

MANAGEMENT

## Finding a New Tune: How Arts Organizations Balance Creativity and Operations

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*Editors' note: An NPQ editor discovered this paper, which for a couple of years had circulated informally in her world. She brought it to our attention, and now we bring it to yours. While this piece discusses arts organizations, plenty of other institutions can benefit from its wisdom. It asks how we can do our work differently, and that's why it was right up NPQ's alley.*

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For some time, we've sung the "How do we stabilize the arts community?" blues. For at least 20 years now, we've been rewriting that song's lyrics. But now, maybe it's time to change the music.

In 1990, I became an arts administrator, and in 1992, I became the associate director of ARTS Inc., Los Angeles's only service provider that focused on small and medium-size organizations in all artistic disciplines. During that time, I cut my consulting teeth on the National Endowment for the Arts Challenge and Advancement program as an organizational assessor and, later, as a consultant.

After moving up the ranks to executive director and then leaving the organization in 1997, I launched my own consulting practice to work with arts organizations with operating budgets of less than \$1 million. Working in this part of the arts community often feels like living on the wrong side of the consulting tracks. Most of my colleagues—who have gone on to work with high-profile clients: funders, institutions, policy makers, and even for-profit corporations—now find little in common with me.

Despite intolerably scarce resources (especially for organizational consultants), I stay in this artistic neighborhood because artists maintain a close relationship with the artistic product. They are not afraid of creative challenges;?? there's no shortage of energy, commitment, and leadership;?? their ability to problem-solve is humbling;?? and my services and skills are desperately needed. As a consultant, I am a part and an observer of this community;?? which continues to produce work and remains relatively consistent despite political and social upheaval, public and private philanthropic cutbacks, artistic red alerts, and corporate change. This community is fearless, resilient, and inspirational almost daily.

Still, these groups struggle with a conundrum that often saps their creativity: if they are mired in operational problems created by traditional mandates to build infrastructure and engage in strategic planning for the future, how can they maintain the spontaneity that fuels their craft?

### Early Lessons Learned

During the early 1990s, ARTS Inc.'s issues of concern were the decrease in trained arts administrators entering the field, a lack of strong and stable earned-income streams, long-term organizational stabilization, board development, and leadership. We created programs to address some of these issues. One effort, the Multicultural Arts Management Internship Program, continues today in southern California under the auspices of the Getty Foundation and, in a broader sense, the Los Angeles County Arts Commission. This program was designed to address the present and potential future lack of trained arts managers. Another program, the Arts Leadership Initiative (ALI), trained business professionals in the business of the arts and matched graduates with organizations whose programs aligned with their interests. ALI also provided guidance on board development and leadership.

We developed two additional programs—the Entrepreneurial Skill Building Initiative and the Arts Loan Fund—to help organizations understand and manage cash flow and to increase their awareness of the need for consistent streams of unrestricted cash in the form of earned income. In addition we created workshops and offered individual consultations that preached the need for strategic plans, shared leadership, and cash reserves. Nearly a decade ago, ARTS Inc. closed its doors, and these programs disappeared along with it, though other service providers continue to offer similar programs.

But the focus on traditional organizational development has come at a cost. These artistically focused groups, faced with the task of creating business structures, are drained of essential creativity. In the course of my consulting work, I learned some key lessons on how these small arts organizations—mired in infrastructure and strategic planning concerns—can get back to the business of creative expression.

#### Everything Old Is New—Still

About three years ago, after reading several studies on the most recent state of the arts and sitting through myriad roundtable discussions and meetings, I realized something. While the external environment was continually shifting and presenting new challenges, the internal environment—the form, function, and organizational structure—hadn't developed at all. The same problems that plagued the community during the early 1990s continued to plague it more than 10 years later. And yet designated leaders, including funders, experts (myself included), and service providers, continued to offer the same menu of organizational solutions: skill-building workshops and initiatives, collaborative training programs, and capacity-building grants. Old programs and methodologies were still pulled from the shelves, often renamed, and re-presented to the arts community in the hope that something new would emerge.

Particularly for groups with operating budgets of less than \$1 million, the challenges remain exactly the same: a lack of staff, inconsistent and inadequate contributed revenue, weak earned-income streams that result from spotty marketing and poorly articulated artistic visions, disengaged—or, worse—overly empowered boards of directors, and muddled missions. And these organizations know it. They are painfully aware of their inadequacies, real and perceived, and continually look to experts and designated leaders for ways to compensate for these weaknesses.

Experts and designated leaders share these concerns. We instruct groups to develop long-range strategic plans;?? hire professional staff members to write grants, budget, and make marketing plans;?? and find permanent facilities in the hope of making arts groups stable. These traditional solutions imply that the more airtight the infrastructure, the more stable the organization (i.e., the bigger the better). An organization with a large budget is better than an organization with a midsize one.

So we talk and we fret and we offer solutions that don't stabilize—at best, they force growth, and for what purpose? Certainly not to bring an artist closer to his art. Infrastructure (that is, staff, management, and administrative expertise;?? equipment, computer hardware and software;?? facilities;?? and board) may in the long term ensure an organization's existence. But in the present—the now of an organization—it is a beast to be reckoned with and supported financially.

By its nature, infrastructure is a barrier that splits the focus of an artistic group and demands attention. At its most positive, it protects the artistic product over the long term and ensures continuation. But to achieve long-term stability, the present must also be considered and planned. This planning often leads to self-conscious creative behavior, which can divide the artist from his art and the art from its community. Without equally considering the potential loss of spontaneity and engagement, recommending the development of infrastructure as the source of long-term security seems irresponsible.

And why are we so concerned about longevity anyway? Why can't we allow for artistic ebb and flow? Our artistic landscapes are so overcrowded with groups that no longer delight in themselves or captivate their audiences, and the result is that new artists and artistic impulses are shut out. Because there is not enough room, not enough money.

#### Today's Sing-Along

When I came up against some of these obstacles in my own work, I had a revelation: If the methodologies that I had trusted for 15-plus years were not effective, what did I have to offer arts organizations? Without a set of clear and concise solutions to the challenges plaguing arts groups, how could I continue to present myself as an expert who could point the way to a happy and secure future? My work was based entirely on my ability to make recommendations for the development of strategic plans, shared leadership, boards of directors, audiences, staff members, earned-income streams, cash flow reports, multiyear budgeting, cash reserves, and volunteers. The dizzying array of possible solutions now seemed entirely inadequate.

Without conventional methodologies and wisdom, I was a deer in headlights. But I soon discovered that when you stand still—even if you're frozen—you see things. Here's what I learned.

#### Audience Understanding

Any arts group that wants to develop its audience and funder base understands the importance of knowing whom you're talking to. It occurred to me that arts leaders could learn from this principle as well. Historically, all arts organizations—individual artists, artistic collectives, arts organizations, and institutions—have been called an "arts community," which signifies a single entity. And there has been a single conversation about this entity among arts leaders, even though we all know that an artist collective has nothing in common with a multimillion-dollar theater institution or that a neighborhood arts center cannot relate to the issues that are critical to a philharmonic. And yet, out of convenience, lack of funds, or lack of language, a regional conglomeration of artist groups is still referred to as a single arts community.

In Los Angeles, we bemoan the lack of a cohesive arts community. Here the number of artists and arts

groups is immense and often separated not only by budget size and artistic intent but also by gridlock. Even so, the larger arts landscape features various smaller arts clusters organically united by need, vision, and respect. These community clusters are vibrant and collaborative and undeterred by freeways or traffic. And if we were to examine these clusters closely, we might discover that, rather than lamenting the absence of a single, cohesive community, we should celebrate the existence of many. Perhaps now is the time for the community to inform leadership and shape the dialogue. And perhaps there is no single conversation, but instead three or four.

#### A New Chorus

So how should we view this vast "community" and reidentify community groupings to help focus conversations and perhaps provide new perspectives and new solutions?

**Organized collectives.** These arts groups typically have budgets of less than \$150,000. And when smaller organizations reach a \$150,000 budget, this is the point at which these organizations consider hiring their first paid staff members. Hiring paid staff often signals the beginning of the development of infrastructure. A group of artists without a measurable infrastructure has a specific relationship to the artistic vision, process, and product, and it functions in a specific, nonlinear manner. By contrast, an organized collective ebbs and flows—activity and energy peak when there is an artistic impulse, and they wane when the impulse is not present. It is lean and agile and responds only to artistic mandates.

**Arts corporations.** An arts corporation has infrastructure. This infrastructure requires that an organization is always active, even in the absence of an artistic impulse. A music group that presents two concerts a year—one in the spring and one in the fall, for example—must still operate during the winter and summer months because its infrastructure requires it. Staff must continue to write general-operating grants, organize direct-mail campaigns, convene the board of directors, and engage in other activities to support the organization. Arts corporations exist at various budget sizes and competency levels. They have varying degrees of infrastructure but deal with similar issues in balancing infrastructure and artistic product, organizational equilibrium, and sustainability.

**Institutions.** Any arts organization that has an endowment (that is at least equal to its annual operating budget) is an institution. Budget size is irrelevant. A theater organization with a \$300,000 annual budget and a \$300,000 endowment is as much an institution as the largest budget organization in the world (which organization is that, by the way?).

#### Nontraditional Models to Fuel Creativity

I also offer up the notion that there is no natural growth progression from organized collective to arts corporation to institution. Each is complete unto itself.

An organized collective is not a group that has not yet succeeded in becoming an arts organization. An organized collective must understand this. Likewise, funders and designated leaders should abolish any belief that an organized collective is fledgling or incomplete because it lacks infrastructure and endowment. Further, funders, leaders, and experts should not encourage or advise an organized collective to engage in activities that are irrelevant to its primary function: to create art. They should not require, for example, that organized collectives create strategic plans. An organized collective is strongest when it focuses on the present, not the future. In fact if in the future an artistic impulse fades away, an organized collective will naturally dissipate. This is not a failure, but an appropriate response.

An organized collective offers countless benefits. There are internal benefits, such as agility, total union between artist and vision, and an intense focus on artistic process. And these same benefits directly affect the community. The role of leaders, funders, and experts is to identify what supports the organized collective and create programs, funding, and methodologies to support that.

An arts corporation struggles to balance its desire to maintain artistic integrity, the mandates of the marketplace, and the unwavering demands of infrastructure. They wrestle with the daily realities of leadership, workload, and finances. Many of these daily realities are directly related to the group's desire to support the current infrastructure and to build even more.

Often traditional process-oriented consulting methods, such as planning, are useful for arts corporations because the process encourages leadership, communication, and a commitment to shared goals. But arts corporations' primary challenge is to keep infrastructure small enough so it supports the product without overwhelming it. The role of leaders, funders, and experts is to assist arts corporations in keeping the infrastructure balanced—which often means small. This requires a shift in the traditional thinking that bigger is better. An arts corporation is truly stable only when its infrastructure is small enough.

#### Striking the Balance

Institutions are also challenged to find and maintain the connection to and relationship between the artistic vision, the audience, and the infrastructure. In the face of inherent tension between art and the marketplace, finding organizational equilibrium is a tricky business. It takes a clear vision and good management. The equilibrium is further complicated by the community's almost certain sense of entitlement, particularly among subscribers and/or donors. Properly defining the notion of "access" is critical, and reinvesting in the community that stabilized you should be a daily activity. Institutions should have strategic plans, and they should communicate these strategic plans to the community.

This notion requires that we think differently about leadership and expertise. Just because an employee works for an institution does not mean he is an "arts leader." Somewhere along the line, institutional leaders have been automatically designated as community leaders, but this designation should stop. There is no correlation between a person who works at an institution and leadership; nor does it naturally follow that institutional employees are any better at their jobs or somehow more enlightened than someone who works

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for an arts corporation or is a member of an organized collective. In addition, artistic directors of institutions are no more visionary or gifted than their colleagues in organized collectives and arts corporations. By embracing this notion, we open the possibilities for the identification of relevant leadership and broaden its definition.

If we re-imagine the ways art is created, identified, and supported in our communities, we can find enduring solutions that truly support arts groups. Even for a moment, if we are willing to set aside traditional thinking, we may find that the elusive answers we've sought already exist and a close examination of the organized collectives, arts corporations, and institutions as individual groupings may reveal them. While these changes may challenge our traditional understanding and sound like a new song with new lyrics and harmonies, the net gain for communities and for the craft may be worth the unsettling change.

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