



Based on



A National Index of Nonprofit Board Practices

MUSEUM BOARD LEADERSHIP | 2017

A NATIONAL REPORT



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When I embarked on a listening tour of the museum field in 2015 to inform the development of a new strategic plan for the American Alliance of Museums (AAM), I expected to collect feedback as varied as the broad range of our membership. After all, the Alliance represents museums of all types and all sizes, from all geographic areas, with budgets large and small. Would the issues facing prominent art museums in big cities have relevance for volunteer-run historic houses? With so many competing priorities, how would we determine which should rise to the top?

Interestingly, in spite of the differences, several clear themes emerged as museum directors from across the country shared with me their greatest hopes, fears, and needs. One such theme: The field needs to do more to engage and serve museum trustees. As part of the leadership of our institutions, museum boards are absolutely critical to our ability to fulfill our missions and fully serve our communities.



Museum Board Leadership 2017: A National Report takes an important first step in our work to help strengthen museum governance. Based on a national survey — conducted in partnership with BoardSource — of 1,600 museum directors and board chairs, this comprehensive scan provides an insightful view into the who (**people**), what (**work**), and how (**culture**) of museum board practices, policies, and performance.

In many ways, the report serves as a source of encouragement, given the high marks museum directors assign their boards. Other results — particularly around board diversity and engagement in critical advocacy efforts — demonstrate a dire need for improvement.

We are grateful to Northern Trust for their leadership in supporting this benchmark study for the field, as well as to the wonderful team at AAM guiding this process: Kathy Dwyer Southern, project director, along with Julie Hart, Joseph Klem, Janet Vaughan, and Gail Ravnitzky Silberglied.

I look forward to working with you in the months and years to come to strengthen our performance together and ensure the highest levels of good governance for all museums.

In partnership,

Laura L. Lott
President and CEO
American Alliance of Museums



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Museum Board Leadership 2017: A National Report was prepared by Rosemary Tenuta, project consultant, and Vernetta Walker, vice president of programs & chief governance officer, BoardSource.

CITATION

For reference purposes, please use the following citation: BoardSource, *Museum Board Leadership 2017: A National Report* (Washington, D.C.: BoardSource, 2017).

INTRODUCTION & METHODOLOGY

In the fall of 2016, the American Alliance of Museums (AAM) partnered with BoardSource to conduct a national governance survey of museums modeled after BoardSource’s *Leading with Intent: A National Index of Nonprofit Board Practices*.¹ For more than two decades, *Leading with Intent* has served as a resource and tool for understanding how nonprofits govern their organizations, providing the most up-to-date compendium of information on nonprofit board policies, practices, and performance nationwide. By partnering with BoardSource and aligning *Museum Board Leadership 2017: A National Report* with BoardSource’s *Leading with Intent 2017 (LWI)*, museums are able to benchmark their governance practices with other museums as well as with more than 1,300 other nonprofit organizations.

BoardSource administered the museum survey, and all responses were submitted directly to BoardSource to maintain the confidentiality of individual respondents. There were two versions of the survey: one for museum directors, with 100 questions about their museum’s board policies and practices, and another for board chairs, with 42 questions. BoardSource invited the museum director and board chair of each participating museum to complete their respective surveys. Twenty-six (26) questions appeared in both surveys so that director and chair answers could be compared. In all, 861 museum directors completed the director survey; 841 board chairs completed the board chair survey.

Throughout this report, the column headers indicate who answered the question.

Museum Directors	Museum Chairs	Other Nonprofit CEOs	Other Nonprofit Board Chairs	Museums	Nonprofits
Answered by the museum director	Answered by the museum board chair	Data taken from <i>Leading with Intent (LWI)</i>	Data taken from <i>Leading with Intent (LWI)</i>	Answered by the museum director about the museum	Answered by the CEO about the organization

BoardSource used Qualtrics online survey software to conduct the survey, which was open for 46 days, from October 18 through December 2, 2016. BoardSource emailed a link to the survey to 6,141 individuals listed in the AAM database and promoted the survey through AAM’s and BoardSource’s own newsletters and social media outlets to non-AAM members. The response rate for AAM members was 17%, based on 715 responses out of 4,215 emails sent to AAM members.

BoardSource’s *Leading with Intent* is a census that reflects nonprofit board practices and performance in the United States. For specific guidance on standards and best practices for museums, readers should consult the National Standards & Best Practices for U.S. Museums, The American Alliance of Museums (Third printing February 2010).

This report is not intended to promote a particular board model, but rather to reflect current practices among museums that participated in the survey.

¹ Formerly known as the *BoardSource Nonprofit Governance Index*.

Summary of Key Findings

- 1. Museum board performance is largely on par with other nonprofits.** The average grade for board performance in 16 categories, ranging from understanding the mission to monitoring performance against goals and objectives, is B- for museum boards and other nonprofits. While there is room for improvement, there are no failing grades in any of the categories.
- 2. Museum directors and board chairs believe board diversity and inclusion are important to advance their missions, but have failed to prioritize action steps to achieve it.** The report found that almost half of museum boards (46%) are all white, i.e., containing no people of color. Yet, the vast majority of museum directors and board chairs agree that diversity and inclusion matter when it comes to “enhancing the organization’s standing with the general public,” “understanding the museum’s visitors,” “developing creative solutions to new problems,” and “understanding the changing environment from a broader perspective.” Nonetheless, only 10% of directors indicate that their boards have developed a plan of action to become more inclusive. The top three priorities for recruitment of board members are passion for the mission, community connections, and ability to fundraise.
- 3. The vast majority of museum boards do not assess their performance.** Seventy percent (70%) of boards have not conducted a formal written self-assessment to evaluate their own performance. Though widely accepted as a best practice, only 16% have conducted a board-self assessment in the past two years, compared to 48% for other nonprofit boards.
- 4. Two-thirds of museum directors say their boards have a moderately to extremely positive impact on their job satisfaction.** Further, board chairs receive high marks (61% received a grade of A from their directors and 23% received a B) for cultivating a productive, constructive partnership with the director.
- 5. Eighty percent (80%) of museums give themselves a grade of C or lower on monitoring legislative and regulatory issues** with potential to impact the organization. Only 28% of museum directors monitor (to some or a great extent) the impact of local, state, and federal policy on the organization’s mission delivery and resources; and only 28% educate (to some or a great extent) policymakers on behalf of the organization, the museum field, or the nonprofit sector.
- 6. Museum board chairs express a high level of comfort related to fundraising activities, but overall, fundraising is the board performance area most in need of improvement.** More than half of board chairs describe themselves as very comfortable when it comes to attending fundraising events, making a personal contribution, providing names for letters/calls, and even meeting potential donors face-to-face. Nonetheless, 77% of chairs and 75% of directors agree that fundraising is the most important area to strengthen.
- 7. Museum boards meet frequently, but attendance is mediocre.** Seventy-three percent (73%) of museum boards are meeting five or more times per year, but average attendance falls short: 25% of boards have 90-100% attendance; 51% have 85-89% attendance; 21% have 50-74% attendance; and 2% have less than 50% attendance. Although 77% of board chairs feel (to a great extent) that meetings are well run (efficient), only 27% report that meetings focus on strategy and policy rather than on operational issues (effective).

Snapshot of Participating Museums

This study, the first undertaken by the American Alliance of Museums (AAM), shines a spotlight on the governance practices of museums and, where appropriate, compares these practices to other nonprofits. AAM and its members are to be commended for investing their time and energy in this effort. This report summarizes the results of the AAM survey and is intended to provide context for how the data can be used to strengthen the governance practices of museums across the United States.

The data represent a diverse mix of museums. Most notably,

- museums with budgets less than \$1 million are the largest group at 58%
- 86% are members of AAM
- 33% are accredited
- the most common museum type is history museum/historic house/site at 48%, followed by art museum/sculpture garden at 24%
- 40% were founded post-1975; 32% were founded prior to 1950
- 52% have 1 to 9 paid full-time employees
- 9.4% have no paid full-time employees

Eighty-three percent (83%) of the participants describe themselves as nonprofit, meaning the museum has 501(c)(3) status, files its own Form 990, and has its own governing board. The remainder are divided into public sector — city, county, state, or federal at 8.4%; college/university at 6.6%; corporate at 1.5%; and tribal at 0.6%. Those public-sector museums that operate within a non-museum parent organization may have advisory boards.

FIG 1 DATA-AT-A-GLANCE: ORGANIZATIONAL CHARACTERISTICS²

Type of Museum (Primary)	Percent*
History Museum/Historic House/Site	48%
Art Museum/Sculpture Garden	24%
Multi-Disciplinary (e.g., art and history)	12%
Children's	4%
Natural History/Anthropology	4%
Science/Technology Museum/Center	4%
Arboretum/Botanic Garden/Nature Center	3%
Zoo/Aquarium	2%

Year Museum Founded	Percent
2000 to 2016	10%
1975 to 1999	30%
1950 to 1974	28%
1900 to 1949	23%
Before 1900	9%

Total Revenues	Percent
\$0 - \$249,999	27%
\$250,000 - \$999,999	31%
\$1 million - \$4.9 million	27%
\$5 million - \$9.9 million	7%
\$10 million - \$19.9 million	4%
\$20 million - \$49.9 million	3%
\$50 million or more	1%

Number of Paid Full-Time-Employees	Percent
No FT paid employees	9%
1 to 9	52%
10 to 49	27%
50 or more	12%

American Alliance of Museums	Member	Accredited
	86%	33%

Museum Type	Governing Entity	Percent*
Public Sector	City	4.4%
	County	2.0%
	State	1.9%
	Federal	0.1%
Nonprofit		83.0%
College/university		6.6%
Corporate/society/trade association		1.5%
Tribal		0.6%

² Based on 861 museums.

* Due to rounding, totals exceed 100%.

Framework for Understanding this Report

This report is organized into three broad categories:

1. **People:** Having the right people on a board makes higher performance in both the board's internal and external functions more likely, so this report begins with *who* serves on museum boards and how museum boards are composed and organized as a collective body. Board composition and structure comprises board size, terms, diversity, recruitment and elections, and committees.
2. **Work:** In the spirit of form following function, a board's structure should be optimized for *what* the board does — the work and responsibilities of the board.
3. **Culture:** *How* the board conducts its work — from board education and group dynamics to its relationship with the chief executive — can help or hinder the board's ability to carry out its work. Likewise, board culture and dynamics are also affected by who serves on the board and the nature of the work that the board undertakes.

THE WHO, WHAT, AND HOW OF BOARD PERFORMANCE



People
Who

- Demographics
- Diversity & Inclusion
- Recruitment
- Board Size
- Term Limits
- Committees



Work
What

- Board Performance
- Advocacy and Public Image
- Fundraising
- Financial Performance and Oversight
- Board Self-Assessment



Culture
How

- Meetings
- Communication
- Board–Museum Director Partnership

BoardSource presents these three categories as a way for nonprofit leaders to deconstruct their own board's performance. We recognize, however, that, in practice, these categories are deeply intertwined and difficult to disentangle. But, the first step toward improving board performance is to understand the relationships between these elements and determine the best place to begin the conversation. We hope that this report provides a meaningful comparison of current board practices, an inspiring vision of strong board practices, and productive explanations about what matters and why, so that your board and future boards can build on their strengths, achieve higher levels of performance, and help museums achieve their missions.



THE PEOPLE

The success of nonprofits is often measured in terms of social good, and people are at the heart of the nonprofit enterprise. The museum director and board members – together with other staff and volunteers – represent the talent that the organization can draw on to advance the mission and move the organization forward.

If we want high-performing organizations, we must ensure that we have the right people at the helm to provide vision, strategy, oversight, and leadership. This requires different and complementary backgrounds and experiences, judgment, engagement, and ongoing attention to how we fill the leadership seats at the table.

Demographics At-a-Glance

The following is a snapshot of current board and chief executive demographics, as reported by museum directors:



GENDER, AGE, RACE/ETHNICITY³

GENDER	Museums			LWI		
	Director	Chair	Board	CEO	Chair	Board
Male	38%	62%	55%	28%	58%	52%
Female	62%	38%	45%	72%	42%	48%
Other	0.3%	0.4%	0.0%	0.0%	0.1%	0.2%

AGE	Director	Chair	Board	CEO	Chair	Board
Less than 40 years old	12%	5%	10%	11%	11%	18%
40 to 49 years old	19%	12%	16%	20%	17%	25%
50 to 64 years old	51%	39%	40%	57%	44%	41%
65 years or older	19%	44%	35%	13%	29%	17%
Mean	54.8	60.9	NA	53.8	56.6	NA

RACE	Director	Chair	Board	CEO	Chair	Board
American Indian or Alaskan Native	1.0%	1.3%	1.4%	0.4%	1.0%	0.9%
Asian	0.7%	1.1%	1.9%	1.5%	2.2%	3.0%
Black/African American	2.0%	3.0%	5.2%	4.1%	4.8%	7.8%
Caucasian	93.0%	92.6%	89.3%	90.2%	89.9%	84.3%
Native Hawaiian or Pacific Islander	0.4%	0.1%	0.4%	0.4%	0.1%	0.4%
Two or more races	1.7%	0.7%	0.3%	1.8%	0.5%	2.8%
Other, please specify	1.3%	1.1%	1.6%	1.7%	1.4%	0.8%

46% of museum boards are 100% white. 30% of all nonprofit boards are 100% white.

ETHNICITY	Director	Chair	Board	CEO	Chair	Board
Hispanic or Latino of any race	3.5%	2.2%	3.4%	2.9%	3.3%	4.7%
Not Hispanic or Latino	96.5%	97.8%	96.6%	97.1%	96.7%	95.3%
Prefer Not to Answer	45	44	NA	NA	NA	NA

³ This survey followed the U.S. Bureau of the Census that distinguishes between race and ethnicity. Race categories are White, Black, Asian, Native American/Alaskan Native, Hawaiian, and other Pacific Islander, “some other race,” and “more than one race”. There are only two ethnicities in the Census classification: Hispanic/Latino, and not Hispanic/Latino. Hispanic people can be any race.

Diversity and Inclusion

One of the most striking changes in the composition of the United States since 1984 has been the dramatic expansion of the minority population. A fundamental challenge for museums is that while the population is already one-third minority, heading towards majority minority, today only 9% of the core visitors to museums are minorities and approximately 20% of museum employees are minorities. If museums want to be relevant to their communities, they must address these discrepancies.⁴

As leadership teams recognize the need to adapt their organizations to society's changing needs, this includes examining who is sitting around the boardroom table, which is where critical decisions are made. Various backgrounds and experiences (professional and personal, as well as cultural and ethnic) add to the quality of the board. A board is often expected to “represent” the organization's community as a way to create accountability and form a link with the public.

The demographic profile of museum board members reveals considerable ethnic and racial homogeneity along with minimal age diversity. Board composition is tipped to white, older males — more so than at other nonprofit organizations. Forty-six percent (**46%**) of **museum boards are all white**, compared to 30% of nonprofit boards.

Research suggests that lack of diversity in board composition may be a network problem. Ninety-one percent (91%) of white Americans' social networks are other white Americans, which is the racial group that dominates nonprofit board and chief executive positions.⁵ Board members tend to be older and from wealthier populations, and their social networks also tend to be majority white.⁶ These factors both explain and perpetuate the problem of board diversity.

Whether hiring the museum director, recruiting board members, allocating resources, or serving the community with authenticity, the board's commitment to diversity, equity, and inclusion matters. The data show that museum directors and board chairs are in agreement that diversity and inclusion are important to help advance their missions, especially when it comes to “understanding the changing environment from a broader perspective,” “understanding the museum's visitors,” and “enhancing the organization's standing with the general public.” Further, 77% of museum directors and 66% of board chairs indicate that expanding racial/ethnic diversity is important or greatly important. Museums fall short, however, when it comes to taking action. According to museum directors, only 10% of boards have developed a plan of action for the board to become more inclusive, and only 21% have modified policies and procedures to be more inclusive.

WHAT WE FOUND

Of the various diversity categories, museum directors are most dissatisfied with the lack of racial diversity on boards. While 57% of museum directors have agreed that it's important to increase board diversity, only 10% report that the board has developed a detailed plan of action to become more diverse.

64% of museum directors are dissatisfied with the board's racial diversity.

43% of museum directors are dissatisfied with the board's age diversity.

24% of museum directors are dissatisfied with the board's gender diversity.

WHY IT MATTERS

Museum directors understand that the lack of diversity impacts their ability to advance the mission and meet the needs of their members, yet, like many nonprofits, museums are struggling to adapt their board recruitment practices.

Becoming more diverse requires moving beyond conversation to intentionality. It requires an action plan and the examining of interpersonal dynamics and the cultural fabric of the board and organization. To help move the board forward, consider the following questions:

- What information and data are needed to better understand the community you serve?
- What opportunities might be missed or what blind spots exist due to lack of diversity?
- How can the museum embrace the inclusion of individuals coming from diverse or traditionally marginalized communities?

⁴ *Museums & Society 2034: Trends and Potential Futures*, The Center for the Future of Museums, American Alliance of Museums, 2008, p.7.

⁵ “The Face of Nonprofit Boards: A Network Problem,” *The Nonprofit Quarterly*, by Tivoni Devor | March 4, 2015.

⁶ *Id.*

FIG P2 SATISFACTION WITH DIVERSITY – MUSEUM DIRECTORS

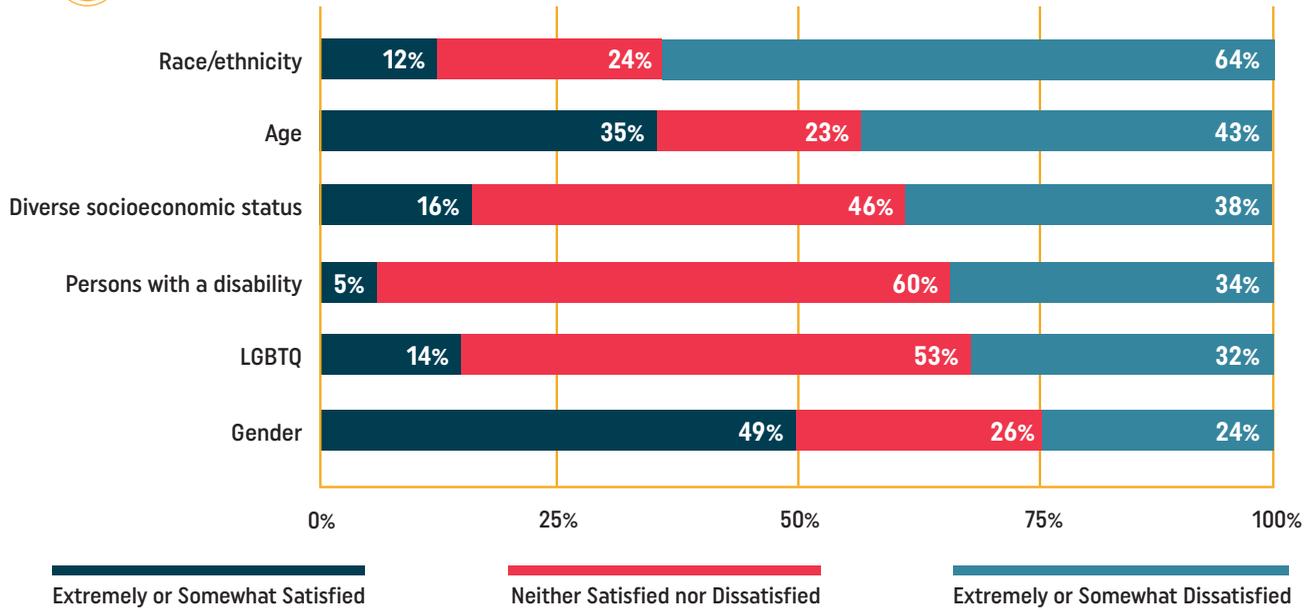


FIG P3 SATISFACTION WITH DIVERSITY – MUSEUM CHAIRS

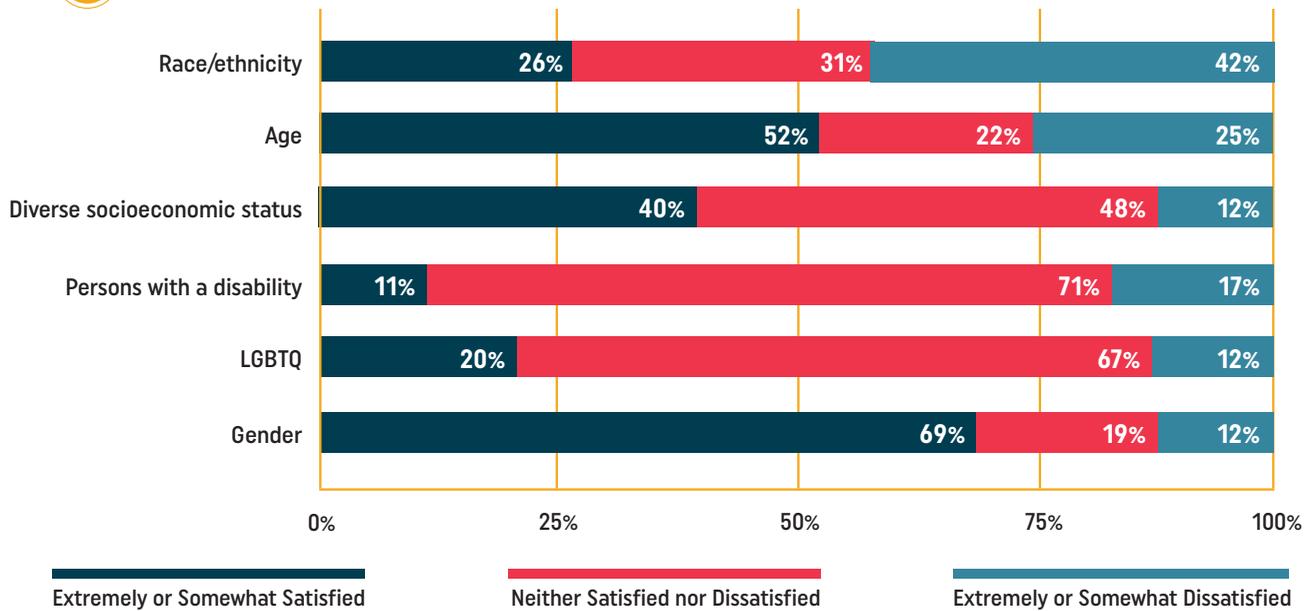


FIG P4

VALUE OF BOARD DIVERSITY AND INCLUSION *percent of "Very Important" rating*

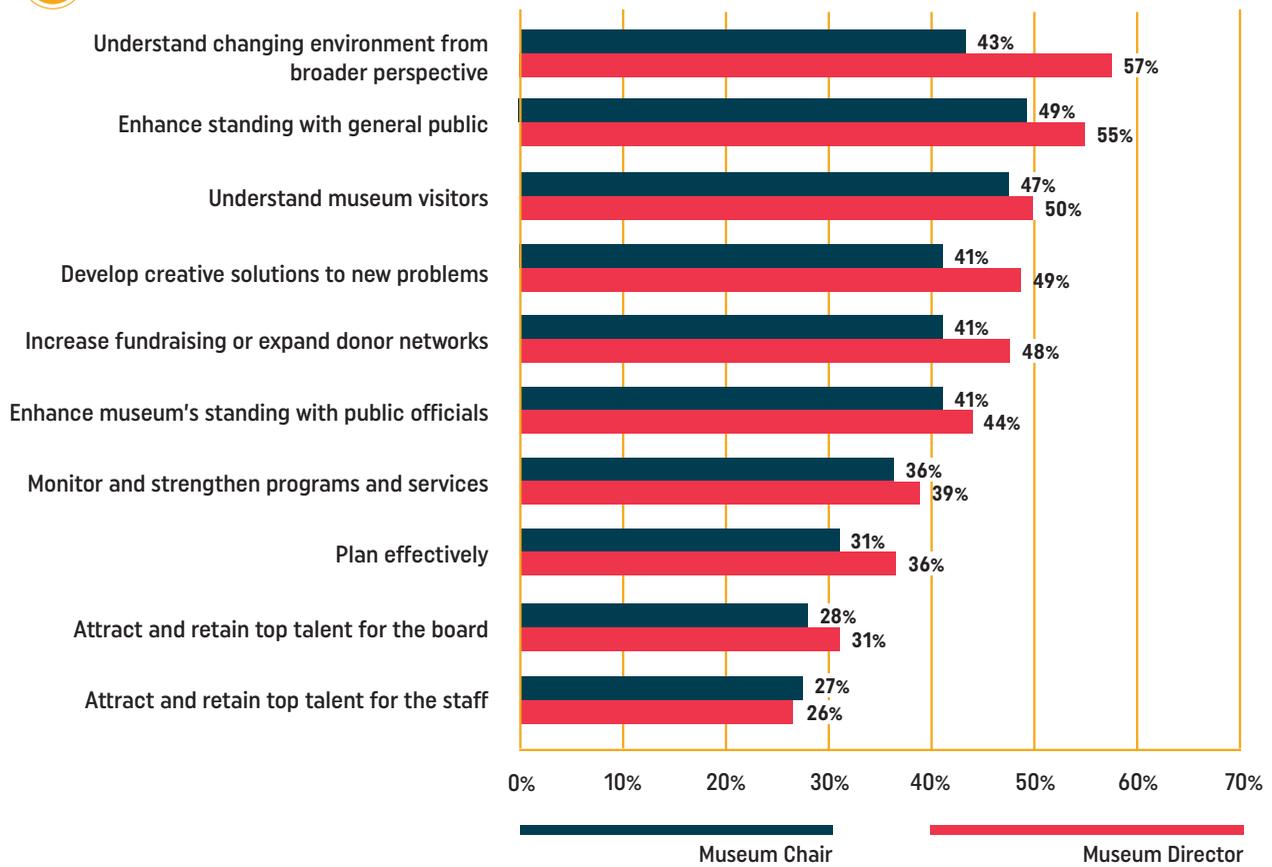
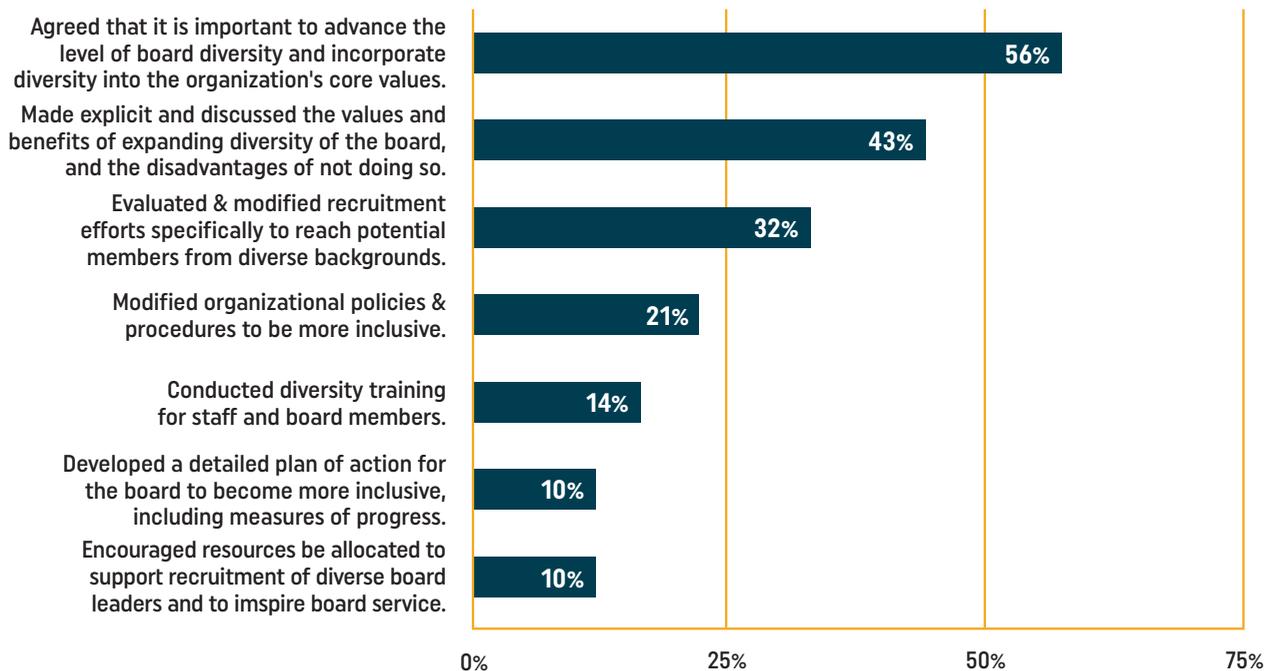


FIG P5

BOARD ACTIONS RELATED TO DIVERSITY AND INCLUSION



Recruitment Practices

An organization's board is a critical resource, and the board is responsible for its own composition and leadership. An effective board is composed of individuals who contribute critically needed skills, experience, perspective, wisdom, contacts, time, and other resources to the organization.

It is difficult to create an effective recruitment strategy without first assessing the present composition of the board and identifying the missing links. Only then can the board develop an effective recruitment strategy — one that ensures that the museum is prepared to support the community's changing needs for years to come. Ensuring diversity on the nominating/governance committee is a key element to increasing heterogeneity.

Board Size

Museum boards are significantly larger than most nonprofit boards: **60% of museum boards have 15 or more members compared to 42% of other nonprofits.** In fact, the largest gap is in the category of 25 or more board members. Twenty-two percent (22%) of museums have 25 or more board members, versus only 8% of other nonprofits. A board of this size is large, considering the average size board at other nonprofits is 14.6 members.

In larger boards, individual shortcomings may be more easily overlooked and performance issues, such as spotty attendance, may appear to have less of an impact. As board size exceeds 20 individuals, attendance declines in the 90% to 100% column, dropping from 28% to 18% for boards of 50 or more. The majority of boards report at least 75% attendance, so the question museums need to ask is, "Is that good enough?"

FIG P6 AVERAGE MEETING ATTENDANCE

Size of Board	90% to 100%	75% to 89%	50% to 74%	< than 50%
3 to 9	27%	45%	23%	6%
10 to 14	28%	48%	23%	2%
15 to 19	28%	51%	19%	3%
20 to 24	21%	56%	23%	1%
25 to 49	23%	56%	20%	1%
50 or more	18%	59%	24%	0%

When considering size generally, it is difficult to imagine that a board with fewer than five members is able to incorporate all the desired qualities and capacity needed. At the opposite end, it can be difficult for an exceptionally large board to meaningfully engage every member in a constructive manner, even in fundraising, which some organizations anecdotally have reported to BoardSource is a key factor driving board size. However, determining the right size for a board requires case-by-case analysis and should be driven by board functions, legal mandates, committee structure, and the ability to engage the board.

WHAT WE FOUND

40% of museum directors and 43% of board chairs agree that it is difficult or very difficult to find people to serve on their boards.

When it comes to recruitment, the following percentage of museum directors assigned these qualities as "high priority":

- 75% – passion for the mission
- 60% – community connections
- 42% – ability to assist with fundraising
- 39% – desired skills
- 30% – professional occupation
- 28% – donor or ability to contribute
- 24% – demographic characteristics (age, race/ethnicity, gender, etc.)

WHY IT MATTERS

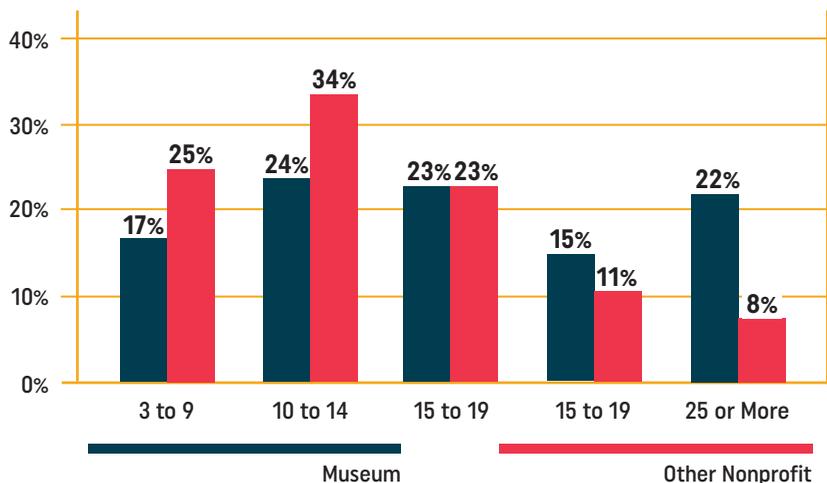
Finding and recruiting top talent is essential, and it does not appear to be getting any easier. Museums are competing for board leaders and need to be strategic in how they pursue individuals, as well as whom they pursue.

A well-conceived board-building plan helps the board to identify and recruit members and cultivate officers. Agreeing not to do the "same-old, same-old" is hard but necessary to get different results. Also, approaching recruitment as a year-round process is a solid step towards strategic board building.

The governance/nominating committee can play a key role by cultivating a continuous pool of candidates. In doing so, the committee should consider including young professionals who have access to networks of talent and resources that aren't easily accessible to older members of the community; individuals who have connections and skill sets not currently present on the board; and individuals who, in addition to their skill sets, add racial, gender, or socio-economic diversity, to help ensure diverse perspectives.



FIG P7 MUSEUM BOARD SIZE



Term Limits

Term limits are increasingly becoming the norm in the nonprofit sector. BoardSource is a proponent of term limits, as they can help an organization strike a balance between retaining experienced board members with historical perspective and knowledge of the organization and welcoming newcomers with energy, fresh ideas, and connections. Planned board revitalization also serves to prevent stagnation, expand the organization’s network, and provide a respectful method for removing unproductive board members. And there are many ways to keep valuable board members engaged once they rotate off the board. Because these individuals are often great advocates and ambassadors for the organization, they may be interested in serving on a task force or supporting special events.

WHAT WE FOUND

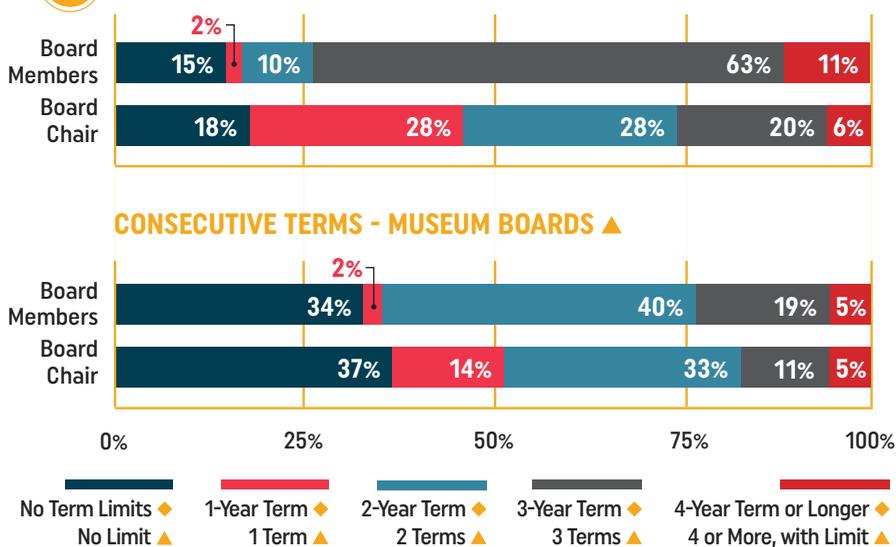
Average board size for museums is 17.7 members compared to 14.6 members for other nonprofits.

30% of directors and 38% of chairs believe it is important to strengthen commitment and engagement of individual board members.

WHY IT MATTERS

Board size matters. Every organization should determine its optimal size based on its needs. Regardless of size, all board members are equally liable for the organization and need to fully understand the organization and its work to fulfill their fiduciary responsibilities. Additionally, when board members are not properly engaged, museums miss the opportunity to fully tap into their leadership and intellectual capital, as well as have active advocates and ambassadors in the community.

FIG P8 LENGTH OF TERMS - MUSEUM BOARDS



WHAT WE FOUND

Term limits for museum board chairs: 56% have 1- or 2-year terms; 37% do not limit the number of consecutive terms the chair may serve.

Term limits for museum board members: 63% have 3-year terms; 34% do not limit the number of consecutive terms board members may serve.

WHY IT MATTERS

Term limits help ensure reasonable turnover in board membership while maintaining adequate continuity with veteran board members. Adding new members encourages the board to pay attention to its composition, helps to avoid stagnation, and offers the opportunity to expand the board’s circle of contacts and influence.

Committees

The way nonprofit boards organize themselves and conduct their affairs determines the value they add to their organizations. Committees can help or hinder a board. When working well, they support the work of the board and provide board members with a way to dive more deeply into strategic issues affecting the organization. When ineffective, they can result in report-driven meetings or give the false impression that only a portion of the board needs to pay attention to issues such as fundraising or finances.

A board's committee structure will depend on the size and capabilities of the staff and the direction and priorities set in the organization's strategic plan. Nonprofit boards are moving away from maintaining committee structures that mirror staff duties, so as not to invite micromanaging. Also, committees function better when there is a clear statement of purpose with defined responsibilities. That said, only 32% of museum board committees have written charters or job descriptions.

WHAT WE FOUND

Museums have slightly more board committees than average — 5.32 compared to 4.5 for other nonprofits.

22% of museums have 8 or more permanent committees.

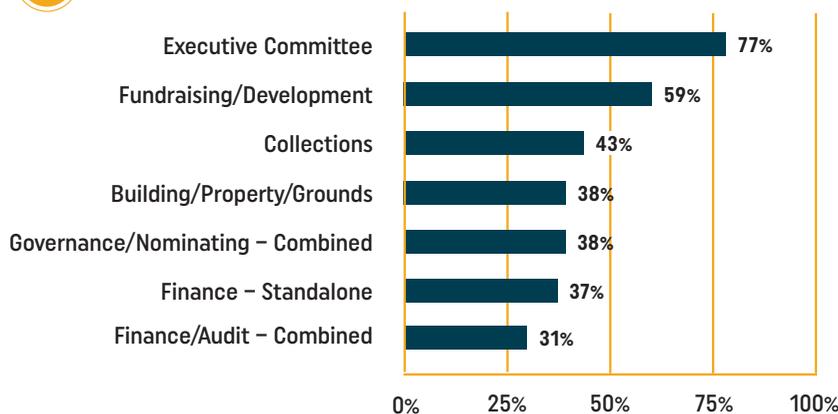
77% of museums have an executive committee compared to 76% for other nonprofits.

WHY IT MATTERS

Only ongoing board activities warrant a standing committee. Other activities are best addressed by time-limited task forces, which are efficient and utilize board members' time, interest, and expertise in a meaningful manner.

If the board has an executive committee, its purpose and authority level must be defined by the bylaws. If the executive committee is given the power to act on behalf of the board, the bylaws need to define the limits of this authority. To ensure that the full board remains in control and informed, decisions made by the executive committee should be confirmed by the full board at the following board meeting.

FIG P4 COMMON COMMITTEES FOR MUSEUMS



THE WORK



Board members have many responsibilities that fall within the board’s broad roles of setting the organization’s direction, ensuring necessary resources, and providing oversight. They are guardians of the mission, ensure compliance with legal and financial requirements, and enforce ethical guidelines for their organization. They are policymakers, fundraisers, ambassadors, partners with the chief executive, and strategic thinkers. They monitor progress, evaluate the performance of the organization and the chief executive, and demonstrate integrity in everything they do on behalf of the organization.

Board Performance and Grades

Overall, museum directors and chairs give their boards a grade of B- for understanding board roles and responsibilities. It’s common for board chairs to rate performance higher than chief executives rate performance.



BOARD PERFORMANCE GRADES

Areas of Board Performance Average Grade	Museum Directors	Museum Chairs	Other Nonprofit CEOs	Other Nonprofit Board Chairs
Understanding mission	B+	A-	A-	A-
Financial oversight	B	B+	B+	B+
Guiding and supporting the director	B	B	B	B+
Legal and ethical oversight	B-	B	B	B+
Level of commitment and involvement	B-	B-	B	B+
Thinking strategically as a board	B-	B-	B	B
Understanding roles and responsibilities	B-	B-	B	B
Knowledge of programs	B-	B	B	B+
Adopting and following a strategic plan	B-	B-	B-	B
Community-building and outreach	C+	B-	C+	B
Increasing board diversity	C+	C-	C	C+
Evaluating the director	C+	B-	B-	B
Fundraising	C	C	C	C+
Monitoring legislative and regulatory issues	C-	C	C	B-
Educating policymakers	C-	C-	N/A	N/A
Monitoring performance against goals and objectives	C-	C+	B-	B

Policies and Practices

The museum survey found that key policies and practices are more likely to be in place at accredited than non-accredited museums.



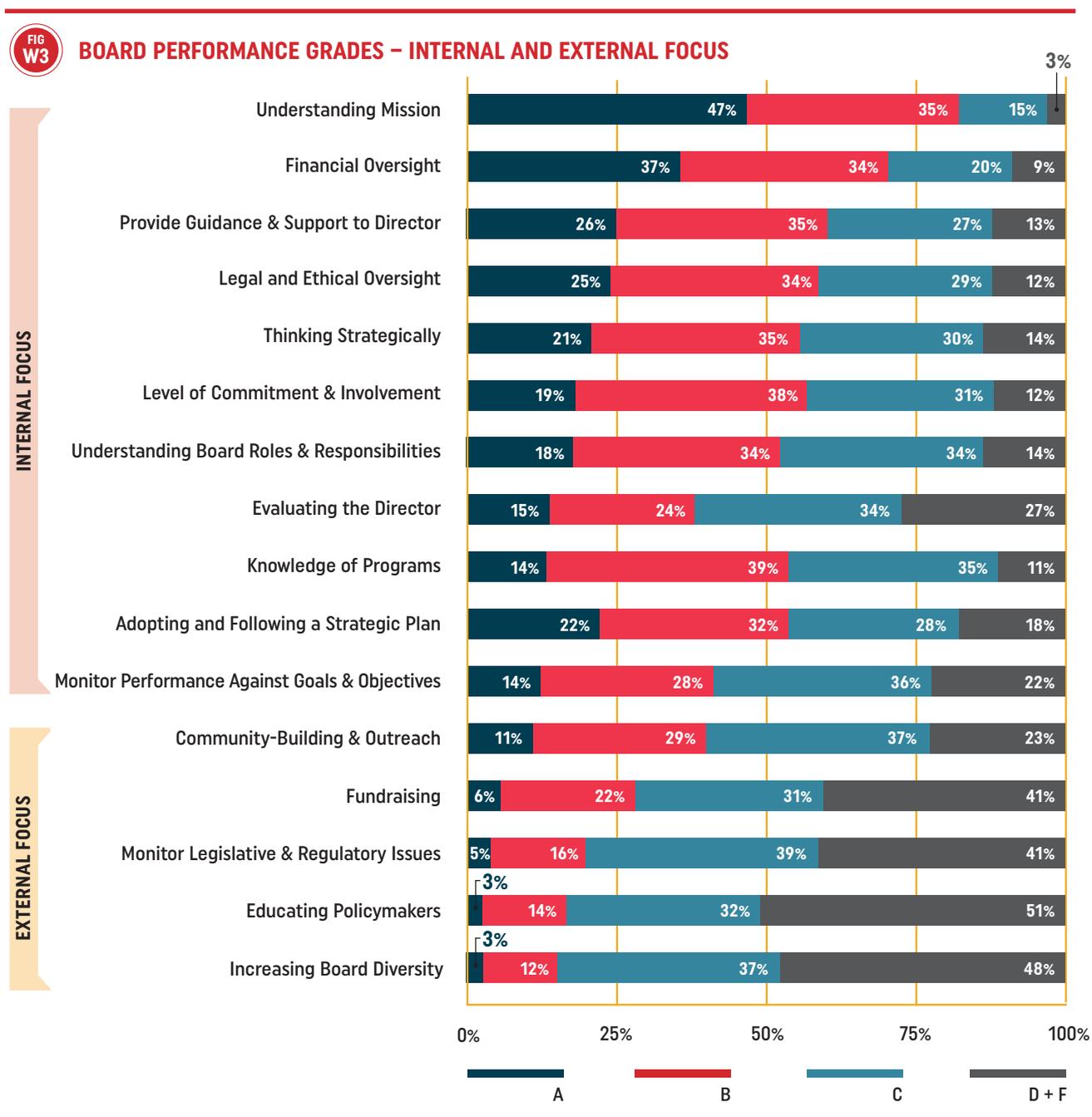
POLICIES AND PRACTICES – ACCREDITED AND NON-ACCREDITED

Organization	Accredited	Non-Accredited	Difference
Number of Respondents	261	537	
A written diversity and inclusion statement	28%	25%	3%
A written public policy or advocacy policy agenda	4%	3%	1%
Post financial statements to your website	19%	12%	7%
Post your complete IRS Form 990 to your website	22%	16%	6%
A document retention and destruction policy	61%	49%	12%
A whistleblower policy that provides protection for employees who report suspected illegal activities	66%	49%	17%
Carry directors' and officers' liability insurance	86%	71%	15%
A written gift acceptance policy (e.g., monetary, in-kind gifts, property)	71%	66%	5%
A written investment policy	60%	42%	18%
A written spending policy	30%	22%	8%

Board	Accredited	Non-Accredited	Difference
Written job description for the director	89%	81%	8%
Evaluated performance of director within past year	51%	36%	15%
A written conflict-of-interest policy	85%	74%	11%
Require board members to sign a conflict-of-interest and annual disclosure statement	72%	61%	11%
Meet as a full board or as a committee of the board with auditors	62%	46%	16%
Meet as a full board or as a committee of the board with auditors without staff present	25%	18%	7%
Receive a copy of the IRS Form 990 before filing	72%	62%	10%
Ensure that the organization's programs or impact are assessed	46%	37%	9%
Written positions or job descriptions for board members	57%	56%	1%
Written charters for committees	38%	31%	7%
Written succession plan for the director	14%	8%	6%
Ensure there are written protocols governing the security of PII (personally identifiable information)	21%	13%	8%
Regularly monitor the organization's progress against the strategic plan goals	63%	49%	14%

Internal Work vs. External Work

Board performance is generally stronger for work that is internally focused: understanding the mission; providing financial, legal and ethical oversight; guiding and supporting the chief executive; and understanding roles and responsibilities. Responsibilities that are largely externally focused and require external outreach, such as community building, fundraising, and even increasing board diversity, are generally weaker, as seen by the percentage of museum directors giving their boards a D and F grade in the table below.



National Standards and Best Practices for Museums

The American Alliance of Museums' National Standards and Best Practices for U.S. Museums sets forth standards (Core Standards) endorsed by the field as generally accepted levels of attainment that all museums are expected to achieve.⁷ The 38 standards are broad, outcome-oriented statements that are adaptable and expected of museums of all types and sizes, with each museum fulfilling them in different ways based on its discipline, type, budget, governance structure, and other unique circumstances. The Core Standards are grouped under seven categories, five of which map well to the performance areas measured in LWI.⁸ As we look at the performance areas of boards more closely, it is helpful to use the Core Standards for guidance.

Below are LWI board performance measures that correspond to five of the Core Standards categories, followed by the average grade given to boards by museum directors and a brief description about standards and best practices in each category. Data follow that compare how museums measure up against other nonprofits in having key policies and practices in place. At the end of the previous section is a comparison of AAM accredited museums vs. non-accredited museums in many of these same areas.

Public Trust and Accountability

(Accountability; community engagement; diversity and inclusiveness; compliance with local, state and federal laws, codes and regulations)

Board Performance Measures and Grades: Financial Oversight (B); Legal and Ethical Oversight (B-)

As the ultimate governing body, board members take on a set of responsibilities and duties defined by law. Along with attention to programs, finances, and fundraising, nonprofit board members need to understand the regulatory environment in which they operate, including the fundamental legal principles. In addition to its financial and legal responsibilities, the board is responsible for the organization's ethical integrity. For museums, the governing authority has the added responsibility of ensuring the ethical management, use, and care of the collections, which are held in the public trust. It only takes one scandal, or even a perceived ethical breach, to make the public lose trust, tarnish a nonprofit's reputation, and incapacitate its ability to raise funds.

The public expects the board to implement various fundamental practices and procedures related to financial, legal, and ethical oversight, which this study inquired about. The data reveal that there is much room for improvement. With the exception of having a written statement of ethics, museums trail other nonprofits in every category.

⁷ National Standards and Best Practices for U.S. Museums, American Alliance of Museums (2010, pg. 6)

⁸ Two of the categories, Collections Stewardship and Facilities and Risk Management, are museum specific and clearly have governance implications. However, LWI does not drill deep enough on these two topics to provide meaningful data points.

FIG W4 POLICIES AND PRACTICES – SUPPORTING DATA

Percent of organizations/boards that have or do the following:	Museums	Other Nonprofits
A written conflict-of-interest policy	75%	93%
Board receives a copy of the Form 990 before filing	64%	78%
Require board members to sign a conflict-of-interest and annual disclosure statement	62%	84%
A statement of ethics*	62%	58%
A whistleblower policy	54%	77%
A document retention and destruction policy	52%	72%
Regularly monitor the organization's progress against the strategic plan goals	52%	65%
Ensure that the organization's programs or impact are assessed	39%	61%
Have a written diversity and inclusion statement	25%	43%
Post your complete IRS Form 990 to your website	18%	38%
Ensure written protocols governing the security of PII (personally identifiable information)	15%	32%
Post financial statements to your website	14%	28%
A collections management policy*	80%	NA

NA - question not asked in survey of other nonprofits

* One of the five policies/plans AAM has designated as a Core Document, as it is fundamental for basic professional museum operations and embodies core museum values and practices.

Mission and Planning

(Clear understanding of mission; communicate why you exist and who benefits as a result of efforts; focus on advancing the mission; think and act strategically)

Board Performance Measures and Grades: Understanding Mission (B+); Thinking Strategically (B-); Adopting and Following a Strategic Plan (B-); Monitoring Performance and Impact against Strategic Plan (C-)

One of the board’s fundamental roles is setting direction for the organization. A good mission statement serves to guide organizational planning, board and staff decisions about programs and services, and priorities among competing demands for resources. There are several supporting data points that provide insights to help us understand the extent to which museum boards work strategically to advance the mission.

FIG W5
MISSION AND PLANNING – SUPPORTING DATA

Percent of time at an average board meeting focused on future, strategic, or generative work	Museum Director	Museum Chair	Other Nonprofit CEO	Other Nonprofit Chair
	32%	36%	40%	39%

Board meetings focus on strategy and policy rather than operations	Museum Director	Museum Chair
	Not done or Small Extent	39%
Some Extent	41%	49%
Great Extent	19%	27%

Percent of organizations that have:	Museums	Other Nonprofits
	Written mission statement*	98%
Written vision statement	68%	84%
Written strategic plan*	77%	84%

* One of the five policies/plans AAM has designated as a Core Document, as it is fundamental for basic professional museum operations and embodies core museum values and practices.

Leadership and Organizational Structure

(Shared understanding of roles and responsibilities; legally and ethically carry out responsibilities; ensure qualified and diverse museum leadership)

Board Performance Measures and Grades: Understanding Roles and Responsibilities (B+); Increasing Board Diversity (C+); Level of Commitment and Involvement (B-); Guiding and Supporting the Museum Director (B); Evaluating the Museum Director (C+)

Ensuring strong, effective board leadership starts with strategic board recruitment. The “People” section of this report highlighted the lack of diversity, as well as the importance of becoming more inclusive. Board members primarily tap into their personal networks to identify potential board members (92%). Fifty-four percent (54%) of responding museum directors report that their boards have written job descriptions; 72% report that their board members are prepared for board meetings; and 82% agree or strongly agree that board members prioritize the interests of the organization in discussions.

FIG W6
BOARD CULTURE – SUPPORTING DATA

Board Culture - How strongly do you agree that...?	Agree or Strongly Agree			
	Museum Director	Museum Chair	Other Nonprofit CEO	Other Nonprofit Chair
The majority of board members is actively engaged in overseeing and governing the organization.	56%	65%	71%	74%
Board members have the interests of the organization uppermost in discussions, rather than the interests of their personal agendas.	82%	92%	85%	92%
Board members' own further learning and growth about the organization and the board's work is a high priority.	44%	66%	52%	68%
Our board is a collaborative team that works well together toward a common goal.	72%	88%	75%	86%
The board continuously raises the bar by encouraging higher performance from its members and from the organization.	33%	52%	45%	59%

Education and Interpretation

(Clearly state educational goals; understand existing and potential audiences; assess effectiveness)

Board Performance Measure and Grade: Knowledge of your organization’s programs (B-)

As part of providing oversight, the board is responsible for deciding which programs best support the mission and evaluating their effectiveness. The board works in collaboration with staff to understand the scope of the organization’s programs and services, establish appropriate goals for quality and results, and monitor performance data.



MONITOR AND MEASURE IMPACT – SUPPORTING DATA

Does your organization/board have or do the following?	Museums	Other Nonprofits
Regularly monitor the organization's progress against the strategic plan goals	52%	62%
Ensure that the organization's programs or impact are assessed	39%	58%

Financial Stability

(Legally and ethically acquire, manage, and allocate financial resources in a fiscally responsible manner)

Board Performance Measure and Grade: Financial Oversight (B)

The entire board is responsible for the organization’s financial success. This calls for the board to focus on certain areas that involve the basic financial health and welfare of the organization: planning and budgeting, revenue and expenditures, and available cash and reserves.



FINANCIAL OVERSIGHT AND POLICIES – SUPPORTING DATA

Percent of organizations/boards that have or do the following:	Museums	Other Nonprofits
Hire an auditor to conduct an annual external financial audit	68%	78%
Meet as a full board or as a committee of the board with auditors	49%	60%
Meet as a full board or as a committee of the board with auditors without staff present	20%	2%
Have a written gift acceptance policy (e.g., monetary, in-kind gifts, property)	67%	N/A
Have a written investment policy	46%	N/A
Have a written spending policy	24%	N/A
Have a whistleblower policy	54%	73%

Advocacy and Public Image

Maintaining a strong and relevant public profile in a world that is constantly changing is challenging for many nonprofits. To plan for the future and the risks that come with change, boards must remain relevant and connected to their communities.

Changes in your community, the political and policy environment, and in funding sources, affect — either positively or negatively — a nonprofit's ability to achieve its mission. Identifying and understanding the opportunities and threats affecting a museum is a key board responsibility. Board members therefore should be monitoring which public policies impact their organization's programs, constituents, and ability to fulfill the mission — and then advocating on behalf of their mission and organization.

Advocacy within the nonprofit sector can be broadly defined as any behavior or action that speaks in support of, recommends, argues for, or otherwise defends or pleads for a cause, mission, or organization that benefits others.⁹

In general, board members are the most useful, yet underutilized, asset many nonprofits have to advance and to advocate for their missions. As business leaders, community volunteers, philanthropists, and opinion leaders, board members have the connections, the confidence, and the respect needed to speak up on behalf of their organizations and be successful ambassadors and advocates for their missions. Action begins with identifying key individuals who should be kept informed about the museum's good work and effectiveness and then communicating how policy changes may impact the organization. **Eighty percent (80%) of museums give themselves a grade of C or lower on monitoring legislative and regulatory issues** with potential to impact the organization.

Sixty-eight percent (68%) of museum directors and 41% of museum board chairs feel they have no or very little information and resources on effective and appropriate advocacy activities they may engage in on behalf of their museums.

▶ WHAT WE FOUND

3% of museums, compared to 12% of nonprofits, have a written public policy or advocacy policy agenda.

38% of museums, compared to 40% of nonprofits, did not monitor the impact of local, state, and federal policy on the organization's mission delivery and resources.

28% of museums participated to some or a great extent in educating policymakers on behalf of the organization, the museum field, or the nonprofit sector.

▶ WHY IT MATTERS

BoardSource strongly encourages boards and board members to lead their organizations toward greater engagement in advocacy and to play a personal role in advancing their missions through ambassadorship.

Every museum has its own unique history, culture, and mission, and, therefore, its own view regarding advocacy. To start the conversation, board members should consider setting aside time at a meeting to ask: *If we could advance our mission more effectively by changing one law, public policy, or public attitude, what would that change be?*

⁹ *Ten Basic Responsibilities of Nonprofit Boards* by Richard T. Ingram, BoardSource, 2015, p. 69.

Fundraising

Sources of revenue for museums include earned income derived from program services, membership dues, facility rental, sales, etc.; contributed or donated income; investment income; and government (federal, state, and local) funding. When an organization depends on contributed or donated income for a significant level of its annual revenue, board members are likely to be directly involved in one or more fundraising tactics, from prospect identification to tasks related to cultivation, solicitation, and renewal.

Ninety-four percent (94%) of museums engage in fundraising (compared to 86% of other nonprofits), so it's fitting to ask the following:

- How does the board provide leadership in the area of fundraising?
- What percentage of the board makes a personal gift?
- Does everyone on the board understand and accept his or her roles in fundraising activities?

WHAT WE FOUND

Overall, we found that board member participation in fundraising is lackluster — only 39% of museum directors agree or strongly agree that their board "actively participates in fundraising versus relying mostly on the director and staff."

Board chairs are very comfortable attending fundraising events (83%), making a personal contribution (80%), providing names for solicitations (59%), meeting potential donors face-to-face (57%), and directly asking for money (47%), but other board members are not as comfortable. There's still significant work to be done to increase the comfort level of the full board and actual participation rates.

WHY IT MATTERS

While the success of fundraising strategies depends on several variables, direct leadership from the board is usually required. A factor to consider here is that only 54% of museums set the stage for fundraising early on by explaining expectations during the recruitment process. This is a missed opportunity to present a clear explanation of goals, timetables, staff resources, and expectations. Given the proper orientation and training, any board member who is willing to learn can become a highly valuable and effective member of the fundraising team.

Finding people who can and will be active in fundraising is key to fundraising success, and ideally there will be more than one member of the board with the experience and enthusiasm needed. Having a strong chair who demonstrates a commitment to fundraising sets a good example for the full board.

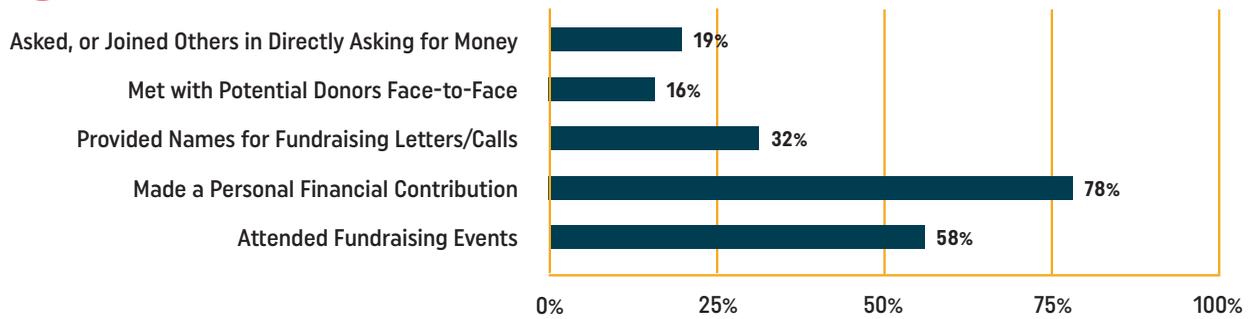


FUNDRAISING COMFORT LEVELS

	Museum Chair: Comfort level for self				Museum Chair: Comfort level of most other board members			
	Not comfortable	Comfortable	Very comfortable	No opportunity to assess yet	Not comfortable	Comfortable	Very comfortable	No opportunity to assess yet
Attending fundraising events	1%	15%	83%	2%	5%	45%	45%	5%
Making a personal monetary contribution	1%	17%	80%	1%	8%	53%	35%	3%
Providing names for letters/calls	7%	32%	59%	3%	17%	49%	26%	7%
Meeting with potential donors face-to-face	6%	32%	57%	4%	27%	48%	13%	12%
Asking or joining others in directly asking for money	15%	35%	47%	3%	34%	45%	9%	12%

FIG W10

BOARD PARTICIPATION IN FUNDRAISING ACTIVITIES



Financial Performance and Oversight

The entire board is legally responsible for the museum’s financial success, which requires the board to work in concert with the director to review and approve the budget, balance short- and long-term needs, and verify the museum’s financial systems and practices meet accepted standards. Seventy-one percent (71%) of museum directors give their board a grade of A or B for financial oversight. As part of financial oversight, museums generally look at the balance, sustainability, and vulnerability of income.

Earned Income – Money from programs, services, membership dues, facility rental, etc., is approximately one third of the revenue mix for most museums, averaging 35% but ranging from 59% to 26% of the revenue mix by museum type.

Contributed Income – Contributed or donated revenue is also one-third of the mix for most museums. The board has a major role in impacting contributed revenue by working closely with the museum director and staff to achieve fundraising goals.

Investments – Most museums that participated in this study (54%) have less than \$1 million in investable assets, 29% have \$1 million to \$4.9 million, and 17% have \$5 million or more.

Government Funding – The average museum receives 19% of its total revenue from federal, state, and/or local government sources, which may be in the form of an annual appropriation for general operations or grants for specific projects. Sixteen-percent (16%) of museums lost revenues in the past two years due to diminished public funding, compared to 20% for other nonprofits. In today’s volatile political environment, government funding may continue to decline.

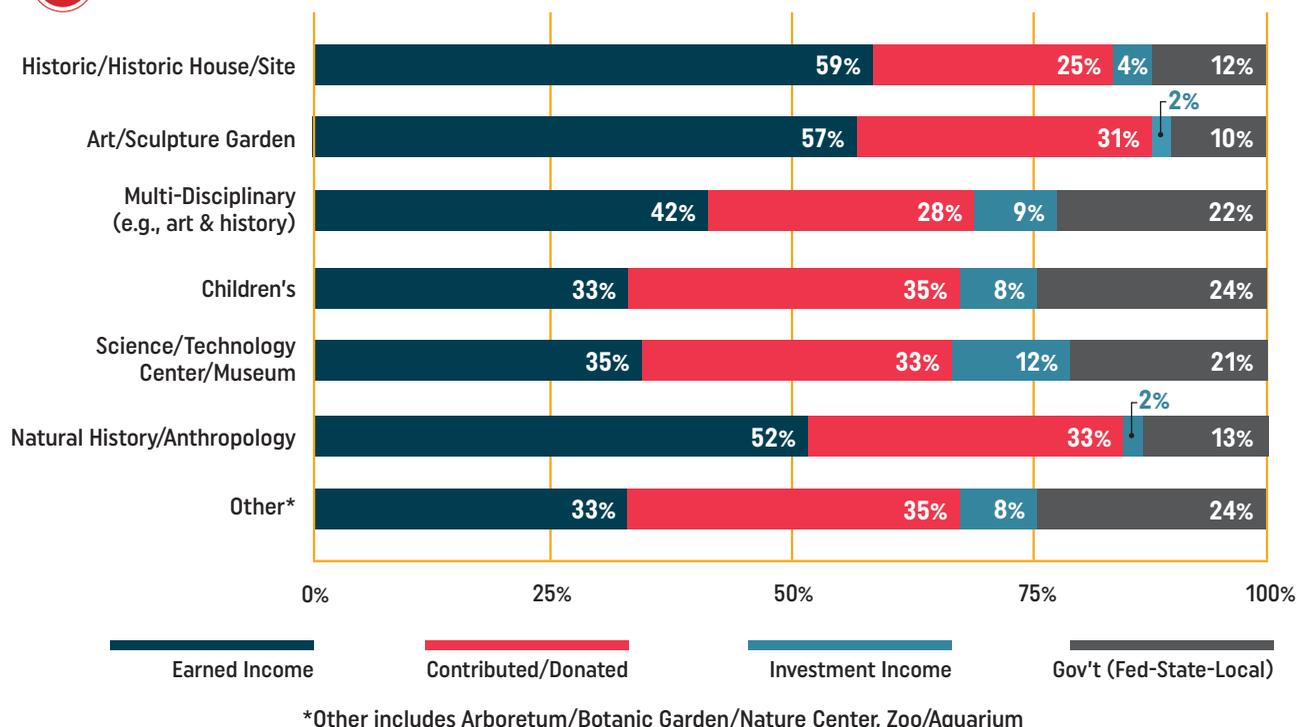
FIG W11

SOURCES OF REVENUE

	Museums	Other Nonprofits
Earned income	35%	31%
Contributed income	35%	41%
Investments	11%	6%
Government funding	19%	20%

FIG W12

SOURCES OF REVENUE BY MUSEUM TYPE



When looking at income by type of museum, keep in mind that the number of museums for some of the categories is small, and while it should be used to understand the data in this study, it may not reflect the broader field of all museums. Participant size by museum type in this survey includes 209 art/sculpture garden; 408 history/historic house/site; 100 multi-disciplinary; 15 zoo/aquarium; 27 arboretum/botanic garden/nature center; 36 children’s museum, 31 natural history/anthropology museum; 31 science/technology museum or center.

Oversight of Investable Assets

Even though investment income is the smallest of the four sources of revenue for museums – averaging 11% – it is important for the board to establish policies overseeing the choices for managing investable assets.

Investment Policy – This board-approved document should delineate a specific philosophy of investment management and establish parameters for investment risk and return. It also should establish a process for regularly reviewing investment objectives and strategies and reviewing the manager’s performance. Forty-six percent (46%) of museums have an investment policy.

Investment Committee – Board oversight may not require a separate investment committee, but given inevitable stock market fluctuations, organizations with significant investable assets would benefit from ensuring that some board members are familiar with investing. Sixteen percent (16%) of museums have an investment committee. Responsibilities include drafting and overseeing the museum’s investment policies and serving as a liaison with outside investment advisors or third-party managers to ensure adherence to investment policies.

FIG W13 INVESTABLE ASSETS

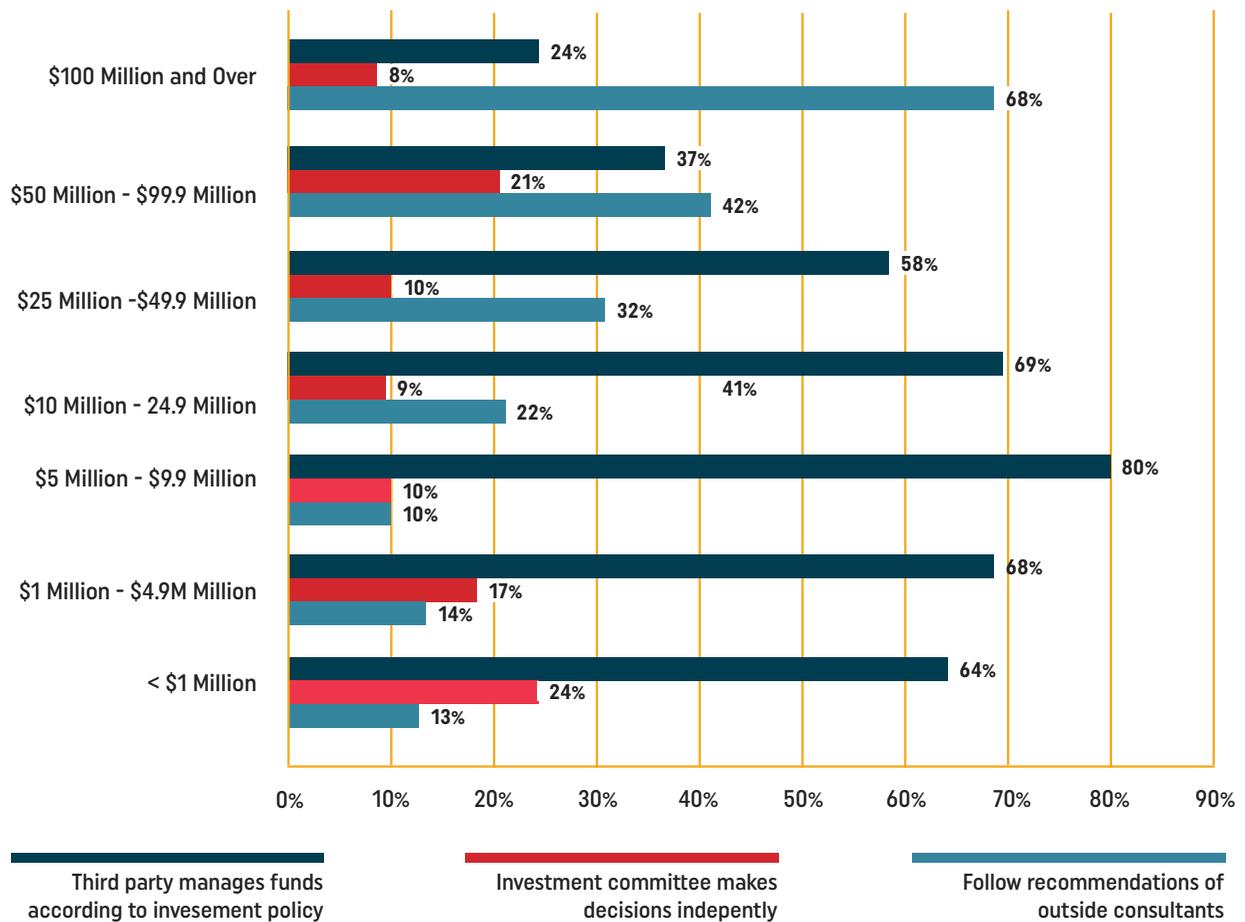
Investable Asset Amount	Percent
Less than \$1 million	54%
\$1 million to \$4.9 million	22%
\$5 million to \$24.9 million	15%
\$25 million or more	9%

FIG W14 INVESTMENT APPROACH

Investment Approach	Percent
Investment committee follows recommendations of outside consultant	13%
Investment committee makes investment decisions independently	13%
Third-party manages funds in accordance with investment policy	45%
Not applicable	29%

There is wide variation in the approach used to manage investable assets, with 45% of museums using a third-party to manage funds. Not all museums have significant investable assets: 29% of museums in this study selected NA (not applicable) when asked to select which investment approach they use.

FIG W15 INVESTMENT APPROACH FOR MANAGEMENT OF ASSETS



Encouraging Signs Related to or Impacting Financial Outlook

▶ WHAT WE FOUND

31% of museums received a major award, recognition, or gift within the past two years.

52% describe their financial stability as much or slightly better than the previous year.

62% created new staff positions.

55% launched a major initiative or expansion.

62% participated in a joint program in the past five years.

▶ WHY IT MATTERS

Given the current economy, financial stability is not to be taken for granted and needs to be carefully monitored — a responsibility that falls to the museum director and the board.

Recognition for programmatic excellence, strong financial performance, and expansion are positive indicators of the health of an organization. To survive in a changing world, museums must be focused and flexible. Museums compete with each other and with other nonprofits for public funding and donors. Thinking creatively and strategically about financial stability and sustainability is not optional.

Cautionary Signs Related to or Impacting Financial Outlook

▶ WHAT WE FOUND

29% of museums dipped into reserves or endowment funds to cover operating costs.

19% experienced staff turnover greater than 30 percent.

25% deliberately did not fill open positions for budget reasons.

▶ WHY IT MATTERS

The full board shares the responsibility to monitor finances and approve the budget. Budget shortfalls need to be managed carefully to ascertain whether they indicate a short-term problem or an emerging trend.

Long-range planning and strategic thinking should include a scan for changes in revenue streams, spending, or investment returns.

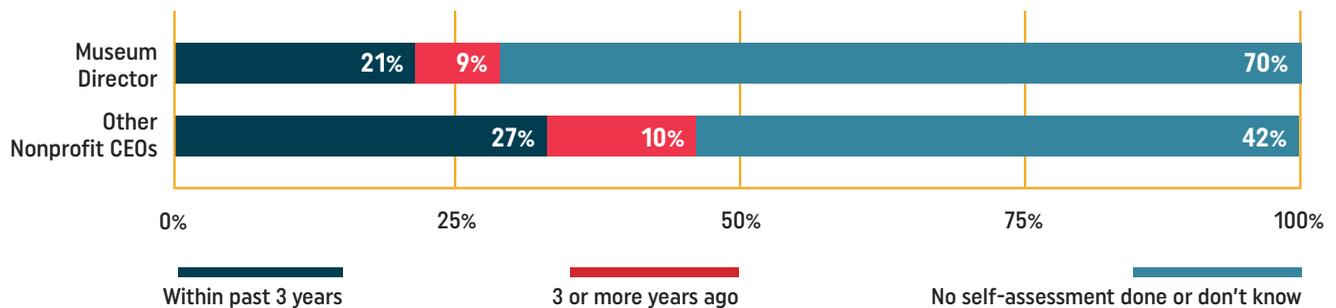
Board Self-Assessment

As stated earlier, all nonprofit governing boards share a common set of basic responsibilities that are broadly accepted and practiced. Factors such as board size, term limits, and committee structure lay the foundation for the board’s function. Strong, high-performing boards have the right policies in place, follow current best practices, and periodically step back to assess how they might improve their performance. **Only 21% of museum boards have done a self-assessment of their performance within the past 3 years.** The balance conducted an assessment more than 3 years ago, have never assessed their performance, or don’t know if or when they conducted an assessment. This compares to 48% of other nonprofits that have done a board self-assessment within the past 3 years.

When asked about the culture of their boards, most museum directors feel very positive: **91% say board members listen attentively** and respectfully to each other; **76% feel the board is adaptable in the face of changes** in the environment and funding levels; **72% see the board as a collaborative team** that works well toward a common goal.

The board is responsible for making sure its own practices are appropriate and current. It is important to delineate between responsibilities belonging to staff and the board. This balance often depends on the lifecycle and size of the organization — young or small organizations often have working boards that are involved in day-to-day activities, while mature, larger organizations have boards that focus on strategic issues and oversight at a higher level. As organizations evolve and grow, policies and practices should periodically be reviewed to assess whether adjustments need to be made.

FIG W16 MOST RECENT BOARD SELF-ASSESSMENT





Meetings

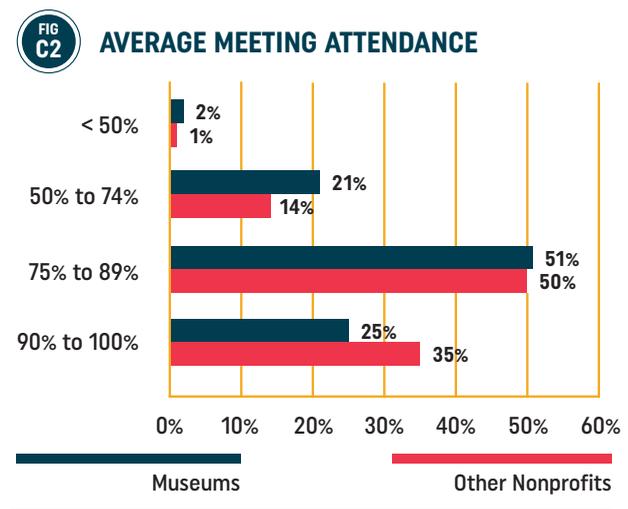
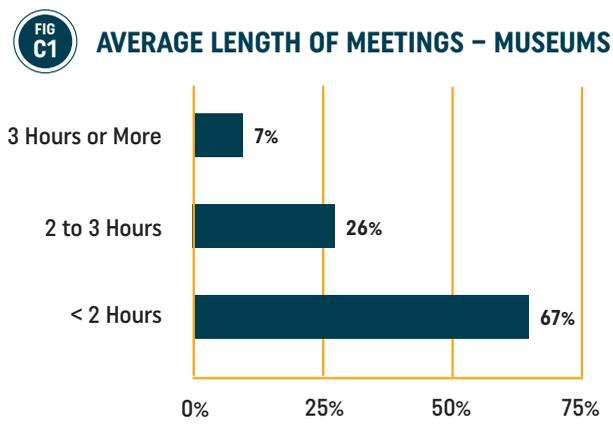
Meetings bring the board together as a collective body and are the most tangible moments of board service. Meetings that are carefully structured and efficiently conducted will help board members feel that their time is well spent and that the board adds value to the organization.

Meeting attendance is weaker for museum boards than other nonprofits. **Twenty-three percent (23%) of museum board members compared to 15% of other nonprofit members skip meetings.** Poor attendance at meetings deserves a closer look to determine whether meeting structure and practices could be improved. Members of large boards, those with 20 members or more, may sometimes feel they won't be missed and are therefore less engaged than members of smaller boards.

BoardSource recommends setting expectations and enforcing standards for meeting attendance. Every board member must make it a priority to attend all board meetings and to miss a meeting only under exceptional circumstances.

It also can be useful to consider meeting fewer times per year, but meeting for longer periods of time to allow more time for meaningful discussion. Museum boards spend a third or less of their meeting time on future-focused or strategic issues. The remainder is spent on routine staff or committee reports (45%) or fiduciary issues (23%).

Only 36% of museums hold an annual retreat, but 65% select it as one of the ways to focus on board development/education. Retreats are an excellent way to take a deeper dive on strategic issues and conduct long-term planning. Because of the format and time available for longer discussions, retreats are a useful way to put board members' talents and time to good use and set the stage for board members to become more active ambassadors on behalf of the museum and to step forward as board leaders.





WHAT WE FOUND

Meeting attendance drops below 75% for 23% of museum boards, compared to 15% for other nonprofits.

WHY IT MATTERS

Waning meeting attendance puts an organization at risk because it increases the likelihood of major decisions being made by a minority of board members.

Board service is a commitment, and accepting a board position means the meetings must take priority over other obligations except in exceptional circumstances. Every board should have a meeting attendance policy and enforce it.

The number of times a board meets may be based on what's always been done but it can be beneficial for the board to review how well the current schedule is working. Some boards find that having fewer meetings per year but longer meetings allows for more in-depth discussions on strategic issues.

WHAT WE FOUND

45% of time at museum board meetings is spent on routine committee or staff reports.

WHY IT MATTERS

Meetings are where boards exercise their governance responsibilities and come together with the museum director around strategic issues and organizational priorities.

Short, infrequent meetings driven by reports do not allow adequate time for meaningful board discussion.

WHAT WE FOUND

58% of museum directors say — to a great extent — that meetings are well run and use effective meeting practices, such as clear agendas, good facilitation, and start/end on time.

WHY IT MATTERS

Meetings can make or break meaningful engagement for board members. Meetings that allow time for questions and robust discussion on important issues lead to greater satisfaction among board members. Disengagement can result from passively listening to a series of reports or rubber-stamping decisions that have already been made.



Board Culture

Beyond the frequency and structure of meetings, it's helpful to take a look at how board members interact with each other when they're together, how they perceive their relationships with each other, and — to put it simply — how well they work together. Before the board can begin to understand and ultimately improve the culture for full board engagement, productivity, and inclusion, it must first identify factors impacting its culture. In talking about the culture of the board, we're referring to the soft skills or "cultural intelligence" of individual board members, or their predisposition to working well in teams.

WHAT WE FOUND

79% of museum directors and 91% of museum chairs agree there is honest communication between board members.

41% of museum directors give their board chair an A grade for encouraging board members to frame and discuss strategic questions.

WHY IT MATTERS

Success depends on attention to group dynamics. Exceptional boards create an environment based on respect and candor that fosters a productive exchange of views where board members are not afraid to question each other or to challenge management.¹⁰

WHAT WE FOUND

62% of museum directors say their boards have a very or somewhat positive impact on their museum's performance.

WHY IT MATTERS

Increasingly, research indicates that boards that are able to function effectively as a team have a greater impact on their organization's success than any one well-qualified board member — in other words, the whole is greater than the sum of its parts.

WHAT WE FOUND

59% of museum directors give their board chair an A grade for cultivating a productive, constructive partnership with the museum director.

51% of museum directors rank their board chairs as their #1 go-to-person when they have a need to consult frankly on a tough decision.

WHY IT MATTERS

Exceptional boards recognize that they cannot govern well without the director's collaboration and that the director cannot lead the museum to its full potential without the board's unflinching support. Exceptional boards encourage a strong, honest director to pose questions, offer possible solutions, and share bad news early and openly. They welcome differing points of view and strategic thinking at the board table.¹⁰

WHAT WE FOUND

There is a gap in how museum directors and board chairs assess whether "board members share accountability and take collective responsibility for failures and mistakes."

- 51% of museum directors agree or strongly agree.
- 73% of museum board chairs agree or strongly agree.

48% of museum directors give their boards a grade of C or lower in "understanding their role and responsibilities."

WHY IT MATTERS

Most board members are motivated by a passion for the mission but need guidance in understanding their governance duties.

Through ongoing education, boards are able to deepen their understanding of roles and responsibilities, which sets the stage for strengthening the constructive partnership between the board and the museum director and accepting accountability for the museum's success.

¹⁰ *The Source: Twelve Principles of Governance That Power Exceptional Boards*

The survey asked museum directors and board chairs to indicate how strongly they agree or disagree with the statements in the following figure. In every instance, a higher percentage of board chairs agree or strongly agree with the statements. However, there is wide disagreement between the museum directors and chairs on three statements: Board members share accountability and take collective responsibility for failures and mistakes; board members prioritize their own further learning about the organization and their work; and the board continuously raises the bar by encouraging higher performance from its members and the organization. (See highlighted rows below.)


FIG C3
BOARD CULTURE: MUSEUM DIRECTOR AND BOARD CHAIR AGREEMENT

Board Culture Percent Agree or Strongly Agree	Museum Directors	Museum Chair	Percent of Gap
Board members listen attentively and respectfully to each other.	91%	96%	5
The board encourages, supports, and listens to creative and innovative suggestions.	85%	94%	9
There is honest communication between board members.	79%	91%	12
The board is able to resolve internal conflicts in a professional, positive way, allowing progress to be made.	78%	91%	13
The board is adaptable in the face of changes in the environment, funding levels, etc., in order to sustain the mission and organization.	76%	89%	13
Our board members share clearly articulated core values that guide decision making, even though members may disagree on details.	72%	83%	11
Our board is a collaborative team that works well together toward a common goal.	72%	88%	16
Board members appropriately balance short-term and long-term needs.	57%	73%	16
The majority of board members are actively engaged in overseeing and governing the organization.	56%	65%	9
Board members share accountability and take collective responsibility for failures and mistakes.	51%	73%	22
Board members' own further learning and growth about the organization and the board's work is a high priority.	44%	66%	20
The board continuously raises the bar by encouraging higher performance from its members and from the organization.	33%	52%	19

NOTES

CONCLUSION

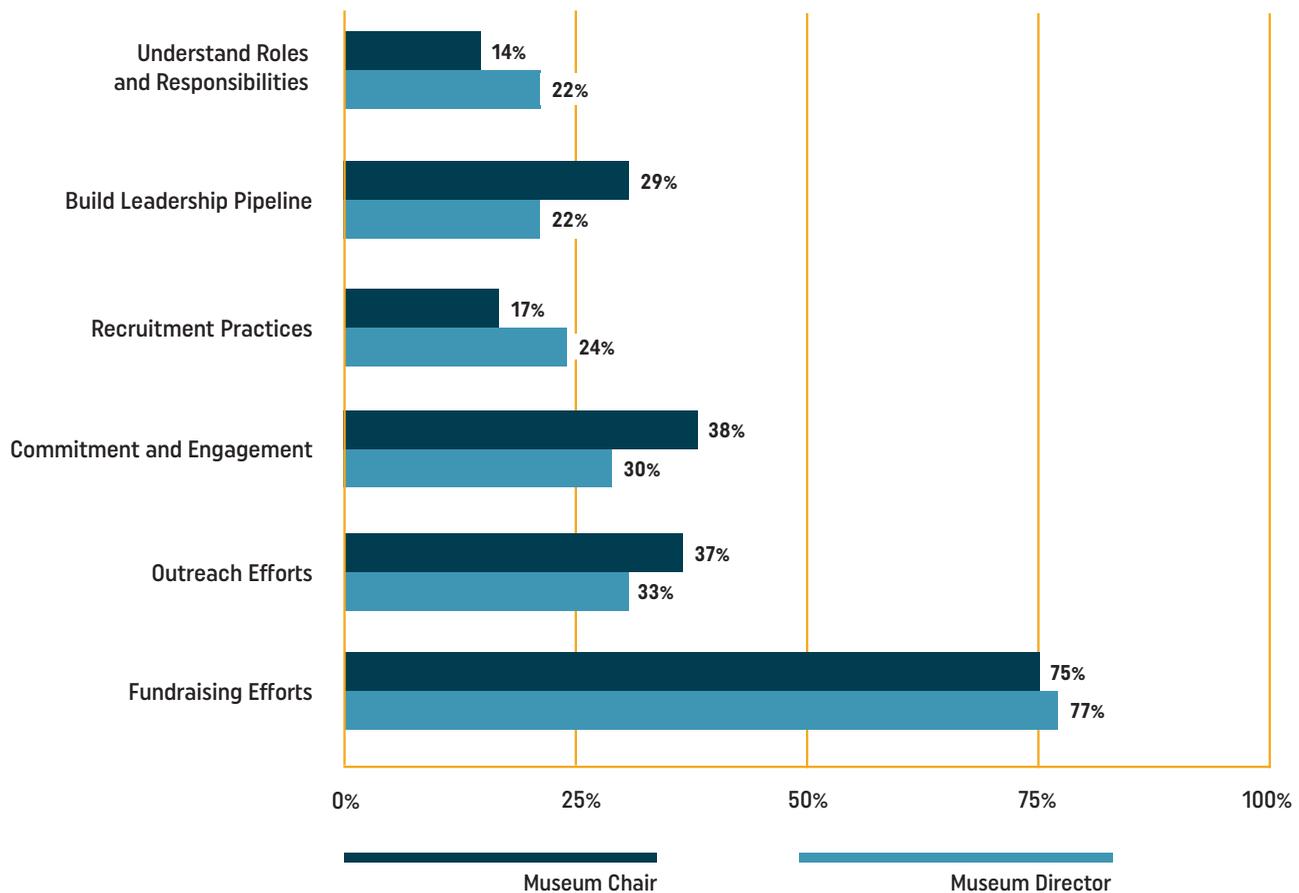
Working to become a stronger, more effective board is an ongoing process. Eighty-seven percent (87%) of museum directors and chairs rate their organizations as effective or very effective at meeting their objectives — a strong base on which to build. All should take pride in what they've achieved and celebrate their successes.

This report should offer some food for thought about how to move forward. While museums that participated in this study are at different points along the performance continuum, a few areas stand out as prime opportunities to enhance overall performance.

- 1. Start with the “People.”** Pay close attention to how you compose your board, especially as it relates to diversity and inclusion. The report shows a high level of consensus around the importance and benefits of being inclusive, yet there appears to be an obstacle in making inclusion a reality. To increase diversity and inclusion, the organization's leaders — the museum director working in constructive partnership with the board — must build commitment.
- 2. Invest in strengthening performance.** Why settle for a B- when an A is well within reach, and a board self-assessment can get you there? In the same way that this report provides data that can be used for benchmarking, identifying trends, or seeing where museums need to raise the bar, a board self-assessment allows your board to step back from routine governance matters to reflect candidly on how well it is meeting its responsibilities. You then can use the results as a springboard for board improvement and to establish a common understanding of individual and shared responsibilities and expectations.
- 3. Don't shortchange fundraising.** While the fundraising strategy is developed by the director and other staff, in partnership with the board, results are amplified when there is meaningful participation and engagement by the board. Don't assume that board members will know how and where to engage. Set the stage early on, starting with the recruitment process. Deepen understanding of expectations during orientation. Follow through with education and training for board members. Last, but not least, create opportunities for practice to increase the comfort level. Invite board members to join a veteran team (staff and/or board) for face-to-face meetings with potential donors, and be sure to prepare the board member with pertinent information, such as research data about the prospect, an opportunity to rehearse the content of the meeting plan, presentation of a vision that matches the donor's aspirations, and how to respond if the person says “no.”
- 4. Advocate for your mission.** Nonprofits, including museums, operate in a competitive environment — broadly for resources and specifically for funding. Strong board leadership is about creating the circumstances that will allow missions to be achieved. Accordingly, board members need to be well informed about public policy issues that affect their organizations. They also need to be educated about the board's role in advocacy and provided appropriate support and resources to become ambassadors for their organizations. Successful advocacy simply means using our voices as committed and informed champions for our missions.
- 5. Show up!** Why not strive for 100% meeting attendance? When masterly conducted, meetings are where the magic happens. It's where the board carries out its role as policy maker, sets direction, and makes decisions. Create space for the fiduciary, strategic, and generative work at your meetings, so that your members leave with a sense of real accomplishment and personal satisfaction and are excited to come back.

FIG 1

AREAS MOST IMPORTANT TO STRENGTHEN



Museum directors and board chairs were asked to identify three areas they see as most important for strengthening board performance. Both are in agreement that improving fundraising efforts deserve top attention. Museum board chairs — in agreement with directors — also recognize the need to strengthen commitment and engagement, outreach efforts, and building the leadership pipeline.

Considering all the performance areas that were examined as part of this survey and report, this is a short list, which means there are many strengths on which to build. The museum community has already taken the first step by reflecting on its own governance practices, in the spirit of understanding what’s working and what may need to change. We hope this report inspires you to continue this journey with confidence, knowing that exceptional governance is within your reach.

MUSEUM BOARD LEADERSHIP | 2017

A NATIONAL REPORT

Based on



A National Index of Nonprofit Board Practices

Leading with Intent: A National Index of Nonprofit Board Practices gathers information from both chief executives and board chairs on their experiences in the nonprofit boardrooms of America. BoardSource has been conducting a version of this survey approximately every two years since 1994. For more information, visit www.leadingwithintent.org.

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