

## **Leading with Purpose: Governance and Sustainability Workshop Scenarios**

**For Context:** In person workshop attendees worked in small groups throughout the day to discuss the following scenarios. They applied the concepts learned during the workshop to their discussion (see slide deck and notes for more information.)

## Millstone Museum

The Millstone Museum is in a period of quiet growth. Executive Director Carla Reyes, now in her third year, has helped the museum build local partnerships, secure modest grants, and increase community visibility. Programs are solid. Staff are engaged. And after years of steady maintenance, the institution is quietly positioning itself for something more deliberate: sustainability.

Henry Cates, current (and longtime) board chair and retired CEO of First Pioneer Bank, has been a pillar of the museum for 20 years. He's served three different stints as president. During the Great Recession, he stepped in as interim director when the institution was on the brink, and he's never stopped giving—personally, politically, and financially. It's not hyperbole to say the museum might not exist today without him.

Millstone has a respected director, engaged staff, a strong financial mix, and has been served well by capable board leadership. Millstone operates on a \$450,000 annual budget, drawn from:

- 40% earned income (admissions, school tours, facility rentals, gift shop),
- 60% philanthropy (foundation support, individual giving, membership dues, and year-end campaign)
- Millstone holds \$100,000 in an interest-bearing reserve account, with no current investment income or endowment draw.

Henry's term ends at the end of the fiscal year. His leadership style has always been practical and hands-on—a stabilizing presence in a sector that often runs on duct tape and devotion. But that same instinct to figure it out as we go is now rubbing up against the museum's next chapter.

With support from two cultivated foundation prospects and a modest realignment of next year's membership campaign, the board has the opportunity to raise an additional \$45,000 over the next 12–18 months. The funds would be used exclusively for a multi-phase institutional planning effort—a major step toward long-term sustainability. It requires Henry to sign off on a \$15,000 commitment before the end of the fiscal year to secure the facilitator's services and lock in the timeline.

While he isn't against planning, Henry is skeptical of the price tag. "We've done a lot with a little," he's said more than once. "We've always invested in physical resources for price tags this high."

Carla and Vice Chair Jordyn Fields are advocating for this investment. Jordyn, a thirty-something real estate developer, has built her career around connecting history and place. Her community redevelopment work—reclaiming historic buildings and re-centering neighborhoods—has positioned her as a rising civic leader. She's ready to bring that same vision to Millstone.

The mood on the board is positive. People respect Henry and don't want conflict. But there's growing consensus that it's time for a transition—and that the planning process is the right vehicle to do it. Still, no one is sure who should initiate that conversation. Henry listens to Carla. He trusts Jordyn. But both women are wondering: whose job is it to say the hard thing?

Two years ago, the board adopted a new collections policy that helped the museum gracefully manage a sensitive donor conflict. That decision reminded everyone what it looks like to lead proactively—and how governance can function as a safeguard, not a roadblock.

Now, the stakes are different, but the principle remains. The board needs to reaffirm its commitment to process, clarity, and shared leadership. The museum is ready for its next step. The question is whether the board is ready to take it.

### Questions

- What's going on here?
  - What's going well?
  - Where are the leadership conflicts?
- How does long-term planning exemplify the board's Duty of Care?
- What should board members do when personal views conflict with the direction set by professional staff or the institution's strategic goals? (Think: Duty of Loyalty)
- What systems (committees, policies, term clarity) could unlock more effective leadership?
- What is the cost—financial and/or reputational—of delaying action?

## **Arroyo Plains Heritage Center**

The Arroyo Plains Heritage Center operates inside a decommissioned 1940s elementary school building owned by the local school district and maintained as part of its cultural education initiative. Though technically a district program, the center functions with day-to-day autonomy under Program Coordinator Celia Vargas-Smith, a former classroom teacher and local history advocate.

Celia is respected throughout the community and widely seen as the face of the museum—even though she doesn't hold the title of executive director and has limited authority over governance decisions.

That hybrid role has created some inertia.

A storytelling pilot is resonating. The school district continues to back the museum. Celia has credibility and momentum.

The center's \$280,000 operating budget comes from:

- 45% philanthropy (including a three-year federal grant)
- 30% earned income (school programs, weekend rentals, teacher workshops)
  - 15% from a Friends group that also serves as a board of directors
- 25% in-kind district support (building maintenance, utilities, shared staffing)
- Friends group \$33,000 cash reserves in an interest-bearing account

The Friends board is passionate, loyal, and connected to the museum's legacy. And the board already proved it can take action. Last year, it adopted a financial reporting policy that helped stabilize cash flow during a funding crunch.

The board president, Reuben Marks, is a former history teacher, retired principal, and founding member of the Friends group. Reuben has been board president since the organization's founding in 2005. He was instrumental in building the original partnership with the district and remains one of the museum's strongest champions.

And while the Friends board means well, they often default to funding what feels tangible and safe—brochures, printed posters, classroom kits, traveling trunks—rather than the institutional infrastructure Celia has identified is a need.

Most recently, she requested \$5,500 from the Friends board to purchase a small bank of handheld recorders and pay a part-time staff member to help catalog interviews for a student-led oral history project. The board countered with a plan to redesign the promotional rack cards. "We've got to get the word out," one trustee insisted. "People won't support what they don't know exists."

Celia agrees visibility is important—but believes impact must come first. The oral history project, which centers community narratives, has gained traction with teachers and students alike. But she’s now balancing community outreach, district relationships, and program development with no dedicated support staff and unclear access to discretionary funds.

Reuben is struggling to see the shift from grassroots survival to long-term sustainability. He’s proud of the site’s reach and wants to “get people back in the building.” Celia wants to build something more durable.

The center recently secured a \$25,000 challenge grant, offering \$1,000 for every \$1,000 raised—but only if the Friends can submit a brief, prioritized plan for institutional development. Carla created that document with the help of a volunteer, a colleague who works on nonprofit strategic planning. It’s awaiting approval. The board supports the project in principle, but conversations keep circling around visibility versus infrastructure, and the deadline for the opportunity is approaching fast.

Friends board membership has stagnated. The organization has had the same group of board members since 2020, when a board recruitment attempt stopped due to the pandemic. Meetings run long. Decisions are delayed by deference or confusion about authority. There are no standing committees. Everyone means well. But no one is steering.

## Questions

- What’s going on here?
  - What’s going well?
  - How does shared governance complicate or clarify roles?
- What’s the board’s Duty of Care in balancing visibility and infrastructure?
- What should board members do when their personal views conflict with the direction set by professional staff or the institution’s strategic goals? (Think: Duty of Loyalty)
- What is the cost—financial and/or reputational—of delaying action?

## Redbud County Historical Society

For decades, the Redbud County Historical Society has anchored the region's preservation efforts from a modest, volunteer-run museum in a converted 19th-century storefront downtown. The exhibits are homegrown, the programs are heartfelt, and the organization enjoys strong name recognition. Redbud has a longstanding presence, strong name recognition, and a core of dedicated trustees. The organization's emergency succession plan, implemented two years ago, worked exactly as intended—proof that good governance has protected the institution before.

The historical society operates with an annual budget of \$200,000, drawn from:

- 30% earned income (event ticket sales, merchandise, and facility rentals)
- 70% philanthropy (member renewals, planned gifts, and local arts council support)
- The organization has \$40,000 in unrestricted reserves in an interest-bearing account and no formal endowment

The board recently approved a draft mission revision developed in consultation with community advisors. The new language shifts the emphasis from preservation alone to storytelling, belonging, and public trust. It's been well received.

Gloria Dobbins helped found the museum in the 1980s. Now retired, Gloria ran a longtime flower shop, antique store, and lunch counter in the same block as the historical society. She has deep roots in the area and has seen the organization through lean years and major milestones. She is respected for her consistency and generosity—but she's cautious.

The organization's executive director, Mariah Tate, is two years into the role. She came to Redbud with a background in regional archives and has made steady progress building community partnerships. She's earned trust and brought a more collaborative tone to the work. But she's increasingly stuck in limbo: the mission revision has been on the agenda for six months, but no vote has been taken. Some board members want bold change. Others worry about change. Everyone agrees the museum needs to grow—no one agrees on what that looks like.

As expenses rise and donor funding remains competitive, the board needs to revisit what it means to steward resources responsibly. One area of potential growth is rentals. The museum is a prime spot to host weddings, baby showers, and family reunions year-round, but rates haven't changed in over a decade. Comparable venues in the county charge nearly twice as much. Mariah has proposed a modest increase—enough to bring in an additional \$10,000 a year—but Gloria hesitated. "People expect us to be affordable," she says. Meanwhile, the governance committee hasn't met in over a year. Board recruitment is stalled. A younger trustee left the board quietly last fall after expressing frustration about the "same conversations going in circles."

Mariah has identified a path forward: investing \$10,000 of the organization's reserves into a short-term contract with a strategic facilitator, with the goal of using the mission conversation as a catalyst for a full institutional review—one that could unlock a multi-year \$25,000 legacy pledge from a local donor who's expressed support for a forward-looking vision. The board would need to vote soon to authorize the spending—and agree that the time for circling is over.

### Questions

- What's going on here?
  - What's going well?
  - Where are the leadership conflicts?
- How does the Duty of Care apply to this situation?
- What should board members do when personal views conflict with the direction set by professional staff or the institution's strategic goals? (Think: Duty of Loyalty)
- What systems (committees, policies, term clarity) could unlock more effective leadership?
- What is the cost—financial and/or reputational—of delaying action?

## **Junction Depot Museum**

The Junction Depot Museum occupies the historic 1892 train station at the edge of downtown. Its exhibitions focus on transportation, migration, and the built environment of the region—drawn from a collection that has grown steadily over 40 years. The staff knows they're out of space. The board knows it, too. But the issue keeps getting deferred, tucked under more urgent (or more visible) needs.

The museum's mission is clear, the collection is strong, and community trust is high. Last year, the board successfully followed a new deaccessioning policy to navigate a controversial object with professionalism and integrity—proving that when policy and purpose align, the institution

The museum operates on a \$300,000 annual budget, drawn from:

- 30% earned income (admissions, rentals, school programming)
- 50% philanthropy (annual fund, local foundation grants, membership dues)
- 20% investment income, from a small, conservatively managed endowment used to support operations

After expenses, the museum typically sets aside \$5,000 annually for conservation supplies. That isn't nearly enough. The collections storage area has no climate control. Temperature swings are routine. Boxes are stacked floor to ceiling, and the fire marshal recently raised concerns. A private donor has offered a \$20,000 matching grant, contingent on the board launching a fundraising drive to raise the first \$25,000—funds that could be used for environmental stabilization and storage upgrades.

The interim director, Thomas Feng, was formerly the museum's collections manager. He's passionate, knowledgeable, and deeply respected by staff. But as interim, he doesn't feel he has the authority to press the board. He's flagged the issue several times—formally and informally. Everyone agrees it matters. No one has taken the lead.

The board president, Linda Horton, is a local restaurant owner and a former city commissioner. She's organized, well-connected, and deeply practical. She's also a bit allergic to infrastructure talk. "We've always found a way," she says. "I just don't think this is the crisis you're making it out to be."

Board meetings are amiable and informal. There's no standing agenda. Decisions often get made over email—if at all. The board hasn't recruited a new member in over three years, and several current members are aging out or simply disengaged. Everyone respects Thomas and trusts the staff—but they're waiting for someone else to make the first move.

What's at stake isn't just storage—it's sustainability. The board has a chance to act now and prevent future loss. But the longer they wait, the more fragile the foundation becomes.

## **Questions**

- What's going on here?
  - What's going well?
  - Where are the leadership conflicts?
- What is the board's Duty of Care when it comes to behind-the-scenes stewardship?
- What should board members do when personal views conflict with the direction set by professional staff or the institution's strategic goals? (Think: Duty of Loyalty)
- What systems (committees, policies, term clarity) could unlock more effective leadership?
- What is the cost—financial and/or reputational—of delaying action on collections care?

### **Stillwater Folk Museum (THE GOLDILOCKS SCENARIO)**

The Stillwater Folk Museum is a community institution with deep roots—and a recent story of transformation. For decades, it limped along with modest public interest, declining revenue, and barely enough momentum to survive. Ten years ago, a new cohort of leaders ushered in a different future. Sylvia Ellis, a beloved folk artist and retired CPA, joined the board and helped lead a major turnaround. What followed was a decade of careful growth, structured risk-taking, and community trust-building. Stillwater is now widely seen as a model of what a local museum can become when it's deeply aligned with its community.

Stillwater had long operated as a static, under-resourced community museum. Its early success came from volunteer passion, but it was unsustainable. When Sylvia joined the board, she advocated for:

- Bylaws revision to clarify terms, responsibilities, and succession
- Board job descriptions aligning w/standards on ethics and accountability
- Formal financial procedures and gift acceptance policies
- Creation of a mission statement and institutional plan grounded in service to community, heritage, and relevance

These documents didn't sit on a shelf. They became operational tools. The board began holding itself accountable to the governance standards they adopted.

Through strategic leadership and a shared commitment to service, Stillwater has grown from a \$125,000 start-up to a \$375,000 organization. Attendance is climbing. Programming—including youth poetry slams, after-hours Nerd Nights, and monthly concerts—is consistently strong. The organization is poised for its next stage of growth.

Today, Stillwater operates on a \$375,000 annual budget, drawn from:

- 35% earned income (event tickets, facility rentals, workshops)
- 45% philanthropy (individual giving, membership dues, annual appeals, and small grants)
- 20% investment income (generated from a board-restricted reserve fund seeded by a major estate gift five years ago)
- \$100,000 in cash reserves

Their trajectory reflects both financial strategy and adherence to policies that support transparency, donor confidence, and program relevance.

The leadership team is strong. Executive Director Dana Peoples brings a background in operations and fundraising and has laid out a clear path for growth: expand staff, increase programming, deepen school partnerships, and secure Stillwater's role as a regional cultural anchor.

She and Sylvia share a principle they live by: "Stewardship is an open hand, not a closed fist." Dana brought structure; Sylvia brought long-standing relationships and board loyalty. Together, they:

- Integrated staff and board planning with the institutional plan
- Ensured decisions aligned with mission

Change is coming. Sylvia is stepping down from all board service at the end of her term. She's tired—and stepping away with clarity and grace. The current vice chair, Jonathan Roberson, recently accepted a new job out of state and cannot continue. That leaves a leadership vacuum. Dana and Sylvia are working to identify board members and prospects who could help stabilize and lead the board forward, but the next phase will require commitment and clarity. The board has resisted the temptation to ask Sylvia to continue to serve.

Stillwater hasn't missed opportunities yet, but two potential ones are on the horizon—including a \$50,000 challenge grant that would require a \$10,000 local match within the quarter. That investment could yield at least \$15,000 a year in new income. The organization is ready. But only if the board moves forward with focus and a willingness to share responsibility. They do, and they did. And that's why Stillwater is thriving.

Sylvia is stepping down and the vice chair has accepted an out-of-state job, leaving a leadership vacuum. But rather than panic, the board is: reviewing and updating its board officer job descriptions; using the succession planning policy adopted three years ago; identifying new board candidates through a values-based matrix aligned with the institutional plan.

A regional foundation has offered a \$50,000 challenge grant, conditional on Stillwater raising \$10,000 in local match. The board must respond quickly. This opportunity reflects the organization's readiness.

### **FINAL LESSONS AND TAKEAWAYS**

Stillwater is thriving not by accident, but because it made deliberate, strategic choices:

- It created and updated institutional core documents
- It trained its board to follow them
- It tied all planning to a mission centered on community relevance
- It accepted that governance means responsibility, not just passion

**Stillwater Folk Museum is proof that strategy, structure, and stewardship create sustainability.**