# Community Building in the Arts and Culture Sector:
## The Strategy Tripod in Action
### Dr. Bruce D. Thibodeau, President

One of the most exciting aspects of arts and cultural organizations is their esteemed position as core elements of vibrant communities. Legacies have been built around their people, ideas, and positive societal impacts. Today, new and existing organizations face ongoing financial pressures to serve the broadest and most diverse audience. How should these community pillars determine and subsequently implement programmatic, educational, facility, and other organizational initiatives that will best serve their stakeholders? What factors should the sector consider in establishing effective strategies to deliver on their promises to society at-large?

Much has been written regarding business strategy in both the corporate and nonprofit sectors. Most scholars consider Jay Barney to be the father of the modern resource-based view of organizations in how they assess sustainable competitive advantage.[1] Ultimately, these resources need to be valuable, rare, difficult to imitate, and not easily substituted—a challenging feat now that information is more readily accessible and easily reproduced.[2]

Following Barney, Michael Porter focused on industry-based modeling and assessment in determining effective strategy. His Five Forces model established a framework that weighs how competition, suppliers, buyers, substitutes, and new market entrants impact an organization as it considers best strategic initiatives.[3] Sharon Oster later added a sixth force for the nonprofit sector—donors.[4] Finally, Michael Peng explored the institution-based approach, which holds that community perceptions and cultural norms can influence strategy.[5] All three perspectives in strategic management—resource-based, industry-based, and institution-based—create the strategy tripod. This issue of *Arts Insights* considers the strategy tripod and how community engagement can be integrated with strategy, tactics, and business models.

## Strategy in the Arts and Culture Sector

It can be extremely difficult for organizations to embrace a strategic planning process. With limited time, human, and financial resources, it takes courage to hold true to the institutional mission, vision, and values that make a difference in a community. Planning, thinking, strategizing, and consensus building are all part of a process that requires a diversity of voices and perspectives. Strategic plans of the past often resulted in no more than a consultant-written document. With no ownership by key stakeholders, it gathered dust on a shelf. What are the pros and cons of various strategic approaches to achieve lasting results in what can seem like a long and amorphous process?

Many cultural institutions rely solely on an analysis of existing resources to determine future options. However, limited resources can dwindle further over time and cost-cutting can drive decision making—ultimately resulting in fewer positive impacts. Start-ups may have minimal resources but quickly learn to use what is available to build programs and services. Other institutions look to an industry-based approach for examples of successful initiatives elsewhere, forgetting that demographics in another region or financial capacity of a similar organization's Six-Forces analysis may not directly compare to their community's unique needs. Cultural organizations have also made institution-focused decisions based on previous success. As a result, they have continued initiatives that may have been effective in the past with little analysis of changing demographics, public perceptions, and new technologies.

Each of these approaches can be effective. However, their weaknesses become magnified in addressing the various needs of the artists, audiences, and communities they serve. Such strategic issues become even more complex in the 21st century. What perspectives might offer the most promise in the shortest amount of time for least amount of money? The simple answer is none and all. To achieve the right balance, the entire strategy tripod must

[1] Jay B. Barney, "Strategic Factor Markets: Expectations, Luck, and Business Strategy," *Management Science*, (p.32, 1,231-1,241, October 1986).
[2] Jay B. Barney, "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?," *Academy of Management Review,* (p. 656-665, 1986)
[3] Michael E. Porter, *Competitive Advantage: Techniques for Analyzing Industries and Competitors*, (Free Press, New York, 1980).
[4] Sharon M. Oster, *Strategic Management for Nonprofit Organizations: Theory and Cases*, (Oxford University Press, 1995).
[5] Mike W. Peng, Sunny Li Sun, Brian Pinkham, and Hao Chen, "The Institution-Based View as a Third Leg for a Strategy Tripod," *Academy of Management Perspectives*, (August 2009).

be employed when considering the past, present, and future of cultural institutions. Clarity in understanding the 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. There must be a focus on the community and an understanding of its perceptions, expectations, cultural norms, demographic trends, market needs, and a multitude of other issues.

Will a proper strategic planning and community engagement process be quick? Probably not. Will it be challenging work grounded in objective and subjective qualitative and quantitative data? Likely so. However, the synergy in using the strategy tripod is achievable with careful thought, rigorous analysis, public dialog, and an impactful vision for the future. Ultimately, the community engagement process, while determining appropriate strategic initiatives, will connect the intellectual planning exercise to the emotional commitment of the plan itself.

## Resources, Industries, and Institutions

When developing strategy and associated success measures, many organizations have an internal methodology. Discussions occur among the board and staff and a plan is drafted to meet government, foundation funder, or accreditation process requirements. Resources are analyzed. Sometimes, an industry perspective is provided. However, without appropriate engagement of a broad stakeholder group, 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 are based on anecdotal information, the needs of a single stakeholder or stakeholder group, or pressure from funders who want the cultural institution to be all things to all people—but why?

Issues in the arts and culture sector today require examination from a cross-functional, multidimensional, and intersectional perspective, touching on every aspect of how internal and external stakeholders are involved in an institution's stability, growth, and community service. When approaching prospective funders, it has become quite easy for cultural organizations to use the right words regarding community engagement. However, do these terms truly translate into active participation and institutional branding, positioning, and support?

## Community Engagement Integrated into Strategy

A strategic planning process focused on stakeholder participation can demonstrate how an organization plays a central role in a community's cultural, educational, social, and economic development. A complete trends analysis (social, technological, environmental, economic, political, legal, ethical) is needed to understand what may influence future strategies. As strategy is both a driver and byproduct of public dialog, engaging stakeholders can generate a groundswell of support and inform an organization of any necessary course corrections. This process includes public discussion, volunteer leadership, networking, collaborative partnerships, and a mutual understanding of stakeholder needs and desires. There could be a number of goals associated with an institution's community engagement and strategic visioning process. These could include methods that seek to:

- Engage the broader community in shaping and implementing the organization's future vision and programs, thus creating a feeling of ownership in regard to the institution's mission and goals.
- Address inclusion, diversity, equity, and access issues deeply embedded in the organization and community.
- Create a public dialog about the organization and its existing brand image throughout the region.
- Identify grassroots views of the future cultural needs, desires, and expectations of the area.
- Conduct primary research on perceptions and reasons for participation or nonparticipation in programs, including the impact of pricing, amenities, donor benefits, educational offerings, and geographic barriers.
- Educate the region on current offerings while testing new strategic initiatives under consideration.
- Objectively inform the organization on the data-driven demographics of its community, population trends, cultural participation, economic impact, and market perceptions.
- Cultivate prospective individual funders by seeking advice in advance of a later request for financial support of new and existing programmatic and educational initiatives.
- Gather current and future audience member contact information to establish better communication.

## Create Public Dialog in the Community

One common error organizations make is not involving enough people in preparation for a strategic planning and community engagement process. It may not be easy to convince board and staff members that listening to outside voices is important, as it will test their assumptions about themselves and the organization. The organization is about both internal and external voices—the supporters, detractors, strategic and cross-cultural partners, political and educational leaders, and multigenerational future audiences.

As Jim Collins said, organizations must get the right people on the bus and in the right seats. They must also get the wrong people off the bus before it can go someplace great.[6] In other words, an organization can have the greatest artistic vision and strategic plans, but if it does not have its people and resources well positioned, that vision will not advance. Ultimately, an effective strategic planning process means gathering a group of well-respected people who have a vested interest in the success of the entire community and an understanding of the organization's role in its vitality.

Strategic plans, capital campaigns, facility feasibility studies, executive searches, program advancement, and other major transition efforts will 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 or other stakeholders whose advice, guidance, and active participation would be beneficial to the planning process. These may include:

- Business executives in community economic development, advocacy/promotion, real estate, or the arts
- 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
- Educational leaders from public school districts, private schools, universities, and higher education institutions
- Social influencers, religious leaders, multicultural champions, people of color, LGBTQ+ communities, people with disabilities, veterans, and a variety of critical affinity groups seeking inclusion, equity, and access
- Leaders of civic organizations, such as the Chamber of Commerce, Convention and Visitors Bureau, and Lions, Kiwanis, Rotary, or other professional or social clubs
- Small business associations, such as legal, accounting, hospitality, medicine, and realty
- Print and electronic media leaders
- Major donors and long-time ticket buyers
- Those who currently have no connection to the organization

Ultimately, the goal of involving others is to gain active participation in the public dialog between the organization and its community. Otherwise, an organization is simply speaking to its existing audience. Public dialog is a valuable way to communicate to new audiences in a time when traditional modes of communication are rapidly changing.

## Seek First to Understand

Objectivity is a key to any successful community engagement and strategic visioning process. A certain amount of analysis and assessment can, indeed, happen internally. But when it comes to listening to outsiders about cultural institutions, even the most professional leadership can adopt a defensive posture if stakeholders have a negative view. It is natural for internal stakeholders to have an emotional or idealized view of their institution. Many times, an outside, impartial guide can be the best way to bridge the gap between the institution and community in creating objective public dialog.

Various tools are available for gathering unbiased 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 can help build consensus around whatever project or program an institution seeks to undertake. As illustrated in *The 7 Habits of Highly Effective People*, it is important to "seek first to understand before being understood."[7]

## Embrace the Outcomes

How does an organization use the information gathered from this process? Stakeholder responses can provide illuminating and surprising answers. Properly analyzed, they can be used in various ways. As one organization asked, "Who wants to see more contemporary dance? Is it those in the 22 to 35 age range or those over 65? Will people on the other end of the county drive more than 30 minutes to attend? Can we effectively diversify our audiences, board, artists, staff, and vendors?" Direct responses to such questions can inform market cultivation decisions on where to invest organizational, human, and financial resources. These are just the tip of the iceberg. The real questions are about the expected outputs or impacts of program decisions rather than the daily inputs.

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[6] Jim Collins, *Good to Great: Why Some Companies Make the Leap...And Others Don't* (HarperBusiness, 2001).
[7] Stephen R. Covey, *The 7 Habits of Highly Effective People*, (Free Press, 1990).

Participants in a vibrant public dialog will anticipate and even expect action from the organization. The process not only collects information but also disseminates certain findings about intended impacts. Throughout, external stakeholders become more aware of initiatives being tested and play a part in the institution's overall success. Ultimately, after all the information is gathered, the organization's goal should be to turn back to the community to let them know that they were heard. Many planning processes lead to significant decisions that will positively impact the community. Celebrating these decisions publicly can have a lasting impact and leave a legacy for years to come.

A proper strategic visioning process can also set up public expectations on which the organization can build: launch a major initiative, enact broad institutional changes, move in new directions, or address a period of retrenchment. Whether the planning process confirms or overturns longstanding assumptions, the results can create a mandate based on veracity rather than speculation. Even if an organization chooses to pursue a curatorial or artistic vision not supported by the majority of participants, it will begin to understand the 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 constituencies is when the organization has their attention. It is too important an opportunity to let pass.

## Conclusion

Arts and cultural organizations need to balance strategic planning efforts by understanding the three components of the strategy tripod: internal resources, industry norms, and institutional community perceptions. When community members provide their opinions, insights, and concerns, the institution owes it to them to listen carefully. It is important to take these responses into account before making decisions about the future. After all, community engagement starts with inclusion in order to achieve diversity, equity, and access initiatives. Public dialog leads to new and long-term relationships with ticket buyers, subscribers, donors, political leaders, educators, and even people who have had no prior connection to the organization. In the end, effective use of the strategy tripod means simply doing the right analysis and asking people—both inside and outside the institution—how it can better serve their needs. Once decisions have been made about the strategic direction, simply letting people know that the organization respects their input and can deliver significant impact with their ongoing support will drive superior performance beyond financial results.

### Dr. Bruce D. Thibodeau, President

Dr. Bruce D. Thibodeau founded ACG in 1997 and has guided hundreds of nonprofit, university, and government clients in achieving effective leadership transitions, planning cultural facilities, increasing revenues, developing dynamic institutional brands and messages, crafting strategic plans and business models, and revitalizing board governance practices. He has also conducted extensive research in a threefold exploration of stakeholders, nonprofit arts management, and cultural facility project management and has facilitated numerous community engagement processes that have increased the public dialogue and stakeholder awareness of the arts and culture sector's value and impact on communities. As both a researcher and practitioner, his expertise highlights the important roles of project champions and followers as they overcome inertia and gain momentum derived from their social connections, personal commitments, and financial capacities to support the arts and culture sector. Prior to founding ACG, Dr. Thibodeau held various management roles at the Los Angeles Chamber Orchestra, Boston Symphony Orchestra, Hartford Symphony Orchestra, Santa Fe Chamber Music Festival, Price Waterhouse, and Museum of Contemporary Art Los Angeles. He is a regular guest speaker at national and international arts, culture, and academic conferences and has several published papers. Dr. Thibodeau holds a doctorate of business administration from the Grenoble Ecole de Management (France), a master of business administration from the F.W. Olin Graduate School of Business at Babson College, and a bachelor of music from The Hartt School at the University of Hartford. He also has multiple certifications in competencies, communications, and motivations analysis from Target Training International.

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

**(888) 234.4236
info@ArtsConsulting.com
ArtsConsulting.com**