

New type of culture management needed

Directors and supervisors of cultural institutions must do more than just insist on healthy finances. Look beyond the business, say experts.

Daan van Lent

Who has seats on the boards and supervisory councils of cultural institutions?

The business sector dominates

People from the business sector are dominating supervisory councils and the boards of cultural institutions. This trend slowly began to grow in the eighties when privatisation encouraged the hunt for sponsors and it has continued to develop: in 2013, almost one in two members is from the business sector. That is slightly higher than in previous NRC studies, in 2006 and 2010, when they also formed the largest group. Interestingly, the number of people from the cultural world lags far behind with an average of only one per institution. It often concerns people with a cultural management position. Practising artists are seldom member of a board or supervisory council. Musicians are sometimes members of the board of an orchestra and creative artists from the fine art institutions, Witte de With and De Appel, are firmly represented. However, those two form an exception. Institutions like Toneelgroep Amsterdam, the Dutch Symphonic Orchestra and Scapino dance company do not have one single member from the cultural sector.

Mainly managers

People from the business sector are mainly managers (or former managers), often from large multinationals like Shell, KLM, Heineken, Aegon, ABN Amro, KPN, Philips, Akso Nobel and Univelor. In other words, people with large networks. In regional institutions you will also find Rabobankers. A second large group comprises accountants, lawyers and consultants, often from large firms like KPMG or PWC; networkers with considerable financial knowledge. The third group includes people with their own consultancy firm, often in communication. Only a few hold multiple positions. Outliers are Marry de Gaay Fortman of the law firm Houthoff Buruma and Alexander Rinnooy Kan (ex-ING, ex-SER and active member of D66). They are both members of three supervisory councils.

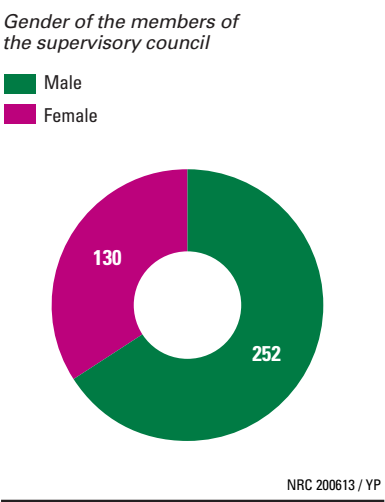
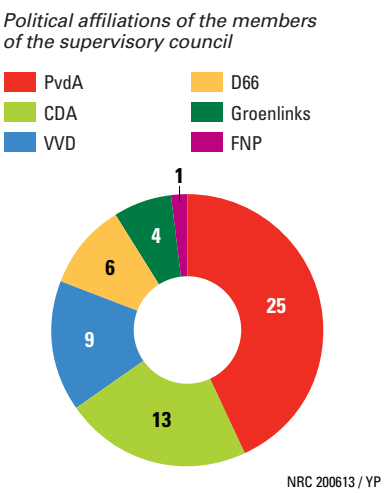
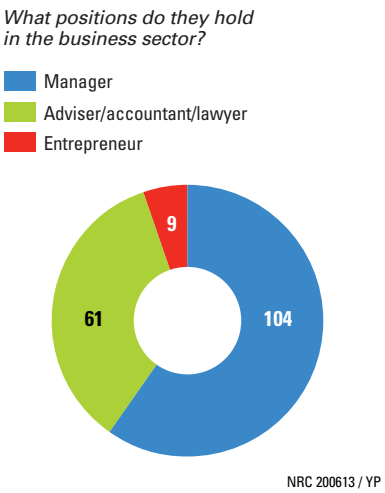
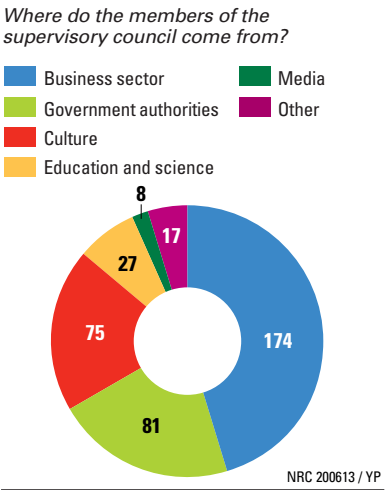
More left than right

Three years ago, when the first Rutte cabinet decided to introduce major cultural cuts, it was noted that there were as many active members from right-wing government parties as there were from left-wing parties. Since then, the balance has leaned more towards the left. Government party PvdA is the most represented with 25 ex-ministers, members of parliament, and provincial or municipal (ex-) politicians. Former political heavyweights Gerrit Zalm, Annemarie Jorritsma and Hans Hoogervorst (all VVD members) and Wim Kok and Jacques Wallage (PvdA) have left. Ex-ministers Wouter Bos and Guusje ter Horst (both PvdA members) have replaced them. Supervisors with a political background are often (ex-)mayors, aldermen or deputies. Their numbers, 58 from a total of 382, point to a decline in interest from the political connection.

Almost twice as many men

Although many women are employed in the cultural sector and female visitors often have the upper hand, they are underrepresented in supervisory councils and management boards. It was the same story three years ago but, so far, no attempt has been made to catch up. That should have been possible. Of the fifty institutions that were part of this inventory three years ago, approximately half of the supervisory council members have been replaced. A significant part of the newly elected members are men from the business sector.

To carry out this inventory, the composition of boards of management and supervisory councils of 66 cultural institutions were identified through websites, annual reports and emails. They included 18 museums, 9 orchestras, 3 operatic societies, 3 music ensembles, 12 theatre societies, 4 dance societies, 2 major festivals, 10 stage companies, 3 funds and 2 fine art institutions. Altogether, 382 functions were involved.



The Groninger Museum, where last year the entire supervisory council resigned. Photo Sake Elzinga

A comforting place. That is how psychologist Erik van der Loo describes the seats that managers or former managers of large companies occupy on supervisory boards and management boards of cultural institutions. Van de Loo knows these top managers well. The Professor of Leadership and Behaviour at Tilburg University and INSEAD Business School in Paris provides guidance to management and supervisory boards of multinationals and large semi-public companies. „You are giving something back to society. You are then a good person, doing something decent. That feeling starts to emerge by those managers when they reach the age of 40; that is truly authentic”, says Van de Loo. And that was possible with an ancillary position with about four meetings a year and no large documents, and which was, above all, manageable. Those managers were welcome at cultural institutions. They brought their network with them and that was good for fund raising.

That is how it was. But it cannot continue in that way. „It is no longer a benefit match”, says Van de Loo. „But that is still how it is too often seen.” Cultural institutions are hard-pressed by the spending cuts. They sometimes find themselves in a state of crisis. It also seems to be difficult to compensate the decline in subsidy income through company sponsorships.

Future strategy

More involvement from the supervisory councils is required, particularly now that the future strategy has to be adapted so that it will also capture the interest of the public in future. According to a study conducted by Camunico, a consultancy firm in Amsterdam, and the

Nederlandse Vereniging van toezichthouders (Dutch Association of Supervisors), that will be published today, it requires people with a different approach and a different relationship with the directors of cultural institutions.

Camunico, an organisation that, inter alia, assists cultural institutions in developing their strategies, has screened the board of directors and supervisory councils of ten renowned cultural institutions. This included large, well-known institutions like the Rijksmuseum, the Concertgebouw, the Stedelijk Museum and the Van Gogh Museum, but also smaller institutions like FOAM and the Nederlands Blazers Ensemble.

Van de Loo and Jaap Winter, Professor of *Corporate Governance* at the University of Amsterdam and the Duisenberg School of Finance, have spoken with various members of supervisory councils and directors of cultural institutions over the past year. „Supervision has become more important”, says Winter, who himself supervises the Concertgebouw and the Mauritshuis. „Sometimes you see that supervision of a cultural institution now demands more time than a seat on the supervisory board of a company. A greater demand is placed upon you because often there is only one director with a small staff. That is a significant change for an ancillary position which, until recently, demanded very little of your time and, above all, for which you are not being paid. Some people get into difficulties as a result.”

In addition, there is a greater reputational risk. For example, last year, following the financial debacles at the Groninger Museum and the theatre group, De Utrechtse Spelen, all members of the supervisory council resigned.

The main pitfall for managers of cultural institutions is that they concentrate too much on generating their own income and financial health, warns Camunico. Cultural entrepreneurship is narrowly defined as: getting more money out of the market. However, many institutions particularly see it as a challenge to rediscover themselves, to innovate, to reach new target groups and to find an answer to digitalisation. „It should not be just about generating your own income”, says Camunico’s

Ron Soonieus, „the legitimacy of the cultural sector comes from other social values than just commercial financial management. It is important for the sector that directors remain conscious of that.”

The researchers regret that supervisors from the business sector tend to focus too much on the finances, particularly when they use large complex organisations like their own multinationals as a yardstick instead of the standards of SME’s, which can be compared more favourably to cultural institutions as regards size and operational flexibility. Van de Loo: „I know of one museum where the chairman with a business background appointed a financial man to the supervisory board who began to pay too much attention to margins. It drove that museum director mad. Even if he had a hole in the budget the director always began with the organisation of large exhibitions. It always paid off, but it is no longer tolerated. His policy was completely undermined. A director then begins to feel uncomfortable. After all, as the director he is still dependent on his supervisory council. They could fire him.”

Opposition

In the cultural field, the board, which is often composed of just one person, does not receive enough opposition. Many supervisory councils consist of one person from the cultural sector at most. Winter: „As a result, too little is said about the strategy. You cannot expect people from a business background to think about how cultural institutions can become success-

Supervising the cultural sector sometimes costs more time than a normal supervisory directorship



Resigned from cultural boards: (ex)politicians Wim Kok, Gerrit Zalm and Annemarie Jorritsma

ful in a different way.”

Those boards often appreciate the lack of opposition, says Winter: „That is why the strategy very much depends on the director, and that is not good. A supervisory council should be able to hold a high-level discussion.”

According to the researchers, that does not happen often enough. Soonieus from Camunico: „They are certainly lovers of art, but do not really understand why directors makes such a fuss. They cannot really assess whether it is right that an exhibition, concert or performance gets three or five balls in a newspaper like NRC or de *Volkskrant*. You also need those kind of people in a supervisory council.”

More people from the cultural sector is thus a necessity. But not just those kind of people. Soonieus: “There is also a lack of true entrepreneurs. That is one of our main conclusions. People that can help you find new ways. The members of management boards and supervisory councils are currently focused on improving what they already did. That is also what they do as managers of large companies. Those kind of people are not the innovators that you need.

Soonieus says that that is the difference between creativity and innovation: „Cultural institutions are now better and more original in doing what they always did, but it is not completely new. They will be asked to become more innovative.”

Soonieus believes there is still a lack of personality in the supervisory councils. „Someone who dares to play the devil’s advocate. Someone who asks more fundamental questions about risks than about a possible shortfall in the budget. I ask myself how is it possible that, with regard to Zijlstra’s spending cuts, no one has seriously wondered what would happen if the main client, in this case the subsidy provider, were to withdraw or drastically reduce his contribution? In a company the alarm bells would immediately sound if the dependence on one client became too great. Directors and supervisory councils of cultural institutions will, together, have to look more at the strategy and the survival chances in the long-term.