

## SPECIAL TOPIC: HUMAN RESOURCE MANAGEMENT

### **1. Development: The US Art Museum Management Leadership Gap**

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Many of the most sought after museum director positions in the United States are unfilled, some for as long as a year.

Over the last ten years, there has always been more than twenty different art museums without directors. And frequently, as was the case recently with the Milwaukee Museum of Art, its new director was recruited from a directorship at another art museum (the San Jose Museum of Art), leaving a vacancy there and the same number of openings. What are the causes of this phenomenon and what are the implications?

There are four major reasons for this ongoing leadership gap. In the United States, over the last 15 years, there has been an unprecedented increase in the number of new museums and great expansions of others, creating the need for more directors. This building boom, coupled with major expansions of existing museums, has led to sharply increasing operating costs and more competition for contributions. That has, in turn, created demand for a museum director with a new set of skills as project manager and merchandiser, rather than curator and connoisseur. Today's museum director is much less involved in the content and "art" of the position, and much more concerned with budgets, fundraising, board relations and personnel management. These new and sometimes extraordinary demands on the directors have caused some to be a victim of board impatience and some to simply to "burn out."

Concurrently, the median age of the cohort group of museum directors continues to rise. The growth of the professional arts management field, encouraged by foundations and governments in the 1970's and 1980's, created a new, large cadre of museum directors, many of them nearing retirement -the current directors of The Getty Trust (who came out of retirement to accept the position), the Philadelphia Museum of Art, the Denver Art Museum, and the most recent retirement of the Director of the Metropolitan Museum of Art are noteworthy examples.

Lastly, there is little emphasis placed on succession planning in the museum field or grooming successors within the organization. A survey of American art museums conducted by this author in 1991, demonstrated that while over 80% of board chairmen and directors believed succession planning was important, less than 25% of the museums surveyed had a succession plan. While there is no statistical data to confirm those figures today, there is little evidence to the contrary and, in fact, there have been few promotions from within the ranks of a museum to the directorship.

This ever growing leadership gap is having two major consequences; more turnover at the top and high compensation packages. The competition for directors, fuelled by increased demand and diminishing supply, is motivating some directors to leave one directorship to more prestigious and higher paying museums. The average length of tenure of the museum director is shortening while the time required to fill searches is increasing (six to ten months is normal). This causes a disruption throughout the enterprise; strategic decisions are delayed, important staff hiring is postponed and some current and prospective donors wait to see who the next director may be before making further investments. And after a director is hired there is a period of transition

during which the director must become known in the community, gain the trust of collectors and donors, and set a strategic new agenda for the museum.

The compensation packages of museum directors continue to rise at an extraordinary rate. Whereas ten years ago the \$200,000 salary level was hardly ever breached, the era of the \$1 million annual compensation is soon upon the field. Mid-size museums in regional cities in the Midwest or South, for example, are luring directors with compensation packages in the \$350,000 to \$600,000 range. In addition, those directors are able to negotiate long-term retirement packages and severance agreements that protect them from being fired while allowing them the freedom to depart on their own accord.

Museums are straining under the increased costs. Approximately 60% of the annual expense budget of an art museum is for personnel costs. As the directors' compensation rise and the costs of health care spike, personnel costs will overwhelm program funding.

This is not to place blame on the director. Supply and demand is an economic principal that also applies to salaries. And, though the federal government requires that museum boards be responsible for insuring "fair and reasonable compensation", these requirements exacerbate the issue. Museum director compensation, indeed the compensation of all senior level nonprofit executives, must be public knowledge, published and posted on the web. "Fair and reasonable" is interpreted as "comparable" so, as each director position is filled, the incumbent and the board know the "going rate" and therefore match or frequently exceed that level of compensation. Over time, this rule of requiring fair and reasonable compensation, combined with the forces of supply and demand, have led to the sharp compensation increases.

Since the number of museums continues to increase and the cohort group of potential retirees is peaking, these trends, of a growing leadership gap, increases in turnover and spikes in compensation, will likely continue. They may also create immense opportunities for young museum management professionals who possess the business training and the artistic knowledge to balance the museum's mission with financial sustainability.

What are the lessons to be learned from the leadership gap in the United States and what may be expected of the museum leadership profession in Europe? First, a caveat at that; the field of museum management in Europe, unlike that in the United States, differs by country. Yet, there are pan-European trends emerging similar to those described above that may lead to a similar leadership gap.

The most significant trend is the rapid change in the demands on the museum director, whether in Germany, France, Italy or other countries in which the government had played a significant role in funding the arts. As funding for cultural institutions shifts from government to private, the skills required to lead a museum will also change. The museum director able to balance the art with the business, who can fundraise, plan and manage capital projects, oversee earned income ventures (like gift shops, restaurants and licensing agreements), build and manage a private board and make the museum more accessible and relevant will be in increasing demand; while the current generation of the director/connoisseur may struggle under these demands or simply decide not to try.

Also, as private boards, comprised of business leaders, take more prominent roles in governing European museums, there will be a growing demand on the museum directors for accountability and return on investment. The tenures of the nonperforming director may thus be shortened creating additional vacancies and more demand on a smaller pool of qualified candidates.

And what then of compensation? Will the demand for a different breed of museum director combined with a board that takes a more business-like approach to management, result in increased compensation for the European museum director? Because of traditional privacy laws, less is known about salary levels in Europe than in the United States. However, whereas in the past museum directors were hired by the local or federal government entity and were compensated according to government pay levels, the new, quasi-private or private museum director will likely command ever-increasing compensation.

The leadership gap in American art museums is not an isolated case. There are similar gaps among symphony orchestras, performing arts centers and other cultural organization. Experts predict that by the year 2016 there will be almost 80,000 senior management positions throughout the entire US nonprofit sector without qualified individuals to fill those positions. As the European population ages and shrinks, and as the need for a number of leadership positions increases, the leadership gap may become the most important management challenge to solve.

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