MINUTES OF THE DECEMBER 13, 2010, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on December 13, 2010, beginning at 1:00 p.m. in the Secretary’s meeting room. Participating in the meeting were Board of Regents Chair Patricia Q. Stonesifer, Vice Chair Alan G. Spoon (by telephone), and Committee member Robert P. Kogod. Also present by invitation of the Committee were Secretary G. Wayne Clough, Counselor to the Chief Justice Jeffrey P. Minear (by telephone), Chief of Staff to the Secretary Patricia Bartlett, Smithsonian Enterprises Chief Financial Officer Greg Bokman, Chief of Staff to the Regents John K. Lapiana, General Counsel Judith Leonard, Director of Communications and External Affairs Evelyn S. Lieberman, President of Smithsonian Enterprises Thomas Ott, Deputy General Counsel Marsha Shaines, and Mary Ellen Muckerman of Wolff Olins.

Ms. Stonesifer called the meeting to order.

Approval of Minutes
The Committee approved, without changes, the draft minutes of the November 16, 2010, Executive Committee meeting.

Branding Initiative Report
Ms. Lieberman noted that the interim report to the Committee was particularly timely as the research phase of the initiative was completed during the prior week. That research, she noted, helped the branding team better understand “what the Smithsonian is” and “what the world needs from the Smithsonian” from the perspectives of both internal and external audiences. These findings will help form the basis for proposed final Smithsonian brand strategy alternatives.

Ms. Muckerman, the Wolff Olins project leader, presented the firm’s findings to date and outlined the likely next steps in the branding process. She began with an overview of the macro-trends that are shaping the 21st century and the growth of “digital ubiquity” in all facets of knowledge delivery. Acknowledging and exploiting these trends will be key for the continuing relevance of the Smithsonian. Ms. Muckerman provided a brief summary of an online quantitative survey conducted by Wolff Olins, which showed that, among other things, Americans have a “strong recognition” of the Smithsonian (89 percent), and an “overall impression” that the Smithsonian is a “trusted” institution (82 percent). The survey also concluded that significant opportunities to increase engagement exist. According to the survey, of those respondents who have never physically visited the Smithsonian, over half have also never engaged with the Institution through the Smithsonian magazine, Smithsonian.com Web site, Smithsonian Channel, a Smithsonian Institution Exhibition Service exhibition, or the Smithsonian catalog.

Ms. Muckerman then reviewed a series of Smithsonian strengths (free admission, inspirational mission, iconic status) and obstacles (antiquated outreach, growing irrelevance in key markets,
“only” 30 million visits) to position the Smithsonian as “something the world needs.” In the end, the research suggests that the Smithsonian could become (1) a limitless network of passionately curious learners; (2) the world’s best group of storytellers; (3) an accessible interdisciplinary learning resource; (4) an open platform of shareable content; (5) a catalyst for conversation and action; and (6) advocates for the “American Spirit” throughout the world. These conclusions, she explained, will help build a Smithsonian (and a brand) that “the world really needs.”

Following Ms. Muckerman’s presentation, the floor was opened for comments on how the findings “resonated” with members, and the proposed framework for going forward. Secretary Clough initially noted that the data appeared to lack recognition of the significant science being conducted by the Smithsonian. In addition, he said that it would be a challenge to ensure that the individual museums and research centers know that their “individualities” will not be lost in the pan-Institutional branding effort.

Mr. Spoon said that he found the conceptual framework sound and inspiring, but that the branding team should not underestimate the challenge in bringing the Smithsonian from where it is to where it should be. Mr. Minear cautioned that the development of a brand strategy should not focus on chasing a market but rather on strengthening its core leadership areas. Ms. Stonesifer also noted that the Smithsonian must remain very smart about what it already is, embrace its “otherness,” and be honest that all the suggested goals (nos. 1–6 above) may not be realistic. The Smithsonian should not lose sight, she said, of “what it is today.” Ms. Lieberman and Ms. Muckerman concurred that choices will have to be made and that those choices will have to exploit activities wherein the Smithsonian is already a leader.

Ms. Stonesifer stressed that the Smithsonian must, in the end, be true to the promise of the brand and urged the team to test each assumption on which the strategy will be based. The members also stressed the importance of the branding strategy to be consistent with the strategic plan and to provide support for the national campaign.

Ms. Lieberman agreed with the Committee’s advice that the branding team needs to focus on achievable results, and not aspirational goals that are unobtainable. Ms. Lieberman explained that the Committee and the Regents would next be engaged when two alternative strategies are developed in early 2011. The Committee asked that Ms. Lieberman structure the next steps in the branding process to allow for robust Regent engagement in January 2011 with the final determination on a branding approach made at the April 2011 Board meeting.

**Smithsonian Enterprises Graybar Building Lease**

Ms. Stonesifer directed the Committee’s attention to the materials regarding the proposed renewal of leased space in New York City. Mr. Kogod reported that, at Ms. Stonesifer’s request and as Chair of the Facilities Committee, he had reviewed the terms of the lease, considered additional information, and recommended that the lease be renewed consistent with the terms outlined in the materials. Accordingly, the Committee approved the following motion:
VOTED that the Executive Committee, on behalf of the Board of Regents and pursuant to Section 3.01 of the Bylaws of the Board of Regents, authorizes the Secretary to renew the lease agreement for approximately 10,710 rentable square feet of administrative space for the Magazine Division of Smithsonian Enterprises at 420 Lexington Avenue, New York, N.Y. 10170.

Smithsonian Networks Equity Purchase

Before Mr. Ott began his presentation, Ms. Stonesifer noted that the issue—whether to exercise a call option to purchase an additional 20 percent interest in the Smithsonian Networks joint venture before December 31, 2010—had been the subject of intense and frequent discussion over the past week, including as an agenda item at the December 9, 2010, Finance Committee meeting. Mr. Ott then described the two options being considered for action: maintain the current level of equity interest and monetize the call option or exercise the option and increase the Smithsonian’s stake in the joint venture with CBS Inc. to 30 percent.

Ms. Stonesifer reminded members that the Finance Committee recommended that the Smithsonian retain its 10 percent interest and indicate to CBS its interest in exercising the option. The Smithsonian would be required to fund the purchase within 30 days of exercising the call option.

The members discussed the valuation of the Smithsonian’s current and potential stakes in the joint venture, including the potential value of the option. Mr. Ott and Mr. Bokman updated the Committee on informal discussions with CBS officials regarding the call option.

Mr. Kogod explained that exercising the option and increasing the Smithsonian’s stake to 30 percent in the joint venture appeared to be in the Smithsonian’s best interests. He underscored that digital venues, like the Smithsonian Channel, will be relied upon more by the Smithsonian in the future to deliver its educational products as the emphasis moves away from “brick and mortar” facilities on the Mall. He noted that CBS, Inc. is a “good partner” and that the joint venture appears to be a key strategic asset for that company.

Mr. Spoon alerted the Committee to the possibility that if the Smithsonian exercises its option, CBS would possess a smaller absolute ownership interest in the venture (from 90 percent to 70 percent) and may lose motivation to promote the channel. In that regard, the Committee requested supporting information that the exercise of the call option would not serve as a disincentive. The Committee agreed that, in light of the Smithsonian’s mission to diffuse knowledge, both parties must have a shared incentive to maximize the channel’s subscriber base.

The Committee approved the following motion, but asked that the option not be exercised until the Smithsonian was able to consider any further relevant information:
VOTED that the Executive Committee, on behalf of the Board of Regents and pursuant to Board Bylaw 3.01, approves up to a $9.5 million investment to exercise the contractual call option to acquire an additional 20 percent equity interest in the Showtime joint venture.

Executive Session
The Committee then went into executive session in which Secretary Clough discussed the current state of affairs regarding the *Hide/Seek* exhibition and the fiscal year 2012 Federal budget passback. The Committee also discussed potential “deep dive” agenda topics for the January 2011 full Board meeting before concluding the executive session.

Education Strategy Update
Secretary Clough provided a brief update of the progress on the development of a Smithsonian Education Strategy by Assistant Secretary for Education and Access Claudine Brown.

The meeting was adjourned at 3:05 p.m.

Respectfully submitted,

Patricia Q. Stonesifer
Chair