Dynamic Adaptability: Arts and Culture Puget Sound
February, 2010 – January, 2011

Dynamic Adaptability: Arts and Culture Puget Sound was a series of four conferences for cultural sector leaders sponsored by a consortium of five funders in the Puget Sound: The Paul G. Allen Family Foundation, The Boeing Company, 4Culture, Seattle Office of Arts & Cultural Affairs and The Seattle Foundation.[1] This initiative was a response to a March 2009 study[2] about the effects of the recession on area cultural institutions and their needs at this time. In interviews for that study, cultural leaders asked for more opportunities to gather with colleagues, exchange ideas and learn about ways of managing the rapid changes they were experiencing. "Dynamic adaptability" is a term used to describe the capacity of an organization to be responsive to a changing environment in order to thrive.

The *Dynamic Adaptability* series comprised four sessions over the course of a year (February 2010 – January 2011) on topics that cultural leaders in the Puget Sound said were important to them. The common theme among all four sessions was how arts leaders can adapt and change to manage successfully in this changing environment. The content and format of the events were informed by surveys of and conversations with cultural leaders conducted at various points throughout the year. The sessions covered:
- capitalization and finances,
- strategies for effective change leadership,
- technology and audiences, and
- renewing yourself and your organization through clarifying core values.

More than 370 people attended the sessions, including representatives of 104 cultural organizations and 16 funding organizations. An important goal of these sessions was to create timely opportunities for collaborative learning and dialogue, in response to the recessions and the findings from the 2009 study. The goal was to spark ongoing conversations about adaptation among arts managers and funders in the Puget Sound cultural community.

The following are brief summaries of the four sessions, prepared in May, 2011. Materials and videos from the sessions can be found online at http://www.giarts.org/dynamic-adaptability.

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[1] Helicon Collaborative designed and managed the series in partnership with Philanthropy Northwest and Grantmakers in the Arts. Philanthropy Northwest served as fiscal sponsor and managed logistics and promotion for the series; Grantmakers in the Arts assisted with media documentation, and maintained a page about the series on its website. This included information about the speakers involved, papers and other materials, and videos of the sessions themselves.
[2] http://heliconcollab.net/files/Puget-Sound-Arts-Environmental-Scan.2009-03-09.pdf

"Cultural Capital: Tools for Managing Revenue and Risk"
Clara Miller, Rebecca Thomas and Kristin Giantris – February 8, 2010

The first *Dynamic Adaptability* event was in direct response to the priority concern of cultural leaders in the Puget Sound based on surveys and interviews: finances and capitalization. Nonprofit Finance Fund President Clara Miller gave a keynote speech and led an audience discussion on new ways of thinking about capitalization from a perspective of the nonprofit organization as an "enterprise." In the afternoon, participants broke into two groups (based on budget size) and participated in interactive workshops led by senior NFF staff members Rebecca Thomas and Kristin Giantris. Clara led a separate afternoon session for funders.

There are four general trends impacting the underlying structure of the nonprofit cultural sector.
1. Economies and cultures are no longer exclusively place-based;
2. The labor market has globalized, people and businesses do not have to co-locate;
3. There is an explosion of information technology facilitates, cultural consumption and consumer choice;
4. Markets are becoming more and more dis-intermediated

While the economic recession has had a significant impact, it is masking deeper systemic changes that are accelerating. When we come out of recession we will be in a new economic reality. Clara described "four horsemen of the nonprofit apocalypse," factors which make the current situation untenable. They are: overly massive real estate development, too much debt, the economics of labor of presenters / producers, and the illiquidity of assets. "Nonprofit is a tax status, not a business model — you must be profitable to stay in business, no exceptions!"

We have to change the assumptions and models that underlie the business of the nonprofit arts in order to thrive in this new environment. Active participation and a willingness to change is necessary on the part of all who are involved — arts managers, funders, patrons and audiences.

In the new model proposed by NFF there are two primary types of money in a nonprofit organization: revenue and capital. Revenue is money to do what you do, capital is money to change. These funds are often lumped together in the budget, which makes it difficult to understand the core costs of running the business and what it will take to do something different. Funders often provide only revenue, but expect organizational change.

The NFF model suggests that there are two types of funders: buyers and builders. Buyers purchase the programs or results they like. They can move their attention to a new organization or program as suits their needs and as such, should have little say in how a program or organization is run. Builders, on the other hand, invest in the whole enterprise and in change. They give more money, over a longer period of time, and may be a more active partner in the evolution of the organization or its programs.

To make the fundamental changes that nonprofit arts organizations need to thrive into the future, funders and nonprofit art leaders must begin having more accurate and transparent conversations about the underlying capitalization of the enterprise, and the real costs of ongoing work as well as the need for and the expense of making change.

Clara's talk and slides are online, as well as materials from the afternoon workshops:
http://www.giarts.org/dynamic-adaptability/cultural-capital.

"Managing Change When Change Is Hard: Effective Change Leadership"
Chip Heath – May 3, 2010

Chip Heath, Professor of Organizational Behavior at Stanford University and co-author of *Switch: How to Change When Change is Hard* (with his brother, Dan Heath), led a day-long session on how to effect change on the organizational level. He asserts that people who fail to change are not lazy, resistant or stupid. Change is hard, even when we know it is necessary. By studying numerous cases of successful change, they offer some principles that can help make change easier and more successful.

The Heaths' framework is based on psychologist Jonathan Haidt's metaphor of the Elephant and the Rider, which helps explain our counter-productive behavior related to change. The Rider is the conscious, analytical part of ourselves that can plan and make rational decisions based on facts (eg, not to eat ice cream when we are trying to diet). The Elephant is our emotional and instinctive part that is driven by immediate rewards. While the Rider may seem like it is in control in general, the Elephant will overpower it in the moments that count (when the bowl of ice cream is offered to us). Therefore, a strategy for change must take into account both what directs the analytical Rider *and* what motivates the emotional Elephant. A third factor that effects change is context—the shape of the path that they are on. These are the three categories into which the Heaths put their principles of change:

Direct the Rider
1. Follow the Bright Spots
2. Script the Critical Moves
3. Point to the Destination

Motivate the Elephant
4. Find the Feeling
5. Shrink the Change
6. Grow Your People

Shape the Path
7. Tweak the Environment
8. Build Habits
9. Rally the Herd

After the keynote speech, four local organizations shared their current change challenge—A Contemporary Theater, CD Forum, the Seattle Art Museum and Velocity Dance Center. The challenges addressed included: launching a new membership model, transitioning from a founder-driven organization, attracting a younger audience, and establishing a strong brand identity. Chip worked with the organizations and the audience to apply the change principles to each challenge. In the afternoon, Chip led more interactive conversation with participants about effectively guiding change.

A handout from Chip's session is online at http://www.giarts.org/dynamic-adaptability/effective-change-leadership. You can also find more materials about the Heath's change strategies or buy the book at http://www.heathbrothers.com/switch/

"New Audiences and New Technologies: Anticipating the Future"
Doug McLennan – June 21, 2010

Doug McLennan, founder and editor of ArtsJournal (the leading arts news aggregator on the web) and social media guru, spoke about how technology and the Internet is changing our culture, and the implications for the nonprofit arts sector. He offered strategies for nonprofit cultural organizations to thrive in this new environment. First and foremost, he suggested, you must know why you exist and build authentic connections with your audience around things that *they* truly value.

Doug gave a dynamic and engaging talk with plenty of great examples of where people are doing this well. Key points of Doug's talk included:

- The mass culture model of the last 50 years has evolved into a niche culture model, and new business approaches are required. There are so many options that audiences are increasingly looking for, and can get, what meets their specific needs, generic "mushy middle" offerings will not attract people.
- We are in an "intention economy"—we must create relationships with people before and outside of your attempt to sell them something.
- We live in an age where there is an excess of messages. To get through the noise you must build a constituency, which means you must give people something that they value.
- Young generations expect interactivity as part of their experience.
- Cultural institutions need to rethink their role. Increasingly they are not the "authoritative" voice but rather an infrastructure through which a relationship can happen between artist and audience (who may switch places). Allow the community to use you.
- You cannot predict what your audience will do with what you create. Put it into the world and give up control, let them figure it out.
- The Internet is primarily a social medium — people spend more time on Facebook than the other top 5 sites combined.
- Social media is no longer a young person thing — Twitter took off within the 30-54 age bracket.
- "Amateur art" (YouTube) is competing with "high art" for people's attention. What does "quality" really mean in this context? How about "enjoyment"?
- Video games are a bigger industry than music and movies combined (hours spent per day). Live stuff doesn't even get on the radar.
- The "Paradox of Choice" (Barry Schwartz). Adding options increases expectations and decreases satisfaction.
- The culture of free (Chris Anderson). Removing barriers to access is fundamental.
- You must know why you exist. If you don't know what you are trying to accomplish then you technology tools are not going to solve your problem.
- Try to fail as fast as possible (Pixar).
- Be transparent about everything to build trust.

Doug's entire talk and slides are available at http://www.giarts.org/dynamic-adaptability/new-audiences-new-technologies.

"Keeping the Fire Without Burning Out: Strategies for Personal and Professional Renewal"
Ronnie Brooks – January 24, 2011

Ronnie Brooks, director of the James P. Shannon Leadership Institute, led an interactive workshop on how to be an effective leader in today's demanding environment. This session was directly informed by feedback that the series sponsors received about the level of stress and overwhelm that cultural leaders in the Puget Sound are feeling at this moment in time.
be more for their communities

Leaders of nonprofit organizations are called on to do more and be more for their communities and their organizations. Ronnie suggests that making the right choices is a necessary survival skill for working in this environment, and the primary leadership quality of the 21st Century. Through this participatory workshop she helped participants clarify their core values as the first step to setting priorities and making better choices in order to more fully live their lives and lead their organizations. She emphasized throughout, however, that change takes practice, and we cannot expect transformation after a three hour session. The tools and practices learned in this session are the seeds that can be nurtured into lasting change.

When making choices about how to run our lives or our organizations we are usually not choosing between something good and something bad. Making choices and prioritizing is so difficult precisely because we are choosing between multiple good things. Understanding your core values — what you want your life and work to be about — will help guide you to making the right choices. We allocate our budgets according to our priorities, but we don't give the same respect to our time, even though we have much less of it and it is not renewable.

Identifying your core values is first and foremost about knowing your life's purpose. It is a process of learning who you are and what you believe in. Core values are chosen freely from alternatives, prized and cherished, and lived by daily. Core values have consequences for your actions, therefore it is impossible to manage more than a few. Transformation comes from having a regular practice to move from where you are to where you want to be. It may be a challenge to change engrained habits and expectations that are reinforced by our environment, but once you have identified your core values, not living in them is deadening and depressing. In order to learn and change we must move from the realm of things that we are good at and know how to do to the realm of things we don't know and aren't good at. To do this we must create "practice fields" where we can try and fail.

Self-renewal and prioritization based on core values is not a selfish agenda. If we cannot manage ourselves, we cannot lead others. In addition, renewing our organizations requires the same attention to core values and purpose in order to prioritize and make the right choices. Identifying core values and aligning our organizations with them requires protecting dissenters and inviting alternative points of view. It also requires having a dialogue about values with board, staff, and community members. Once core values have been identified, everyone in the organization can be creative about how they achieve them and the organization will be less dependent on the implicit vision or charisma of one leader.

Ronnie's talk is available at http://www.giarts.org/dynamic-adaptability/keeping-fire-without-burning-out.