

## Strategic Exploration in the Arts and Culture Sector: Creating Value through Community Engagement

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One of the most important aspects of arts and cultural organizations is their key position as core elements of the vibrant communities they serve. Legacies have been built around the people, ideas, and positive societal impacts of these institutions. Today, these organizations face ongoing challenges regarding 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 are the factors that the sector needs to consider to establish effective strategies that deliver impactful results?

Many publications have been authored 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 and how they assess and develop a sustainable competitive advantage. Ultimately, for any business and perhaps even more so in the arts and culture field, such organizational resources should be valuable, rare, difficult to imitate, and not easily substituted—a feat more challenging in the world today where information and resources have become both more accessible and more easily imitated.

Strategic concepts developed by Michael Porter followed those of Barney and focused on “industry-based” benchmarking 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 a “sixth force” in the nonprofit sector—donors—seeking to ensure that their influence was considered heavily in visioning the future. Finally, Michael Peng has begun exploring the “institution-based” approach which holds that perceptions and cultural norms of communities can influence strategy.

All three perspectives—resource, industry, and institution—create what Peng describes as the “strategy tripod.” Each of these tools is important in creating both a successful business strategy and a vision that resonates for cultural organizations and their stakeholders. But the nexus of the three legs of the tripod does not recognize the role that various stakeholders play in determining two key aspects that nonprofits address each day—relevance and value. In this edition of *Arts Insights*, we look at the importance of stakeholder involvement in developing relevant strategic initiatives that build institutional brand and the value proposition of the cultural organization.

### Strategic Exploration in the Culture Sector

Thinking about the many steps involved in strategic planning can be challenging for organizations. They are faced with the pressures of operating in today’s economic environment where limited resources are the norm. The process takes time and a financial investment that most organizations don’t believe they have or are not a priority. Many times, they operate in a week-to-week cash flow environment, whereas successful strategic exploration takes an investment of human and financial resources that allows the organization to advance. Planning, thinking, and consensus-building are all part of an iterative progression of activities that require a concerted effort to go beyond weekly needs. It takes courage to hold true to the convictions that an institution’s mission, vision, and values can make a real legacy in a community and to an art form.

In the past, many cultural institutions have relied heavily on an analysis of their *existing resources* to determine their future options. For example, we have five artists, five board members, five staff, and five dollars. What can we do with that? This approach can create a downward spiral where limited resources become a restrictive factor rather than a starting point or springboard for an inspiring vision of the future. Often institutions look to an industry-based approach for examples of successful initiatives that have worked elsewhere. They sometimes forget that the demographic trends in another region of the country or the financial capacity of another organization may not

necessarily support an apples-to-apples comparison to their own situation or their own market's unique needs. Other cultural organizations have made decisions from an institution-focused view based on their longevity and past success and thus have continued initiatives that may have been effective historically with little certainty about how public perceptions, technology, demographics, and competition have changed over time.

As we look forward to the second decade of the 21<sup>st</sup> century and the issues surrounding the creation of vibrant, relevant, and sustainable cultural institutions, the challenges of strategic exploration become more complex. What strategic perspectives might offer the most promise? Which of the three pieces of the strategy tripod will give us the best solutions in the shortest amount of time and for the least amount of money? The 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. And it will take the investment of time and money to reach those goals.

Clarity in understanding existing and needed resources is indeed critical. Comprehensive knowledge of the complexities of the nonprofit arts and culture industry as a whole, within a specific cultural discipline, and in a specific geographic region is crucial. 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 and invigorating? Yes. The unparalleled synergy created internally and externally by using the strategy tripod complemented by stakeholder engagement is achievable with careful thought, rigorous analysis, and a vision for the future. Engagement of a broad group of stakeholders will thus allow them, individually or in groups, to step up to advocate, emotionally support, and financially contribute to the institutional plan.

Issues today in the arts and culture sector require examination from a cross-functional and multi-dimensional perspective, touching upon 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," but does that term truly translate into active participation, institutional branding, positioning, and the support required to make it all a reality?

### **Community Engagement Integrated into Strategy**

The most successful cultural organizations have discovered that an effective planning process for a single project or multiple strategic initiatives focuses on stakeholder participation and demonstrates how the organization plays a central role in the cultural, educational, social, and economic development of a community (i.e. geographic, artistic, or otherwise). The process reveals the connection and commitment that people and other organizations have with the institution. It also helps articulate the potential impact and benefits of the organization's mission and vision.

Ultimately, strategy becomes both a driver and a by-product of public dialogue. Effective engagement of stakeholders can generate a groundswell of support and inform an organization that course corrections may be needed to build that support – intellectual, emotional, and financial. This forum of ideas encourages stakeholder input, includes public discussion, engages leadership (volunteer, managerial, and artistic), explores collaborative partnerships, and creates mutual understanding between stakeholders' needs and organizational goals. Both the resource-based and industry-based analyses are relatively easy to perform. But institution-based efforts, particularly with a nonprofit cultural organization whose future is held "in public trust," have goals that are meant to create inspiration and participation surrounding their mission. This isn't about selling "a ticket" as much as it is about engaging "an idea."

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 strategic exploration and ensuing community engagement process. Some of these might include:

1. Engaging the broader community in helping to shape and implement the future vision and programs for the organization, helping to create intellectual and emotional "ownership" of an institution's mission and goals;
2. Creating a public dialogue about the organization and its existing brand image throughout the region;
3. Identifying grassroots views of the future cultural needs, desires, and expectations of the area;
4. Conducting 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. Educating the region on the current offerings of the organization while testing opportunities for new strategic initiatives being considered;

6. Objectively informing the organization on the data-driven demographics of its community, population trends, cultural participation, economic impact, and market perceptions, among others;
7. Cultivating prospective individual funders by seeking advice in advance on requests for financial support; and
8. Gathering contact information on current and future audience members that helps establish better and/or more cost-effective ways of reaching out to them.

### **Create Public Dialogue in Your Community**

As discussed above, the key to a successful strategic exploration process is to involve enough people in the discussion while understanding that actual implementation will largely be the purview of internal stakeholders. It may or may not be easy to convince artistic/curatorial leaders, Board, and staff that public dialogue, benchmarking, and competitive analysis focused on the future are important. Ultimately, however, a “case” will need to be made to those both inside and outside the organization, as their assistance will be needed to make any vision a reality.

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 your people and resources well positioned and aligned, that vision won’t be advanced with minimal risk and maximum return. A successful strategic process often begins with gathering the right group of well-respected people who have a vested interest in the success of your 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 can all benefit greatly from the advice of a well-chosen group of internal and external stakeholders. Depending on the project at hand, existing artistic/curatorial, Board, and staff members could be supplemented by any number of external leaders, including:

1. Business executives involved in community economic development, advocacy and promotion, real estate, the arts and culture, 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. Members of 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; and
8. Other major stakeholders whose advice, guidance and active participation would be beneficial to the planning process and its outcome.

An important goal of involving these people is to also get their constituents to participate in proactive learning about your organization while they provide feedback. Otherwise, your organization might simply be speaking with its existing audiences and perhaps a few others who may already be close to the organization. Considering the rest of the community that key leaders represent should also become part of a strategy to increase the number of stakeholders who support your organization and to build future audiences. In a world where traditional modes of communication are changing rapidly, a methodology focused on community engagement can be an effective way of finding and communicating.

### **Seek First to Understand**

Perhaps it goes without saying at this point, but as Stephen Covey points out in *The Seven Habits of Highly Effective People*, it is important to “seek first to understand before being understood.” That should be your organization’s goal during this strategic exploration and community engagement process—to understand the point of view of your stakeholders. A key element of any planning process that encourages such outside participation is objectivity. When it comes to listening to the outside world, even the most professional leaders of cultural institutions can adopt a defensive posture if stakeholders have a negative view or be swayed by a rosy picture painted by long-time supporters whose own goals are already being addressed by the status quo. Many times, an outside and impartial

guide may be the best way to bridge the gap between institution and community when seeking to establish a forum for objective public dialogue.

A process that includes data gathering, subjective individual and group discussions, market research, and ongoing participation from an advisory committee can help to build consensus around whatever project or program your institution seeks to undertake. The champion or champions of the organization's vision and strategic initiatives are absolutely vital. Leaders who have the ability to sift through all the ideas generated by public dialogue but will listen to and respect the community's voice are the key. The most effective champions will also have the ability to identify the unmet needs in the landscape of how that community and the world are evolving. Leading organizations have the creativity and capacity needed to listen, engage, educate, enact change, and embrace the resources that are required to advance institutional legacy.

### **Embrace the Outcomes**

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 a strategic exploration process, it will begin to understand its risks in doing so, and thus be able to address potential hurdles. Ultimately, it is up to leadership to seize the opportunity in carefully analyzing, debating, and acting on the results. Taking risks is not a bad thing, particularly in the creative world of the culture field where new experiences at one moment in time have reverberating effects.

With the above in mind, stakeholders that have participated in public dialogue about your institution will anticipate action. After your team determines its strategic initiatives and goals, it should turn back to the community to let them know that "we have heard you!" Many planning processes reach successful conclusions and make significant decisions that will positively impact their stakeholders, but some forget the capstone to the process—to make certain that those who participated in the process know about the outcome. The moment for mobilizing your constituents is when you have their attention. It is too important an opportunity to simply let pass. Remember, too, that "participants" include those external stakeholders who may not attend events regularly or even at all. Throughout the process, even they have become more aware of the initiatives being tested and are likely to feel that they have played a small part in the organization's future success and the improvement of the quality of life in a community for generations to come. Build on that sense of involvement and anticipation.

### **Conclusion**

Overall, arts and cultural organizations should seek to balance their strategic exploration efforts by first understanding their internal resources, industry trends, and institutional brand. When hundreds or thousands of community members take time to give their opinions and insights, a powerful community dialogue results and the organization can make informed decisions about its future. Value is articulated and relevancy is reiterated. After all, "community engagement" should 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 the organization. Participants will have a sense of your organization, what it stands for, what it's trying to achieve, and how it benefits the community. By the same token, organizations that conduct such a process will better know their stakeholders, what they value, and what motivates them. This allows the cultural organization to more effectively communicate messages that resonate, inspire, and engage them.

In the end, effective use of strategic exploration and public dialogue means simply doing the right analysis and asking the right people, both inside and outside your institution, how you can better serve their needs without limiting creativity. Once decisions have been made about a strategic direction, it is important to let participants know that you care about their opinions, respect their input, and appreciate their ongoing support. Such ongoing communication makes it much more likely that the strategic exploration process will result in positive outcomes beyond financial success, including positive impacts on a community and significant advancement toward your organization's mission, vision, and legacy for years to come.

**Contact ACG for more information on how we can help your organization  
achieve an effective strategic exploration and community engagement process.**

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