Membership of governance boards are sought after positions, but they are often fraught with challenges and conflicts, and getting the right blend of experience, energy and expertise is demanding.

What attributes are required, both individually and collectively, for effective boards? How can we build the individual and collective capabilities of governance boards that enable them to provide both the strategic oversight and insights needed for exemplary board leadership?

What are the special challenges for boards in the creative and cultural sectors? How can they be equipped to deal effectively with what are often complex and politically sensitive environments with multiple sources of revenue and funding, and the need for transparency about their stewardship and impact?

In many parts of the world, NGS Global partners have worked with governance board chairs and members on the search for board members/non-executive directors for publicly listed companies, other commercial sectors, not-for-profit boards, government boards and state owned enterprises (SOEs).
Exemplary Practices are in Five Key Areas

We identified 12 practices in five categories that are strong indicators of exemplary practices for boards of creative and cultural industries. The five categories are:

- Context and chair attributes
- Generic behavioural and functional attributes
- Specific expertise attributes
- Diversity, personal and demographic attributes
- Whole-of-board attributes

Context and Chair Attributes: Practices 1-2

Practice 1: clarify the nature and context of the board and accountabilities

Each board needs to ensure that there is a well-documented set of statements that clarify the role of the board and its board members vis-à-vis the role of the CEO and executive team.

Development of an approach to exemplary practice in board appointments and for the composition of particular boards assumes that the nature of the board, and its role and remit are clear.

The role and remit of each board shapes the accountabilities of board members. This in turn shapes how the board approaches strategy development and oversight, and then the capabilities the board requires. As several interviewees expressed it: ‘governance determines what the board requires and thus the nature of, and guidelines for, board membership’.

As expressed by one experienced board chair: ‘Ensuring there is a coherent strategy is at the top of what a board needs to do, so everybody then understands what is, and is not, important: what is it we want to achieve? What is the game plan?’.

Each board member would be expected to have the experience and capabilities to contribute to and challenge the strategy of the organisation, and how the organisation is led and managed to achieve its objectives, but not to interfere with the everyday operations of the organisation.

The nature of the relationship between the board and management needs to be specified, if not already clear. In one organisation this was stated as the board having an oversight, strategic planning and monitoring role, while the senior executive team was responsible for performance and corporate management. In the words of one board chair, this brought about the board’s need to have ‘good knowledge of the enterprise, and to know what the levers are that will make the organisation succeed’.

Effective Boards and Board Members Blend Multiple Attributes

The foundation stones for effective boards are clarity around context and accountabilities, a talented and facilitative chair, and board members with the right blend of commitment, expertise, experience and behavioural attributes.

Board members require both general and specific capabilities. The notion of the ‘T-shaped’ board member is one way to think about this: every board member requires both generalist and specific capabilities and expertise.

The horizontal part of the T are the functional and behavioural attributes required of all board members. The vertical part of the T are the areas of specific expertise and experience that individuals need to bring to their board membership. These specific capabilities or expertise depend on what each board needs at a particular point in time.

Boards of Creative Industries Operate in Multi-Layered Environments

We were recently commissioned to identify exemplary practices for boards in the creative and cultural industries as they were seen to have particular challenges. These boards often have multiple funding sources, such as revenues from investors, visitors to exhibitions and events, philanthropic and corporate sources and sometimes government grants. Their governance is often complex and tends to have a web of stakeholders. Our remit was to develop an informed and objective approach to identifying the skills and experience required of board members and how these could be applied.

As part of this work, we interviewed CEOs, board and council chairs and board members to glean their learnings and insights on what makes boards work well. Most boards had between 10 and 14 members. We reviewed different structures and arrangements where there was a fundraising component or foundation and we discuss this amongst the practices.

While there are many common needs across all boards, what is ‘best’ for one board, is not necessarily the ‘best’ for all boards – hence, our focus on exemplary practices for boards – rather than best practices. Having access to the range of expertise sought amongst, say, 10 to 14 board members, means the challenge can be like solving a Rubik’s cube puzzle. We suggest approaching this with a well-developed matrix.

Many of these learnings apply to boards of all types, but there are a number of nuances that flavour board practices in the creative and cultural industries.

Board members are not there as caretakers or maintainers. They are there to grow and sustain things

Board Chair, Major Cultural Institution
In the case of boards of national cultural institutes, there is sometimes legislation and specific requirements regarding a portion of the board’s membership. These relate to their parent bodies or the jurisdictions which have oversight or influence. One interviewee referred to this as the ‘architectural arrangements of the board’.

**Practice 2: pay particular attention to the qualities required for the board chair**

The board chair shapes the nature of discourse and direction. It is the board chair who sets the tone, clarifies the scope and expectations of board members, and plays the key role in the relationship between the board and the CEO.

The pivotal role of the board chair was emphasised and interviewees noted that a good board chair attracts good board members.

They require strong facilitation and good people skills, as well as a sound grasp of organisational cultures. They need to be willing to get to know the organisation and how it works. They need to create space for robust debate and keep their ego in check. They need to be able to chair in a ‘forensic and robust way’, in the words of one experienced chair. They need to be completely focused on the outcomes the organisation needs.

The chair also plays the lead role in shaping their relationships with the CEO and between the board members and the CEO. Mutual respect is critical and this is important to role model for other board members to follow the chair’s lead.

**GENERIC BEHAVIOURAL AND FUNCTIONAL ATTRIBUTES: PRACTICES 3-6**

These practices focus on the horizontal part of the T – the functional and behavioural attributes required of all board members.

**Practice 3: ensure T-shaped attribute 1 – commitment to the organisation’s domain**

Evidence of commitment and interest in the organisation’s domain was seen as essential, along with the willingness and ability to devote time and energy to the role.

Effective board members were seen as those with a demonstrable and evident interest in the domain area. Without that interest it was likely they would not have, or develop, the passion, or put in the time and energy, required to be an effective board member. By way of example from the creative industries, their interest could range from engagement as members of institutions or regular visitors, to those who might have some creative experience in their past but perhaps not as a practising artist. At the very engaged end, they could be collectors in the case of visual arts, libraries and museums.

**Practice 4: T-shaped attribute 2 – ability to address strategic context and challenges and opportunities**

Board members need to have a good strategic lens through which to understand and contribute to the longer-term strategic context of the organisation. This is about the ‘bigger picture’, and possible future growth paths.

A key concern of some of those interviewed was the narrow focus or interest that board members sometimes displayed. Despite what might be their personal interests, board members need to have the ability to take one step back, and to look at the ‘big picture’. In the words of one chair: ‘board members are not there as caretakers or maintainers. They are there to grow and sustain things’.

**Practice 5: T-shaped attribute 3 – evidence of being collaborative, team players**

There is strong evidence that a range of behavioural attributes provide the foundation for teamwork. These attributes in board directors greatly increase their chances of being positive contributors to an effective board.

The board chairs interviewed were particularly articulate about the necessity for board members to be good team players, who were able to collaborate effectively in the interests of the organisation. The board had a critical job to do and they were there for the good of the organisation, as with any board role. Some expressed this as the ability to develop a good board culture, and those who sought to dominate on boards did not help that process. Each board should have, and be able to enjoy, diversity of thinking and of opinions while demonstrating mutual respect.

Sometimes individual board members were ‘single issue’ people who could not see past that issue, and this was not helpful. They had what one CEO described as ‘monomania’ in terms of a ‘pet project’ or ‘pet point of view’.

The attributes sought for good team players were a combination of:

- Openness and transparency in behaviour
- Evidence of collaboration and collegial ways of working
- The ability to listen to others and take in their views
- The capacity and willingness to challenge respectfully
- Good communication skills
- Emotional maturity
- High integrity and ethical standards
Practice 6: T-shaped attribute 4 – a base set of functional financial and governance literacy

Each board member needs a base set of functional competencies to discharge their duties as a member of a board, inclusive of financial and governance literacy and appropriate legislative understanding of the role and remit of the board.

It was emphasised many times that the board’s first and primary responsibility is to ensure sound financial arrangements are in place in the organisation. These are the ‘first order of business’ as, in the words of one board chair: ‘Sound financials mean that you can then focus on what is important ... and where the board can add real value’.

All board members require financial and governance literacy at least to the level of a reputable company director program.

They need to be able to understand the business dynamics of the organisation, and the ‘key drivers’ that will bring about economic performance and financial success. They need to be able to gain a good understanding of statutory and fiduciary duties, including any legislation governing the organisation and the board’s remit, and the accountability of the board.

SPECIFIC EXPERTISE ATTRIBUTES FOR EACH BOARD - PRACTICE 7

These practices focus on the vertical part of the T – specific experience and expertise that needs to be evident amongst board members, noting again that it is not ‘one size fits all’.

Practice 7: carefully identify the specific experience and expertise the board needs

Board members should encompass those with specific areas of expertise, noting that most of these organisations are complex. They operate in dynamic environments with multiple levels of stakeholders.

Some CEOs interviewed were keen to note that it was important for board members with top level business management expertise to come to grips with the nature of the remit of creative or cultural organisations, particularly those that were national or statewide cultural institutions. While they had many similar demands compared to commercial organisations, they also had significant differences: it was not ‘one size fits all’, or ‘what worked in here will work there’. Where the organisations received significant government funding, one chair noted that the board needed the capabilities so as ‘not to embarrass the government or supporters’.

Key Expertise and Experience Areas for Boards of Creative and Cultural Industries

Relevant creative industry domain experience

The CEOs and board chairs thought it was essential on the board to have experience at a senior level in their domain. This would provide a creative perspective or a voice that was sometimes absent at critical points in discussions. They wanted ‘lived experience’ of those who truly understood the dynamics of the relevant creative practice and the people and culture who comprised organisations in that stream of the industry. For example, in a ballet company there was the example of a former lead dancer; and in a gallery, a professor of fine arts who was a practising artist.

As with peer board members, they needed to be personally confident and appropriately assertive around the boardroom table, and be willing to engage in robust debate.

Business management experience gained from working in an executive role in complex commercial organisations

Most of the CEOs interviewed explained that amongst their executive teams they often had well-developed expertise in relation to business and financial management, legal and marketing executives (including digital and data marketing) and, increasingly, technology and digital expertise. They believed that any business and functional specialists on the board should not simply duplicate the skills they had internally, but add value in terms of strategic insight.

Financial management expertise with relevant financial qualifications and experience gained from working in an executive role in complex organisations

In those board members with financial management expertise, particular strengths in risk management were sought, including the ability to foresee any potential financial trends or issues that might not be apparent on a day-to-day basis. Some boards, for example, in the performing arts, carried particular intrinsic risk as, without good stewardship and a good balance sheet, they would not be able to withstand one bad year. There was also the need to ensure a good level of expertise to chair committees such as audit and risk.

Legal experience with relevant legal qualifications and experience working in, or advising, complex organisations at the executive level

CEOs and board chairs interviewed had mixed views on the importance of a board member with legal expertise. Some valued the perspective and clarity of thought that legal training provided. Others believed that they would rather use a valuable board seat to gain other perspectives, that their internal and external service legal service providers were sufficient.
Consumer/industry-focused technology and digital experience

Increasingly, board chairs and CEOs were seeking and appointing those with strong technology and digital experience. Those of most interest were generally consumer-focused executives with good experience in building consumer channels and business capabilities that were enabled or driven by deploying smart technologies. They were working at the executive level in a technology/digital role in a commercial enterprise (such as a CIO or CTO or in digital marketing), or with a technology/digital services firm.

Strategic risk management gained from working in strategic marketing, communications, reputational risk and public relations

The area of strategic marketing and communications has recently risen in importance. Some thought this area has been under-valued in the past. Interviewees suggested that having a board member with such experience would be valuable in terms of the insight and foresight available to the board. Their expectation was that expertise in this area would ensure reputational issues in particular, and were clearly signalled as part of decision-making.

For boards seeking government influence, public policy management and experience gained from working in an executive role in complex public sector organisations

One area that tends to be under-represented on boards that interact extensively with government is experience at the most senior levels of public administration and public policy.

Executives or former executives from the public sector were seen as having strong relevance because they understand the ambiguity of how government works, including political environments, and the differences between political and logical decision-making. They understand the nexus between business, government and various industries. They understand how to manage risk and the context of regulation and compliance, but were not defined by that. They can also provide an articulate counterbalance to some of those with business backgrounds who could be less patient or less understanding of processes to do with probity. They know what makes, and how to develop, successful business cases for government funding.

ADDRESS DIVERSITY, PERSONAL AND DEMOGRAPHIC ATTRIBUTES: PRACTICE 8

Practice 8: consider if the mix of board members reflects community expectations and engagement

Boards of cultural and creative industries that seek to be fully engaged with their communities need to ensure a good range of perspectives from different life experiences. Board members did not necessarily have the range of informed perspectives or experiences of those with whom they were trying to partner, with their actual and potential customers and audiences, with those whom they wanted to influence and those with whom they wanted to engage. They did not reflect the diversity of the community the organisation was seeking to serve.

There is strong acknowledgement that the age profile of many boards is likely to mean that amongst the board members there might not be a sufficiently strong grasp of the interest and aspirations of those from other demographics. This includes those who are younger as, in the words of one CEO, ‘they just think differently’.

On some boards, the geographic and place-based profile and affiliation of board members is particularly important to assist in providing diversity of experience and input around the board table. This applied both to a mix of states or regions being represented around the board table, as well as the mix of metropolitan and non-metropolitan experience and affiliation.

Board memberships often did not include those with Indigenous backgrounds, heritage, and affiliations, thus missing out on particular insights. This was particularly important in boards related to history, heritage, performing arts or broader culture and communications portfolio boards.

Several CEOs noted that the first names mentioned for potential business leaders on their boards were usually men. However, their experience of ‘corporate women’ had been particularly positive. They found them to be more collaborative and ‘better listeners’ than their male counterparts.

An often unstated assumption was that amongst board members there should be a spread of very experienced and some less experienced board members. This helped to rejuvenate thinking with people who would ask the necessary ‘obvious questions’, or who would be prepared to address ‘the elephant in the room’.

WHOLE-OF-BOARD THINKING REGARDING SUCCESSION, CHAIR ROLES, INDUCTION: PRACTICES 9-12

Practice 9: consider board succession planning and chair requirements in board member appointments

Amongst the board members there needs to be those with the experience, qualities, facilitation skills and sense of presence to be effective chairs for both the board and its sub-committees.

Succession planning to ensure a level of continuity for a smooth transition from one chair to the next is critical. There needs to be ongoing scrutiny of board members and board recruitment in relation to potential for the next board chair.
There is also the need to ensure amongst members there are those with chair and facilitation capabilities to chair board sub-committees. These might include audit and risk, finance, people and culture, strategy, and the foundation board.

In practice 11 we discuss the issue of the high net worth donors and those who have access to them in relation to board membership. We discuss the membership and relationship between governance and foundation boards where there is a remit to develop further funding, development and investment options.

Practice 10: consider board member credibility and connectedness to stakeholders

Boards have particular needs in relation to how they relate to their stakeholders.

In addition to the more specific factors listed above, board chairs and CEOs noted several other factors that should be kept in mind when looking at the totality of board membership:

- Each board should have at least three people who are seen as credible to regularly interact with stakeholder groups, including sponsors, collaborators and funders. The rationale is that there are situations that require the ability to explain, present a business case, or provide appropriate and perhaps delicate advice. Those who convey that advice need to be people respected across their industry domain.

- For those with connections, or at least part-funded by government agencies at any level, they need to maintain a ‘connectedness to government’. For example, links to elected officials often has to be a ‘well calibrated dance’ as one board chair noted. Board chairs and members cannot afford to be ‘cavalier, disrespectful, neglectful, or inattentive’, as there will likely be significant impact on all players.

Practice 11: effective boards with foundations integrate governance and foundation boards

Boards with fundraising or foundation bodies, have particular governance requirements. Our experience is that effective structure for well-functioning boards generally separate from their main governance (or business) board with their foundation board; but they also integrate them effectively. The foundation board is usually a sub-committee of the governance board and the foundation board chair is a member of the governance board.

One of the perennial concerns of boards in the creative and cultural sector, or those supported by government funds, is fundraising. Initial funds or sponsorship might provide some base funding but this often does not keep pace with the nature of expectations and demands. The survival of their programs, and particularly their level of innovation and digital presence, is creating new demands. Funding from corporate sponsors, philanthropists, foundations and sometimes long-term investments, are all seen as part of the total financial package and arrangements expected of institutions.

The funding needs and fundraising activities have, in the view of some, brought confusion in relation to board membership. The strategic governance requirements of governance boards continue, but there is often a dilemma, in the words of one interviewee - ‘about how many great networkers or potential donors are needed on a board of say eight or ten people’. Over-emphasis on high net worth individuals who might become, or are significant donors, can skew both board membership and the nature of discourse amongst board members and their meetings.

The institutions that were most comfortable about their arrangements tended to be those who separated out – but linked – what we would call their governance board from their foundation board. The governance board certainly contained a number of high net wealth individuals who were also donors, but there was a balance of other backgrounds. For these types we recommend that on the governance board there be at least two members who have some combination of high net wealth, a track record as philanthropist or donor, or a strong networker amongst the high net wealth and philanthropic circles. This enables the organisation to welcome more potential or actual donors and good networkers onto their foundation board. In discussions this was also favoured solution by a majority of those we interviewed.

We are aware of some prominent boards who take a different approach in that what appears to the governance board can have 60 or more members. Significant donors can gain a place on a board through their donation. However, even these boards tend to have an inner ‘board executive’ who functions more like the smaller 10-14 person governance board.

Practice 12: effective boards take board member induction seriously

Board member preparation and induction is essential to ensure board members make the contribution they seek and that the board gains the full value of their expertise.

A regular theme from both board chairs and CEOs was that not enough time and attention was spent on inducting new board members. The consequence of this was that board members did not have a good enough understanding of their role and commitments, and the difference between board and executive management accountabilities. The latter was particularly the case where this board membership was the first non-executive director role the board member had, or the first that was outside that of, say, a family owned company or a private business they ran themselves.

There was also a view that each board member have a strong grasp of the teaming and collaborative behaviours expected of them. Some came from situations where aggressive, or perhaps individualistic behaviour was encouraged. This was not appropriate for boards, and both the selection process and induction process were important in establishing this without equivocation. Again, the role of the chair, as well as the tone set by the chair, was important.

It could also be useful to institute a ‘buddy’ system for the first six months for a new board member.
In relation to less experienced board members, the combination of attributes and expertise encompassed above can be quite daunting. For example, it might be challenging to identify those with different demographics who qualify in relation to the top part of the T requirements for all members, as well as the key specific areas.

One approach is to identify near-ready board members and provide them with additional training or exposure. This could mean identifying emerging leaders and entrepreneurs who have done well at a young age, and have them shadow an experienced board member for six months. Gaps in areas of expertise could be addressed, and they would also be able to identify if these types of memberships were something to which they could be suited.

DEVELOPMENT OF A COHERENT AND EVIDENCE-BASED BOARD MATRIX

NGS Global has worked with many boards to identify the experience and expertise attributes they need now and into the future. We develop a clear and simple matrix that depicts the complete T-shaped requirements for board membership. We then work with each board member to identify their individual attributes, and collate this to clearly identify the gaps.

The matrix process provides the foundation for well-focused board searches, and a strong base against which to assess board candidates. It means the recommendations from a board’s nominating committee can be well-calibrated and the subsequent decision-making in relation to selecting new board members is a much more considered and objective process.

SHARED UNDERSTANDING AND TRANSPARENCY ABOUT BOARD MEMBER DECISIONS

Our experience in approaching board searches with a clear set of attributes based on the 12 practices, provides a valuable common language and set of shared understandings amongst board members. It enables a transparent, informed and more objective process for the development of board candidate pools, for discussions with prospective board candidates, and for the decision-making that the chair and board members make or, in the case of publicly listed companies, recommend to their shareholders.

Endnotes

¹ We have used the term governance boards to distinguish between boards that largely comprise non-executive directors and management board where the latter is the name usually given to the EXCO or executive committee in European countries.

² The initial engagement that led to this paper was commissioned by Secretary Mike Mrdak, Australian Department of Communication and the Arts. We thank Mike and his team, including Deputy Secretaries Richard Eccles and Dr Stephen Arnott, for their support and discussions. We also thank the many board chairs and CEOs who shared their insights and considerable experience with us.
12 EXEMPLARY PRACTICES SUMMARY

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The board chair shapes the nature of discourse and direction. It is the board chair who sets the tone, clarifies scope and the expectations of board members, and plays the key role in the relationship between the board and the CEO.

Practice 3: ensure T-shaped attribute 1 – commitment to the organisation’s domain
Evidence of commitment to and interest in the organisation’s domain was seen as essential, along with the willingness and ability to devote time and energy to the role.

Practice 4: T-shaped attribute 2 – ability to address strategic context and challenges and opportunities
Board members need to have a good strategic lens through which to understand and contribute to the longer-term strategic context of the organisation. This is about the ‘bigger picture’, and possible future growth paths and potential role.

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There is strong evidence that a range of behavioural attributes provide the foundation for teamwork. These attributes in board directors greatly increase their chances of being positive contributors to an effective board.

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Each board member needs a base set of functional competencies to discharge their duties as a member of a board, inclusive of financial and governance literacy and appropriate legislative understanding of the role and remit of the board.

Practice 7: carefully identify the specific experience and expertise the board needs
Governance board members should encompass those with specific areas of expertise, noting that most of these organisations are complex. They operate in dynamic environments with multiple levels of stakeholders.

Practice 8: consider if the mix of board members reflects community expectations and engagement
There was recognition that some types of boards should reflect the society of which they are a part, and that very few did that.

Practice 9: consider board succession planning and chair requirements in board member appointments
Amongst the board members there needs to those with the experience, qualities, facilitation skills and sense of presence to be effective chairs for both the board and its sub-committees.

Practice 10: consider board member credibility and connectedness to stakeholders
Each board should have at least three people who are seen as credible to regularly interact with stakeholder groups, including sponsors, collaborators and funders.

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Governance boards with fundraising or foundation bodies have particular requirements. Effective structures for well-functioning boards generally separate out their main governance (or business) board and their foundation board; but they also integrate them effectively. The foundation board is usually a sub-committee of the governance board and the foundation board chair is a member of the governance board.

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