

Fresh thinking about management structures in the arts is shaping business practice. **Clare Cooper** and **Roanne Dods** explain how the Mission, Models, Money programme is supporting arts organisations attempting to change.

The state we're in



Clare Cooper and Roanne Dods
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“Governed by an 18th Century board structure borrowed from universities and zoological societies, guided by a 1950s concept of corporate practice, and tugged by a broadening array of revenue streams and constituents, arts administrators have made a craft of contortion, and have made contortion a craft. Alongside the creative and technical professionals, arts administrators have fostered an astounding industry by adapting tools that never quite fit the job, and leveraging resources that never quite fit the need.” (Andrew Taylor, Director of the Bolz Centre for Arts Administration.) The Mission, Models, Money (MMM) Programme emerged from a recognition of this reality. The programme’s core purpose resonates strongly with what Andrew Taylor goes on to say – that it is high time the sector stopped contorting itself “to fit the suit (and instead) change the suit to fit our needs.” Now in its third phase, MMM is actively exploring the scope for, and challenges of introducing new methods of operation for the arts: business models, infrastructure and ways of funding that are more relevant to our ever changing contemporary environment and better suited to developing the connection between culture and the public we all want to see.

Challenge

By challenging ingrained assumptions and traditional mindsets, and exploring, developing and promoting new approaches and new solutions, MMM aims to develop greater financial and organisational sustainability among arts and cultural organisations across the UK. There are seven principal issues for arts organisations to consider as a first step (listed in ArtsProfessional issue 126 and at www.missionmodelsmoney.org.uk). These are issues related to changes in the wider environment, public engagement, strategic alliances, governance, key competencies financial capacity, and new operating and business models. It will be the evidence-based answers to these questions which will form the basis of MMM’s proposed blueprint for a more sustainable arts and cultural ecology, one which has the potential to deliver an ever more healthy, vibrant cultural community.

We are now beginning to map a range of practical barriers and systemic challenges that are blocking the development of organisationally and financially sustainable cultural organisations. Some solutions lie within easy reach. For example, many participants at our road shows have freely admitted that, by and large, the sector is financially illiterate – particularly at a strategic level. There is a range of self-assessment and capacity-building tools and pathways that any organisation can take to enhance



its financial management, especially at trustee and senior executive level, and the MMM website is building up a set of new materials and links to some of the best of these. Other solutions, for example those tackling issues of governance and corporate structure, need more work. While some organisations are already actively addressing governance development, in general, governance behaviours have not and are not changing to reflect new operating contexts. The level of frustration with boards and the desire for new mindsets around governance appears significant. Given that the existence of a volunteer, non-executive board is so structurally fundamental to most arts organisations, this is sobering. Governance needs to be developed and improved in recognition that the challenges are of a different order to those in the past. These are not just technical challenges, which can be solved by applying managerial expertise and operating procedures more effectively: they are ‘adaptive’ challenges, where the solution lies outside existing knowledge and which therefore requires new learning(1). A series of road shows is now addressing some of the priorities in the contemporary operating environment. The governance challenges faced by each of MMM’s exemplar projects (see below) will help develop deeper understanding of the issues faced.

The next model

It is important to note however, that there are many who are now questioning the appropriateness of the one-size-fits-all charity model for all arts organisations. Indeed, in the USA there is a growing impetus behind the suggestion that the not-for-profit model is preventing the development of the adaptive flexible behaviours demanded by the changing world we operate in. Douglas McLennan, editor of ArtsJournal.com, has argued that nonprofits

are “suffering from a persistent low-grade flu in the form of eroding audiences, sharply rising expenses, and increased competition that may mask more serious structural problems. It may be time to wonder: Has the nonprofit business model... outlived its usefulness?”(2)

Charlie Leadbeater has also proposed in his essay for ACE’s 21st Century Programme, that arts organisations should be encouraged to re-consider their corporate structures and “explore a widening array of models that mix being open and closed, collaborative and competitive, public and private, large and small”, and that funders should encourage the development of this exploration by agreeing to fund different business models (3). The development and implementation of new corporate structures is a major issue with massive change implications and more work needs to be done on both problem analysis and solutions.

New faces

Another complex issue faced by arts and cultural organisations is the development of the management talent pool. Recent research in the workplace suggests that 60% of positions require a range of multiple intelligences that only 30% of the population possess. Whilst a significant injection of energy and resource is going in to the development of the next generation of leaders, with initiatives such as the Clore Leadership Programme, many of the barriers cultural organisations face in adapting to the changing external environment lie at the top end of management and at trustee level where leadership is trapped in old ways of thinking, rooted in the past not the future. All seven strands of MMM’s programme are directed at trustees and senior executives in the arts and in funding organisations.

But how are organisations on the front line of change tackling these and other challenges.

Mission, Models, Money

Significant financial input from HM Treasury's Invest to Save Budget, together with a major commitment from Accenture, the global technology and management consultancy, involving extensive senior personnel time and £100,000 in cash, has enabled delivery of MMM's Exemplar Projects. Seven organisations varying in scale, approach and geography, were selected, each on the point of making major step changes in working practices in areas congruent with MMM's seven principal issues. Five of the seven have received a financial investment and all seven are benefiting from a unique evaluation methodology, devised in

partnership with Accenture and the International Futures Forum, which will lead to the creation of effective case study accounts. The learning that emerges from this process will contribute to the development of a simple 'sustainability toolkit' which will be shared with the wider sector. Below and overleaf, three of these exemplar projects describe the deep systemic challenges that they are facing and share their learning to date. ■

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roanne.dods@jerwood.org. MMM's exemplar projects are Aegis Trust/Holocaust Centre, LIFT, Manchester Camerata, MLA Yorkshire, South East Dance, Thirst/Audiences Yorkshire, Watershed. Full descriptions of each project plus more information on MMM can be found at www.missionmodelsmoney.org.uk

¹ Governance as Jazz: meeting the adaptive challenge Paul Skidmore, Kirsten Bound, Demos 2005

² www.thestranger.com/seattle/Content?oid=31920

³ www.artscouncil.org.uk/documents/projects/artsorganisations21c_phiipWdN.doc

“a different kind of economic model”

Bristol's Watershed was an awkward beast from the off, writes **Dick Penny**. The original 1982 vision – Britain's first Media and Communications Centre – was designed to straddle arts and commercial worlds. It was not conceived in response to arts policy or funding programmes. The current success of Watershed has its foundation in the original vision but its genesis in a very real (potentially terminal) organisational and financial crisis in the late 1990s. The crisis created the environment for a new strategic focus and new support from the arts funding system. As the new, networked approach began to work, the organisation increasingly responded to opportunities in the creative technology space and an entrepreneurial culture evolved. However, Watershed found its ability to invest in this new area constrained by the potential impact on the traditional charity business model and its relationship with traditional arts system stakeholders. To explore this conundrum, Watershed appointed Peter Boyden to review the organisation's growing cross-sector partnership activity to assess value and potential. In November 2004 he delivered a report – Watershed Partner Value Review – the following is an edited extract:

“In 1982 there was no such thing as a “media and communications centre”. When first coined by Watershed's founders, the term had yet to be devalued by either repetition or distortion. It was accompanied by clear assumptions about cultural democracy and access in a wired universe as well as a commitment to working proactively with private sector media enterprises in a different kind of economic model. With hindsight it seems obvious that the digital revolution was necessary



before the Watershed dream could become a fully achieved reality. The scale of the future opportunity is now determined by the continuing dizzying pace of change as digital media respond to huge increases in data processing capacity and the potential of wireless connectivity. Given the right support, in another ten years Watershed may still represent a pioneering vision whose time has yet to come. It could be that the organisation's true purpose is to stay just ahead of the breaking wave of emerging technologies and to mediate their capacity to be used creatively in a fully inclusive knowledge economy.”

The key challenge for Watershed is how to surf the breaking wave of innovation while maintaining a stable

arts offer in an increasingly complex business model. The solution the organisation has settled upon is to evolve the business model and operate through a group of companies designed to meet the needs of the distinct business areas. The corporate group structure is being expanded to meet the demands of interdisciplinary convergence and will now consist of three organisations. Watershed Arts Trust Ltd, a registered charity and company limited by guarantee, will focus on the venue and online activity. Watershed Trading Company Ltd, a for-profit subsidiary, will take care of venue catering and conferences/ events. iShed CIC Ltd is a new venture to be set up as a community interest company: the

iShed will be a Creative Economy cultural broker dealing in Research & Development in creative technology. iShed's CIC structure will allow Watershed to operate at the interface of public and private sectors, working to develop creative and financial capital. It will enable joint venture projects and, through establishing a creative venture capital fund, it will enable flexible and early seed investment in new ideas with uncertain outcomes. iShed will enable Watershed to play a leading role in the developing knowledge economy. ■

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“Joint planning leads to shared objectives”

Manchester Camerata's change project involves the development and implementation of a unique strategic alliance with Royal Northern College of Music. Currently without a fit-for-purpose administrative or rehearsal space, this renowned chamber orchestra has embraced the unprecedented opportunity to move into a world-famous music conservatoire and develop a range of synergies, focused both on creativity and organisational sustainability. Committing to this kind of close relationship is still relatively unusual here in the UK. However, in the USA, arts groups are merging and forming alliances at an unprecedented pace. A recent Wall Street Journal article¹ noted at least a dozen examples of American groups teaming up. In Philadelphia, the symphony and the pops now operate in tandem; Cleveland's two opera houses have become one; and a shared dance company straddles the 300-mile gap between Santa Fe in New Mexico and Aspen, Colorado. Arts groups in Pittsburgh are well known for frequent collaborations, in part because of pressure from one of the largest local grant givers. A few years ago, half a dozen cultural groups started a group called Shared Services that jointly purchases everything from office supplies to healthcare. Indeed, increasingly, big foundations in the States are giving money to groups only when a partnership is involved, to make sure their dollars are spent efficiently. A recent study by Francie Ostrower, a senior research associate at the Urban Institute, a public-policy think tank, found that roughly 69% of foundations said they encourage grantees to collaborate, and of those, 42% sometimes won't give money unless a partnership is involved.



As the Wall Street Journal Article stated, typical problems that arts organisations have to face are similar to those of for-profit companies that tie the knot, from falling short of joint financial goals, to incompatible database or accounting systems. But there are unique challenges too. Arts organisations generally have a passionate following made up of audiences and donors with deep emotional ties to that particular company. Artists sometimes express concern that joining up with another institution might result in the identity of one being subsumed by the other. There are also likely to be creative differences that are not easy to resolve. Strong personal opinions at Board and Executive level, while necessary, can make navigation tricky.

Inevitably, organisations have their own cultures which are often quite different despite being within the same artform. Bob Riley, the incoming General Manager of Manchester Camerata, says “Embarking on such a path throws up a series of challenges. It is amazing to realise that words that you use routinely

in your own organisation can have a slightly different meaning in another organisation. Sitting down with each other and having a proper face-to-face conversation about issues is critical to identifying potential challenges honestly and openly and developing shared understanding. You also need to be aware that working with bigger organisations means that your communication strategy as you go in to the relationship needs to reach across the organisation. It is also very important for both organisations to go through a due diligence process, looking at the pros and cons on all fronts. We have developed a ‘Memorandum of Understanding’ with RNCM, which lays out how we work together on a day-to-day basis, to ensure the sustainability of the alliance from the start. We may not be under one roof yet, but there is already a strong atmosphere of collaboration. Joint planning leads to shared objectives, which in turn leads to mutual success.”

¹www.online.wsj.com

“Stakeholder management is now a critical area of focus”

Audiences Yorkshire is a strategic regional agency supporting the cultural sector across Yorkshire and the Humber through a co-ordinated network of cultural organisations and the delivery of a specialist portfolio of products and services. It also helps grow and nurture audiences by providing professional support to the sector and through a number of strategic audience development initiatives that have a direct impact on the growth of arts attendance in the region. One of these initiatives is thirst, a direct mail catalogue which connects the work of independent publishers directly with readers. In 2007, thirst is aiming to move from being a regional to a national initiative. In common with arts and cultural organisations anywhere today, this initiative faces all the classic marketing challenges – the need to understand the audience, create new audiences for the content and find cost effective ways to communicate with that audience.

Anna Dunne, Marketing and Campaigns Manager at Audiences Yorkshire commented on these challenges: “thirst was conceived to support independent publishers who were finding it increasingly difficult to get their work positioned in mainstream bookshops such as Waterstones and Borders. The driving focus of thirst was about engaging directly with readers through a channel such as direct mail. MMM has now given thirst the opportunity to take a fresh look at how it strives to do this, while engaging with a complex set of stakeholders involved with the project.

“Stakeholder management is now a critical area of focus for us. A forthcoming planning session will encourage and challenge us to focus specifically on the question of stakeholder engagement – a stakeholder being

anyone who comes into contact with the project, not just funders, but audiences, contributors and us as project staff too. This presents a complex set of relationships to explore. There are always dominant stakeholders in any project and the challenge for us will be to achieve the right balance between all of those involved and move beyond stakeholder management to stakeholder satisfaction.

“Of course the independent publishing sector as well as the audience for thirst remains a principal partner, but as we anticipate the move from a regional to national focus, a coherent and cohesive communications strategy becomes even more of a priority. Some of the stakeholder challenges involve balancing the priorities of a ‘Yorkshire-born’ initiative with the opportunities a national roll-out can present. The MMM partnership with Accenture has, however, provided us with access to new tools to assist us in the formal planning of this stakeholder engagement and management. Another challenge for thirst is that the literature sector, as with many other artforms, is made up of a range of arts and cultural organisations at different stages of their lifecycle. Aligning the values and ethos of thirst with a diverse and unique sector requires a strong direction and focus.”

thirst does not have the capacity to support every independent publisher in the UK. However by sharing business development, as well as all the learning about marketing and audience development with the whole sector, it will mean that thirst's mission-led focus as an exemplar project could be the inspiration for many funded literature organisations to take a fresh look at their how their organisations operate in an increasingly commercial and competitive environment. ■