founder usually wants something to succeed him, but he's usually standing in the way of success.

So I've laid out several different things that I consider parallel paths that I will try to whip through now in my last five or ten minutes here with you.

On the founder path, the first question is, do I want the organization to survive me, to succeed me? And if so, the founder will face three stages of separation.

The first might not seem like a stage of separation, but I start with delegation. The founder has got to delegate. And usually they don't mind delegating because they can't wait to have somebody to be their helpmate. But in that first degree of separation, anybody who's helping the founder is just riding shotgun. Any managing director that comes in, no matter what the title is and how well-placed that title, that first degree of separation is typically just the founder having people help him out. And he doesn't really see that first helpmate as anything but a way to gain some help for all the work that he is trying to do. It's a very thankless job, typically, for that first manager person that comes into the organization.

If the organization survives going from "the one" to "one of," then we say it enters the second stage of separation, in which the identity of the founder begins to be separated from the founder as a person and the founder as the organization. For example, you can't think of Crossroads Theatre without thinking of Ric Kahn. You can't think of Dayton Contemporary Dance Company without thinking of Geraldine Blundon. Do you know what I'm saying in this? They are one and the same.

In the second stage of separation, however, the identity of the individual begins to separate out from the identity of the organization. Whether anybody else wants it to happen or not, the individual lets that happen. And that psychic separation is really a major thing. It starts the ball moving toward shared ownership; the organization itself can kind of go public. There's the CEO or the artistic director typically sharing ownership with someone else, usually the board of directors, who up until this time is often just the fan club of the person who is the founder.

A truly professional board can get there, and the board needs at that point to say, if we're surviving as an organization, if we're going to survive this particular person, we need to take some responsibility for the organization and not leave it

all in the hands of the person who up until then has had what I call "ungoverned ownership" of the organization.

So we hear all these things about founders being these control fanatics, etc., but very frequently it's because no one else steps into the breach to help balance out this ungoverned ownership that the founder keeps to themself.

At the stage where there becomes a separate identity, a founder can take on two roles within the organization: the originator role, which can never be taken away, and a role on the job description and on the organizational chart. And that job description needs to get done.

Once we carve out a role for the founder within the organization, he also has to *do* that role! Very frequently founders hide behind the skirts of, I'm the founder! So this separate identity and an identity that carves out a role for that person in the organization is also an important issue.

The third stage of separation is this institutionalization, which is a word that is just completely counterintuitive to an entrepreneurial founder. The last thing they want to do is institutionalize and do all of this sort of management side that is with that. But on the other hand, if they get to be a person of a certain age, they do start thinking about their legacy. Is my legacy going to be my artistic genius or is it going to be something else? We, far too often, leave this legacy and leave this succession planning and leave this whole side of exit strategy to the founder. We make them have to carve out their whole role in how they will find their own successor.

I'm here to argue that really, that's not fair, and that's not really honorable to the founder. So what can we all do about this? We're going to talk later about what we as funders can do about it, but let me just carve out a couple of different things I'd like to suggest from the board and I will read these so that will go quicker with you.

What's a board's role in all of this? First of all, it is not to leave the founder to their own success or failure in their position. From a board's perspective, I'd say this. One, as early as possible in the life of the organization, also figure out is this a limited life corporation or is this organization going to survive?

Second, surround the founder with competent professionals, staff, and board members. Often, we get what we pay for. We can't pay for anybody and so we have very underpaid, under-skilled people supporting this genius of a founder. And we wonder why that person doesn't make it. And half the time, they're not making it because they're not skilled. And the rest of the time we're blaming it on the founder who won't delegate anything to them. So prop the founder up with people who are their equals.

Third, recruit arts-motivated retired CEOs to the board, as well as entrepreneurs who've sold their business or who have made transitions in their own organizations. There are a lot of similarities between founder transitions or

leadership transitions in corporations, especially in family-owned businesses, and often we don't have those kinds of people on the board to say, hey what you're feeling here is normal.

Next, understand that this moving-on process will be a one step forward, two step back kind of a deal. Help the founder when they backslide. Hold founders accountable for his or her position within the organization. As I say, they have to show up and be a part of their own organization, not just all the periphery of things that they're also involved in. Likewise, we tell board members, pull your own weight as a board member. You have the beauty of being around in this organization at a very interesting point in time. And there's a certain kind of obligation that comes with that.

We encourage you to encourage the founders' reinvention as artists. After all, I don't know too many people who found anything who founded it to start a big management structure or even a company. They wanted to be artists. They want to do the things that they know how to do. And often that is not running something. But some of them just don't know enough to get somebody in there to run it and let them do it, you know.

Finally, we encourage founders to have a personal board of advisors. And for board members and funders themselves, to encourage founders to have their own board of directors that's not necessarily, and hopefully not, the board of directors of the institution. Too many times, board members of the institution try to behave as personal coaches to the founder. And the founder is going to this board of directors for personal advice that might be at odds with what the organization needs to do at that particular moment in time. So we very strongly encourage founder themselves to have their own board of directors, their own board of advisors that help them in out as they're trying to think through things.

And last (I know I said that was the last but it wasn't) - last, we strongly encourage founders to have a process and board members to have a process, for the founder to transfer their vision to other people. And to other, either worthy successors or basically to download each of the functions they perform. Because it's really that founder's vision that becomes their legacy.

Now, I will sit down and let you hear from people who have gone through this and see if what I've said is borne out, in fact, from both Bruce and Karen.

Wichterman: I'm struck by both Richard's and Susan's comments. And a lot of you in the room who know me know that I actually did succeed a founder, and I was the third or fourth person who tried to succeed that founder. We decided to focus only on really positive transitions today, but mine was not an example of a particularly positive one for the specific reasons that we've been hearing about. In particular, that the board of directors didn't really understand how to support either the founder or me in that situation. And so it became a very complicated situation, between the founder and me and between me and the board of directors.

It worked out quite blissfully in the end. And to a great extent, it worked out because there were a group of funders who had supported the organization for a really long period of time who understood what was going on. And who knew the people involved and who were able to participate in that process in a very positive way.

So anyway, I think that the role of the board can't be underestimated and the ability of people to perceive what's going on at that level is really interesting and important. And with that we're going to hear from a trustee who helped to shepherd the transition at the Walker Arts Center, Bruce Atwater.

Atwater: Cathy, thank you. As Cathy said, my assignment is to talk about a transition from the viewpoint of the board of directors, picking up very much on what Susan was talking about. The leadership transition at the Walker Arts Center, as I'm sure most of you in the room know, involved Martin Friedman, who had an absolutely worldwide reputation as the top, or one of the very top contemporary art directors in the country. He'd been there for 37 years. And the question was, you know, how can a mere mortal replace an icon like Martin?

To make Richard feel better though, I'm not going to get into the practical side of the story right away. I'm going to get into theory, Richard. And I really need to talk about the theory and the practice of governance a little bit, because what boards do here is really what makes this work or not work. They are, in my mind, the lynch pin. And so I do need to talk about the governance of arts institutions because good governance really determines whether you're going to have effective long-term leadership or not. And I have three theses here that I hope to illustrate with what I say.

The first is that board governance in most cultural institutions is mediocre at best. Second, that poor governance is directly reflected in periodic leadership crises. These two things are absolutely directly related. And third and most important for this group is that funders, as Cathy pointed out, can have a major role in identifying poor governance and in improving it.

So with that, let's talk a little bit about what in the world we mean by governance. What is it and why is it important?

First of all, governance very simply is just the process of long-term stewardship over an institution by a board of directors. Those are the key players. The board and the institution and long-term stewardship. I stress the long-term nature.

The purpose of governance, again is very, very simple. It's to ensure good, long-term artistic and financial performance. The long-term view is obviously necessary to perpetuate the institution, and I guess for purposes of this discussion, let's define long term as meaning over the terms of at least two artistic directors. Not one, two.

It's perfectly clear, I think, from everything you've heard so far today and from what you already know, that effective artistic leadership through multiple

transitions *is* the critical element for sustaining a strong arts institution. Governance is the link between leadership, which Richard discussed, and the board of directors. It is also the vitally important link between the regimes of two successive leaders.

Now, it's interesting coming from the business world to notice that in arts institutions, governance and what boards do, is really not discussed terribly much compared to the way it is in business organizations. And it has become - and it wasn't always - a major, major issue for business organizations. You're all aware of shareholder activists. You're aware of the chairman of General Motors being deposed essentially because of shareholder activism, and this also happened at IBM and American Express which are, you know, big American icons. And believe me, this got the attention of corporate boards of directors.

In arts organizations it's different, and I tried to reflect on why that might be the case. But I think the first thing picks up maybe something that Richard mentioned, and that is how difficult it is to measure what performance is in an arts organization. You do have earnings per share in a corporation, but it's a little hard to determine what the Walker Arts Center earnings per share is.

And second, arts boards, because they have a lot of unusual functions, tend to be large and unwieldy, and frankly, a little unsure as to what it is that they're supposed to do.

Now, governance is not that difficult. It can be evaluated and it can be changed, and I think funders can play a huge role in this. They've got to insist that boards focus on governance and do it right. And I've sat through appraisals at a lot of different arts institutions and cultural institutions by funders, and while they do ask about the board, most of the questions they ask is, you know, is there turnover? Do you have people that really support you with fund raising? They don't ask the questions that get at the subject of transition.

So I think the question now is, what should you all as funders, what should the stakeholders of arts institutions expect the board to do? And there are really only five very straightforward things the boards need to do. And I'll go through these briefly and then I'll come back and kind of critique them and talk a little more about them.

First and absolutely the most important thing is to ensure strong leadership, that's the theme of this conference. But that is the first thing you have to do. Second, they must approve the mission or vision and the associated financial projections and fundraising plans. Third, they must provide the leader with advice, counsel, and strong support, and I will add please not management direction. Fourth they must select appropriate board candidates, evaluate their own performance as a board and their own processes as a board. And fifth, they need to ensure that they comply with all the applicable laws and regulations under which they work.

Now, my experience not only on the Walker but in a range of nonprofit institutions is that boards spend most of their time on functions two and three,

which are looking at the mission and the fundraising plans and the financial projections. And three, that wonderful thing of advising the leader. And they spend precious little time on evaluating themselves, which was my fourth function. And they will leap into the breach when there is an organizational crisis or a leadership crisis, but they really don't do a very good job on the leadership thing overtime.

And I'd just like to expand a little bit on what is involved in governance in the first area. And it is not just selecting leaders. It is selecting them, regularly evaluating them, making sure that their compensation package is tied in with what the world is like and what the institution is trying to get done. And finally, replacing them. And that is the place where they fall down. Because particularly, if you have a leader who isn't doing his or her job properly, boards tend to let this go on much longer than they should. I will add parenthetically as a businessman so do businessmen, because it's the hardest thing in the world to do, but arts boards are worse. And you know the kind of person you ought to get, but this process of evaluating them is really important.

Now, let me before I get into the story of the Walker, just quickly turn to what should a board do to improve performance? And the first thing they have to do is have knowledge of what's going on and they've got to collectively have the will to do something about it. So they must ensure that the proper objectives are set and measured, and this is not always numerical, but they must evaluate that. Second, they must get timely information and pay attention to what their job is. And I would add parenthetically that all of you as funders can evaluate how well they do this.

How do you know when you've got a problem? Not meeting your objectives is obviously one of the very first things; declines in your audience over time; outside funding short-falls is a major signal; and poor artistic reviews or declining artistic reputation, which are a little harder to judge but they're certainly also signals. And if you're getting any of these signals, you'd better get going on that first responsibility of evaluating what's going on.

Now, what can you do about it? There's a whole bunch of things you can do about it. You can either change your objectives; in other words, if the arrow isn't hitting the objectives, you can move the target to the arrow, or you can reconfirm them and insist that the arrow hit the target. You can make sure that you focus on those few absolutely key objectives which are not being met and give advice counseling, and if needs be, direction to get them that. Ultimately, you can reorganize if you think there are personnel problems under the leader. Or finally, you can replace the leader. But you *must* get into that process. And again, arts boards in my judgment don't do that as quickly as they should.

What do you all do if you sense these problems? What do funders do? Just two things, I think.

Early and regular communication with both the management and the board. And express yourself, don't be shy about it. It's part of the stimulus and the feedback.

And second, withhold your funds. And I say that very simply because that gets people's attention. And in the business context, shareholders increasingly were withholding their votes for the directors of companies that they were unhappy with. And believe me, that got their attention.

Okay. Let's talk about Martin Friedman and the Walker Arts Center. This is a good story, so it's fun to tell. And it might not be quite so interesting to listen to because there wasn't blood all over the floor.

Martin, as I mentioned, had been artistic director for 37 years. He was a distinguished scholar and a showman - those two things don't always go together - and he was a wonderful developer of the people under him. I mean, the museums around this country are staffed with people who came through the portholes of the Walker, and most of them bear a scar or two from having worked with Martin, because he was meticulous about what he wanted done. But, you know, they learned and they were terrific.

The Walker became an elite organization. It was highly supported by the NEA. I mean, it was practically embarrassing the amount of money the NEA gave to us. The appeal of the Walker was strongly to the cognoscente. Those who didn't understand contemporary art were welcome but found it difficult to deal with. And here was Martin, at age 63, at the absolutely top of his game, having been there 35 years, and there was no impetus for him to leave just exactly as we have described.

Now, at the time I was the Walker chairman. And coincidentally, I had been in my job as CEO of my company for a long, long time and I was a short distance from retiring from my job, except in a corporate setting you knew that you went at 65. So I had, shall we say, some sympathy for what Martin was going through.

Now, the board at the Walker was quite different than a lot of arts boards. First of all, it was less than 30 people. Second, they were very interested in and knowledgeable about contemporary art. Third, Susan, they were a cheering institution and a fan club for Martin, but with that they were skeptical and independent. And fourth, they were mighty good at raising money and mighty good at managing that money so that our endowment went straight up. So we were friends of Martin's and we saw ourselves as working for Martin. But we had a strong core of independent members.

A few of the directors thought that having Martin retire at the peak of his game, at the peak of the institution and Martin's reputation, was the best thing for everybody concerned. And so this subject was breached with Martin. As part of this, a complete review was made of his financial situation and steps were taken to make sure that he was absolutely financially comfortable so there wasn't any issue about that in his retirement. And Martin, with not a lot of help because I was the person that was there, decided this was the thing to do and the time to do it.

Now, then came how to do it. And we rather quickly decided that good governance required having Martin not be involved in selecting his own

replacement. That was sort of my job to make sure that he was comfortable with that. I'm not sure he was completely comfortable with it, but it was something that had to be done.

On the other hand, I kept him fully informed of what was going on and if he had any thoughts, he felt comfortable delivering them to me, and I felt comfortable ignoring them if needs be. We had a six-person committee, which I did not serve on, because that enabled me to say to Martin, "if I'm not on it Martin, you can't be on it."

We had a careful written outline of candidates' specifications. I wish we'd known more about Richard's research. But you know, we knew what we wanted this person to do, so I guess you were focusing on your functional things.

We picked a search firm. The first search firm did an initial screening plus names that we all knew. We got down to a group of final candidates. The ultimate candidate was not in that first group of final candidates. And finally, her name came up and we interviewed her, and I think a woman named Judy Dayton and I were the first ones that interviewed her. And about halfway through the interview we looked at each other and we knew each other well enough to know, this means we've got the right one here.

Then I had to job of checking references in certain areas, and other people checked other references. The person I had to check with is a guy named George Putnam, who was the chairman of the Museum of Fine Arts in Boston, where Kathy was working as the contemporary arts curator. And the awkward part about this is George was on the board of my company. So I had to call George and tell him we were stealing his best person and inquire as to whether she was any good or not. And his only comment was, "Bruce, I wish you weren't making this phone call," which told me what I needed to know.

At any rate, we offered the job to Kathy Hallbryce. She's been there, I think, seven or eight years, and she's been just terrific, absolutely remarkable. She's maintained the artistic representation. She has widely broadened the audience so we're not so elite as we were, which is something that we all felt ought to happen. She's broadened the funding sources. She's maintained our artistic reputation. I mean, it's been a really good transition.

So in conclusion, I do believe arts institutions and governance is less developed than business governance but it can be improved. There is only there is only one thing you do in governance, it's this that we're talking about today. Get the leadership thing right. And finally, that you all funders can make a big, big difference in this process.

Wichterman: So we'll move on to a different sort of transition and Karen.

Hopkins: My story is not going to be theoretical at all. It's going to be absolutely personal. And it's quite interesting for me actually to talk about it, because this is the first time that I think that I've talked about the transition since it took place,

except with my colleagues at BAM.

But I'm going to start off by talking about Harvey Lichtenstein, who I think many of you know as, while not the founder of BAM, certainly the founder of the modern day BAM. And I want to talk a little bit about him and what it was like to work for him, and how this transition came to be and sort of what the whole process was. And just how all the feelings kind of worked into the story. And I think it's an interesting story and hopefully a good story.

Let me just give you a little history. Harvey came to BAM in 1967. He embarked on a path of innovation immediately, and the key to his success was the decision that BAM would not be a second-rate Manhattan arts institution but it would be a first-rate BAM. That he would couple his own interests in contemporary approach to all art forms with his love of living on the edge.

The thing about Harvey is that he loved to live on the edge of everything: the financial edge, the programmatic edge, and ultimately, Brooklyn is the geographical edge. And they used to tell the story that people would say, "Where is such and such art event playing?" And they'd say "Well, it's at the Brooklyn Academy of Music and then it's going to be in London." And the person would say, "Okay, I'll see it in London." So this is what Harvey had to overcome in terms of the provincial mentality.

Harvey really embraced that. Being in Brooklyn gave him the freedom to not necessarily have to follow any kind of pre-described way of doing anything.

The other thing about Harvey is that he is totally not a bureaucrat. He loves ideas more than rules. He loves high energy more than any kind of planning process. And for 32 years I want to exactly quote from Susan's article because when I read the article, I went oh, my God, it's about Harvey! Now I realize it was about Susan but

For 32 years, Harvey believed whatever he was doing at that moment was the most important project that he had ever done, whether it was bringing 26 horses from France for Zingaro; the Mahabarata, which was ten hours long, and that we had to build a theatre for; or Les Autries, to the Park Slope Armory and having to rebuild the Armory in the process. Every one of these projects was the absolute focus of his life.

I worked for Harvey for 22 years. The result of this experience of working for him was as follows.

Harvey's technique of staff management was that he'd push you to the wall and then a little further. But in doing this, he always got your best. If you could rise to that, he always got your best. He would never settle for a formula approach. And because he wasn't a bureaucrat, it allowed talent on both the board and the staff to rise, because nobody at BAM was ever trapped by process. And it attracted good people who loved the freedom of the place and the fact that, as we say, BAM is not a job but a crusade. And anybody who was just looking to be in a

job was in the wrong place.

The negative part of the Harvey experience was that there was intense pressure all the time. I never remember a day where we did not have intense pressure. That we always lived on the edge. And that with Harvey, the idea of benchmarking, or the past as an example of how to conduct business in the present or the future, was never an issue. You could never say we sold 3,000 tickets to this show last time, why have we added 30 performances this time? And he would look at you like you were crazy. That last time had *nothing* to do with this time.

Every year you'd start from square one at BAM. Every year the programs were different. The strategies were different. Things were different. And so you had to erase completely what happened before. One year, you'd do 400 dance companies, the next year, there'd be no dance companies. And so you had to sort of reinvent your strategy for survival every year. And that it was also a highly charged, volatile atmosphere all the time.

So this was the way we lived. It was the best and worst of everything. And if you didn't like the edge, then BAM was not the place to be in the Harvey era.

About a year and a half ago, Harvey mentioned to me and to Joe that he was starting to think about retirement. Joe and I were completely blown away at first. And then we decided that now was the moment to make our move. It was a critical moment, too, because Joe had been there for 15 years, and I had been there for 20 years. And if Harvey wasn't planning to retire, then we needed to know this, because we needed now to lead. We wanted, both of us, to have an opportunity to run our own show, but of course, we had committed our lives to BAM so we were either going to stay at BAM and lead, or leave. So understanding what Harvey thought his future was, was critical to our own.

When he mentioned he was thinking about retirement, Joe and I got together and decided that our strategy would be to approach our board chairman and Harvey and tell them that we were interested in the job, but that we wanted to split the job. That we wanted to try a new model and that we felt that the institution could benefit from a change in structure and from dual leadership. That the institution had grown. That the institution had changed. That our business now, having added movie theaters, a café cabaret, additional theaters, that we had such a huge business in addition to the artistic work that we put on the main stage, that a split focus would benefit the institution in the long run.

We spoke to our chairman, Bruce Rattner, and Bruce decided to bring in an independent consultant who would interview everyone separately and sort of find out how they felt and what they wanted. So this guy came in, and I don't think he had ever been into a place that was as crazy as BAM. But he began this sort of shuttle diplomacy. He would speak to Harvey and find out what Harvey said. Then he would come and talk to me. Then he would go and talk to Joe. Then he would talk to Bruce. Then he would talk to this member of the board. And so he was kind of shuttling around talking to everybody. And it became a process, too, of where he was really introducing Harvey to the idea of letting

things go.

And out of this evolved, over a period of months, a situation where Harvey would give new projects to Joe and me, and then immediately take them back again. And so it was very complicated because we loved him after 20 years. We fought with him. We hated him. We loved him. The relationships were very complicated, and we knew that every time he gave something, we knew he was going to take it back again and the question was how long, how fast, what would happen? It was also depressing because the minute you would get rolling on something, there it was again, back in his hand. But we knew that it was a confusing time, and we wanted to give him the space to figure it out.

Finally, the board, through this consultant, came to us and said to Joe and I that they wanted us to have a trial leadership period and then they would decide whether to convene a search committee. And at this moment, Joe and I said no. We said we're not going to do all this and face the search committee. Either hire us and then fire us if you don't like what we do, or convene a search committee and we will decide what our options are.

We were shaking, though, because it had been so many years, and we were all so invested in BAM and its success and everything that happened to it. But we felt that we kind of had to lay the gauntlet down or that the process would simply just drag on and that there would never be a consensus.

After we put forth this ultimatum, everybody immediately (not immediately, but over a fairly quick period) decided that we would have the opportunity to succeed Harvey. But the key player in here, unlike everything that's been said, especially by Bruce, was Harvey. He was the one ultimately who stepped up and really supported us to the board.

Now the board knew us very well. They particularly knew me because I had brought most of them to the board. In my work at BAM, I had found them, brought them in, gotten them together with Harvey, and then, the whole process of them becoming part of the institution took place.

But in the end, the board was very committed to the leadership that Harvey had given to the institution for all of those years and his support of us meant a lot to them. He understood at that moment, if Joe and I walked, that we were the keepers of his legacy. We had built the institution with him. We understood what BAM was and what it had become in his leadership era, and we had helped to create his legend. And when he understood that, Harvey became our greatest advocate. And as Joe says today, that the future of BAM will always be shaped by its past. Joe's words are, "Make no mistake about it. We are Harvey Lichtenstein's children." And in fact, that is the truth. That every new artist that we present, following their performance will be an artist that emerged during the Harvey era. So that Pina Bauche and Phil Glass and Robert Wilson and on and on and on, Laurie Anderson, and so forth will always have a home at BAM, in the Harvey era, in the Karen and Joe era, and as long as they continue to work. But then the new artists will be shown in context of them, and in this way, the

institution continues to put forth a point of view in a very specific vision.

Once the board embraced this, and Harvey embraced it, there was tremendous support at a very high comfort level because we had all been there so long. We all knew each other so well. But new relationships have emerged.

The board has become more vocal because in certain ways, they were in awe of Harvey and I don't think they're quite in awe of Joe and I yet. So the board has become more vocal in the transition process.

Joe and I feel very liberated to try new ideas. In fact, every day, we meet each other in the hall and we can't believe it, like we're finally in charge and it's tremendously exciting to us. We don't have to ask him about everything, you know? And yet, the greatest thing that has happened has been the way that our relationship with Harvey has transcended the whole thing. And he has truly become the Godfather. I mean, I will speak to him and he'll say to me, "If so and so comes to you with an offer, don't trust him. He doesn't love BAM." And I will be able to take his advice. I have made it clear that I want his advice and that I'll take what I want and discard what I don't.

So the whole process has been quite remarkable and has been one that I think so far has strengthened the institution and all of our relationships.

The struggle for us is to be able in this transition to communicate to our funders that we need the opportunity to not only be right about things, but to be wrong about things. That you want the luxury of testing certain ideas to see whether or not you're right or wrong. And the pressure on the evaluation factor, the success factor for funders, precludes some of the process that we as leaders, as new leaders, as leaders that would like to break the mold from a tested formula, would like to try. That we would like an opportunity to set a new pace and rethink policies. That long-range planning does not mean a corporate sell-out.

We just had our board meeting. And we have for the first time in BAM's history a strategic plan. We never had a strategic plan. We basically had no plan. We just had our own plan. And we presented consultants from the Anderson Consulting Group who talked about some of the process and structure that we were now to apply to BAM. And the board went crazy! They said is BAM becoming a corporate sell-out? And here all these years they'd complained things weren't tight enough, but now they were worried that we were becoming, you know, that we were selling out to something corporate. And so we had to say, no, that we did not believe that long-range planning was going to be a corporate sell-out. It was going to help us give a little structure to the future.

We also would like the opportunity to look at investments, rebuild infrastructure, try new ideas, and yet to stabilize things at the same time. And all these issues are the things that we're grappling with as any new leader would. What to keep and what to throw away from the past.

So I would just like to conclude my remarks with a quote from Harvey, who when

I said, "Harvey, what do you really think about the future?" He said, "Karen, the point is that most things don't work out, but sometimes they do."

Wichterman: Thanks. We'd like to open up the discussion now, and I'm sure many of you have questions that you would like to pose to the panelists. One of the things that I'm actually interested in hearing about from all of you, because it's something that I grapple with, is particular methods or approaches that funders take to developing total institutional knowledge of a grantee organization.

I spent all my life managing nonprofit organizations and have come to Mellon only in the last three years. And so I feel like looking at organizations is sort of a natural thing for me because I've been there and I can see the warning signs. I can also see the positive signs. But I never realized that it would be so important to me when I was working with grantees, to understand the dynamic between the artistic and managing staff, and the boards of trustees.

We have found increasingly in the last few years that the programs we've developed at Mellon include a pretty careful look, as best we can, at trustees and the way trustees relate to the organizations and the kind of governance leadership they provide. And many of our grant programs now include very specific convening functions that bring together various constituents from organizations over a regular period of time to deal with issues of organizational development.

Three years ago I would have never predicted that that's the case. When I first came to Mellon, people said, "do you like your job?" I said, "look, what can be wrong? I have no board of directors to report to. I don't have to raise any money and I don't deal with the labor union. What could be wrong?"

And now, I find it really ironic that I actually seek out those people that were making my life miserable at some points, and am actually finding it really invigorating to try to bring those people together. I find it a much greater part of my sense of responsibility as a grantmaker than I ever had expected.

So I'd really just like to throw out the question again both to the panelists and to you. What questions have arisen about what you've heard? What kinds of things are you doing to look at total organizational effectiveness? Or do you? Do you think that's appropriate?

So the floor is open. Yes, Janice.

Question: *[Inaudible]*

Hopkins: Let me answer for BAM. I think we have built a great board at BAM. I mean, it has some problems, but basically I think it works very well. And the reason that the board is so integral to our success is because the board members represent the community, they represent the economics of the community, they represent the leadership of the community.

At BAM we have three sectors of board members. We have Brooklyn people that have been on the board since the beginning of time. We have corporate people that have a reason, a business reason, to have a seat on that board. Like all of the utility companies have a seat on the BAM board because we're such a large player in the borough of Brooklyn. And then we have people who love the work and that's why they're there. And then in some cases we hope that they cross over. So everybody that's on there has a reason to be on there. That's the first thing.

And then the second thing is that what we try to do with our members when we speak to them about coming on and then when we work with them as they stay on, is that we ask them to be involved with the institution, sort of there's a beginning, middle, and end of the package. It's not like an open-ended cry for help. And then what usually ends up happening is that they get more involved because we don't try to squeeze the life out of them right from the beginning. And in that sense, we feel that we get the best of them. I wouldn't say that's true with every member, but I would say that it's true with a lot of them.

Question: *[Inaudible]*

Atwater: But even a non-major institution can have a board that can exercise those functions. I think there you're absolutely right. There are a lot of boards that are very, very ineffective and the institution might be better off if they weren't there. But the reason is that they're not doing the job that boards are designed for.

And if you think about those five functions that I went through, you know, they're not rocket science, they're pretty simple things. But boards *have* to do them and getting the will to do them is particularly hard. And if you try to picture an institution without a governing body, with just a leader who picks some staff and has to raise all the money, and that leader gets hit by the truck, that leader becomes incompetent, that leader never was any good to begin with, who is it that deals with that? You have to have a governing institution for anything that's going to continue, except in the sense that Susan was talking about, if you've got somebody that's the shadow of one person and it's going to close up when the person dies.

So boards are absolutely necessary for continuity. The problem is, if they aren't doing their job. It does not take a bunch of high-powered CEOs to be good board members. It takes somebody saying, here are the five things you've got to do, which is what you all can do because you, after all, fund these people, and then you can find out whether they're doing them or not.

You know, none of what we're talking about here is very hard. And boards where you think we'd be better off if they went away, I'd say that's a place you ought to be pushing to have their board run right. Because you will have a leadership problem in that institution almost for sure.

Wichterman: Well, I think as long as there's 501(c)(3) status, there will be boards

of directors, as a necessity. Whenever I submit a grant at my foundation, one of the pieces of supporting material that I have to turn in is a list of board of directors of the organization. I find that really ironic, and it's one of the reasons that I am beginning to pay so much attention to it.

It's one of the things that my trustees want to see, but it's one of the things that historically we haven't paid very much attention to. It's just a piece of paper you attach at the back of your docket item.

We set such high expectations for people in other areas - in artistic areas, in management leadership areas - but we don't send the same message to trustees. And I think that could be a very powerful message, because there are lots of quite potentially successful people on boards. And if the board isn't being run effectively or isn't functioning effectively, there are ways to get it to do better. And I think if the message is coming back that this is an important part of the institutional health, then perhaps things would begin to change.

Yes, in the back and then over here.

Question: In my experience in Los Angeles the person who comes in after a long-time charismatic, beloved cultural icon leader is doomed. Their attempt to make changes is thwarted in every direction because they try to make changes too quickly, because the people who hire them will say they want some changes and in fact don't endorse the changes when it actually comes time to come to task. And it seems to be an incredibly difficult dynamic.

So my question is, if this is a scenario we're all recognizing, and it is common in this world, how can we assist organizations who are facing this kind of transition for the first time?

Hackman: Can I take a shot at this? One of the things I didn't talk about (but I would have if I had a little bit more time) is exactly what you just said. If I had to quantify the number of leadership transitions that I have seen or even been a part of in some ways, from arts to church boards to social services, I would say that frequently the person who follows the long-time leader is doomed to fail because frequently they have been hired to the weakness of the person before.

So the board members out there looking for the next person don't realize what they had in the person before. Now, these are two exceptions here. But frequently we say, what didn't that first person have? And then we go find something the opposite of the first person!

So if the first person was a big artistic genius but a rotten manager, we go get ourselves a manager. If the person that whatever the first person wasn't is what we hire in the second person. And frequently that is what's needed in the organization, but we forget what the real legacy of the first person was.

And I think in both of these stories, there was acknowledgment of legacy. There was acknowledgment of the great role that both of the leaders we were talking

about before, played. There wasn't something, let's go find the exact opposite. And frequently, we're looking for the second person tends to be the opposite of the person before or, again, playing to weakness of the strength before.

Especially these, you know, managing from the hip-pocket kinds of leaders. We tend to overlook all that they are able to do out of those hip-pockets, what they did have. We only see their quote/unquote "weaknesses" and what we want to make sure we don't get again the next time around. So it's a very common phenomenon.

Wichterman: But I think the question is even more specific, is what can we do to help

Hackman: As funders.

Wichterman: ...to help anticipate or support that. Or is it even our responsibility? And I see there are lots of hands so There was you and then back up to the front. Sorry. Yes.

Hopkins: This is interesting because what happened in our transition was when Harvey decided he was going to retire he was retiring but he decided there were a few things that he wanted to keep doing. Joe and I were not too happy about it because, you know, we didn't think who would respect us as the leaders? Who would believe we were really the leaders if he had these things?

And we were having lunch, and I was taking Joe around to introduce him to different funders that he didn't know, and we were telling one of the funders, "And we're going to do this and we're going to do this, but Harvey is going to do this and that." And he went, "No, he can't continue to do that!" We didn't say anything, you know, because And then we heard later that this funder called him up and said, "Get out of their way! Don't do it! You're making a mistake!" And the next day, Harvey called us into the office and he said, "I've decided, you guys do the whole thing."

And it was really one funder who just, like, wasn't afraid! And he just like stepped up and did it! And we were blown away by somebody who did what we could not necessarily do.

Atwater: But this is the point about boards and funders. Because ultimately boards and funders should be having the ultimate control. And in the case of the Walker, it was a few select board members who decided it was, you know, probably time, and it should happen. And you know, it happened also that Martin would have been about 65, so it had some logic to it. But you know, its time can happen when the person is 45, for various reasons. Or 55. Or some other age.

And so if boards and funders aren't willing to grab a hold of this process and to try to figure out what the institution really needs, as opposed to, you know, what Susan was suggesting, trying to, you know, counteract a weak tendency of the previous person. It can be done, it just is a matter of having the will and the

understanding.

Part of the problem, I think, with boards of cultural institutions is when you're recruited, you're recruited in a representational sense, very much, as Karen was saying, you're the utility representative.

Atwater: Many, many people are recruited because they can either give a lot of money or they can raise a lot of money. Or in the case of corporations, the corporation can give a lot of money. And that's fine, you need that too. But that isn't the real job you have. The real job you have are the five things that we talked about. And I think that's where the failures come, time after time. I guess that was true in Los Angeles. I don't know all the stories there, but I've got to believe it was true.

Wichterman: Richard has a comment and then we have two questions in the front.

Hackman: I want to add a quick postscript on this. It's a right to life issue. Clearly, Walker and BAM and the Boston Symphony Orchestra, the trustees absolutely have to pay attention to this issue.

It is, in my view, not necessarily the case that all arts organizations, once born, have a right to perpetual life. There are some smaller organizations which really are the creation and the kind of embodiment of a genius, and it may be that the funders can help the board or whoever is responsible, ask the question, should this survive? I mean, you have a Nobel Prize winning biologist who, when she or he dies or retires, it is not necessary the case that person's laboratory should continue. That laboratory probably should end when the person steps aside. And we need to distinguish between these large institutions where everything that these people have said, I completely concur with, but we also have to think the unthinkable sometimes, which is, maybe this shouldn't go beyond here.

Hopkins: And sometimes by pushing that question, and the vociferousness of which people respond, "Of course we're going on!" The more vocal they are about going on, the more, you know the less rope, really, they have for behavior that doesn't allow it to go on. Do you know what I mean? The more you can almost use their own, "We're going on. Of course we're going on!" Well, then you better start behaving accordingly!

Wichterman: Okay. In the front row, two questions.

Question: I liken what you're saying about succession to our practice in human services funding. We think nothing of asking an entrepreneurial service organization to give us their succession plan. If they don't have one, we want to see one before they apply for another grant. In the arts, I have a little more timidity about that. The question is, does it really work in the human services anyway? But is that requirement for a succession plan and operating funding, does that help in any way?

Atwater: You know, part of the problem I think with smaller organizations, and this is true of small business units too, is it's very, very difficult to have the succession in place in that particular organization. Because, you know, it's small and it may be dominated by a person who's got the capabilities of doing it all, or has the inability to, you know, develop second bananas.

And so, because the literature of succession planning indicates that, you know, what happened at BAM, which is unusual, should be always the case. That you know, there should be these two great people there. I think in my experience it's almost always the other way around in smaller organizations. The person isn't there. And you have to understand the technology of searching, which is difficult.

And so I'm sort of agreeing with you. I don't think you can have an internal succession plan, but you could perhaps begin to develop the awareness of how you search outside. I mean, there was no question in the Walker Arts Center case - I didn't mention this - but you know that's a big institution that's been around awhile, that there was any candidate inside. I mean, our search was entirely outside.

Hopkins: Well, one other thing that I noticed that you said, too, Bruce, was that you made sure when Martin's time had come that you looked into the financial situation and made sure that he could leave with the dignity and kind of honor, financially, that was his due. And I think that one of the things with smaller arts organizations, I mean, there's never enough money from the get-go, let alone for retirement plans. People think "Well, I've been here 20 years and if I go out now, first of all, I have no retirement plan. I'm only 45, and maybe I have sort of, you know, burned out my last candle in this place, but what else would I do? And I can't afford to leave!"

And so I think a lot of this is driven both by the lack of board of directors, and by the lack of money. Some people stay too long at the fair because they don't have any way to get home.

Wichterman: Here and then over here and then back there.

Question: I have a brief comment that's about smaller organizations than we've been discussing here. We all admire the type of person who founds an organization. Nobody wants to spoil the mood. And so not only are boards cheerleaders but sometimes the funders are cheerleaders.

If I had some of my own associations to do over again, two questions, very practical questions I would ask the founder are, are you acting as the shadow chairman of the board? And are you acting as the shadow chairman of the nominating committee? They are unlikely to be good at it. But the board doesn't want to sort of spoil the good feeling of a new venture by applying discipline in those areas.

Wichterman: Well, I think we can be really helpful as funders in asking

questions and in being open to the successor. I think many times it's because many of us have had relationships with a founder and long-term communication and faith and confidence and all of those things. And so when the next person comes along with whom we have no real relationship, it's kind of hard to let go of the past many years of work and to look at that person with fresh eyes and to say, well, what is it you want to do? And how can we help you do what you want to do as distinct from the founder? I know I'm guilty of that, and I think sometimes that can be one of the most helpful things that people can offer.

Hopkins: Cathy, I just want to back up with one comment. I've done a lot of consulting with smaller organizations and even though I've been at BAM forever, before that I actually worked with some small arts organizations. And part of the smaller arts organizations many times do not have the time or the interest to really do board development at the level it needs to be done. And the reason is very simple, it's about fundraising. They need to spend time when they're not doing the artistic thing, on getting money. Board development is not the fastest route to the money. Going to a foundation, going here, going there, a place that says "we give grants" is a faster way to get to the point than to find somebody who's interested, ask them if they will, then can they give, blah, blah, blah.

And so what happens is, the board development function is pushed aside to the easier not easier, but the clearer path to fundraising. And as soon as funders somehow tie board development to project, I mean, board development has got to become an integral part of institutional development for smaller organizations. And it's funders that can make that happen. They can help push that along through the grantmaking process. Because the grantmaking process stimulates people to go further than they would normally go when they must.

So it really has to be thought about, because that is often the case that board development is just not being done in a way that it needs to be done.

Atwater: That's a really good point.

Wichterman: Yes.

Question: This is, in a sense, more a comment than a question. I want to absolutely affirm what you're saying about one of the obstacles to transition for leaders of small and mid-size organizations, like those we're funding, is that these are organizations where they don't make a lot of money, where they don't have pension plans, where leaving the organization means that they probably don't have health insurance. I think that the whole question in transition, we're finding this in our work, is that it is indeed a bona fide obstacle. It's an obstacle to the board of directors who don't want to turn the person they love and have supported, basically out on the street. It's a real consideration.

But the second question that occurs to me is that the whole notion of transition, in my view, starts with the notion of professional development all along the path for arts management, and the extent to which we're investing in arts management. We will migrate through the small and mid-sized organizations, perhaps move on

to the larger one. But professionalization and investment by the people who are running the organization, I think, is as important as the search.

Hackman: Can I just make a quick response to her?

Wichterman: Yes.

Hackman: One of the complaints we had in the comments before was there really aren't very often really good internal candidates, Karen and Joe being the exceptions. The next question is, why are there not more good internal candidates? And it may be that we're not developing them either for our own organization or for getting hired by that other organization. But how can you put that up there, when you don't have the money.

Hopkins: Or because the founder hasn't permitted it. You know, that's what I said about Harvey not being a bureaucrat. It allowed us to have great careers at BAM, even if we weren't the boss. And how many other institutions can necessarily say that?

Hackman: Yeah, you have room to develop.

Hopkins: We had room to do our own career, even if we weren't boss.

Wichterman: There was a question over here and then we'll come back to you, Bruce.

Question: Just trying to seek a little clarification here. I'm just wondering, are you suggesting that individuals like Bruce go to a single organization, which might have many funders supporting it, and raise these four governance and leadership transition questions on an individual basis? Rather than addressing this in some sort of more systemic way, whether it's a grantmaking process or

Atwater: Well, I mean, I think there are multiple ways you can do this. But there certainly is nothing wrong with an individual funder approaching a specific institution and making some suggestions. And as you have conferences like this, and if the wisdom develops that this is a good idea, you know, I suspect you'll find parallel things going on. I'm sure there are occasionally consortia.

I wanted to comment, if I might, just briefly on the pension matter because I think it's very important.

Hackman: Bruce, she wasn't all through.

Atwater: Oh, I'm sorry.

Question: What if you go to them and they disagree?

Wichterman: But you have the option of making a grant or not making a grant.

Atwater: Well, how strongly do you feel about it? If you feel strongly enough, not giving the grant is the proper response.

Wichterman: Yes.

[Gap]

It's very hard.

Atwater: But I mean, this is how you get people's attention. I mean, when you have a problem and you strongly disagree, I think it's okay to take a stand.

Wichterman: I think probably everybody has grantees on their roster (I certainly do) where we have really serious questions about all of these issues, yet I keep finding reasons to stick with them. But I stick with them without pushing the question. You know, sometimes, it's not even abandoning somebody, it's continuing to push the question and setting certain kinds of outcomes that you expect, and giving them a bar to try to reach for. But to let them know that you're really serious about this and you think that it's important. But we keep reinforcing.

Question: *[Inaudible]*

Wichterman: Yes, except that I guess what I'm saying is that it's not in the context of institutionalization. Because I think, you know, the work is always at the heart of what we do, and some organizations don't need big institutions. But I think that when you see situations that profess to be of a certain kind, but aren't behaving effectively, then that's when the question arises. Here and then here.

[Gap]

Hopkins: There was one point about grantmaking over here, and how it can stimulate some of these problem-solving issues. I just wanted to give an example of what I consider really enlightened grantmaking in that area.

We got a grant from the Ford Foundation. And they did a thorough analysis of every aspect of our institution and beyond, which was very enlightening for all us. But in it, they were offering then, to be able to grant a certain amount of money in return for how we would do the match. I mean, not in return, but they would do X if we would do Y. And all of the Y was based on addressing weaknesses in individual giving. Because they did a lot of scrutiny of our fundraising, looked where we were strong, looked where we were weak and where we hadn't necessarily taken advantage of the potential of certain areas.

So the gauntlet was thrown, but it was thrown with a lot of reward, if we were able to improve certain areas of our fundraising strategy. And immediately we went to work to try and look at how we would address those problems in order to achieve success with this grant.

And the result of it was a tremendous amount of strategic work to address a problem that had been in our whole fundraising campaign, you know, the way it was put together for years. And it was really an enlightened funder doing their research and helping us to address a problem by how they structured the grant. One grant. Not every funder we had did that. One funder we had did that, which helped us immensely.

Wichterman: Yes, in the back.

Question: What about for smaller organizations?

Hopkins: The same thing can be done. I'm just saying it's the same thing.

Wichterman: Yes, in the back.

Question: *[Inaudible]*

Atwater: Well, it's an absolutely critical and exceptionally difficult question. And I was trying to respond, I think, to the question that was raised over here as to what do you do when it's time, for one reason or another, for the leader to go and that leader has no pension, and they're 45 years old.

And there really is only one solution to this and again, it comes back to the board leadership thing, which remember included selection, evaluation, compensation. And if you develop a compensation plan at the very beginning, you know, I'm talking about something that's supposedly going to go on past the current director, that includes a pension fund, then you are able to fund it over time and it's not so terribly painful. But and most funders, I think, would absolutely understand this problem and would understand that they don't want artistic directors and curators, or the staff of arts institutions not to be able to go out to dinner, not to have pension plans, and so forth.

So when you fund, I think you should fund it not just with paying the salary, but you know, the whole picture. And it takes a board to think about that.

There should be healthcare; there should be pensions. And I think that applies to any kind of institution that's going to go on for any period of time. I mean, at the Walker, there really wasn't a pension fund if you go back, oh, I suppose it's probably 40 years now. But somebody, and I had nothing to do with it, but somebody said, you know, we can't go on like this, this isn't fair to the people. And I think that same thing happens. And if you look at the actuarial part of it, it's not all that expensive to do. So that, I think, ought to be a part of any fundraising plan.

[Gap]

Wichterman: I'd like to thank you all for your participation. Our time is up. Thank you.

© 2000 Grantmakers in the Arts

Permission granted to download and reproduce single copies for individual use.

Please contact [Grantmakers in the Arts](#) for all other uses.