



Goals of the workshop:

To better understand legal responsibilities and museum best practices

To better understand board roles and responsibilities

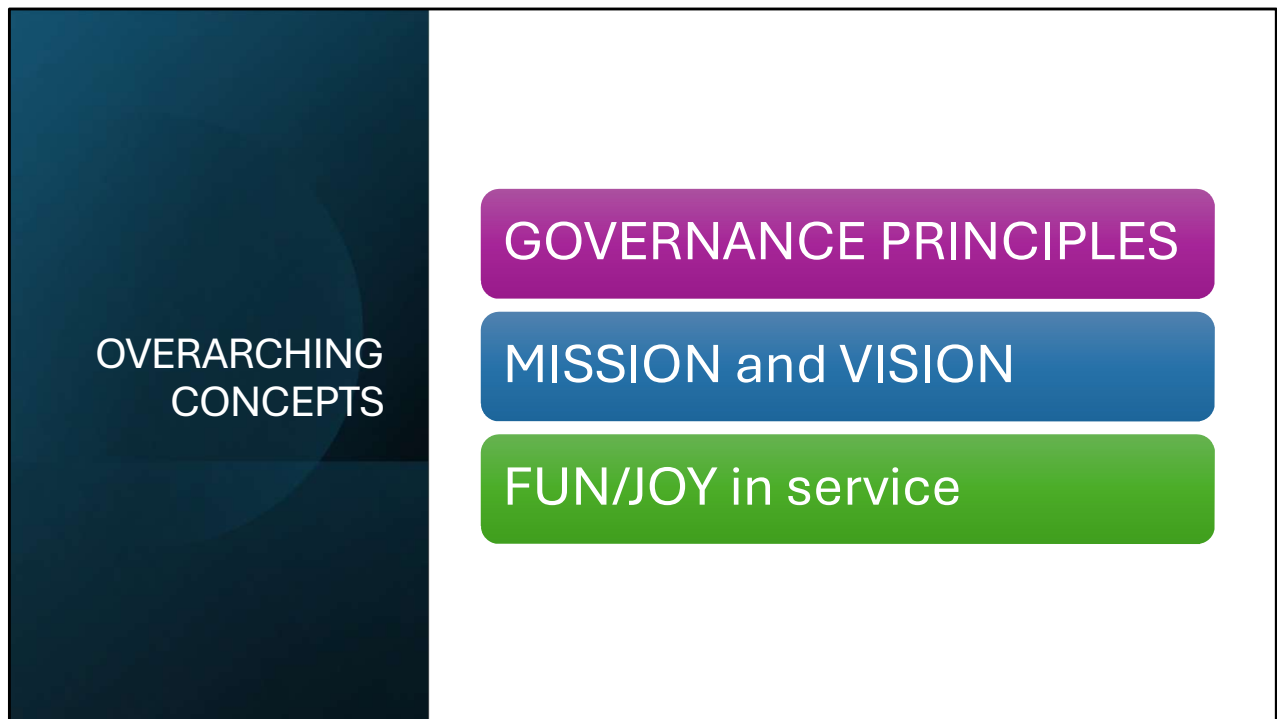
To think through the organization's mission, vision, and values. Strengthening the museum's purpose can align with leadership decisions and organizational goals

To learn about the importance of advocacy, partnerships, volunteer/staff engagement, and long term planning for sustainability

Message:

A journey of 1,000 miles begins with one step.

There is a path forward, the purpose of the workshop is to not to critique where you are now, but to help you think about what you want for the future.



The workshop includes discussing scenarios as a way to present an opportunity to brainstorm with the board. The ED is often the museum expert in the room, while the board is the expert about the community.

Often, in our field it's the responsibility of the ED to stabilize the board structure then they can focus on sustainability. It's important for all museum leaders to speak "the language of business."



Object Connection Introduction

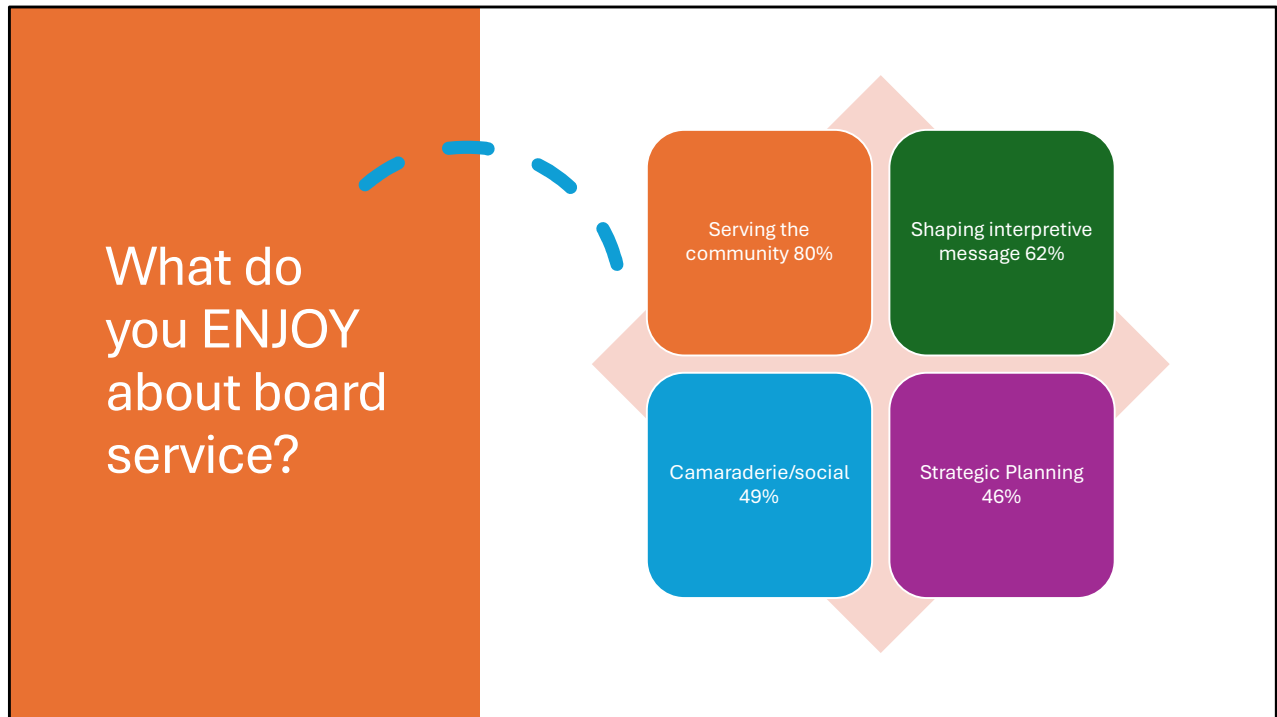
Attendees shared an object that was important to them, reflects their lived experiences or the museum they represent. Presenter, Bob Beatty shared the story of his grandfather, his namesake. The portrait of this ship is of the vessel one of his grandfathers once captained. The portrait was recently conserved revealing astonishing detail. This is the portrait after conservation, the next image is before.

This is a great ice breaker activity for a board meeting or volunteer training

Our museums hold these types of stories that we share. This whole workshop is reinstalling the responsibility of leaders of an organization, it is our duty to keep these stories and objects for future generations.



Object Connection Introduction – Before conservation of painting



The whole workshop was based on a survey of Texas Plains Trail museums by both THC and the ED of the Texas Plains Trail.

The survey reflects how board leaders feel about their work, what they enjoy, and their motivation

80% of those surveyed serve on a museum board because they want to serve the community

62% enjoy shaping interpretation. This is really the staff's job as it falls under operations, unless the museum is ran by all volunteers with no paid staff.

Board members enjoy the camaraderie and the social aspect of serving on a board.

Many on boards enjoy strategic planning, not a majority, but 46% is significant.

What do
you NOT
ENJOY
about board
service?

| | |
|--------------------------------|-----|
| Developing policies/procedures | 29% |
| Attending board meetings | 29% |
| Advocacy | 29% |
| Maintenance | 27% |
| Museum finances | 22% |
| Fundraising | 22% |
| Serving on sub-committees | 13% |
| Recruiting new board members | 9% |

The survey also revealed what board members DO NOT enjoy about their board service.

Not a lot of people serving on boards enjoy board meetings, developing policies and procedures, advocacy, maintenance (maybe this should be a subcommittee), fundraising, serving on sub committees (every board member should serve on a sub committee), recruiting new board members These are considered low enjoyment activities based on the survey. But these tasks are important to leading an organization.

Every museum professional and board member feels challenged, these are eternal issues, but these tasks are the board's responsibility to meet the mission and move towards sustainability. The board is the through the line – the service line of the organization, the bedrock that keeps things going. They need to ensure the organization has enough resources to sustain itself. The institution must deliver on what this looks like – fulfilling mission and building sustainable organizations. We're going to talk about form, function, and practice in the morning portion of the workshop.

It's important not to feel defeated right now. Don't beat yourself up about where you

are today, we're going to think ahead.

If you've seen one governing structure, you've seen one governing structure – regardless of the work organizations do. All organizational governing structures are unique.

The goal is to stay focused on the mission and to be fiscally conscious but not too conservative. Sometimes there's too much of a focus on the bottom line, fiscal conservatism can be a hinderance. There must be a happy place. Your museums are businesses, albeit the kind that don't earn a profit for share holders and have to be treated as such.

Planning is the bedrock of organizational successes.

Sticking to mission, fiscally responsibility, and planning is the role of the board. They also serve as the public representative of the organization. They need to fulfill the promise of their non-profit designation.

1st Scenario – Pine Valley Heritage Center

Scenarios

Pine Valley Historical
Center

Willow Creek Arts &
Cultural Center

Riverbend Cultural
Heritage Museum

Scenario files are found under workshop materials on the website

Pine Valley Historical Center

Good governance means setting policy and trusting staff to carry it out.

What are the consequences of board over-involvement?

How can we clarify/enforce boundaries between governance and management?

Notes on the scenarios:

Money is not the issue in the scenarios. Often, we tend to lean into the money issue, these scenarios are not focused on money. Of course, if there are money problems, they have to be solved. In these instances, money is NOT the issue.

Attendees are encouraged to relate the presented issues in the scenarios to their own issues or in organizations in other places.

Considerations to make while reviewing the scenarios: What do we do? What are the consequences with board over involvement?

Take Aways:

There must be clear boundaries between board and staff.

Part of good governance is setting policy then getting out of the way. The board must leverage their resources in an appropriate manner. They spent too much time micromanaging the text on a document, but they missed the boat on a lucrative fundraising opportunity. Too much time/energy was spent on editing. People care what you do, not what you say. The board is arguing over something that has zero consequence over the success of the organization.

Feed back from a workshop attendee: There were limited ideas and missed opportunities when nobody spoke up. They need to create an inclusive culture where people feel comfortable sharing thoughts.

Greg Malone, in the scenario is getting too caught up in the weeds. The board chair should not oversee operations, unless the organization is managed by volunteers. The board is the through line, not in the day-to-day managers of tasks. The staff manages operations. The board in the scenario does not know it's role. The organization is at risk of talent drain; there is no clear governance or succession plan. The board is micromanaging which creates an unsustainable situation.

Willow Creek Arts & Cultural Center

Board service isn't passive. Good governance means asking questions, planning for the future, and holding the mission in trust.

What are the risks of board under-involvement?

What should shared leadership look like between staff and board?

Attendees again worked through presented scenario:

Discussion: Again, the money is not the prime issue, but it should be considered. On the surface everything looks like it's going great, but in reality, nothing is happening. Board members question their role and place in the organization. Nobody seems to know what's going on. It's hard to sustain leadership and recruit.

When someone signs up for board service, they commit to helping lead the organization.

Sometimes it's necessary to consider closing the museum if the responsibility isn't met. Assets and collections can be transferred to another organization or taken over by a government entity such as a CHC or a city. This is a tough reality to face and heart breaking, but sometimes it's the best thing to do for a museum that isn't functioning.

It's up to the board to follow the bylaws, the director shouldn't have to manage the board.

There are consequences to under development:
One person does it all – burn out

It is the board's responsibility to ask hard questions; Willow Creek needs a mission check.

Riverbend Cultural Heritage Museum

Effective leadership is a healthy partnership between board and staff.

A shared commitment to mission and sustainability.

When boards stay grounded in their governance role—vision, oversight, advocacy—they free staff to lead.

Attendees again worked through presented scenario:

This is the “Goldilocks” scenario:

Proper board leadership –

We can all relate to the museum’s location – an old building that saves history

The museum also functions as a community center

The museum has a healthy budget with multiple revenue streams

There’s good leadership with the director and board

There are clear responsibilities between staff and board

Board is moving in a positive direction

The board became aligned on an important decision- they engaged in healthy strategic planning – board retreats are helpful

The director secured fundraising for a matching program

They engaged in new partnerships

There is a shared mission with staff and board – they built a healthy culture

Riverbend doesn’t coast, they plan

Governance in Practice

Meetings are structured, purposeful, and include time for finances, mission alignment, and strategic discussion

New members receive orientation to the organization and its mission and to board service.

Board regularly reviews by-laws, evaluates the director annually, and engages in fundraising and advocacy

What does good governance look like:

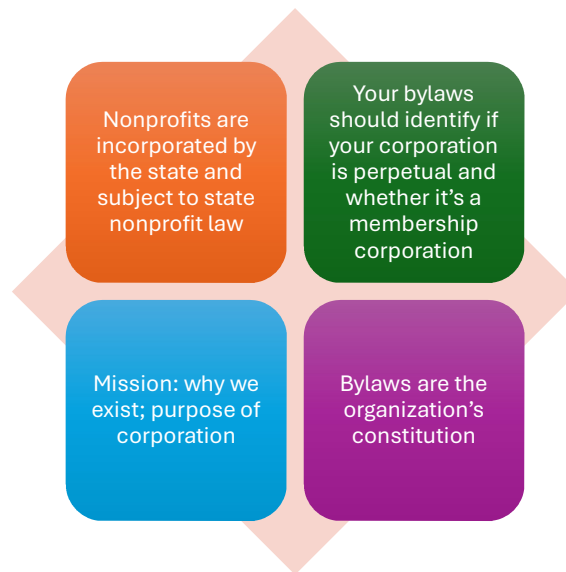
- Structure meetings with an agenda
- Board training for all new members
- Regular review of foundational documents such as the bylaws
- The director's performance is evaluated in a fair manner
- The board is engaged with fundraising
- The board advocates in the community for the museum



NONPROFIT BOARD RESPONSIBILITIES

- Every board meetings should be structured and planned
- There should be mission alignment and strategic discussion at every board meeting
- Best practice – new board members receive an orientation packet and mentorship
- The board engages in fundraising
- Board engages in advocacy

SLIDE STATE NONPROFIT LAW



Board service is often perceived as honorary service

Most board members and staff begin with little understanding of their duties – new members may ask “why am I here?” It is imperative that new board members are oriented appropriately

Staff don't typically understand the board's role vs the staff's role – there is confusion. Staff needs orientation as well.

Board members are fiduciaries of a state chartered nonprofit organization.

Basic legal trustee duties:

- Set future direction of organization
- Serves as legal authority of organization
- Clarifies the board's role to better utilize time and talents of both board and staff.

Museums need high functioning leadership to ensure success

Nonprofits are incorporated by the state and subject to state laws. The bylaws are the constitution of the organization that determines the type of organization. When

incorporated a mission is established – the purpose. This is different than a mission statement. An example of mission is “The mission is to preserve the history of _____.”

According to the laws of the land, the organization must follow the bylaws.

Non-profit Organizations are self governing, there is no nonprofit police, until something bad happens.

It's important to develop then follow checks and balances to ensure all board members are following the law.



Board members are fiduciaries

Individuals who are entrusted with authority and responsibility to act on another's behalf—legally bound to manage assets and make decisions with loyalty, care, and obedience to the organization's interests.

This concept must be instilled in new board members. There are responsibilities that come with being a fiduciary.

They oversee the assets of the organization for the benefit of the public.

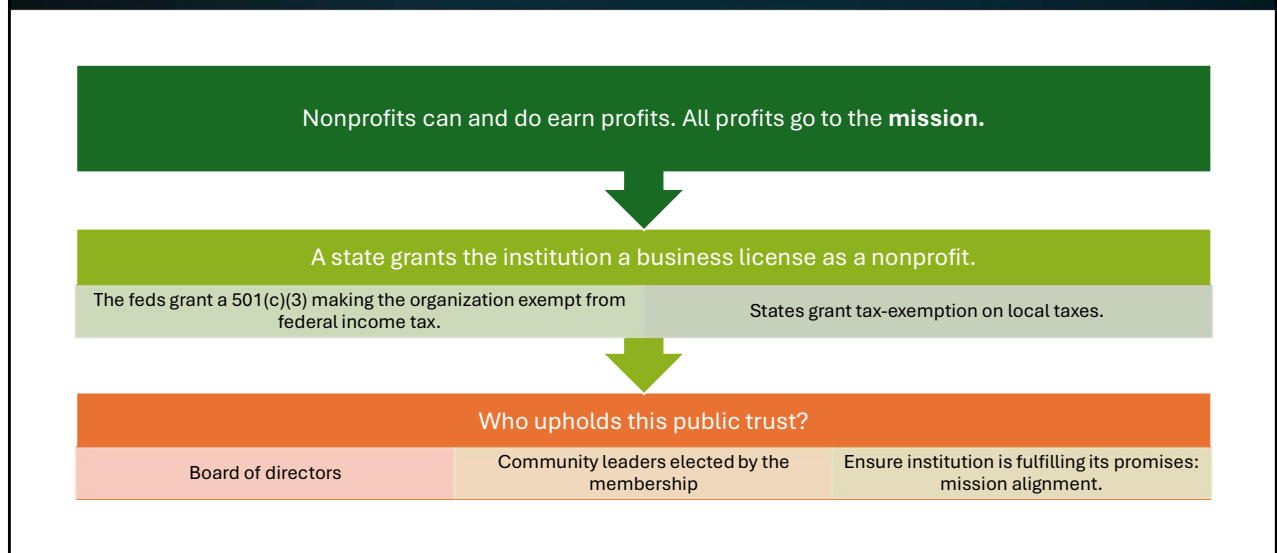
This is a formal definition – see slide

The organization's assets must be managed for sustainability. Assets include monetary assets, the collection, buildings and grounds, The board is responsibility for maintaining and sustaining.

Use the language of business to help others understand the responsibilities. Language changes based on the audience, the organization is a business. If you don't get the business right then you won't get the mission right.

The mission is concrete, the board is the foundation and unchanging unlike the staff, they can come and go.

NONPROFIT IS A TAX CLASSIFICATION NOT A BUSINESS STRATEGY



Nonprofit designation is a tax classification NOT a business strategy. Nonprofits can and do earn profit. The difference is that all profits go back into the mission of the organization. In a nonprofit any profit stays with the organization, there are no shareholders, the community owns the business to fulfill the mission.

A state grants the nonprofit recognition – the organization applies, then the organization gets recognized by the federal government with a 501c3 designation. There are no federal taxes due.

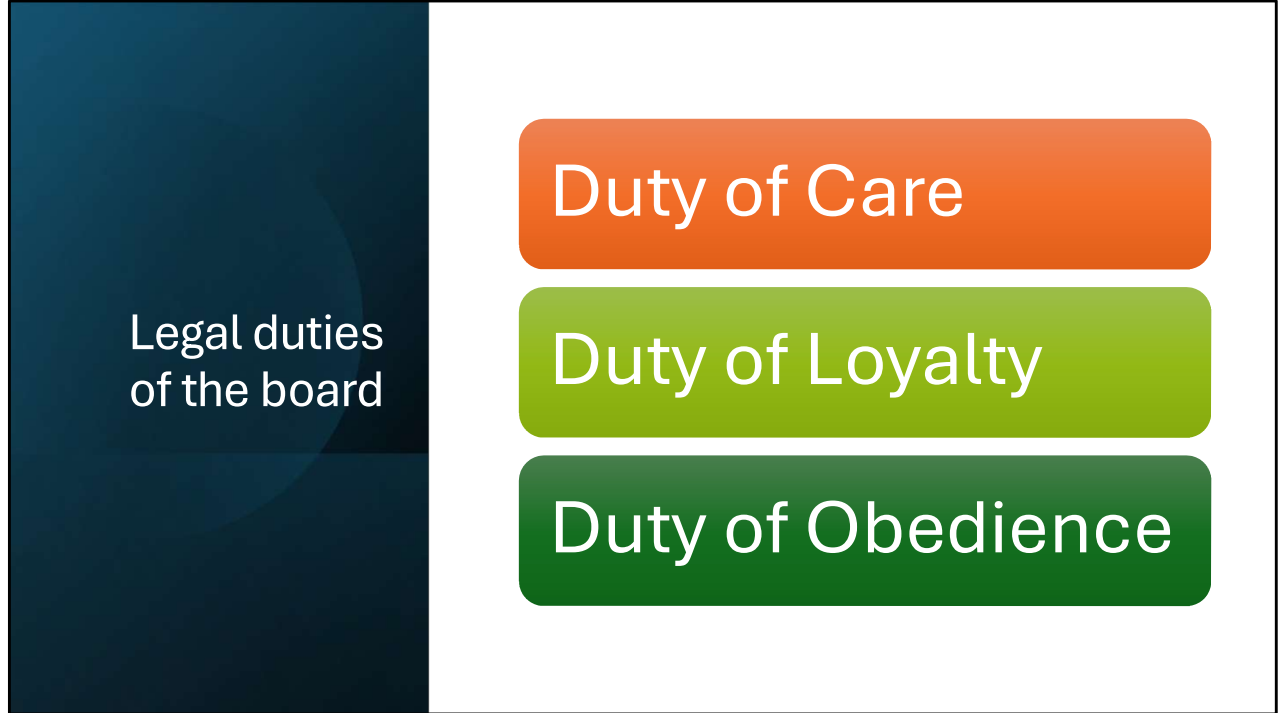
The organization is not tax exempt – only exempt from certain taxes. It's important to understand the state's laws on taxation.

Nonprofits can and do pay taxes – mostly in payroll taxes. Sometimes this is forgotten over time.

There must be accountability – not a business structure, public trust is upheld by the board of directors. The board must keep itself accountable.

The organization keeps more of the money to be used for the sustainability of the organization.

Nonprofit is not a business strategy but a tax classification – The MAJOR point of this slide!



There are three specific duties to remember:

- Duty of Care
- Duty of Loyalty
- Duty of Obedience

This is a great slide to use for a future board training

Being a fiduciary breaks down into these three categories

Duty of Care

“Care that an ordinarily prudent person would exercise in a like position and under similar circumstances.”

Duty of Care –

Board members don't have to understand every part of the organization ie: balance sheet, budget.

A basic understanding is helpful for checks and balances duties.

Duty of Care

Ways to exhibit Duty of Care

- Attend meetings
- Understand the organization's
 - Bylaws (mission and vision);
Financial statements & audit; Risk management; Strategic direction and accountability; Collection policies; Disaster plan; Professional ethics
- Stay informed/exercise sound decision-making

Exhibiting Duty of Care:

Have the board sign an agreement that lists their important duties. This give the board president leverage to “clean up” if/when needed. It’s a promise to be a good board members.

Duty of Loyalty

A standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization.

- Faithfulness to the organization
- Loyalty: working for the organization's mission, and not one's own benefit
- Avoid conflicts of interest and even the appearance of impropriety

Duty of Loyalty:

The board member's responsibility to serve an organization.

Sometimes board leaders have an aversion to moving forward at a certain pace because their personal feelings or belief systems. Example: Board members should not be private collectors of whatever it is the museum has in their collection.

Example: It is the board members duty to think about the organization before their business, if the business is involved or associated with the organization.

The board should create a culture of transparency to build trust in the community.

All board members should sign a Conflict of Interest policy (sample found in workshop resources on website)

Duty of Loyalty

Ways to Exhibit Duty of Loyalty

- Assure confidentiality as needed
- Adhere to conflict of interest policy
- Prevent self-dealing
- Don't act on inside information
- Don't compete with the corporation

Duty of Loyalty:

Confidentiality is paramount – for the board and the ED.

Examples: staff raises.

Duty of Obedience

Ensure the organization obeys the laws, including tax laws, regulations, employment laws, filing requirements and more

Duty of obedience requires board members to be faithful to the organization's mission.

Not permitted to act in a way that is inconsistent with the central goals of the museum.

Duty of Obedience:

Example: The board needs to provide oversight to the staff to ensure the proper tax filings are sent by deadlines.

Sometimes we must put our own beliefs, political affiliations, etc on the back burner to promote the organization's mission

Duty of Obedience

A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill the museum's mission.

Duty of Obedience:

Public Trust is given by the state and the federal gov't via the nonprofit designation

Community public trust is paramount to managing a successful organization.

Duty of Obedience

Ways to Exhibit Duty of Obedience

- Pay payroll taxes
- Adhere to donor restrictions
- Do not endanger tax status
- Make IRS 990 available to public
- Follow state laws
- State Charities Registration and pay fees
- Transparency

Duty of Obedience:

Donor Restrictions – the organization must be honest and forthcoming about how donations are used. If donations are used for something not specified in the original gift, then the organization should alert the donor.

Tax Status – File everything on time

IRS 990 – file on time and share with public for transparency.

Management vs. Governance

Governance (SUSTAINABILITY)

- Mission/vision/strategy
- Oversees financial health and risk (approves budgets, monitors reserves)
- Establishes policies, ensures legal and ethical compliance
- Hires, evaluates and supports the executive director
- Secures resources (philanthropy, major gifts, strategic partnerships)

Management (OPERATIONS)

- Translates strategy into action
- Day-to-day activities (staff supervision, program delivery)
- Implements budget and reports on financial performance
- Develops and executes fundraising and earned-income initiatives
- Maintains stakeholder relationships and adapts to emerging needs

There is a difference between Governance and Management (Operations). The board and staff have tasks specific to their roles.

The staff still has a role in some of the governance points – but they don't drive the planning or execution.

Management's job is to execute the approved action by the board.

Nonprofit Board responsibilities

1. Determine organization's mission/purpose
2. Select the director
3. Financial oversight
4. Ensure adequate resources—in ALL FORMS
5. Ensure legal and ethical integrity/accountability
6. Organizational planning
7. Recruit and orient new board members; assess board performance
8. Enhance organization's public standing: be a good ambassador and advocate
9. Determine, monitor, and strengthen programs and service
10. Support and evaluate the chief executive

These are good points to share with a board in training. Most of these fall under duty of care as a fiduciary

Look at the mission every year, have discussions

The board selects the executive to lead the organization

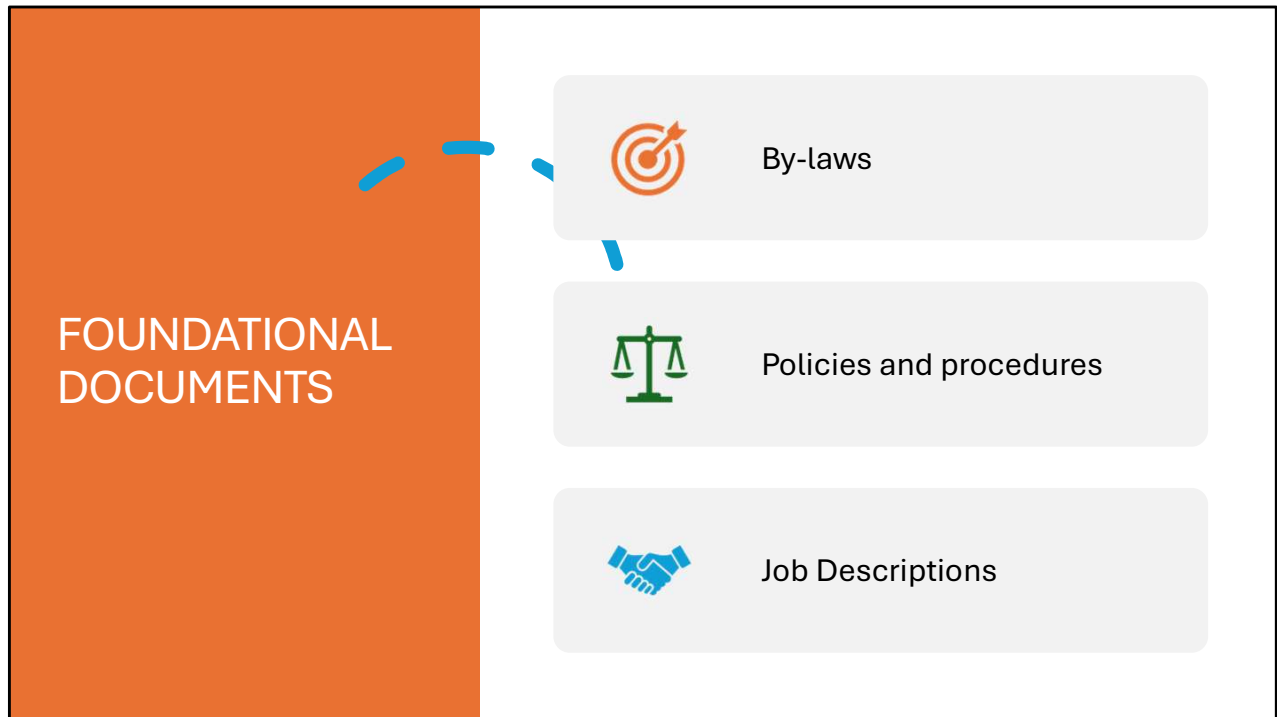
Resources – Manage the financial resources, it's important to serve as a connector between the community and organization

Legalities – fall under duty of obedience

Organizational Planning – Strategic planning is a board and staff collaborative effort.

Recruiting board members – this is a big part of the board's responsibility in addition to assessing board's performance. The governance committee may execute this responsibility

Advocate – Encourage community involvement, advocate for organization's needs within the community, be the cheerleader

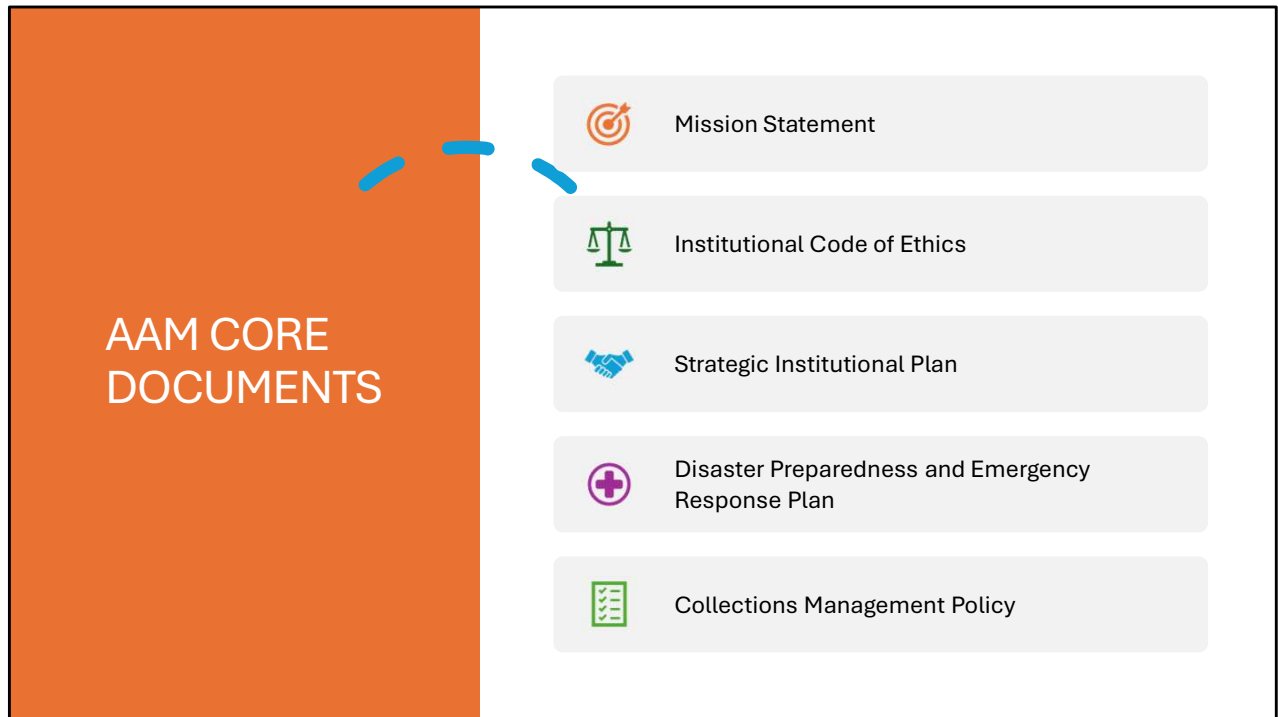


Every organization should have these foundational documents. It's imperative to update periodically.

Job descriptions should be included as part of the foundational documents; they can be created/updated for each board position at ED position

By-laws- organization's constitution. These can be updated periodically, terms can be changed, job descriptions can be changed.

There can be representatives from different sectors of the community, however, specification can be a barrier to finding qualified people. Ex: a representative from CVB, representative from county, etc.



Important to connect with organizations in your community/region. Everybody is going through the same thing, so lean on one another to solve problems.

Attendees discussed and problem solved through additional scenarios.

Reflection: Actions and Takeaways



What is one action that you will take in the next 30 days to strengthen your governance strategies?



What is the most important takeaway you are leaving with today?



Who will you share today's learnings with? Why?

**Leading with Purpose:
Governance and
Sustainability Workshop
Survey**



Your responses help us better understand your needs.
Thank you!