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## **Entering upon Novelty Policy and Funding Issues for a New Era in the Arts**

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## Entering upon Novelty

### Policy and Funding Issues for a New Era in the Arts

Richard Evans

*Order is not sufficient. What is required, is something much more complex. It is order entering upon novelty; so that the massiveness of order does not degenerate into mere repetition.*

— Alfred North Whitehead, *Process and Reality*

*There is nothing more difficult to take in hand, more perilous to conduct, than to take a lead in the introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under the new.*

— Machiavelli, *The Prince*

*It may be that when we no longer know what to do we have come to our real work*

*and that when we no longer know which way to go we have begun our real journey.*

*The mind that is not baffled is not employed.*

*The impeded stream is the one that sings.*

— Wendell Berry, *The Real Work*

### A New Era for the Arts Is Beginning

Writing in mid-2010, I scarcely need to emphasize that we stand at a watershed for the not-for-profit arts and culture sector, a point at which we have arrived by virtue of the complex interaction of a range of system-altering changes — demographic, generational, and technological, among others. These changes have reinforced each other over the past ten years to produce a shockwave of creative potential and organizational disruption that is rippling through the arts sector. The modern development trajectory for the professional not-for-profit arts, launched in the late 1950s, is belatedly coming to an end, despite the vigorous application of coping mechanisms to disguise the erosion of the established business model. In the future, fundamentally different rules will apply.

For fifty years or so, funders and practitioners have invested in building professionally run organizations, developing specialist organizational skills, and capturing larger audiences for the arts. The consistent measure of success was growth, with most organizations being judged on how much they could use their expertise and artistic vision to grow, programmatically and financially, over time. Indeed, the organi-

zational model that came to predominate in our sector was one that was intentionally structured for growth.

This model was gradually and painstakingly assembled through what is now often referred to as “the Ford era” of arts development in the United States. From 1957, for more than two decades, the Ford Foundation invested in the arts (primarily the performing arts), in what was the outstanding national program of arts philanthropy in the country. Ford’s influence on how the arts sector came to be shaped cannot be over-emphasized. When the Ford program started, national foundation support for the arts was in its infancy, the NEA and state arts agencies did not exist, and major arts organizations were clustered around a limited number of metropolitan centers. By 1958, the foundation was spending over \$10 million a year on the arts, and the numbers skyrocketed from there. Ford’s most famous special initiative was the Symphony Orchestra Endowment Program, still the country’s largest-ever program of organized arts philanthropy, which invested \$80.2 million in growing sixty-one orchestras, and over ten years leveraged no less than \$200 million for that field (over \$1 billion in today’s dollars).

With this level of financial resources devoted explicitly to expanding provision of the professional arts, dramatic changes in the landscape were inevitable. The lessons flowed thick and fast, and a new, preferred institutional model came into focus. The emphasis in marketing was shifted toward the idea of annual subscriptions. The modern annual fund was propelled through required local matching by grantees, and the ground rules for special capital campaigns were formalized. The role of trustees in arts organizations as local fund-raisers was also cemented by this approach. And an overall emphasis was placed on raising permanent capital endowments as the means to stabilize arts organizations, and protect them from the ever-growing “earnings gap” that otherwise could imperil ongoing expansion. As a result, fund-raising and marketing staff proliferated, large administrations were created, and major cultural organizations became entities that needed to be supported as much for their own sake as for their artistic impact.

It is notable that Ford hardly ever mentioned audiences in its program designs (except as units of ticket sales, passive consumers of the spreading artistic excellence). Even more striking, the foundation remained largely silent on the creative accomplishments and aspirations of the communities that were supplied with high-quality cultural events by the organizations it funded. By and large, the institutional model and the set of fundamental assumptions that became orthodoxy in the arts and culture field were ones that linked growth and stability to systematically excluding the community from artistic creation, and then marketing commodified artistic products back to that community, using scarcity and excellence as the twin incentives for increasingly high ticket prices and restricted access to donor benefits.

This may all seem a bit like ancient history, except that the long influence of Ford’s field-building approach (and

achievements) into the 1980s and 1990s has meant that many private foundations, public funding agencies and arts organizations alike have adopted the assumptions Ford initiated about the structures, competencies, funding policies and measures needed for organizational success in the arts.<sup>1</sup> As a result, organizational structures have tended to homogenize, with increasingly skilled and rigidly defined departments generating the greatest possible efficiency in maintaining and improving the status quo. The emergence of hypercapitalism in the last two decades of the twentieth century only served to reinforce the insistence on growth, on the “build it and they will come” mentality. Indeed, the arts building and renovation boom of these years cemented not only status but also a set of norms and efficiencies. But having more and more specialty buildings with restricted technical purposes reduced the room for artistic and organizational maneuverability, and privileged the support systems needed to maintain and service fixed assets.<sup>2</sup>

### We Must Adopt New Assumptions and Approaches

The organizational structures and underlying assumptions necessary to thrive in this new development phase for the arts will be quite different from those that served us well — or that we took for granted — even in the recent past. Where before we were *structured for growth*, future success will mean being *structured for sustainability*; growth capacity as a measure of success will be replaced by “adaptive capacity.”

This basic change in business assumptions will better reflect the trajectory of contemporary life. Sociologist Zygmunt Bauman suggests we are now living in globalized environments that bypass interdependency and are full of “endemic uncertainty.” Living self-determined lives that are independent of the social and cultural norms of the past, people are “looking for engagement, for experiences that they themselves can feel part of creating.”<sup>3</sup>

Researcher Charles Leadbeater has identified the emergence of the “Pro-Am” movement as one early example of this shift — those whose avocational, amateur creative efforts are carried out to professional standards, and who are serving as innovators in many fields.<sup>4</sup> We are becoming used to the shift from “proprietary” software to “open-source”; now our organizations have to undergo a similar shift, to accommodate the new “architectures of participation” that Clay Shirky writes about.<sup>5</sup>

What all this means is that the ability of an arts organization to adapt its programs, strategies, structures, and systems

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to address continuous external change and seize fleeting opportunities will become a leading indicator of success and a primary measure of organizational health. In this new era, successful organizations will more deeply recognize and engage with the creativity and artistic potential of the larger community, and the dominant organizational model will change to one that is porous, open, and responsive.

This shift will require new forms of strategic thinking, organizational nimbleness, and a commitment to remaining transitory (not to efficiency, speciality, and technical rigidity). Wider definitions of success will center on helping foster “expressive lives” in our communities (a term introduced to arts policy by Bill Ivey),<sup>6</sup> more than on developing a professional cultural community for its own sake. As Samuel Jones wrote recently, “We have moved from a model of *provision* to one of *enabling*. The role of the cultural professional has changed.”<sup>7</sup>

### New Structures Emphasizing Innovation and Adaptive Change

How might we briefly compare some of the structural features of the previous phase with those that will characterize this new one? In the accompanying chart, the first column highlights a number of key features to which most arts organizations aspired when the sector was structured for growth. The challenge, in part, is that these features can still seem very reasonable and viable, given no clear alternative. But we should contrast them with what I believe will be widespread attributes of successful organizations in the future, shown in the second column.

Old Structural Features	Emerging Structural Features
A mission that focuses on organizational outputs and achievements	A mission that focuses on community impacts and value
A singular creative vision and direction, handled by one or a few insiders	Pluralized curation that includes dialogue with external voices
A select, high-level artistic group, separate from the community and presenting to it via formal seasons of activity	Acknowledging and embracing the creative capacities in the community — guided by, and working with, professionals, year-round, on demand
Strong boundaries to the organization, serving to differentiate it from others and from the wider community	Loose organizational boundaries, porous to the community, that blur distinctions between organizations and emphasize commonalities
Specialist administrative departments with consistent technical competencies working in hierarchies	“Post-specialist” workers with varying responsibilities, working in artistically centered teams
Marketing of products to passive consumers	Engagement of audiences as active participants in process as well as product
Boards as core funders and solicitors for established works	Boards as champions of change and as informed ambassadors to enroll others
Balance sheets focus on building long-term permanent assets	Financial profile that emphasizes working capital and reserves, including risk capital

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The emerging features are clearly those of a very different kind of organization, built on different assumptions. For example, in the third comparison, there is an underlying shift in assumptions about the nature of the artistic experience. From *“The quality of the artistic experience we can offer is dependent upon high levels of technical execution that are otherwise rarely experienced”* to *“The quality of the artistic experience we can offer is dependent upon the connection we make between our own and our participants’ creative aspirations.”*

And, in the last comparison, there is a shift in assumptions about financial management. From *“Permanent capital funds and buildings will stabilize our organization and protect us from annual upsets”* to *“Liquidity and fungible assets will support our ability to adapt rapidly to meet new conditions.”*

To some people, the informality and flexibility implied in the emerging structural features, the rapid responsiveness and lack of fixity, may seem a step backward rather than forward. But the clarity and rigidity that have informed the mainstream of our organizational development are now the very things that inhibit us from becoming more effective. And the shift toward open structures — characterized by continual experimentation and reinvention, and backed by human and financial capital that can flow rapidly to promising strategies and areas of growing impact — in fact offers a new level of sophistication in the way arts organizations serve as intermediaries and amplifiers for artistic engagement in the community. For our cultural organizations, whether large or small, these are *pathways to sustainability*.

## Using Our Creative Capital

These structural changes may seem too much of a stretch to be realistically attainable. How will we bring them about? It will require that we put fully into play the remarkable range of creative assets that is available in our sector. The new environment demands that we think and act laterally, making use of organizational powers that have previously languished. As arts leaders exert themselves to do this, a new role for artists and other creative thinkers will surely be central. Ken Foster, executive director of the Yerba Buena Center for the Arts in San Francisco, and one of the country’s most experienced presenters, has argued that we now need to act “less like businesses and more like artists.”<sup>8</sup> In the past era, arts organizations were in many ways set up to contain and limit creative thinking, shutting out artists, in particular, from the realm of management and organizational problem solving, and thus sequestering some of the sector’s most valuable creative capital.

We divorced the creation and production of art from the systems of delivery we built, and robbed ourselves of some of our most important human resources, almost by design. The genuine integration of artists into our organizations — not to represent a programmatic perspective, but as full members of the team, divergent thinkers and creative strategists — was one challenge to which the orthodox business model did not rise. In future, innovating will need to form part of every job description.

## But What Is Innovation?

As the established order gives way to new complexity, organizational innovation becomes essential. But I think we’re often confused about what innovation means for the not-for-profit sector. The research literature provides no good answer,

and few taxonomies exist that are relevant to not-for-profit arts organizations. From our own research and the work of our partner organizations in the field, EmcArts arrived at its own working definition. We propose that innovations have three main aspects:

Organizational innovations are instances of organizational change that:

- result from a shift in underlying organizational assumptions,
- are discontinuous from previous practice, and
- provide new pathways to fulfill the mission.

This definition has achieved some traction in the field, being adopted by a number of funders and becoming a reference point for arts leaders.

### 1. Shifting Assumptions

Every organization operates on the basis of some set of shared assumptions about why it exists, what its business is, and how it relates to the world. These assumptions may be explicit — described in writing in a strategic plan, for instance — or they may remain hidden and unexplored for many of the organization’s constituents. Either way, these assumptions act powerfully within every organization. They give rise to the culture of the organization, inform and limit its capacity for change, and explain much of its institutional behavior. To innovate, organizations have to “resurrect, examine, and then break the frame” created by old assumptions.<sup>9</sup>

### 2. Discontinuous Practices

Innovation is not incremental change, nor is it a logical extension of business as usual. Innovations take an organization, or its programs, in a new, previously unpredictable, direction. Varying ticket prices, up or down, to respond

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to economic and demographic changes is a logical step in extending an established business model. But changing the financial equation by moving a performance season from an expensive central performance space to the company's own studios and a wide variety of community venues, to reach more people at lower cost, is innovative change in the making (as the Sacramento Ballet did so successfully last year, for example).

### 3. New Pathways to Mission

Innovations are not just gimmicks unrelated to an organization's mission. Innovation introduces to organizations alternative pathways of thinking and acting — ones they've never previously explored. Changes like this are always disruptive to some degree, and because they're unproven, they can mean high levels of uncertainty. So why would you pursue this kind of path? The answer, in part, is that these types of changes promise to have an unusually high impact on the organization's ability to fulfill its mission. Across the country, for instance, involving audiences in program planning, or having teens design youth programs, are proving powerful ways to achieve artistic engagement — but they would have been largely unthinkable a decade ago.

#### Promoting Constructive Failure

In developing “next practices,” we have to confront a deep problem in the transactional construction of the not-for-profit arts and culture sector: the insistence on organizational success all the time, in every program, if resources are to be provided and financial support is to be renewed (whether individual or institutional). There are many reasons why innovating on any scale is difficult in our field; the demands of mounting productions and exhibits, and of fund-raising and selling tickets, for example, limit the ability of leaders to reflect on the “big picture,” and focus them on achieving merely tactical advances. The lack of risk capital in the field, at least until recently, has inhibited the early stages of innovation, when earned or contributed income for the project is still uncertain or only slowly developing. But the single biggest obstacle to innovation is that the culture of our field has come to resist the organizational experimentation we must commit to, and the failed experiments we can learn so much from, if we are to find new pathways to a sustainable future.

If we want an innovative culture, we must be prepared to allow things not to work, to embrace the attempt, and to see repeated constructive failure as the place of maximum learning. Failed experiments, in fact, are the springboard for achievement, the “perspiration” to which Edison referred. If risk is managed through prototyping (innovation tryouts in relatively low-stakes environments), then failure can be

the source of vital needed information without which ultimate success will be elusive or random. Winston Churchill defined success as “moving from failure to failure with no loss of enthusiasm.”

You rarely get significant, fundamental change when times are good and incremental change is producing sufficient year-on-year gains. Right now, there's no doubt about the pain being experienced in the arts and culture field, the sense of urgency for new ideas. The continuing turbulence — the fact that things are not settling down, the signals

are contradictory, and we are not yet able to make sense of the new environment — is in this context a great opportunity. When a system is in flux like this, it is most open to influence, a time that is actually helpful to

those with the courage to innovate.

To prefigure the new system dynamics that are emerging, and to encourage movement in those directions, funders and regrants can play a leading role by designing support programs that underwrite innovation, and by generating a new rhetoric that embraces constructive failure as an integral part of new measures of success. Encouraging organizational learning of this type is a crucial responsibility, because such learning is the first casualty of a stressed funding environment — organizational propaganda replaces reflection as the scramble for known resources intensifies.

#### A Time of “Unlearning”

The transition to a new phase of arts development will not be a smooth one. It has, in some ways, been delayed. Our sector is notorious for employing a wide variety of “coping mechanisms” — special year-end fund-raising, use of next year's income to cover this year's shortfalls, working massive numbers of effectively unpaid hours, and so on — to make it look as though our business model is working when in fact it's decaying.

There is therefore a lot we will have to “unlearn,” as practitioners, funders, and policymakers, including cherished behaviors, if what were once assets are not to become liabilities. Unfortunately, the way most arts organizations have developed as they have grown makes them better suited for continuity than for divergent change. Few not-for-profits are good at stopping doing things, and many suffer from “legacy” issues that limit the scope for change. Established patterns of power and influence among and between arts and administrative leaders, embedded labor/management agreements, systems of governance that use volunteer boards, fixed physical assets, and organizational infrastructures, all constitute a legacy whose impact is to inhibit innovation.<sup>10</sup>

Yet freeing up mind-sets and resources for well-designed new initiatives — creating what researchers call “slack” for innovation — is more important now than ever. It’s an irony that our arts organizations typically have at their center hugely creative individuals, yet are structured in ways that inhibit turning that individual creativity into organizational innovation.

### Innovation Can Be Systematized

For all these reasons, innovative change in the not-for-profit sector only very rarely happens of itself; it needs robust program frameworks and designed facilitation to focus and sustain its incubation, and to give innovation a chance of becoming systematized within the organization. These forms of strategic guidance help ensure that the methods and processes used to innovate can be repeated in new areas, and innovation “muscles” can be built for the longer-term future. “Innovation capital” is also a vital ingredient, but in itself is insufficient to catalyze the human changes (in assumptions, values, mind-sets, working habits, and structures) that innovation demands.

Some people confuse creativity (a quality of individuals) with innovation — a corporate capacity requiring groups of people to design and execute. Creative thinkers are essential in an innovation team (hence the importance of a new role for artists), but other equally valuable team roles also need to be covered, if the innovation is to move from conceptual outline to the hard realities of stage or gallery. The confusion leads to the false belief that innovation, like lightning, strikes uncontrollably and randomly, and therefore cannot become a genuine institutional capacity (like governance, fund-raising, or operations). Confirming our own experience, a 2008 report from the W. K. Kellogg Foundation, *Intentional Innovation*, disputes these assumptions and powerfully endorses the benefits to be derived from not-for-profit organizations embracing innovation as a permanent part of their core competencies, “a rational management process with its own distinct set of processes, practices, and tools”:

Literature and practice on innovation over the last decade [reveal] that it is, in fact, possible for an organization to be more systematic about innovation. We are discovering that what was once thought to be an art is actually more of a science, and the general outline of what it takes to successfully manage innovation is beginning to come into focus. Following intentional, repeatable, processes can allow an organization to more effectively develop, test, implement, and share new ideas, [employing] the same kind of discipline that we have learned to use in strategic planning, business development, venture investment decisions, and more.

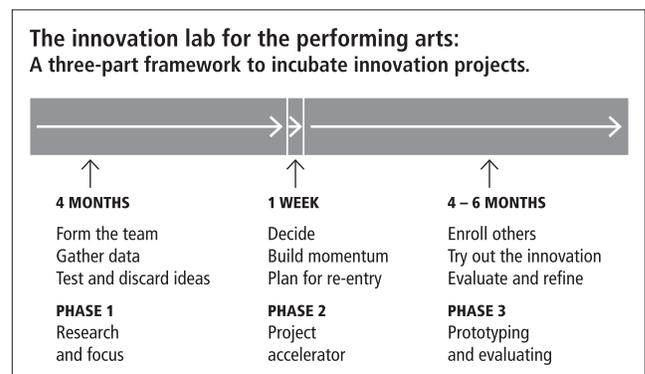
The business sector and some areas of government have typically made the boldest commitments to systematic innovation; yet the social sector — on the

front lines of so many of our planet’s and our communities’ most challenging situations — is only just beginning to explore more systematic approaches.<sup>11</sup>

### Some Frameworks for Innovation in the Arts Now Exist

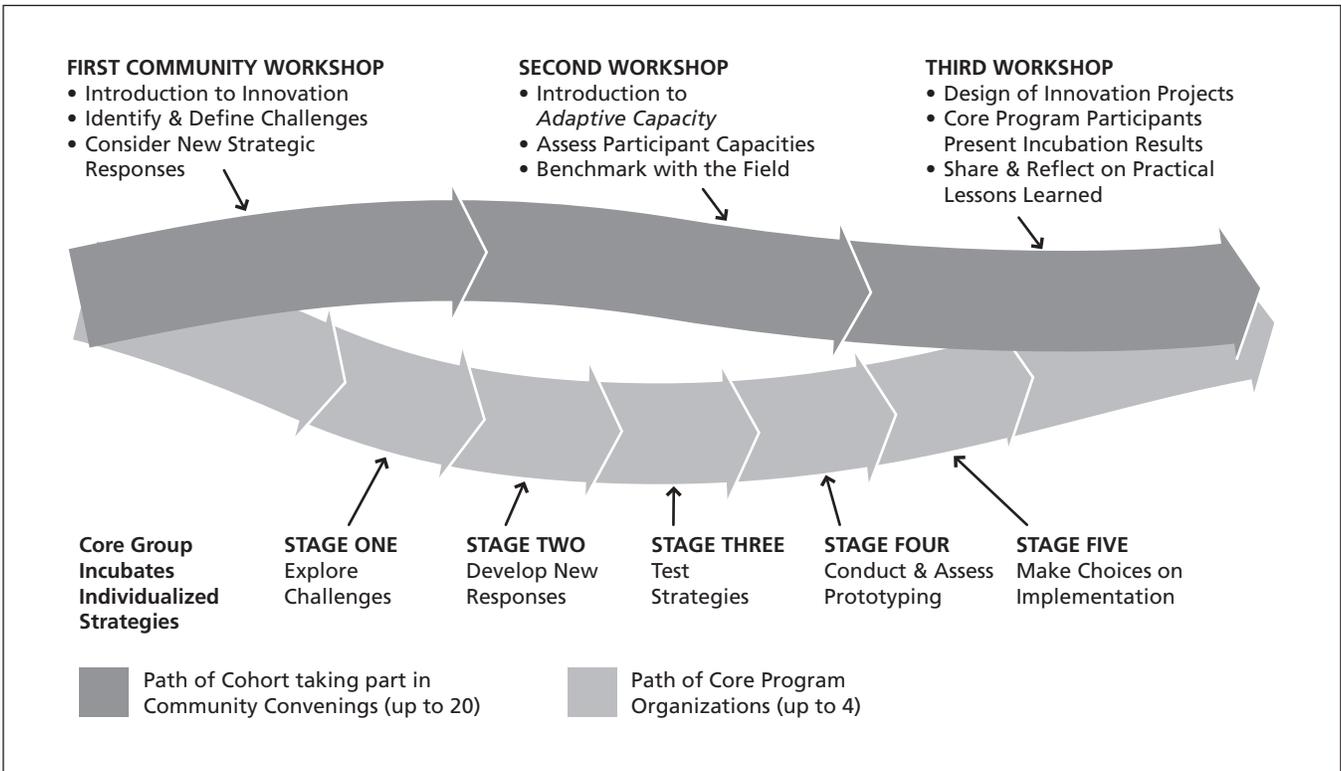
As grantmakers and service organizations begin to address the need for discontinuous, breakthrough change, programs are emerging that specifically foster innovation and adaptive capacity. Among those operating nationally are EmcArts’ Innovation Lab for the Performing Arts and the Nonprofit Finance Fund’s Leading for the Future program (both funded by the Doris Duke Charitable Foundation), as well as the Theatre Communications Group’s METLIFE/TCG A-ha! program and the Association of Arts Presenters’ Creative Campus Innovations Grant program (also Duke Foundation supported). At the state level, the Arts Innovation Fund of the James Irvine Foundation, for instance, provides multiyear innovation grants and facilitates organizational learning among California’s major cultural institutions. At the local level, the New Pathways for the Arts Initiative consists of a series of community-based innovation programs, aimed at strengthening a culture of innovation across the full arts community, as well as training selected organizations in systematic innovation.

EmcArts’ yearlong Innovation Lab for the Performing Arts is a proven framework for innovating that is now in its fourth round of participation (selected by national RFP, up to four arts organizations take part in each round).<sup>12</sup> The work is structured in three facilitated phases. The first phase concentrates on building an innovation team (not from the usual suspects!), researching possible new strategies, and focusing the team’s efforts on its most promising discoveries. The second phase is a midproject intensive retreat — five solid days locked away in the woods that telescope months of meetings and increase project momentum — serving as an Innovation Accelerator as decisions begin to be made. The third phase focuses on trying out the innovation through repeated prototyping and evaluation, in relatively low-stakes environments, as each organization decides whether, and how, to move forward with fuller implementation.



In the arts, we are rarely able to “stage-gate” the risk of innovation by introducing new strategies in this way, so we end up betting the house on untested hypotheses about new approaches. The idea with this framework is not to box organizations in, but the contrary — to set boundaries that bring some order to the process and channel organizational energies into propelling the work forward, despite the constant onslaught of business as usual.

regarding innovation in the arts — with a “core program” in five stages that incubates specific innovations. The participants in the core program form a kind of localized “lab” and report back on their work at the final community convening. The whole program lasts approximately twelve months, but can be repeated on an annual cycle, with a different set of newly ready organizations entering the core program each year.



If organizations ultimately decide that an innovation hasn't taken hold in the marketplace, or for other reasons shouldn't be continued, they tell us they profited so much from the work that it seems odd to use the word “failure” to describe the outcome. “Far from it,” I've heard many innovators say. “We were transformed by what we learned. We're so much better equipped now to do it again — and better. We can't wait to start again.”<sup>13</sup>

Building on the experience of the Lab, the New Pathways for the Arts program goes further, recognizing the unique needs of each community setting. The program is designed to foster a culture of innovation across any local arts and culture community, while at the same time providing a structured opportunity for a smaller group of “ready” organizations to immerse themselves in innovating in response to a major challenge. A more flexible framework is appropriate here, tailored to the local environment. New Pathways therefore combines a sequence of community-wide workshops — for guided learning and peer-to-peer sharing

### Innovation Successes Are Emerging

Through these and other initiatives, arts and culture organizations of many sizes, in all disciplines, are succeeding in reorienting their strategies in bold and unprecedented ways to grasp new opportunities. Here are two examples from participants in the programs described above:

At the **Center of Creative Arts (COCA)** in St. Louis, the innovation team conceived, designed, and prototyped a major new program that uses teaching artists in “an arts-based approach to business education that provides businesspeople with the resources and connections they need to nurture innovation.” Executive Director Kelly Pollock comments:

I believe that the [innovation] work we have done has propelled COCA forward more than any other process we've ever experienced. Creating the CO-CAbiz program has transformed our organization in powerful and positive ways. COCAbiz offers a

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new pathway to mission fulfillment, challenging us to think innovatively about how we bring the arts into the community. Through COCABiz, COCA is reaching new audiences who might not otherwise seek out the arts, generating new streams of earned revenue that can help support our work in the community, reshaping our business model as a not-for-profit, and broadening our definition of the work art can do in the community.

The **Memphis Symphony Orchestra** (MSO) changed its mission to one of “providing meaningful experiences through music,” positioning its art form as a catalyst for new forms of community engagement. The MSO then worked with FedEx to develop a musician-designed program, Leading from Every Chair, that uses the orchestra and the music it plays to explore different forms of leadership. The League of American Orchestras notes:

***Funders can make use of well-crafted frameworks to enable innovation to be used systematically by cultural organizations. The frameworks need to be systems of unlearning, of cultural and structural change, of unprecedented team development.***

The new vision at the orchestra was born out of a search for new pathways to artistic achievement, and a number of critical enablers fostered a seismic shift within the organization — with musicians leading the way. Musicians say that the impact on them has been transformative. Their enhanced role and responsibilities in the organization have shown them new ways to translate their talent into influence within the organization and into meaningful impact outside it, giving them new skills and making them feel proud and important in ways they had not imagined.<sup>14</sup>

Many other participating organizations have explored innovative strategies in response to the sector’s major challenges: engaging audiences, and the wider community, in new ways (such as the University Musical Society in Ann Arbor; the Oakland Museum of California); involving the public in cocreating arts activities (the Civilians; the Music Center of Los Angeles County); using the web to create and engage with artistic experiences (MAPP International Productions; the Oregon Shakespeare Festival); reconsidering the role of the creative artist in the organization (the Hammer Museum; Young Audiences Arts for Learning Connecticut); partnering or merging with other organizations for greater reach and impact (American Composers Orchestra; Bill T. Jones/Arnie Zane Dance Company and Dance Theater Workshop).

## **Public and Private Funders Are Embracing Organizational Innovation as a Program Strategy**

Funders can make use of well-crafted frameworks to enable innovation to be used systematically by cultural organizations. The frameworks need to be systems of unlearning, of cultural and structural change, of unprecedented team development. They need to explicitly allow for prototyping, and for the constructive failure. Funders should encourage and reward failures that result in learning and new experimentation, saying, “If you’re never failing, you’re not doing well enough!”

Grantmakers, service organizations, and intermediaries who support the arts and culture field are beginning to reconsider the design of their investments, locally and nationally, to move in this

direction. As they review the design of their engagements with the field in order to support new policy aims for the new era, one question emerges: does the structure of our funding provide sufficient incentives and support for the kinds of innovative change that are needed in the sector? Funding continuity was fine when growth and incremental change were the dominant dynamics, but it may not be so fitting when what are needed are powerful incentives to embolden innovative strategies.

This is not to argue against general operating support, which continues to be the bedrock of a sustainable funding ecology. But, if we accept that innovative change (however much in the longer-term interests of organizations) rarely happens of its own accord, then it needs policy underpinning and financial incentives, risk capital to underwrite experimentation and prototyping, and metrics for success that acknowledge and reward discontinuous change. For its Arts Innovation Fund (AIF), the Irvine Foundation recognized that innovation requires both project-specific support and unrestricted funding; it combined both in its AIF grants, and placed an explicit accent on the quality of organizational learning as a measurable outcome.

The likely solutions to current challenges will probably not all be conceived by single organizations alone. To help organizations become more porous and open to wider influence and change — to identify powerful collective solutions — we will, as never before, need to foster collaboration and joint ventures across the local community, inside and outside the professional not-for-profit arts sector. We must develop a culture of innovation (as opposed to what Steven Tepper has called “a community of squelchers”). This means bringing people together to share approaches to innovation,

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and it means structural shifts — in the way organizations function and the way funding works — that reward cross-organizational thinking and action, rather than (as in the past) individual distinctiveness and differentiation.

### **Some Final Provocations**

I conclude with a couple of observations about implications for the arts sector and its support agencies concerning organizational planning and public value.

#### **From Strategic Planning to Incubating Innovation**

Programmatic frameworks for systematic innovation are the adaptive reinvention, for this new era, of traditional strategic planning. Strategic planning entered the arts field in earnest in the 1970s. The burgeoning of the NEA, state arts councils, and foundation support led to a demand by funders for their investments to be backed by evidence of grantees' ability to chart a logical and reasonable linear course into the future, which grant funds would in part support. I believe that time is coming to a close. Traditional strategic planning was always guessing at the future, but the guesses, informed by good historical analysis, were typically close enough to how things turned out for them to be a useful guide to action. Those were what mathematicians would call "classical conditions." Now we live in an operating environment that no longer lends itself to these kinds of rational presumptions (these are "chaotic conditions," where complex, nonpredictable change is the norm).

In these new circumstances, multiyear strategic planning becomes highly fallible and may even serve as a distraction from developing the responsiveness and nimbleness that we now truly need. I prefer to think of managing, with a debt to Peter Drucker, as "a constant improvisation around a shared sense of direction." From this perspective, building the capacity for change, rather than linear planning, becomes the priority for organizational advancement and sustainability. Learning how to become provisional, flexible, and rapidly responsive throughout the organization overtakes the previous technocratic emphasis on building specialized departments and maximizing command-and-control systems. And the incubation of innovation becomes the framework within which to consider multiple futures, and to design, organize, and test effective strategies to meet today's challenges. All this demands a new transaction among funders and grantees, and I expect to see grantmakers giving the space for systematized innovation that, in the past, they've afforded to strategic planning.<sup>15</sup>

#### **Building Radical Public Value**

The creation of sustained public value is one fundamental justification for any not-for-profit organization. In the arts, we have seen extraordinary success in this regard over the past fifty years. More and more producing and presenting organizations, committed by and large to institutional growth, have led to a multiplication of public value, which might be said to have driven the proliferation of funding

agencies and nationwide increases in individual giving to the arts. But all systems, once established, have limits to growth and, from a public value perspective, recent years have seen a plateauing of the sector's trajectory. We have experienced this, in part, through the increased difficulty that the arts sector is having in getting its voice heard in resource allocation debates, in relation to other fields whose arguments for public value creation appear to be stronger.

Yet we now live in a boundary-free world of emerging creative practice, in which the incidence of engagement with art, and in art making, has never been higher. Our response must be informed by what we've learned about innovation. We must not limit ourselves to trying to eke out further incremental gains in public value through our organizations, or attempting to claw back known resources through defensive routines. Rather, we should set our sights on a radical upward leap in public value, a discontinuous advance that happens because we develop the following constellation of field characteristics: powerful new assumptions that guide newly porous organizations toward decisively innovative structures and strategies, led by creative practitioners who are adept at working in teams of divergent thinkers drawn from multiple organizational sources, teams whose love of unexpected connections is matched by their ability to rapidly absorb unfamiliar functions and turn them into reliable operations.

Organizational health in this future may depend upon new types of organization that are not so much artist centered as artistically centered, using creative processes throughout their work in order to generate new public value at every turn. Recent research confirms that these creative processes are active and treasured in our wider communities, among people who may have no experience of the formal arts sector, but whose creative engagement is a unique way they bring meaning to their lives.<sup>16</sup>

The arts are perfectly placed to play a central role in this contemporary search for meaning. All too often in the past we have spoken of the arts as central to American life, when in fact the structure of most of our sector has served to distance our organizations — and the country's artists — from the great majority of Americans. The organizational changes now before us may finally allow us to live up to the rhetoric as we develop new types of organization, and new strategies, to identify, support, and celebrate creative potential — enabling, rather than just providing, compelling arts experiences.

The opportunity for public engagement in and through these new types of organization is huge, far exceeding the attendance counts around which we have been primarily oriented for decades. If this level of engagement can be achieved through innovative thinking and action, then our arts sector will have catapulted itself into an essential place in the life narratives of American citizens.

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## NOTES

1. The Ford Foundation's support strategies for the arts have substantially changed and continued to modernize since the mid-1970s, and the foundation remains a crucially important funder of the sector nationwide and internationally.
2. Of course, funding for the arts in this entire period was more diverse than I'm portraying, and I don't mean to ignore, for instance, the alternative strand of thinking that emerged in the 1970s, the community arts movement, which asserted the value of creativity in the community (rather than only in the professional artist) and sought to develop, present, and foster community-based cultural activities for more diverse audiences and participants. But I don't think this movement has yet proved to be a real counterweight to the predominant organizational norms in the sector, although right now there is an enormous amount to be learned from its achievements and challenges.
3. Zygmunt Bauman, *Liquid Modernity* (Cambridge, UK: Polity, 2000).
4. Charles Leadbeater and Paul Miller, *The Pro-Am Revolution: How Enthusiasts Are Changing Our Society and Economy* (London: Demos, 2004).
5. Clay Shirky, *Here Comes Everybody: The Power of Organizing without Organizations* (New York: Penguin Press, 2008); Shirky, *Cognitive Surplus: Creativity and Generosity in a Connected Age* (New York: Penguin Press, 2010).
6. See Bill Ivey, *Arts, Inc.: How Greed and Neglect Have Destroyed Our Cultural Rights* (Berkeley and Los Angeles: University of California Press, 2008).
7. Samuel Jones, ed., *Expressive Lives* (London: Demos, 2009).
8. Ken Foster, *Thriving in an Uncertain World: Arts Presenting, Change and the New Realities* (Washington, DC: Association of Performing Arts Presenters, 2010).
9. Edgar Schein indicates that organizational assumptions evolve as repeated successful solutions to problems. What was once a questionable hypothesis about how to proceed becomes a reality that is taken for granted. To learn something new, organizations therefore need to overturn the old assumptions. See Edgar Schein, *Organizational Culture and Leadership*, 3rd ed. (San Francisco: Jossey-Bass, 2004).
10. A 2007 special report on innovation in the *Economist* identifies "Freedom from Legacy" as a major advantage for innovation in the developing world. "A Dark Art No More: A Special Report on Innovation," *Economist*, October 11, 2007.
11. *Intentional Innovation: How Getting More Systematic about Innovation Could Improve Philanthropy and Increase Social Impact* (Battle Creek, MI: W. K. Kellogg Foundation, August 2008). Traversing similar territory, the *Economist* report on innovation, cited in the preceding note, was titled "A Dark Art No More."
12. The program was piloted as the New Strategies Lab for orchestras, an outgrowth of the Mellon Foundation's Orchestra Forum.
13. Lessons learned from the Innovation Lab for the Performing Arts to date, together with innovation profiles of participants in Rounds 1–3, can be found at EmcArts.org.
14. From *Fearless Journeys: Innovation in Five American Orchestras* (New York: League of American Orchestras, 2010). The MSO took part in the New Strategies Lab, a precursor to the Innovation Lab for the Performing Arts. Two of the other orchestras featured also took part in the New Strategies Lab, and a fourth in the Irvine Foundation's Arts Innovation Fund.
15. Traditional planning and incubating innovation have in common an interest in preliminary assessment of organizational performance. But we have found that too comprehensive a study, particularly one that assesses against established "best practice" criteria, can have the unintended consequence of inhibiting innovative thinking by reemphasizing business-as-usual metrics.
16. See, for instance, WolfBrown and the James Irvine Foundation, *Cultural Engagement in California's Inland Regions: With Implications for Cultural Service Providers and Funders* (San Francisco, 2008), and Steven J. Tepper and Bill Ivey, eds., *Engaging Art: The Next Great Transformation of America's Cultural Life* (New York: Routledge, 2007).