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Community Building in the Arts and Culture Sector: The Strategy Tripod in Action

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Throughout history, one of the most exciting aspects of arts and cultural organizations has been their esteemed position as core elements of vibrant communities. Legacies have been built around the people, ideas, and positive societal impacts of these institutions. Today, these organizations face an ongoing challenge of how to best serve the broad array of people within their circle of influence. How should these community pillars determine, and subsequently implement, programmatic, educational, facility, and other organizational initiatives that will best serve their stakeholders? What factors does the sector need to consider in establishing effective strategies to deliver on their promises to society-at-large?

Many books and articles have been written in recent decades regarding business strategy both in the corporate and nonprofit sectors. Most scholars consider Jay Barney as the father of the modern “resource-based” view of organizations in how they assess sustainable competitive advantage. Ultimately these resources need to be valuable, rare, difficult to imitate, and not easily substituted – a feat more challenging in the world today where information and resources have become more readily accessible and easily imitated.

Strategic concepts developed by Michael Porter followed Barney and focused on “industry-based” modeling and assessment in determining effective strategy. His Five Forces model established a framework that seeks to understand how competition, suppliers, buyers, substitutes, and barriers to market entry impact an organization prior to its selection of strategic initiatives. Later work by Sharon Oster added the “sixth force” – donors - in the nonprofit sector seeking to ensure that their impact was considered in visioning the future. And finally, in more recent times, Michael Peng has begun exploring “institution-based” approach which holds that perceptions and cultural norms of communities can influence strategy. All three perspectives – resource, industry, and institution - in strategic management create what Peng describes as the “strategy tripod.” Each has its benefits and its detractors in the for-profit and nonprofit sectors that we’ll explore here.

Strategy in the Culture Sector

Let’s shift from the above scholarly strategic concepts to the more practical reality of life in the nonprofit arts and culture sector. Even thinking about doing strategic planning is tough. It takes time that most organizations don’t think they have. It takes human and financial resources that are scarce. And it takes guts to hold true to the courage of convictions that your institutional mission, vision, and values can make a real difference. Planning, thinking, strategizing, and consensus-building are all part of a process that requires great care. But what are the pluses and minuses of the various strategic approaches listed above that will achieve results in what can seem like a long and amorphous process?

In the past, many cultural institutions have relied solely on an analysis of their existing resources to determine their future options. For example, we have 5 artists, 5 Board members, 5 staff, and \$5.00 – what can we do with that? This approach – sometimes known as the scarcity mentality - can create a downward spiral where limited resources dwindle over time and cost-cutting drives decisions, ultimately resulting in fewer positive impacts. Other institutions have looked to an industry-based approach for examples of successful initiatives that have worked elsewhere, sometimes forgetting that the demographic trends in another region of the country or the financial capacity of another organization’s Board may not necessarily support an apples-to-apples comparison to their own situation or their own market’s unique needs. And finally, other cultural organizations have made decisions from an institution-focused view based on their longevity and past success in a certain community, and thus they’ve continued initiatives that may have been effective in the past with little certainty about what the future holds or how public perceptions can change over time.

Each approach above can be effective, yet in challenging economic times the weaknesses of each become magnified. As we look forward to the second decade of the 21st century and to the challenges of creating vibrant and sustainable cultural institutions, such challenges become more complex. What strategic perspectives might offer the most promise? Which will give us the best answer in the shortest amount of time and least amount of money? The simple answer is – none and all! The entire strategy tripod must be employed when thinking about the past, present, and future of our cultural institutions in order to achieve the right balance. Clarity in understanding existing and needed resources is critical. A comprehensive knowledge of the complexities of the arts and culture industry as a whole and within specific cultural disciplines is crucial. And a focus on the community being served, its perceptions, expectations, cultural norms, demographic trends, market needs, and a multitude of other issues must be understood. A quick process? No. Challenging? Yes. But the synergy in using the strategy tripod is achievable with careful thought, rigorous analysis, public engagement, and a vision for the future.

Resources, Industries, and Institutions

As addressed above, when developing strategy and associated measures of success, many organizations have an internal methodology. Discussions occur within the Board and staff and typically a plan is drafted to meet the needs of a funder. Resources are analyzed. Sometimes an industry perspective is provided. But without appropriate engagement of a broad group of stakeholders, who will step up to personally advocate, emotionally support, and financially contribute to the institutional plan? At times, major strategic decisions and significant capital campaign initiatives may be based on anecdotal information, the needs of a single person or small group, and/or pressure from funders or government agencies that want the cultural institution to be “all things to all people.” But why?

Issues today in the arts and culture sector require examination from a cross-functional and multi-dimensional perspective, thus touching on every aspect of how internal and external stakeholders are involved in an institution’s stability, growth, and community service. It has become quite easy for cultural organizations to use the right words when they speak of “community engagement” when approaching prospective funders, but does that term truly translate into active participation and institutional branding, positioning, and support? How can these institutions embrace a proactive process rather than espousing a term that is sometimes used in a euphemistic manner in publications and grant applications?

Community Engagement Integrated into Strategy

The most successful cultural organizations have discovered that a strategic process focused on stakeholder participation can demonstrate how an organization plays a central role in the cultural, educational, social, and economic development of your community. Strategy is both a driver and a by-product of public dialog. Engaging stakeholders can generate a groundswell of support and inform your organization that course corrections may be needed to build support. This forum of ideas is based on including public discussion, volunteer leadership, networking, collaborative partnerships, and mutual understanding of stakeholders’ needs, desires, and perceptions of the institution-based resources. The resource-based and industry-based analyses are relatively easy. But when you’re dealing with the perceptions of a nonprofit cultural institution held in public trust to best serve the community? A logical business decision may be difficult when human emotions and personalities are involved that could significantly impact the outcome of any planning process.

Depending on the specific strategic initiative that an institution is about to undertake, there could be any number of goals associated with an organization’s community engagement process. Some of these could include methods that seek to:

- 1) Engage the broader community in helping to shape and implement the future vision and programs for the organization, thus creating their “ownership” of your institution’s mission and goals,
- 2) Create a public dialog about the organization and its existing brand image throughout the region,
- 3) Identify grassroots views of the future cultural needs, desires, and expectations of the area,
- 4) Conduct specific primary research focusing on perceptions and reasons for participation and/or non-participation in an institution’s programs, including the impact of pricing, amenities, donor benefits, educational offerings, geographic barriers, and other factors that might impact participation,

- 5) Educate the region on the current offerings of the organization while testing opportunities for new strategic initiatives being considered,
- 6) Inform the organization objectively on the data-driven demographics of its community, population trends, cultural participation, economic impact, and market perceptions, among others,
- 7) Cultivate prospective individual funders by seeking advice in advance of a later request for financial support of new and existing programmatic & educational initiatives, and
- 8) Gather general contact information on current and future audience members that help establish better and/or more cost-effective communication.

Create Public Dialog in Your Community

One common mistake that organizations make is not involving enough people in the preparation for a true strategic planning and community engagement process. It may or may not be easy to convince Board and staff that the process is important, but what about those others whose assistance you'll need to make it a reality? What's in it for them? And please remember, your organization is all about them! Your stakeholders. Your supporters. Your detractors. Your strategic partners. Your political and educational leaders. Your future audiences.

As Jim Collins said in his book *Good to Great*, you've got to get the right people on the bus and in the right seats, and the wrong people off the bus, before you can take it someplace great. In other words, you can have the greatest artistic vision and strategic plans in the world, but if you don't have the people and resources well positioned, that vision won't necessarily be advanced. Ultimately, an effective strategic process means gathering a group of well-respected people who have a vested interest in the success of your entire community and an understanding of the role your organization plays in its vitality.

Strategic plans, capital campaigns, facility feasibility studies, executive searches, program advancement, and many other major transitional efforts will likely be best served with advice from a group of internal and external stakeholders. Depending on the project at hand, existing Board and staff members could be supplemented by any number of external regional leaders, including, but not necessarily limited to:

- 1) Business executives involved in community economic development, advocacy and promotion, real estate, the arts, and other key interests,
- 2) Municipal and other government officials responsible for long-range city and county planning, economic development and recreation, particularly those engaged in cultural development and master planning,
- 3) Educational leaders, including those from public school districts, private schools, universities, and other higher education institutions,
- 4) Leaders of civic organizations such as the Chamber of Commerce and the Convention and Visitors Bureau, as well as Lions, Kiwanis, Rotary, or other professional or social clubs,
- 5) Small business associations, such as legal, accounting, hospitality, realty, or other professional service organizations,
- 6) Print and electronic media leaders,
- 7) Major donors and long-time ticket buyers,
- 8) Other major stakeholders whose advice, guidance and active participation would be beneficial to the planning process.

Ultimately, the goal of involving these people is to also get their constituents to participate in the public dialog. Otherwise, your organization is simply speaking with its existing audiences and perhaps a few others who may already be close to the organization. But what about the rest of the community that they represent who could also become part of your future audiences? How will you otherwise reach them in a world where traditional modes of communication are changing rapidly?

Seek First to Understand

Objectivity is a key to any successful planning process. A certain amount of analysis and assessment can indeed happen internally. But when it comes to listening to the outside world about our cultural institutions, even the most professional leadership can sometimes be swayed by too rosy a picture or adopt a defensive

posture if our stakeholders have a positive or negative view. It is natural for internal stakeholders to sometimes have an emotional or defensive view of the institution. Many times, however, an outside and impartial guide may be the best way to bridge the gap between institution and community in creating objective public dialog.

Various tools are available in gathering objective information prior to pursuing specific strategic initiatives. A process that includes data gathering, subjective focus group discussions, market research, and ongoing participation from an advisory committee all can help build consensus around whatever project or program your institution seeks to undertake. And as Stephen Covey illustrates in *The Seven Habits of Highly Effective People*, it is important to “seek first to understand before being understood.”

Embrace the Outcomes

How do you use the data and information the process outlined above delivers? Responses to stakeholder questions can provide illuminating, and sometimes surprising, answers. Properly analyzed, responses can be “sliced and diced” in dozens of useful ways. As one organization recently asked, “Who wants to see more dance? Is it the 22 to 35-year-olds or those over 65? And will people in certain ZIP codes on the other end of the county drive more than 30 minutes to attend?” Direct responses to such questions can inform market cultivation decisions on where to invest organizational human and financial resources.

A group of stakeholders that participates in a vibrant public dialog about your institution will anticipate, and even expect, action from the organization that conducts an effective community engagement process. The process collects information from its participants, but at some point it also disseminates certain findings. And remember that “participants” in this case include both existing audiences and other external stakeholders who may not attend events regularly. Throughout the process, even to those who don't regular attend become more aware of the initiatives being tested and hopefully will feel that they have played a bigger part in overall institutional success. Ultimately, after you gathers all the information, its goals should be to turn back to your community letting them know that “We have heard you!” Many planning processes reach successful conclusions with significant decisions made that will positively impact the community. But if a tree falls in the forest and no one is there to hear it, does it make a sound?

A proper strategic planning process, and we use the term broadly, can set up public expectations that the organization can build upon: to launch major strategic initiatives, enact broad institutional changes, or move in new directions. Whether the planning process confirms or overturns an organization's long-standing assumptions, the results can create a mandate that is based on veracity rather than speculation. Even if an organization chooses to pursue a strategic direction, curatorial or artistic vision that was not supported by the majority of those participating in the planning process, it will begin to understand its risks in doing so. Ultimately, it is up to leadership to seize the opportunity in carefully analyzing, debating, and acting on the results. The moment for mobilizing your constituencies is when you have their attention. It is too important to simply let the opportunity pass.

Conclusions

Overall, arts and cultural organizations need to balance their strategic planning efforts by understanding their internal resources, industry colleagues, and institutional community perceptions. When hundreds, even thousands, of community members take time to give their opinions, insights, and, yes, complaints to a local not-for-profit organization, the institution owes it to the public to listen to the information carefully. It is important to take these responses into account before making informed decisions about an institution's future. After all, “community engagement” can lead to a long-term relationship - with ticket buyers, subscribers, donors, political leaders, educational institutions, and even with people who've had no prior connection to your organization. In the end, effective use of the strategy tripod means simply doing the right analysis and asking the very people, both inside and outside your institution, how you can better serve their needs. Once decisions have been made about that strategic direction, just letting people know that you care about them, respect their input, and will deliver significant impact with their ongoing support will drive superior performance beyond financial results.

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