The Arts, Risk, and Vision:
Meeting the challenges of creating a future we would all like to live in

WILLIAM BYRNES[1]

Abstract

Artists and arts leaders face challenges everyday keeping the vision and mission front and center as they go about the work of connecting to audiences and community. One of the key challenges includes how do we inspire and engage the audiences of today, while creating compelling stories and memorable experiences for our patrons of the future.

Today's keynote speech will attempt to answer this question, among others, by examining the problems artists and performing arts organizations face trying to navigate the evolving cultural preferences and tastes of the public.

First, the presentation will explore a few dire scenarios we should try to avoid. Then it will examine research that may help arts organizations identify strategies to pursue. Next, the presentation will demonstrate an example of how one community of arts organization is trying to meet these challenges head-on. The presentation will conclude with some reflections on how arts leaders and funders, in partnership with local governments, can employ the techniques of adaptive leadership to help craft potential solutions to the challenges ahead.

The goal is to offer solutions to help create a future we would all like to live in. We have the capacity to solve problems collaboratively which will unleash the power of the arts to renew and invigorate the world around us.

A set of PowerPoint slides is aligned to this keynote speech. Please click on http://goo.gl/ZRSrcd to access the slides.

Introduction

Thank you for the introduction and let me begin by personally thanking Professor Benny Lim for inviting me to be part of this conference. I'd also like to thank the MA Culture Management program, the Centre for Cultural Studies, and the Chinese University of Hong Kong for their warm and gracious hospitality. This is my first time in HK and I am still taking it all in. My previous visits to this part of the world have only included a view of HK from the airport. Of course in preparation for my visit I have been doing a lot of online research about HK. There is so much to see and do here that I am a bit overwhelmed.

Overwhelmed or not, I should get to my presentation, so I don't get our conference off to a late start. I hope what I have prepared for today will be of value to you. Let's begin our journey, shall we?

I titled my presentation *The Arts, Risk, and Vision: Meeting the challenges of creating a future we would all like to live in*, because I wanted all of us to keep in mind we are in the business of creating a future through programming that involves risk. As I see it, this risk is informed by a desire to create a lasting impact on our audiences. Without a strong vision driving the work, we diminish the value of the creative process as a form of human expression.

Artists and arts leaders face challenges everyday keeping the vision and mission front and center as they go about the work of connecting to audiences and community. One of the key challenges includes how do we inspire and engage the audiences of today, while creating compelling stories and memorable experiences for our patrons of the future.

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[1] Keynote Speaker – William Byrnes (Professor of Arts Administration, Southern Utah University)

I want to examine the problems artists, arts managers, and performing arts organizations face trying to navigate the evolving cultural preferences and tastes of the public. How do we effectively navigate the changing political, social, technological, and educational environments that buffet us and our organizations?

First, I will explore a few dire scenarios we should try to avoid. Then I will examine research that may help arts organizations identify strategies to short circuit these dire scenarios. Next, I'll share how one arts organization tried to meet some these challenges head-on. I'll close my presentation with some reflections on how arts leaders and funders, in partnership with local governments, can employ the techniques of adaptive leadership to help craft potential solutions to the challenges ahead.

I have tried to find examples of how arts organizations can thrive while creating a future we would all like to live in. We have the capacity to solve problems collaboratively which I believe will unleash the power of the arts to renew and invigorate the world around us.

First, let's start with this quote from Nido Qubein (Nee-dohkoo-bayn).

SLIDE 4: Change brings opportunity[2]

I start with this quote because I thought it succinctly captures the idea that change can be ambiguous. Some opportunities can lead to great things and some opportunities can take us elsewhere. This is where that element of risk comes in again. We face risks if we don't change and we face risks if we do change. Facing that reality, I opt for change, but let's also look at some of the scenarios for the future of the performing arts that we have to consider.

Which takes us to Part 1 – Dire Circumstances – The Curtains Scenario.

I want to start with a quick assessment of three different scenarios designed to frame my approach to Part 1 of my presentation today. I know we can argue about terminology, but humor me as we engage in this low risk activity.

SLIDE 5: Scenario Quiz

Scenario 1: From my perspective, the arts and culture sector seems to be doing an effective job supporting artists in their work, developing and engaging audiences, and positively contributing to the quality of life in our region.

Agree strongly   *Agree*   *Disagree*   *Disagree strongly*

Scenario 2: From my perspective, the arts and culture sector is struggling to sustain itself and supporting artists, is having difficulty developing and engaging audiences, and is only marginally contributing to the quality of life in our region.

Agree strongly   *Agree*   *Disagree*   *Disagree strongly*

Scenario 3: From my perspective, the arts and culture sector is in decline, is only supporting a few select artists, is seeing decreased attendance and membership, and is not seen as a factor in determining the quality of life in our region.

Agree strongly   *Agree*   *Disagree*   *Disagree strongly*

Scenario 4: Create your own scenario …

The scenario that most accurately describes the arts and culture sector depends in large part on where you live, and the degree to which the arts are seen as being an important part of the fabric a society. I certainly hope that scenario 1 would receive many agrees or strongly agrees from those of you who

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[2] Slide 4: Nido Qubein. (n.d.). BrainyQuote.com. Retrieved March 30, 2016, from BrainyQuote.com Web site: http://www.brainyquote.com/quotes/quotes/n/nidoqubein178330.html

have joined us this morning for this important conference on the future of performing arts organizations. However, one should never assume, correct?

SLIDE6: Conference Logo Placeholder

Let's start with pondering some dire scenarios that find their way into conversations about the arts in America. Think of this as the "glass is half empty" part of my presentation.

Maybe you have heard scenarios 2 or 3 come up in conversations. These scenarios describe performing arts and other cultural experience we enjoy today as slowly fading into oblivion. Audiences are aging out of existence and fewer and fewer people have the time and the wealth to make the arts a priority in their lives. The patron and donor base is not be replaced by avid arts fans, and as a result, many organizations operating with limited financial capacity will go broke. While this scenario is extreme, we'd be foolish to not heed the evolving demographic changes and their potential impact on culture organizations and the communities in which they reside.

In 2015, arts manager Michael Kaiser published a book called "Curtains? – [with a question mark] - The Future of the Arts in America." [3] Have any of you read it or heard about it?

This 144-page book makes the argument that systemic change is already having a negative effect on arts and culture organizations, we are just in denial about it. I want to take some time to sketch out a few of Kaiser's main points because I think they have relevance to this gathering about the future of small and medium size performing arts organizations.

In five chapters Kaiser maps out the past expansion of the arts in America, the current state of affairs, a projection of what the arts landscape might look like on 2035, a journey through Michael Porter's Five Forces Model, and a concluding chapter he titles, "An Alternate Universe."

To be fair to Kaiser, he states early in the book that he knows many of his peers, "will disagree vehemently with my projections." (Kaiser, xi) He states he "fear(s) there will not always be the wide range of organized and professional arts venues, producers, and presenters that we currently enjoy." (Kaiser ix) While saying the "arts business model is not broken," he states that "Only a few arts organizations are managed well, with consistent vigor and vision." (Kaiser x)

Content

SLIDE 7:Kaiser Picture Diagram[4]

I have created a little graphic that depicts some of the key points in "Curtains?" In summary - Kaiser notes, "The first years of the 21st century have seen unparalleled threats to the quality, quantity, and diversity of the arts." [Kaiser, 22] Kaiser notes that technology will continue to syphon off a coming generation lacking arts education. Support "will go to the largest organizations, which will have national and international impact through their broadcasts." [Kaiser, 58]

I have listed a few of the trends he sees that will bring about the *Curtains?* scenario. Economic instability, declining arts education, and so forth. He sees a vicious downward spiral where organizations respond to board members and big donors with safe programming. In the short term, this buys some financial stability, but in the long term, programming that is not very interesting to audiences will only further erode attendance. Potential audiences that will continue to migrate to the ever-improving technology and delivery systems. Boom, the party is over, turn out the lights!

He does see the big arts organizations in larger metropolitan areas doing well because they offer big scale shows with world-class talent, targeted for their wealthy audiences. He also sees a, "second kind of performance…consisting of relatively low-budget productions with modest ticket prices, for which artists will be paid poorly if at all." [Kaiser, 64] And he also sees, "dramatic cuts in government fundingin Europe and other parts of the world." [Kaiser, 49] He predicts small arts organizations with

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[3] *Curtains? The Future of the Arts in America*, Michael Kaiser, Brandeis University Press, 2015.
[4] Curtains – graphic created based on multiple chapters

reduced government funding will struggle to keep their doors open because of a weak cultures of philanthropy. [Kaiser, 49]

Kaiser goes into a fair amount of detail in the early chapters in the book chronicling how technology, demographics, weakened government support, and a failing education system are continuing to undermine the role of the arts in America. However, much of what Kaiser offers as proof of the decline is not backed up by evidence. The general approach of the book is a series of normative statements that are anecdotal and not backed up by evidence.

As I was thinking about what I might say to you today, part of me still feels that Kaiser has important points to make about the future of the performing arts in America and around the world. Of course, nobody really knows what the future holds, but we'd be negligent if we didn't explore scenarios that looked at the role the arts might be playing in the world 20 to 30 years from now.

Porter's Five Forces Framework

Let me take a few minutes to review one of the main themes of Kaiser's book: The application of Michael Porter's Five Competitive Forces Model. This slide shows the essence of the idea. I am going to proceed with the assumption many of you have heard of this model and maybe at some point studied it.

SLIDE8: Porter Model Slide[5]

Let's do a quick walk through of the Porter Framework and then we will look at Kaiser's application of the Framework to the arts.

The Competitive Rivalry that drives the interaction of the forces is shown in the center of the diagram. The idea is there are many competing firms in any given marketplace, and these firms offer customers products and services that if they are to succeed, need to build customer loyalty to a given industry.

The forces in play include threats of a new entry at the top, and at the bottom the threat of a substitution that will impact the industry. On the right we have the power of the buyer, which includes the numbers of them and their ability to buy from another competitor in the industry. On the left, we have supplier power, which includes how many suppliers there are, and the uniqueness of their services.

In my opinion, Porter's Framework depicts a somewhat different marketplace than the one inhabited by many arts organizations. That issue aside, Kaiser makes a good effort to provide examples of how buyers can help shape the programming of an arts organization. As we all know, if an arts organization produces popular programming the audiences will respond by purchasing a greater number of tickets. If you build your season around unknown artists or world premieres the buyers will be less likely to buy. Not exactly a news flash, but still, it is a reality we face as arts managers.

SLIDE 9: Kaiser's Version of Porter Model[6]

Now let's look at how Kaiser adapted the Porter framework to the arts. As you see, he used the example of how Broadcasting was the powerful new entry threat that affective the competitive environment for the live performance arts. You likely have seen the graphs that show the big decline in attendance at live arts events as motion pictures, radio, and then television became the entertainment source for millions of people last century.

As Kaiser sees it, evolving technology will create an even greater impact on the live performing arts over the next 20 to 30 years. Of course, you might be saying to yourself, "Well yes, entertainment technology delivery systems have had a big impact on the arts, but we still have a significant numbers of theatre, dance, and opera companies, and symphonies and chamber orchestras surviving and thriving in our communities."

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[5] Mindtools.com, originally published in *Harvard Business Review*, March 1979
[6] *Curtains*, p. 106.

However, Kaiser argues the next two or three decades will involve even more changes that will reduce the number of people attending live events. The organizations that will thrive will adapt and adopt technology to diversify the consumption options for audiences. He see's bigger organizations doing well because they will have the financial resources to capitalize on these changes. Meanwhile, the medium to small organizations will struggle to stay competitive. He sees smaller organizations having to merge in order to survive. He sees "a very different arts ecology in future decades." [Kaiser, 120]. He sees a future in which:

> ….nearly all[arts organizations] will have online access to some type of arts programming, but live-and-in-person access of major productions will be available only to those with the geographic proximity and the wealth to afford what will truly be a luxury good. … And with a less well-educated population, and with many other options for entertainment at home, it is likely that our children will not think of the arts as integral parts of their lives and communities. [Kaiser, 120]

Well that's pretty depressing isn't it? Whew…. Is there any hope? Well, yes, there is.

Fortunately, Kaiser concludes he book with some specific strategies that can be employed to counter the dire scenario he talks about. And for conference attendees, Kaiser's Cycle, as he calls it, I think offers ideas you can explore. I am not here to push the sales of his book, but I certainly see value for an arts manger to explore multiple resources when it comes to building organizational capacity. I also think you should take the time to read the book yourself.

SLIDE10: The Cycle[7]

I have copied Kaiser's Cycle from chapter 5 in the book. In a nutshell, the idea is that in order to build healthy arts organizations, or Families, you need exciting and imaginative art, which needs to be marketed aggressively at the programmatic and institutional level. The success cycle is great art, marketed effectively helps deliver a strong message about quality to potential audiences, and it helps engage volunteers, and inspires donors. In addition, arts organizations need good board members engaged in helping the artists and staffs chart the organization's future.

The Funding element of the diagram includes a mix of ticket sales, admissions and memberships, underpinned by sophisticated fundraising processes that align the organization with funders, and that includes actively seeking grants. That funding happens if of course you have great art, marketed well. He offers this observation that I think also relates to this conference:

> Our arguments [for supporting the arts] have tended to be moral ones: we believe the arts should have a place in our communities, that artists should be supported, and that arts education should be available in all schools, because we believe that the arts are good for us.
>
> [However,]we will attract more support through the excitement and visibility of our work than through what we say. If more people discovered that the arts could play a central part in their lives, then it should be easier to gain political support. [Kaiser, 141]

I echo Kaiser's point about making exciting art. I want to trust that the collective passion, creative drive, and wisdom of artists, arts manager and arts institutions is a force to be reckoned with now and in the future. It may be a force we are actually underestimating.

However, as I did say, I struggled with Kaiser's curtains scenario and lack of specific research to support his many general statements. Therefore, I thought I should at least direct you to a report that looks a survey data about arts participation levels in America.

SLIDE 11: Cover Art[8]

If you go to the National Endowment for the Arts website, and seek out the 2015 report, "A Decade of Arts Engagement: Findings from the Survey of Public Participation in the Arts, 2002-2012," you will get a comprehensive view of this complex issue of audience participation in the arts in America. There

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[7] *Curtains*, p. 125
[8] https://www.arts.gov/publications/decade-arts-engagement-findings-survey-public-participation-arts-2002-2012

are trends about the use of technology covered in this report that do provide some evidence in support of Kaiser's declining audience scenario

SLIDE 12: Conference Logo

Let me shift the direction for a few moments and focus on an issue in Kaiser's book about long term sustainability of small and medium size arts organizations. The never ending process of acquiring enough income from all the revenue sources we have available to us is exhausting. In my mind, the current funding model for the arts in America is problematic.

The arts organizations we assess every semester in my classes are often under considerable stress. They are typically under-staffed and burdened by a workload that far exceeds the available number of hours in a workweek. We find a significant number of arts organizations with budgets under $2 million dollars struggling. In fact, my students and I marvel at how many of these arts organization keep going year after year.

As you probably know, American arts organizations depend heavily on private donations and to a lesser extent support from corporation and foundations. Direct government support at the local, state, and national level is usually under 7% of the revenue.

SLIDE 13: NEA funding the arts[9]

Here's a slide from a National Endowment for the Arts report which gives you a snapshot of the averages of revenue sources for arts organizations in America. As you see, an average of 45% of the funding is classified as contributed income. Total government support is as I said at around 7% and the bulk of the remaining operating revenue comes from ticket sales or admission charges. But rather than talk about these average numbers in the abstract for thousands of organizations, let us look at a real arts organization and how it deals with generating annual operating revenue.

SLIDE 14: Ensemble Theatre's Home page[10]

The Ensemble Theatre Cincinnati, which is a small professional theatre company focused on programming that includes new work and contemporary plays, operates with a budget of around $1.7 million dollars US. Ensemble Theatre's revenue profile looks more like the NEA average with the exception of government and endowment income.

SLIDE15: Budget graph

Arts organizations in America are on what I would call a fundraising treadmill every day trying to reach their revenue goals. Let me take a minute to focus on the Ensemble Theatre to try and make my point that down in the trenches, arts organizations are under a great deal of pressure to produce results just to survive.

The Ensemble Theatre Cincinnati was founded in 1986 and its mission is, "… to produce world and regional premieres of works that often explore compelling social issues." [ETC website] They have 2,200 subscribers and sell about 30,000 tickets per season between September to April. Their vision is to help create, "A thriving urban arts community that is accessible to everyone." [ETC website]

They employ about 86 full and part time people over a nine-month season. Their core administrative staff is 8, and they have a seasonal production staff of 8, plus there are 6 people working part-time in the ticket office. They make their $1.7 million dollar operating budget go a long way and yes, people are working for very modest salaries.

Ensemble Theatre Cincinnati's budget was supported by 56% of their revenue from program services which included ticket sales, and 40% of their budget came from contributions. When I drilled down

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[9] https://www.arts.gov/publications/how-united-states-funds-arts, page 1
[10] http://www.ensemblecincinnati.org

into their finances, I found they spent about 11.6% of their operating budget on fundraising, or $199,117, and they raised $673,558 in 2014.[11]

The theatre's personnel directory lists 2 full time and one half-time staff members working in fundraising. The pressure on these three people to be successful year-after-year must be enormous. Here's some quick math I did about the fundraising. Let me show you a different way of looking at the fundraising pressure on the Ensemble Theatre thorough this table.

SLIDE16: Fundraising Profile – [Review table with audience]

Number of Staff	Funds Raised	Avg. Raised Per Staff
3	$673,588	$224,519
Funds Raised Per Week (52)	$12,953	$4317
Funds Raised Per Hour	$323.00	
Funds Raised Per Work Day	$2,990.00	

How would like to wake up every day and have to face the reality that you need to raise $3,000 to stay on track for your fundraising goal for the year? Do you think you'd feel just a little bit of pressure? Are you probably going to be very focused on what's right in front of today and this week? Long range planning? Who has time for that? Who has time to ponder the future of their organization beyond the current fiscal year?

The point of looking at a real organization is to remind us how modest budget arts organizations, with expansive and ambitious missions, are operating in high-risk environments. I am sure that Ensemble Theatre views fundraising as a team sport, and the artistic director and the managing director are spending time helping to raise money. Regardless of how many people are pitching in with the fundraising, the fact remains, this theatre company, like many small arts organizations in America, is depending on funds <u>raised to balance the current year budget.</u>

SLIDE 17: Ensemble Cincy Homepage

Picking up on the treadmill image I mentioned a few minutes ago, April, May and June is when the treadmill gets turned up to top speed. Many small arts organizations struggle the last three or four months of a FY to raise the funds needed to balance the budget. Most of these organization have very little, if any cash reserves, to cover a short fall. According to the GuideStar website, in 2014 Ensemble Theatre Cincinnatihad 1.5 months of cash reserves. That's right, they could only operate 1.5 months with the cash they had on hand – and this is for an organization that has been operating for 30 years!

If you take the Ensemble Theatre Cincinnati as an example, it is possible to see how Michael Kaiser might arrive at his fairly dire scenario about the future of small and medium sized performing arts organizations.

I have no idea what smaller and medium sized arts organization in HK go through every year trying to balance the budget. My guess is there is never enough money to go around. I hope to learn more from you about the financial realities you face as arts managers over the next two days

SLIDE 18:– Conference Logo

Summary Part 1

OK, let me pull together the threads of part 1 of my talk.

We are aware there are all kinds scenarios that could come to pass when considering the situation of the small and medium size performing arts organization in the marketplace. We explored a scenario related to Michael Kaiser's book "Curtains?" In this scenario, declining arts educational opportunities will result in a substantially reduced potential audiences for the performing arts in the next 20 to 30 years. In addition, the numbers of people gravitating to experiencing the arts via small screens will

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[11] http://www.guidestar.org/profile/31-1220252

continue to increase. Fewer and fewer people will be sitting in a theatre seat watching the show, so to speak.

Bigger arts organizations will capture the remaining audiences to ever more exclusive events that most people in the community will not be able to afford. The erosion of community support will hasten the demise of many small and medium size arts organizations. Mergers may be the only way smaller and medium size arts organizations can survive. Smaller organizations will not have the resources to capture the attention of the public and they will go out of business. And, to top things off, the current donor base will continue to shrink and governments strapped for financial resources will further reduce support or subsidies to all but the biggest arts organizations.

How's that for a depressing summary? I told you I was starting with the glass half empty.

But let me offer another narrative to consider. In this scenario the importance of thriving arts organizations in communities is strengthened by foundation grants designed to leverage growth. Instead of curtains, I have examples of organizations learning how to develop effective practices for building arts audiences and sustainable futures.

SLIDE 19: Part 2 – Organizations Engaged in Audience Development

Now we moved into Part II of my talk – Organizations Engaged in Audience Development

SLIDE 20: Quote–Let's start with another quote by Nido Qubein

Your present circumstances don't determine where you can go; they merely determine where you start.[12]

I thought this quote aptly describes where I want to go with parts 2 and 3 of my talk.

One of my goals today is to leave you with options and tools to employ to build the capacity of your organizations. And though I will not be doing a deep dive into the nuts and bolts of audience development, I think there is real value in showing you a different set of scenarios that seem to me to be more representative of where we are and where we are going in the managing the arts.

In America, the Wallace Foundation, based in NYC, has been supporting arts and culture organizations through grants directed toward applied research designed to build audiences and increase organizational capacity.

The Wallace Foundation's mission is, "to foster improvements in learning and enrichment for disadvantaged children and the vitality of the arts for everyone."[13] The Wallace Foundation total assets are $1.5 billion dollars [US] and in 2014 the foundation awarded over $60 million dollars [US] in grants.

Are any of you already familiar with The Road to Results report published by the foundation last year? [Show of hands?] [Comment as needed]

SLIDE 21: Wallace Slide and Quote from book

The report published in 2015, The Road to Results,[14] focused on nine practices that proved effective for arts organizations intent on building their audiences. In the preface by Will Miller, President of the Wallace Foundation noted:

> Between 2006 and 2012, Wallace funded 54 organizations to develop and test approaches
> for expanding audiences…. Among the 46 organizations with reliable data, the results
> were surprisingly positive. For example, over three years, the 11 organizations seeking to
> boost their overall audiences saw median gains of 27 percent. Results for the 35

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[12] Slide 20: Nido Qubein. (n.d.). BrainyQuote.com.
[13] http://www.wallacefoundation.org/learn-about-wallace/mission-and-vision/Pages/default.aspx
[14] *The Road to Results*, Bob Harlow, published by Research and Consulting LLC., The Wallace Foundation©, 2014

organizations targeting specific audience segments were even higher—60 percent—though it's important to note that in some cases organizations were starting from a small base. [Harlow, vi]

I want to share the nine practices that surfaced as arts organizations made use of their grant funds. I also will share an example from the report showing how one small arts organization made changes that produced positive results.

SLIDE 22: Nine Practices

As you can see from the slide of the infographic published by the Wallace Foundation,[15] there are practices that seem very straightforward. However, the power of these practices lies in strategically and systematically applying them as you go about the process of building audiences. It may seem obvious that a first step in building audiences would include recognizing when change is needed in an organization, but change can be easy to talk about, but not easy to implement.

This next section of my presentation I will be quoting directly from the *Road to Results* report. By the way, this infographic is available as a free download at the Wallace Foundation website.

SLIDE 23: Nine Practices -DETAILED

Here's a quick summary of the Nine Effective Practices [Harlow, ix. to xi]

> 1. Recognizing When Change Is Needed.
> Organizations saw a pattern of audience behavior that presented an opportunity or a challenge for their financial viability, artistic viability, or both. They recognized that change was necessary to seize this opportunity or overcome the challenge. In some cases, the urgency of the challenge or opportunity actually served the initiative by keeping it front and center, capturing and sustaining the attention of the entire organization over the years needed to build a following.
>
> 2. Identifying the Target Audience that Fits.
> Compatibility has two meanings here: First, organizations had reason to believe, based either on research or prior experience, that they could make a meaningful connection with the target audience. Second, leaders agreed that serving the audience reinforced-and did not compromise-the organization's other activities or its mission.
>
> 3. Determining What Kinds of Barriers Need to Be Removed.
> Successful organizations identified the types of barriers impeding the target audience's participation and shaped their strategies accordingly.
>
> 4. Taking Out the Guesswork: Audience Research to Clarify the Approach.
> Organizations often started out knowing very little about the new audience they were targeting and why that audience was not participating. Rather than guess, they went to the source-the target audience itself for the facts. Using audience research, the organizations gained a clearer understanding of their target group's interests, lifestyles, general attitudes toward the arts, cultural involvement, and opinions of their own institution.
>
> 5. Thinking Through the Relationship.
> Some case study organizations went so far as to spell out a vision of the relationship they wanted to cultivate with the new audience, including specific roles for the audience and themselves. By doing so, they gave their audience-building initiatives structure and a sense of purpose. Leaders and staff members understood how they wanted the audience to interact with their organization and developed programs to fulfill that vision.

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6. Providing Multiple Ways In.
Staff expanded the ways people could access their organizations both literally and psychologically. Many organizations provided gateway experiences to acquaint newcomers with their activities. Others generated interest by making connections to things that their target audience already knew or by showing them different sides of their institutions.

7. Aligning the Organization Around the Strategy.
Leaders and staff built clarity, consensus, and internal buy-in around the audience-building initiative's objectives, importance to the organization, and staff roles in implementing it.

8. Building in Learning.
Even with considerable research and planning, organizations could never be sure that a new audience would react favorably to their overtures. There were stops, starts, and some downright failures along the way. To stay on track and develop a working knowledge of what clicked with their audiences, many of them did on-the-ground experiments or used formal evaluations that drove program improvements.

9. Preparing for Success.
Success for organizations involved serving new audiences and assuming new responsibilities. Staff often worked overtime to handle an increased workload. Organizations found that they had to develop new capabilities and refine existing practices to accommodate newcomers, all while continuing to satisfy existing audiences.

The report goes on to say,

> Not every institution that was studied implemented each practice, but generally speaking, the more practices they adopted, the greater the success they achieved. Taken together, these practices promoted audience engagement in two ways. First, they created a shared sense of purpose that kept an audience-engagement program front and center for leaders and staff, thus enabling the initiative to permeate a wide range of an organization's activities.

> Second, the practices helped an arts institution make meaningful connections with its target audience. Staff members developed programs that reflected both the audience's inclinations and the organization's mission and strengths. As a result, they not only engaged the audience, but also fulfilled important objectives for their organization, establishing a cycle that reinforced itself and gave the initiative momentum.[Harlow, xi]

SLIDE 24: Cover Art of Road to Results

I think the Nine Effective Practices can be applied to our own organizations, right now, today. The true value of a schematic like this is it helps arts managers and the staff, arts leaders, and board members step back for a few moments at look at a bigger picture. We become so immersed in the day-to-day operations we often overlook ways to align and leverage what we already are doing.

SLIDE 25: Homepage SFGC

Let me share an example of how several of these nine practices were actually employed by focusing on one of the smaller arts organizations - the San Francisco Girls Chorus, which was participating in the Wallace Foundation Grant. The SF Girls Chorus has an operating budget of around $1.6 million and $4.2 million dollars in assets. The Chorus was founded in 1978, consists of 45 girls 12 to 18 who present a four-concert season as well as a holiday concert, guest appearances, and international tours. Their local concerts attract around 4,800 audience members a year.

The ensemble is financially supported by a Chorus School which has a training program comprised of 350 singers ages 5 to 12.

Let me quote from the Wallace Foundation report on how the Girls Chorus went about increasing attendance at their concerts.

> The San Francisco Girls Chorus (SFGC) wanted to expand its concert audience, which largely consisted of chorus members' friends and family. Its target was "classical music patrons," a group defined by its regular attendance at classical music performances such as symphony or chamber music concerts. Classical music patrons had a demographic profile similar to SFGC's current audience members, but they weren't inclined to attend its concerts in large numbers. To attract them—and therefore diversify its audience—SFGC sought to change the perception of both girls' choral music and the artistic level of the organization itself. [Harlow, 22]

SLIDE 26: Grid of Organizations[16]

This grid up on the screen is the report, and it shows 10 organizations. This sample list gives you an idea of the variety and scale of the organizations reported on in the study. For example, according to GuideStar, Seattle Opera had an operating budget of $28 million [US] in 2014, the Gardner Museum had a $20 million dollar in operating budget.

As you see in this grid from the book, the SF Girls Chorus focused on an Audience Building Goal under Diversify on the left, with the Target Factor of Perception in the center, and the measure of Success on the right which was to Diversify their audiences.

So what did the Girls Chorus do? They started by recognizing the need for change and then identifying a target audience. They then assessed where they stood relative to practice 3 – What barriers needed to be removed? In this situation they conducted three focus groups of classical music patrons and gathered valuable feedback. For example, patrons told them, "the phrase Girls Chorus conjured up images of a glee club singing Disney tunes in a church basement." [Harlow, 31] Some of the staff suspected this was a perception that existed, but they were in denial about it until the focus groups confirmed it.

The focus group research turned up evidence the Girls Chorus website wasn't helping matters. Many of the photos that were used on the website reinforced the message that the organization was made up of a group of girls on what looked like a school trip. The staff then went about replacing many of the photos on the website.[Harlow, 34]

The management team also adjusted the content of the marketing materials, as well as moving many of the concerts from churches to venues more often associated with classical music concerts in the San Francisco area.

SLIDE 27: Positioning Statement by SFGC

I included the Girls Chorus revised marketing positioning statements from a follow up book by Harlow and the Wallace Foundation entitled, *Taking Out the Guesswork: A Guide to Using Research to Build Arts Audiences.*[17] This source provides evidence supporting changes in their marketing approach. I realize you can't read this text, so let me share three of the positioning statements. [18]

- The SF Girls Chorus is an innovator in the creation and performance of new music to showcase the young female voices.
- The SF Girls Chorus delights music lovers with fresh interpretations of musical master works.

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[16] *The Road to Results*, p. 31.
[17] *Taking Out the Guesswork: A Guide to Using Research to Build Arts Audiences*, Bob Harlow, published by Research and Consulting LLC, The Wallace Foundation ©, 2015.
[18] http://www.wallacefoundation.org/knowledge-center/audience-development-for-the-arts/strategies-for-expanding-audiences/Pages/Taking-Out-the-Guesswork.aspx

And…

- The SF Girls Chorus provides classical music lovers with a deep and rich exploration of the classical vocal repertoire. [Harlow, 55]

Based on the feedback from the focus groups the marketing team set a goal to give the Girls Chorus a more professional musician appearance, and better align the Chorus with the expectations of classical music audiences.

The results were they had a one-year increase of classical music patrons from 18% to 28%. Of course in order to track these changes the Girls Chorus staff had created several survey and tracking mechanisms to measure how well the new approaches worked.

SLIDE 28: Conference Logo

What's the take-away from *The Road to Results* and the SF Girls Chorus and the connection to this gathering? It seems to me it's important for ALL arts organizations to be constantly assessing what barriers may exist between your organization and your current and potential audiences. I think Part 2 of my talk does point to ways arts organizations can develop strategies to meet the "Curtains" scenario head on.

It also seems useful to ask yourself what barriers might exist between your organization and your current and potential donor community.

Lastly, it seems useful to explore barriers that might exist between your organization and other arts organizations.

We all get so busy dealing with the day-to-day pressures of keeping our organizations running, that we lose sight of how we could be more systematic and strategic about engaging and expanding our audiences.

As far as I am concerned, the Nine Practices infographic should be regularly used at your planning, marketing, fundraising, and board meetings. If a smaller arts organization is going to compete and thrive, about the last thing you want to be is satisfied with the status quo.

Of course this is easy for me to say. The problem is, do we have the arts leaders and managers and systems in place to support the potential change needed inside and among organizations to meet the challenges we face? And that brings me to part 3 of my talk.

SLIDE 29: PART 3 - Adopting Adaptive Leadership?

Since I taught an arts leadership and organizational management class this semester, the topic of leading organizational change is fresh in my mind. I did an inventory of the leadership theories and models we studied in my class, and thought some styles and leading and managing might work well in meeting the challenges we face running arts organizations.

As I thought about these theories and practices, one approach seemed to me to be of value in the context of this conference –rethinking the future of small performing arts organizations. I'll conclude my presentation by focusing on the topic of Adaptive Leadership.

SLIDE 30: Book cover – Adaptive Leadership

What is Adaptive Leadership? Ronald Heifetz and his associates define it as, "The practice of mobilizing people to tackle tough challenges and thrive." (Heifetz,14) Most of my comments about Adaptive Leadership are based on the 2009 book "The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World." [19]

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[19] *The Practice of Adaptive Leadership*, Ronald Heifetz, Alexander Grashow, and Marty Linsky, Harvard Business School Publishing, Cambridge Leadership Associates ©, 2009.

I thought since many of us are here today because aspire to be part of a change process, why not go big and talk about changing the world too? I wonder, has anyone heard this term *Adaptive Leadership* before? Are you familiar with this book?

I offer my observations about AL with an eye toward contemplating what the impact might be on the arts ecology of HK. It might be good if there was some agreement among the arts organization about a leadership approach that could be broadly applied to help craft a strategic direction for small and medium sized arts organizations. Applying this leadership approach might have some real value in thinking about the future of arts organizations in HK.

First, let's do a little quiz to see what our readiness levels are when it comes to engaging in AL.

SLIDE 31: Quiz Time[20]

1. I often push myself to move away from the status quo or business as usual.

   Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

2. I regularly take stock of all my responsibilities, discerning which activities are critical and which are expendable, letting go those that no longer support a core function.

   Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

3. I understand the difference between management and leadership and I value both skill sets in the workplace.

   Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

4. I am not afraid to raise unpopular positions in my workplace.

   Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

5. I occasionally pull myself away from the everyday tasks and routines to gain perspective on what is really going on and what direction we are taking.

   Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

6. I identify and act to close the gap that exists between the way I am living my life now and what I want to be doing.

Strongly Agree   *Agree*   *Disagree*   *Strongly Disagree*

If you found yourself selecting "Strongly Agree" or "Agree" to most of these statements, then you may be ready to take the Adaptive Leadership Model for a test drive. We all have different temperaments and dispositions when it comes to change, and we know what kinds of situations we thrive in and which situations test our comfort zones. Therefore, AL may not be for everyone. I would suspect that any organization thinking of using the Adaptive Leadership Model is going to need a leader and a leadership team that "strongly agreed" with most, if not all, of these statements.

Let me offer a few examples of the conceptual framework and a model of AL and how it might be applied. The model I'll show gives us quick access to a visualization of how one might apply AL to a specific environment such as the ecosystem created by arts organizations.

Because my time is limited today I will be looking at the whole AL system from a pretty high altitude.

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[20] http://cambridge-leadership.com/how-adaptable-are-you

SLIDE 32: Overall Model of Adaptive Leadership

This slide is a simplified overview of AL as a process as depicted in Northouses' book, *Leadership*. [21] The starting point, as you see on the left side of this slide, involves assessing and diagnosing what situational challenges need to be addressed. Heifetz talks about Technical challenges, Adaptive challenges or situations in which there is a combination of Technical and Adaptive Challenges. Let's look at what elements constitute these three challenges. On the right side of the slide you will see the six-step leadership process that is central to adaptive leadership.

SLIDE 33: More DETAILED view of model – Situational Challenge

Technical challenges tend to cluster around problems in the community or workplace that are clearly defined and that have known solutions. For example, the software used to keep track of patrons or donors doesn't collect and format data needed to assess how a given program is achieving the goals you set. One action you could take might involve putting a team of experts together to work on changing the software coding in order to make sure the kind reports you need can be generated quickly. [Heifetz, 19]

Adaptive Challenges tend to be problems that are not clear cut or even easy to identify. Heifetz notes Adaptive Challenges usually require addressing "people's priorities, beliefs, habits and loyalties." (Heifetz, 19) Adaptive Challenges are difficult because their solutions require people to change their behavior. (Heifetz, 65) The work of grappling with Adaptive Challenges means you have to figure out "what to conserve from past practices, figure out what to discard from past practices, and invent new ways to build from the best of the past." (Heifetz, 69)

For example, in 2010 when the Cincinnati Ohio Fine Arts Fund (known as ArtsWave) [22], which had been in the business of making arts grants for more than 40 years, was contemplating a whole new set of criteria for allocating funds, the anxiety level of the arts community shot way up. The prospect of change, any kind of change, created a great deal of concern.

The organizations that made up the arts ecology of Cincinnati had their own values, opinions, and emotional investment in how they viewed their successes and shortcomings. A human dimension of an Adaptive Challenge is often centered on uncertainty. For example, would these changes in the funding process affect how people are doing their jobs?

Concerns were raised about the risk of losing grant support if an organization no longer met the new funding criteria. In this situation, the Fine Arts Fund was moving away from project grants to a funding model in which an organization's community impact was going be a big factor in making grants. What did this term "impact" really mean, and what would be the financial impact on arts organizations accustomed to regularly receiving grant support from the Fine Arts Fund? As you can see, adaptive challenges often bring emotions to the surface.

Let's take a look at the third Situation Challenge shown in the slide. This third challenge is one that combines both Technical and Adaptive Challenges.

Heifetz notes that most problems come with Technical and Adaptive challenges intertwined. For example, the changes in funding criteria by the Cincinnati Fine Arts Fund included both technical and adaptive challenges. I just mentioned some of the adaptive and the emotional reactions that were produced. A few of technical challenges included rewriting the grant guidelines, creating new forms to fill out, revamping the website and redesigning its functionality, and then there would need to be training for grant evaluators on how to use the new criteria as they are assessing applications.

As I think you see, working through the process of Adaptive Leadership requires a good sense of the Big Picture and clarity about the outcomes being sought.

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[21] *Leadership – Theory and Practice*, 7th edition, Peter G. Northouse, Sage, Los Angeles, CA, 2016, p. 261.
[22] http://www.theartswave.org/impact/impact

SLIDE 34: Technical and Adaptive Challenge

Now let's look at how we might go about tackling change that includes both technical and adaptive challenges. On your left you see what requirements typically need be addressed by the leadership team. You are going to be acting politically which simply means you will be working with a large number of stakeholders who have a wide range of opinions and views. Your job is about orchestrating the expected conflicts, and you'll be working to build a sustained culture of adaptive behavior.

This slide of the simplified model shows a series of six leadership actions that need to be taken in working through an Adaptive and Technical Challenge. I'd like to briefly review them with you.

An important action for anyone involved it dealing with complex challenges is to step back and look at the big picture. Heifetz uses the metaphor of the leader and leadership team finding perspective by "getting on the balcony." I have often done this myself when working on a stage production. I am sure some of you have done this too. I literally go up to the balcony or I move all the way to the back of the orchestra level seating and look at what's going on onstage. This getting on the balcony also plays into our strengths as human beings when it comes to pattern recognition. From a management perspective, it is important to get the leadership team together with the goal of taking a balcony view. This step can help spot trouble areas and area of possible agreement as the change process moves ahead.

The next step, step 2 helps you Identify the Adaptive Challenge. Typically, there are layers to Adaptive Challenges. Heifetz suggests there are four layers, or as he calls them "archetypes," that are part of this process.

The first archetype can revolve around gaps between espoused values and behavior. For example, an arts organization professes to be very patron or donor friendly, and there is much talk about how the organization goes out of its way to put the patrons first. Meanwhile, the organization may have strict ticket exchange and refund policies that punish the patron if they need to make any changes in their original ticket order. Or, another example might be organizations that say they value employee input and suggestions, but then managers in the organizations make no real effort to follow through on good ideas that they are given by staff.

The second archetype is competing commitments. An example of an internal organization competing commitments might be reflected in the financial support for an organization's core programming in comparison with its support for its community educational programs. The arts organization wants to fully support both programs, but it doesn't have the financial resources to do so. As a result, the education programs are likely to be starved for funds.

Using the example of the Cincinnati Fine Arts Fund we can see how competing commitments can come to life. The FAF has over 150 organizations competing for grant support. Funding decisions typically allocated the bulk of the funds to the same core organizations year after year. In Cincinnati, these organizations are called the "Anchor Arts Organizations" and big surprise, there are eight of them. Yes – We have the Big 8 arts organizations in my community. Meanwhile, smaller arts organizations that may have imaginative programming ideas, can't get enough funding to bring those ideas to life.

The third archetype is called "Speaking the Unspeakable." Heifetz describes a scenario I have seen in every organization I have ever worked for. It goes something like this:

> Whenever members of an organization come together and have a conversation, there are actually two types of conversations going on. One is manifested in what people are saying publicly. The other is unfolding in each person's head. Only a small portion of the most important content of these conversations [such as radical ideas, or naming the difficult issues], ever gets surfaced publicly. Most of the time, the public discourse consists primarily of polite banter or debate that falls short of naming, let along resolving conflict. [Heifetz, 82]

This archetype might also fall under the category of not talking about the "Elephant in the Room." I think it is safe to say we have all had those meetings where no one wanted to talk about the "big problem."To use a medical metaphor, instead we focused on symptoms rather than the disease. The end result is we are still stuck with the big problem.

The last archetype is identified as Work Avoidance. What commonly happens in adaptive challenge situations is that people resist the potential pain of change. Passive-aggressive behavior can surface at the staff or executive level. Publicly the Adaptive Change is supported, but behind the scenes the organization collectively drags its feet when it comes to actually doing any of the real work required to implement the change.

To recap, in step 2 which is Identify the Adaptive Challenge, you typically can have one or all four Archetypes of Adaptive Challenges in play: Gaps in espoused values and behavior, competing commitments, not talking about the real problem, and actively working to avoid change.

The third step of leader behavior involves Regulating Distress. TheAL model takes into account that change can be messy and stressful. The process calls for creating a "safe space" where people working within the organization can vent their frustration, propose new ideas, work through their conflicts, and feel supported by the leadership team. Some folks may freak out about the changes they see coming and they may need help gaining perspective about the changes and their role in the future as a staff member.

The fourth step in the leader behavior is that of maintaining disciplined attention. The shift the Cincinnati Fine Arts Fund made in its funding criteria required numerous meeting and forums with the arts organizations to explain what was going on. The changes required repeating the same story over and over again to different stakeholders. Keeping focused on the end you have in mind can help people stay with you through the change process.

Step 5 – Give the work back to the people –This step involves the leadership team being willing to step back and let the people who are going to be part of making the adaptive and technical changes work actually get to work. Being overly directive or prescriptive or micromanaging can get in the way of staff and organizations taking on responsibility for their part in the adaptive change.

The last step, #6, is to make sure to "Protect leadership voices from below." The leader and leadership team must create support mechanisms and processes that allow ideas people have during the change process to be heard. The same applies at the macro organizational level. For example, the Fine Arts Fund needed to listen to the feedback from the people working inside big organizations like the symphony, and from the dozens of smaller arts organizations that had good ideas for adaptive change within their own organizations.

Adaptive leadership tries to take into account how people actually work. However, Adaptive Leadership has its shortcomings too. For one, it can quickly become complex when it comes to managing all these working relationships inherent in these six steps. There can also be problems with how stakeholders may assess the true nature of technical and adaptive challenges. I can see problems for example, if you aren't really disposed to leading and managing with change as your number one mandate. If steady as she goes is your mantra, then all this talk of adaptive challenges can become background noise.

Summarizing Adaptive Leadership

Let me summarize the Adaptive Leadership Model. "Adaptive Leadership centers on the adaption required of people and organizations to changing environments and how leaders support them during these changes." [Northouse, 274] The process requires stepping back from the challenging situations to gain a fuller understanding of the elements in play. The next step includes identifying the degree to which the challenging situation is a result of Technical Challenge or an Adaptive Challenge or both.

There is a six step process for working though the challenges, but the order of these six steps may vary depending on the situational challenges. The steps were:

1. Get up on the Balcony and assess and diagnosis what appears to be going on
2. Identify what the Adaptive Challenge really is and what form and shape is it taking
3. Actively regulate the distress caused by the changes by listening and addressing questions people have
4. Maintain disciplined focus on the technical and adaptive changes that need to be made

5. Give work back to the people and ensure organizations are doing the change work they need to do inside their organizations
6. Protect leadership voices from below – there are a lot of smart people in our organizations and we should help them lead from within

Back to the Core Idea of Using AL

Circling back to my original premise, could employing the Framework for Adaptive Leadership help work through the conundrums inherent in how small and medium size performing arts organizations can thrive in the HK arts ecology in the future?

SLIDE 35: Potential Outcome of AL – A Summary View

Thinking about the future of small and medium size performing arts organizations in HK, seems to me to be all about tackling the technical and adaptive changes needed ensure positive outcomes. Do we even fully appreciate how complicated this whole arts ecology really is?

I have simplified the process in this slide to depict the adaptive challenge of creating a collaborative and politically acceptable funding system. There would also be numerous technical challenges to overcome such as creating transparent funding systems and sub-systems.

I don't know if the model I shared with you for Adaptive Leadership would work and would help produce a thriving arts ecology. But is it not worth some consideration? Trying to create a future we all want to live in is going to take hard work and some heavy lifting. Let me share a quote for the book to give you some perspective on just how challenging it is to change complex operating systems and organizations.

Early in his book, Heifetz offers and important observation on change and organizations. Under the heading of "The illusion of the broken system" he says:

> There is a myth that drives many change initiatives into the ground: that the organization or system needs to change because it is broken. The reality is that any social system (including an organization or a country or a family) is the way it is because the people in that system (at least those individuals and factions with the most leverage) want it that way. In that sense, the system is working fine, even though it may appear to be "dysfunctional" in some respects to some members and outside observers, …. One of Heifetz's colleagues says, "There is no such thing as a dysfunctional organization, because every organization is perfectly aligned to achieve the results it currently gets."

> Heifetz then concludes with, "No one who tries to name or address the dysfunction in an organization or system will be popular. Enough important people like the situation exactly as it is, …, or it would not be the way it is."[Heifetz, 17]

I don't offer this quote to be confrontational, but rather to stimulate our reflection over the next two days. To some, the systems currently in place to support the arts in HK may be working just fine and the system is not seen as being broken.

Therefore, we have to ask ourselves, what problems are we trying to resolve and solve, and what changes do we really feel need to be made?

A change process often starts by asking big questions. At first the questions may not be well focused, but over time, the questions can be more focused and constructive. Adaptive leadership is built upon the idea that good diagnostic questions can propel the process along.

Conclusion

That concludes our journey through adaptive leadership.

In summary, today I have looked at three different, but I hope interesting themes.

Slide 36: Summary Point 1

First, I looked at Michael Kaiser's "curtains" scenario which predicts small and medium size arts organizations will face a future where they will be pushed to the side and will be seen as lacking relevancy in people's lives. Technology will continue to dramatically alter the way people consume information and entertainment. But dire predictions about the demise of multiple small and medium size arts organizations seems an extreme scenario and one that is far from predictable. However, the urge to merge and finding ways to collaborate to increase efficiencies while also channeling more resources to developing quality artistic programming seems a wise path to consider. We are creative, are we not? Why not face the dire scenarios and rewrite them?

Slide 37: Summary Point 2

Second, I tried to counter this gloomy end of arts organizations as we know them scenario with examples of how the Wallace Foundation, among others, is making grants that help all kinds of arts organizations expand their audiences and counter the trend of marginalization. I shared the nine effective practices for building audiences for the arts which can be adopted by any arts organization – large or small. I also shared the example of the SF Girls Chorus increasing their audience through research and by adopting changes that didn't alter their core mission. The SF Girls Chorus put the 9 practices into practice and it paid off with bringing new audiences to their concerts. Is there any reason not to put the 9 practices into practice?

Slide 38: Summary Point 3

And third, I have posed the idea that if a community of arts organizations want to work together to bring about big changes, they might consider using the Adaptive Leadership Model as a tool to help them work through the multiple level of personal, organizational, and technical change needed to bring about a successful transformation process. Adaptive leadership offers a way for organizations, policy makers, artists and arts managers working together to help create the kind of future we all want to live in.

I have talked about these topics in the hope they will help inform, or at the very least, stimulate our thinking over the next two days as we ponder the future of small and medium size performing arts organization in Hong Kong.

Slide 39: All 3 Summary Points

Therefore, in summary - It is not curtains – get out there and practice the 9 practices – and let's get on the balcony and thrive through using adaptive leadership to change our organizations.

As I close, I remind you of the title of my talk: *The Arts, Risk, and Vision: Meeting the challenges of creating a future we would all like to live in.* If we are willing to use our creative talents, take the risks driven by a vision to make the arts central to people's lives, I believe we will create a future we will all want to live in.

Slide 40: Quote

And lastly, let me close with this quote again:

Your present circumstances don't determine where you can go; they merely determine where to start.

SLIDE 41- Thank you for your attention and have a great conference.