Somewhere Becoming Rain:
Adaptive Change is the Future of the Arts
Learning from the National Innovation Labs in the Arts

EmcArts
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Monograph by EmcArts
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“On ne découvre pas de terre nouvelle sans consentir à perdre de vue, d’abord et longtemps, tout rivage.”

One doesn’t discover new lands without first consenting to lose sight of the shore, for a very long time.

ANDRÉ GIDE
THE COUNTERFEITERS, 1925
Introduction and Overview

This monograph reflects on EmcArts’ experience of designing and implementing national Innovation Labs for the Arts over the last 10 years. Over 50 organizations took part in these extended, intense “deep-dive” programs to support cultural organizations whose leaders were ready to reflect deeply on their practice and who recognized the need for fundamental change if their organizations were to fully grasp the opportunities of a new era for the arts. The Labs increasingly focused, not only on generating, designing and testing a specific innovative response to a major persistent challenge facing each organization, but also on strengthening the underlying muscles each organization needed to flex whenever it found the need to diverge from its “business-as-usual” activities and sustain a new approach—the adaptive capacity that few organizations have in the past been encouraged to develop.

This focus on “adaptive assistance” contrasts with the established “technical assistance” hitherto prevalent in the arts sector. Rather than helping organizations tune up their existing skills in conventional areas, the Labs provided frameworks for organizations to summon the space, the reflective ability, and the courage to question and let go of old assumptions, to diverge from established “best practices” of the past in order to discover for themselves the “next practices” that would underpin success in an unpredictable future.

So where do the Labs fit in the landscape of organizational and sector-wide change? Was their design well informed in relation to the context of practice, and of environmental turbulence, in which they were conceived? Did they fit well for a short moment of transition, or do they speak to an emerging field...
of practice, as strategic planning did when it entered the arts sector some 40 years ago?

To explore these questions at a time of continuing uncertainty and massive change in the professional arts sector, we didn’t want to rely primarily on our own reflections at EmcArts, or the existing public materials that have been derived from the history of the Labs (such as evaluative reports, written case studies and video profiles, accessible at www.ArtsFwd.org). Instead, to provide a richer context and more objective analysis, we asked a number of leading practitioners and scholars of policy to give us their own perspectives.

In the opening chapter of the paper, Steven Tepper, Dean of the Herberger Institute of Art and Design at Arizona State University, brings his wide-ranging experience and acute analysis to the context, within and around the arts sector, to which the Labs were a unique response. Then, as President of EmcArts and, with my colleagues, an architect of the Labs, I lay out the program’s goals, strategy and overall design. I explore links between the fundamental frameworks and approaches brought together and applied in the Labs and the context that Steven Tepper outlines, in order to articulate and probe the rationale for this major 10-year initiative.

In the third chapter, Jamie Gamble, Principal of Imprint Consulting and a leading Canadian developmental evaluator, turns our attention to the reali-
ty on the ground of what the Labs were like (with support from interviews conducted by researcher and analyst Kiley Arroyo).

Jamie introduces to the paper the voices of a group of arts leaders from different professional backgrounds who themselves participated in the Labs. From interviews with executives at The Wooster Group in New York City, Springboard for the Arts in Saint Paul, Woolly Mammoth Theatre Company in Washington D.C., the Denver Center Theater Company, the Center of Creative Arts in St. Louis, and Alternate Roots in Atlanta, Jamie derives a picture of how the Labs actually worked, what these organizations were able to achieve in terms of adaptive change, and what has had “stickability,” in some cases years after the Lab experience.

This compendium of participant voices is not intended to be representative of the more than 50 organizations that were selected nationally to take part in a Lab; rather, they are all leaders for whose organizations the Lab was a particularly rich and productive experience. Previous evaluative studies of the Innovation Labs dwelt usefully on areas in which the design and implementation of the Labs might be strengthened, in light of the experience of all the participants. Now, with those recommendations implemented in later rounds, and the Labs concluded in their current form (at least for the time being), we thought it more useful to capture the realized potential of the program in action, in order to provide for the field and its funders a sense of what can be achieved at the top end of the scale, and in turn inform future thinking across the country.

In the final chapter, Jamie Gamble stands back from the Innovation Labs as a program to ask the question: How does this approach fit into the wider landscape of programs in recent years that have supported organizational development and change in the United States arts sector? Using aspects of the Cynefin Framework referenced in chapter 2, Jamie distinguishes between programs that help address “complex” challenges (where an unprecedented adaptive response is needed) and “complicated” challenges (where incremental changes and technical improvements are typically sufficient). Are these catego-
“This paper suggests that, through the Labs and their successor initiatives, a genuinely new field of organizational development and capacity-building in the arts is coming into being.”

ries of support mutually exclusive, or do they intersect? Are the Labs notable more for their difference from precursor programs, or for their similarities to other ongoing program initiatives?

The design principles, structures and activities of the Innovation Labs live on in other forms. At EmcArts, they form the core of our place-based program New Pathways for the Arts, and to date nearly as many organizations have benefited from that embodiment of the work as did through the 14 rounds of the national Labs (over 250 organizations have participated in the New Pathways initiative as a whole). Our Community Innovation Labs also make use of what we’ve learned about Incubating Innovation in the service of systemic change in response to complex community challenges. We’re also applying these insights to work with single organizations and, through our leadership program Arts Leaders as Cultural Innovators (ALACI), to building the adaptive skills of a generation of rising influencers in the field.
Overall, this paper suggests that, through the Labs and their successor initiatives, a genuinely new field of organizational development and capacity-building in the arts is coming into being, in some ways complementing—and perhaps supplanting—the era of traditional linear strategic planning. Just as in the volatile, uncertain, complex and ambiguous world in which arts organizations now trade, so the results of the Innovation Labs are unpredictable, emergent and, often, surprising. But these qualities mirror, and help us deal with, the conditions in which we now do business. This authenticity may be the Labs’ most cogent case for their unique contribution to the arts.

We hope this paper will stir up dialogue across the arts field, nationally and internationally, about the nature of change that’s now going on. We hope it will contribute to understanding how to create organizational conditions whose “enabling constraints” support the generation of unique, locally-formed innovations in response to persistent complex challenges. We hope it will spur adaptive leaders in the field—board members, artistic directors, executives, and both public and private funders, who know the future will look very different from the past, even of 20 years ago—to be bold in their efforts to advance the public value of their grantees and the arts sector as a whole.

Richard Evans
President, EmcArts
“One reason the future cannot be predicted is that it can be influenced.”

ADAM KAHANE
SOLVING TOUGH PROBLEMS, 2008
CHAPTER 1

America’s Arts System: Transitions and New Paradigms

By Steven Tepper, Dean, Herberger Institute of Art & Design, Arizona State University

Imagine a world where professional arts organizations—theaters, museums, orchestras, opera houses, dance companies—were largely absent from the American cultural landscape. If you wanted to see Shakespeare, with the exception of an occasional traveling troupe, you largely saw it performed in your own home by friends and family; if you wanted to listen to music, someone had to play it on the piano or guitar in the parlor or on the front porch. If you wanted a likeness of a loved one, you had to draw it yourself, following the instruction of one of the 130,000 manuals published in the 19th century to help people learn how to draw and paint.

More than a century ago, culture was part of everyday life—local, democratic, amateur-driven and connected to home and community. This began to change near the turn of the 20th century, first driven by a new organizational form—the nonprofit cultural organization—and then by new technology that ushered in a new crop of national stars through the phonograph, radio and film. Paul DiMaggio, a leading cultural sociologist, has written about the rise of the nonprofit cultural institution—singling out early examples such as the Boston Symphony Orchestra and the Philadelphia Museum of Art. These institutions had a public mission to enlighten and educate the masses. Their organizational form, however, stood in opposition to the market and depended on wealthy donors and members. Moreover, their value orientation favored European art forms and methods of formal engagement (e.g., sitting in a darkened theater and applauding on cue). These new nonprofit organizations were often housed in magnificent and opulent buildings that stood in stark contrast to the open and democratic arts engagement of an earlier era. In fact, DiMaggio demon-
strates that nonprofit cultural institutions were a response to massive immigration from Southern Europe that threatened existing power structures—these institutions served as vehicles for the social reproduction of the American middle and upper classes.

By the early 20th century, Americans had grown accustomed to the idea that our cultural expression was largely the responsibility of professional artists and arts organizations—the best of whom performed and exhibited in “cultural cathedrals on the hill” on the one hand (nonprofits) or through large media companies on the other (for-profit entertainment companies). By the middle of the 20th century, this bi-cameral system for arts and culture (nonprofit “high brow” arts; and commercial “low brow” arts) got a shot in the arm through an elaborate policy model that pumped billions of dollars over 50 years into thousands of nonprofit arts organizations. President John F. Kennedy and first lady Jacqueline Kennedy, influenced by a set of cultural insiders and policy elites, believed that America’s future greatness depended on a thriving national arts scene that could rival the best art and arts institutions in Europe. This vision of great art was coupled with the outward civic mission of the early 19th century arts institutions, especially the idea that Americans in every city, small and large, deserved to have access to orchestra music, museums, professional dance, and professional theatre. August Heckscher, adviser to President Kennedy, argued that extending great culture beyond the major art cities to every community in America would, in his words, guarantee the “public happiness” of our nation.

As recounted by John Kreidler in his seminal essay *Leverage Lost*, the newly created National Endowment for the Arts, along with national funders like the Ford Foundation, began a matching grants program that incentivized the
creation of nonprofit arts institutions across the country. These institutions were built and supported by federal, state and local grants, national and local foundations, and importantly, local patrons. The new model was incredibly successful, on par with the policy interventions that created our public parks and hospitals across America. In the late 1950s, prior to the establishment of the NEA, there were just a few hundred nonprofit arts organizations; by the late 1990s, there were more than 120,000 registered nonprofit cultural organizations and every city, large and small, had multiple orchestras and ensembles, museums, and performing arts companies. Furthering the expansion, there were training programs across the country churning out students with professional arts degrees (more than 130,000 arts graduates annually by 2010) and arts management degrees to work for and in the growing number of nonprofits.

While these organizations continued to be sites for distinction and elite status—a feature that was baked into their DNA from the beginning—they increasingly invested in outreach and community programs in response to pressures from foundations and public agencies interested in access and education. Moreover, a robust “community arts” field emerged in the 1970s that saw artists working directly with neighborhoods and local citizens to create murals and develop performances originating from the stories, voices and experiences of people in communities. So while the U.S. has had a “dominant” cultural policy model over the past 50 years, by no means is it monolithic and we have seen many organizations and artists working outside of the traditional nonprofit arts framework to advance cultural expression from diverse populations, working directly with communities and outside the walls and halls of our mainstream cultural nonprofits.

The nonprofit model, as noted above, was wildly successful from an infrastructure and capital investment standpoint; and it leveraged foundation and government support to generate billions of dollars in individual and private support for the arts. By 2012, private giving to the arts exceeded $12 billion annually, more than 8 times combined government funding at all levels and 3 times total foundation giving. And this massive arts infrastructure was increasingly managed by dedicated and talented staff who shared and diffused best
practices through professional development workshops, courses, and conferences offered by national arts service associations, consultants and other training outfits. These arts professionals, dedicated to organizational stability and the consistency of high-quality arts programs, improved their technical skills in marketing, fundraising, financial management, audience engagement, and governance. This management and administrative expertise spawned an entrenched sense of how to solve problems—i.e., incrementally, based on the inherited model. However, incremental change and improvement was increasingly insufficient to the challenges facing the sector.

Bill Ivey, in his book *Arts Inc.*, uses a line from the musical *Oklahoma* to describe the state of the nonprofit arts field by the early 2000s, “We’ve gone about as far as we can go.” Given that nonprofit arts organizations can never achieve the types of technologically-driven efficiencies that other industries benefit from (what Bill Baumol described five decades ago as the “cost disease”—e.g., as long as an orchestra performance requires 90 paid union musicians, you will always have high overhead), they will always experience financial challenges in a world of limited resources. Moreover, many argue that we have over-built the sector with donors eager to invest in shiny new buildings, but less eager to create endowments to run the buildings or support the programs and the staff over time. As our infrastructure ages, deferred maintenance costs continue to rise even in the face of a steady decline in public funding. Meanwhile, competition for donors has increased with a more crowded organizational field and competition for leisure has intensified with the rise of “everywhere” “all the time” culture made available through technology, mobile media platforms, and global entertainment companies. All of these pressures have led to chronic challenges of under-capitalization for many arts organizations.

“Incremental change and improvement was increasingly insufficient to the challenges facing the sector.”
Finally, the legacy of the 20th century model fundamentally changed the nature of arts engagement. The “arts” were increasingly removed from everyday life and became a “special occasion,” an activity for which you purchased a ticket for a singular and distinctive experience. Unfortunately, the 20th century arts framework created a growing gap between the arts and public life—with fewer people considering themselves artists and fewer young people feeling the nonprofit arts were relevant to their own lives and essential to their notions of community.

“New, young arts entrepreneurs will create their own structures and patterns of collaboration to make, present and share the cultural forms and expression they are most passionate about.”
“This combination of financial and organizational stress and strain, lower levels of interest and engagement from young people, and a lurking sense that the arts are less relevant to public life have, together, created a mounting crisis for the nonprofit arts.”

This combination of financial and organizational stress and strain, lower levels of interest and engagement from young people, and a lurking sense that the arts are less relevant to public life have, together, created a mounting crisis for the nonprofit arts. For almost two decades, leaders in the field have been searching for solutions and new models. Unfortunately, as noted above, most leaders are entrenched in the old model and seek incremental technical solutions through better marketing, better websites, better advocacy, and better fundraising.

For significant change to happen and for new value to be created, there has to be a large-scale shift in ingrained assumptions—about organizational struc-
ture, about programming, about where authority exists (Who gets to curate? What does excellence mean? What does it mean to participate and engage?). Transformative change will be necessary for all but the few well branded and heavily endowed organizations. If organizations refuse to become more nimble and creative in what they do and how they do it, then innovation will happen through cohort replacement—new, young arts entrepreneurs will create their own structures and patterns of collaboration to make, present and share the cultural forms and expression they are most passionate about.

If the matching grant model of building nonprofits dedicated to presenting excellent professional art was the dominant policy frame for the 20th century, what will be the policy frame for the 21st century? While the arts ecology will continue to be diverse, representing many different styles of expression, modes of engagement, and forms of organization, an emerging set of practices and ideas are driving artists, funders and organizations who are keen to connect the arts more deeply with public life. This work expands on the early efforts of community arts practitioners and more directly addresses community development, resilience and placemaking. The $100 million ArtPlace America initiative and the Our Town grants from the National Endowment for the Arts represent the largest single interventions in this new policy space. These efforts seek to support artists working at the intersections of other sectors and fields—from transportation to housing, health, criminal justice, education, workforce development, sustainability, food systems, immigration, and the built environment. Artists bring to these partnerships a unique set of competencies (creativity, pattern recognition, analogical thinking, expressive agility, improvisation, collaboration, tolerance for ambiguity, embodied learning, etc.). The best of these projects do not bend the arts to serve the needs of other sectors, rather they draw inspiration from the challenges facing these sectors and the communities they serve in order to build compelling, artistically-driven experiences and engagement. To date, much of this work has been driven independently by charismatic artists who have deep connections and capacity to work with communities. There are a handful of organizations who have also stepped into this space—from Alternate Roots, to Appalshop, Springboard
for the Arts, Intermedia Arts, Yerba Buena Center for the Arts, and others. And, importantly, arts and design colleges across the U.S. are diversifying their curricula to help graduates learn to navigate diverse pathways and to use their creativity and talent in a variety of arts and non-arts settings, including courses on social practice art, creative placemaking, social entrepreneurship, enterprise and cultural policy. Arts students—from music to fine arts to film, theatre and dance—are increasingly interested in connecting their work powerfully with their communities: part of a larger Millennial drive for purpose, meaning and connection in their work and lives.

Not all nonprofit arts organizations will choose to tap into this new paradigm, but every organization needs to identify how they will adapt to changing conditions and opportunities. How can today’s arts leaders assertively guide their institutions and their communities into the future? How can they align their work with the needs and aspirations of the communities they serve? What will it mean to make our organizations truly inclusive and equitable? How do we become trusted curators in a world that increasingly rejects authority and distances expertise? How can we “open source” our institutions to the best ideas in our communities? What does engagement look like when human experience is increasingly mediated through digital technologies? What is the role of nonprofit arts organizations in a world defined less by cultural scarcity and more by cultural abundance?

1 All participants in different rounds of the Innovation Labs for the Arts.
At a minimum, arts leaders need to recognize the core assumptions, beliefs and structures of our existing paradigm as compared to those of the emerging paradigm described above. The older paradigm was organized around excellence and access; the new paradigm focuses more on impact and engagement. Our traditional nonprofit model emphasizes transactional experiences (selling, buying, attending); the new model emphasizes transformational experiences. The old paradigm advances institutional creativity (nonprofits, companies); the new paradigm is organized around distributed and connected creativity (networks, hubs, nodes, individuals, platforms). The old is product driven; the new is process driven. The old paradigm lives in a world of binary distinctions (high/low), ladders, hierarchies, permanence; the new paradigm embraces the impermanent, contingent, diverse, horizontal. We are moving from a market of post-production exchange (we buy a product or presentation after it is fully realized and ready for distribution) to one of pre-funded projects and commissions with contracts and cooperative agreements replacing market-based sales.

We can debate the features and forms of our emerging paradigm in the arts. We can also debate whether in fact we are witnessing a paradigm shift, an incremental shift or simply new ways of working that will exist comfortably alongside more traditional models. Regardless, the environment in which artists

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**OLD PARADIGM**

- Excellence and access
- Transactional experiences
- Institutional creativity
- Product-driven
- Binary distinctions, hierarchies, permanence

**NEW PARADIGM**

- Impact and Engagement
- Transformational experiences
- Distributed and connected creativity
- Process-driven
- Impermanent, contingent, diverse, horizontal
“What is the role of nonprofit arts organizations in a world defined less by cultural scarcity and more by cultural abundance?”

and arts leaders find themselves is increasingly complex and requires not only adaptability, but also a need to constantly examine core assumptions, priorities, relevance and impact. Arts organizations need to be as creative about their own structures, processes and methods as they are about the work they put on the stage and in our galleries.
“Order is not sufficient. What is needed is something much more complex; it is order entering upon novelty, so that the massiveness of order does not degenerate into mere repetition.”

ALFRED NORTH WHITEHEAD
PROCESS & REALITY, 1929
An entrenched sense of how to solve problems” ... “ingrained assumptions” ... “increased competition for donors” ... “a more crowded organizational field” ... “a growing gap between the arts and public life” ... “fewer young people feeling the nonprofit arts are relevant” ... “a new paradigm focusing more on impact and engagement” ... “distributed and connected creativity” ... “embracing the impermanent, contingent, diverse” ...

20 years ago, when EmcArts was in its infancy, insights like these and others Steven Tepper notes as signs of impending change were new and there was little agreement about how to address them. EmcArts co-founders John McCann and I were deeply schooled in the traditional organizational response—develop a new (and better) strategic plan. We’d met consulting for the NEA’s Advance-ment Program, in my view one of the best initiatives the Endowment has ever undertaken, and for many years we had worked to help a wonderful diversity of young and mid-sized arts organizations do strategic planning, laying a course for the future that was as well-informed as possible about recent organizational history and current conditions.

These planning discussions, by and large, were genuine and passionately argued attempts by leaders young and old, trustees and volunteers, to keep things going and squeeze more from the program platform—with perhaps here and there a new initiative that wouldn’t rock the boat too much. Plans were written up, with a clearly stated vision, specific goals (1.1, 1.2, 2.1...) and well-defined strategies for which identified constituents were responsible. A full 3- to 5-year budget was attached, and the rationale for its allocation of resources was watertight.
Here was a future that would look like the past—only more so. The organization’s expenses would grow by at least the approved rate of 5% per annum, its audiences would increase by remarkable (but justifiable) numbers and, when the time came for the next plan, the organization would have jumped up several funding brackets and be ready for those elusive larger foundation grants. We were good at this—with our colleague Laurel Jones, we ended up winning the bid to run the whole *Advancement Program* in its final years in the mid-1990s.

**PRE-ECHOES OF THE LABS**

But even then we had an inkling that this approach to the future of arts organizations was unsustainable—the proliferation of organizations, the near-obligatory annual growth in each, essentially some kind of Ponzi scheme, and the world beginning to change in ways that linear rational planning couldn’t quite deal with. I’d come from the National Arts Stabilization Fund, a heavyweight Ford/Mellon/Rockefeller-funded endeavor intended to maintain and improve the Ford-led model of nonprofits by addressing cashflow with working capital and by aligning artistic with long-term financial objectives. I’d seen the “stabilization strategy” as the brilliant conclusion to Mac Lowry’s legendary career (it was he who persuaded me to move from the UK to take the job). By the mid-1990s, I was beginning to see that it more resembled a last throw of the dice, to prop up and prolong the established national thinking of the field in the face of repeated financial crises (specifically precipitated by the rash of orchestra bankruptcies in the 1980s, a perverse consequence of the massive Ford Foundation Orchestra Endowment program from 1966–1976, still the largest ever philanthropic intervention in the arts sector).

When, at the turn of the millennium, we were invited to work with the Andrew W. Mellon Foundation on a new 10-year program to re-enter the orchestra field and support new practices, it felt both ironic and motivating at the same time. The Foundation would provide repeated 3-year unrestricted grants to 15 orchestras across the country, while we would design and implement *The Orchestra Forum*—six-monthly convenings of the Board Chairs, Executive Directors and two musicians from each orchestra (note that it was not even imaginable that any Music Directors would attend). These remarkable gatherings, the balance
of organizational roles quite unlike any other convenings in the industry, allowed for shared learning and input on strategy and organizational development from peers, and from a wide range of erudite and committed authorities (Warren Bennis, Richard Hackman, Judy Brown, Ronald Heifetz, Paul DiMaggio, Liz Lerman, Edward De Bono, Steve Jenks, Eric Booth and Grady McGonagill were among the cast). As the Foundation turned up the heat on its grants—renewal would depend on grantees moving from incremental change efforts to much more radical and divergent experimentation—the Forum proliferated to include regular facilitated site visits to each orchestra, a program on adaptive leadership with the Executive Directors (in collaboration with the Center for Creative Leadership) and allied research into the resilience and the weaknesses of the business models in modern American orchestras.

With these different components emerging, the Orchestra Forum was turning into a proto-initiative in itself, linking research to peer-to-peer learning and individualized facilitation of organizational change. What became abundantly clear over time was that achieving innovation—genuine departures from business-as-usual—depended not on seeding the field with new ideas (there were plenty of those, principally from the musicians), but on addressing the endlessly recurring hurdle of how to get traction for the best of those ideas. No matter how committed and well-connected a team any orchestra might bring together for this purpose, the energy and momentum would inevitably dissipate into the sands after about four to six months (or decay into a mere tweak on business-as-usual). The sheer busyness of the organizations and, above all,

“The sheer busyness of organizations—expressed in rigid command-and-control structures and muscular goal-setting—condemned the green shoots of alternative approaches to wither on the vine.”
“Achieving innovation—genuine departures from business-as-usual—depended not on seeding the field with new ideas, but on addressing the endlessly recurring hurdle of how to get traction for the best of those ideas.”

their very strong conforming cultures, expressed in rigid command-and-control structures and muscular goal-setting (Jim Collins’ BHAGs were widely admired back then) condemned the green shoots of alternative approaches to wither on the vine.

What was needed, we learned, was to create a new kind of container—an extended process framework geared to artistic nonprofits—that would authorize adaptive work and help propel it past the lurking pain barriers into real action and repeated experimentation. “Great groups,” Warren Bennis had written, “need Island Time, sufficiently separate from the dominant organizational culture for them to be able to develop innovative thinking; and they need a firm Bridge to the Mainland of the organization, so their thinking doesn’t get so far ahead of the nominal leaders that their work is simply rejected at the crucial moment.” This, we knew, would be our watchword, our North Star, if we ever got the chance to design such an effort from the ground up—a design that by that time we had come to realize could be of immense value, not just for orchestras but across the entire arts sector.

In 2005, with EmcArts newly re-incorporated as a not-for-profit organization and urged on by Catherine Maciariello, then the Foundation’s visionary Program Officer for the Arts, the Mellon Foundation gave us the chance. Building on everything we’d learned to date about creating the conditions for innova-

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tion, and after extensive research into the mind-boggling innovation literature and practice of innovation consulting, we designed the New Strategies Lab for Orchestras, our first program to use the “Lab” terminology. Over the next two years, 11 orchestras (not previously members of the Orchestra Forum) took part in what was for everyone, EmcArts in particular, an “experiment with radical intent,” the first in a long line that has since characterized our Lab development.

It was to one of the intensive five-day residential retreats at the core of each Lab that Ben Cameron, then the newly appointed Program Director for the Arts at the Doris Duke Charitable Foundation (DDCF), traveled “to take a look at what you’re doing.” We held this particular Retreat just outside Santa Fe (we went to semi-exotic locations to demonstrate our seriousness as a program), but it chose to snow messily most of the time, one faculty member fell into a deep pond in the night, the Philadelphia Orchestra ritually burned rubber snakes to exorcise the past and, all in all, it was a memorably unlikely occasion.

But it was clear that Ben was on board with the seriousness of our purpose. In 2008, the new national Innovation Labs for the Arts were launched, with full funding from DDCF, support that was to be renewed and extended three times, for a total investment over 8 years of nearly $6 million. The Labs covered all the artistic areas funded by DDCF, grounded in the performing arts of theater, dance and jazz, but also extending to arts development organizations (service organizations in the arts). This last interest was ultimately reflected in the launch of the Innovation Labs for Arts Development in 2013. To round out the approach, in between these launch dates the MetLife Foundation joined in the initiative by supporting three rounds of Innovation Labs for Museums (2010–2013).

DEFINING INNOVATION AND THE LAB RATIONALE
If the fundamental purpose of the Labs was to provide the framework and conditions to make innovation reliably possible (though not predictable), then we needed to know at the outset what “innovation” meant for the program. In the corporate sector, there seemed to be at least one new definition of the term every day (mainly geared to product development)
but, when we started this journey, there was none that seemed to reflect appropriately the dynamics of not-for-profit companies. So we made one up. And it has achieved a lot of traction in the field, being adopted by a number of funders and becoming a reference point for arts leaders.

Organizational innovations are instances of organizational change that:

- result from a shift in underlying organizational assumptions,
- are discontinuous from current practice, and
- provide new pathways to creating public value and impact.

Every organization operates on the basis of some set of shared assumptions about why it exists, what its business is, and how it relates to the world. These assumptions, formed as reliable predictors of success, sink down into the organizational unconscious and act like short-cuts: they enable staff to make rapid decisions without going back to first principles every day. But this also means they tend to remain hidden and unexplored for many of the organization’s constituents. These assumptions act powerfully within every organization. They give rise to the culture of the organization, inform and limit its capacity for change, and explain much of its institutional behavior. To innovate, organizations have to “resurrect, examine, and then break the frame” created by old assumptions. Without shifting the frame and standing, as it were, on new ground before designing an innovative strategy, we found that the work eroded fairly quickly as it came under pressure from established practices (“the gravitational pull of the familiar”). It follows, therefore, that innovation is not incremental change, nor is it a logical extension of business as usual. Innovations take an organization, or its programs, in a new, previously unpredictable, direction.

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3 Edgar Schein indicates that organizational assumptions evolve as repeated successful solutions to problems. What was once a questionable hypothesis about how to proceed becomes a reality that is taken for granted. To learn something new, organizations therefore need to overturn the old assumptions. See Edgar Schein, *Organizational Culture and Leadership*, 3rd ed. (San Francisco: Jossey-Bass, John Wiley and Sons, 2004 (third edition)). This questioning of assumptions is related to Chris Argyris’s concept of “double-loop learning.”

4 An evocative phrase I learned from my colleague John McCann.
But we didn’t see innovations as just gimmicks unrelated to an organization’s mission. Innovation, it seemed to us, introduces to organizations alternative pathways of thinking and acting—ones they’ve never previously explored. Changes like this are always disruptive to some degree, and because they’re unproven, they can mean high levels of uncertainty. So why would you pursue this kind of path? The answer, in part, is that these types of changes promise to have unusually high leverage on the organization’s ability to create value for its public(s) and have impact in its community.5

Despite the usefulness of this new definition, and its emphasis on processes of change, I don’t think we were fully able to steer practitioners and funders clear of the corporate accent on product development. Innovations remained, in many people’s minds, discrete projects entered into from time to time, rather

5 The third part of our original definition referred to “new pathways to achieving the mission” but we found that most all the Lab participants, as the influence of the extended process took hold, were questioning and, often, reformulating their mission statements.
“The confusion between creativity and innovation leads to the false belief that innovation, like lightning, strikes uncontrollably and randomly, and therefore cannot become a genuine institutional capacity.”

than “muscles” that organizations can strengthen and flex when needed. For this reason, we moved away from the word innovation over the history of the Labs, and prefer now to speak of “adaptive change” or “adaptive responses to complex challenges” as better reflecting the ongoing nature of the work and its centrality to organizational health.

Our definition nonetheless helps distinguish organizational innovation from creativity, the two concepts often being confused. Creativity is a quality of individuals (some people are naturally gifted at coming up with original ideas), while innovation is about turning creative ideas into practical strategies that organizations can actually implement: a corporate capacity requiring groups of people to design and execute. We knew that creative thinkers were essential in an innovation team (hence the importance of a central role for artists); we learned that other equally valuable team roles also need to be covered if the innovation was to move from conceptual outline to the hard realities of stage or gallery. The confusion between the two terms leads to the false belief that innovation, like lightning, strikes uncontrollably and randomly, and therefore cannot become a genuine institutional capacity (like governance, fund-raising, or operations).⁶

⁶ Confirming our own experience, a 2008 report from the W. K. Kellogg Foundation powerfully endorsed the benefits to be derived from not-for-profit organizations embracing innovation as a permanent part of their core competencies, calling innovation “a rational management process with its own distinct set of processes, practices, and tools,” adding that “the social sector—on the front lines of so many of our planet’s and our communities’ most challenging situations—is only just beginning to explore more systematic approaches.” Intentional Innovation: How Getting More Systematic about Innovation Could Improve Philanthropy and Increase Social Impact (Battle Creek, MI: W. K. Kellogg Foundation, August 2008).
If in fact innovation can become a sustainable capacity, then why were the Labs needed? Wouldn’t arts organizations respond effectively to the new stimuli in their environment? The Orchestra Forum work had answered these questions in part, but we also identified other factors holding most organizations in the arts field back from genuinely adaptive work and causing the transition to a new era of arts development to be unevenly distributed and anything but a smooth one. Our sector is notorious for employing a wide variety of “coping mechanisms”—special year-end fundraising, use of next year’s income to cover this year’s shortfalls, working massive numbers of effectively unpaid hours, and so on—to make it look as though our business model is working when in fact it’s decaying. In addition, the way most arts organizations have developed as they have grown makes them better suited for continuity than for divergent change. Few not-for-profits are good at stopping doing things, and many suffer from “legacy” issues that limit the scope for change. Established patterns of power and influence among and between artistic and administrative leaders, entrenched labor/management agreements, systems of governance that use volunteer boards, fixed physical assets and organizational infrastructures, all constitute a legacy whose impact is to inhibit innovation.7

For all these reasons, innovative change in the not-for-profit sector only very rarely happens of its own accord, self-indulged. We concluded that it needs a robust program framework and carefully designed facilitation to focus and sustain its incubation, and to give innovation a chance of becoming systematized within the organization. These forms of strategic guidance, we proposed, would help ensure that the methods and processes used to innovate could be repeated in new areas, and innovation muscles could be built for the longer-term future. The work with orchestras showed that financial investment through “innovation capital” would also be a vital ingredient, but in itself would not be sufficient to catalyze the human changes (in assumptions, values, mindsets, working habits, and structures) that innovation demands.

“Our sector is notorious for employing a wide variety of “coping mechanisms” to make it look as though our business model is working when in fact it’s decaying.”

THE LAB TEAM AND THE PROGRAM DESIGN
Armed with these insights and analysis, the EmcArts team got to work building the new program so it would have one foot planted firmly in well-researched theory and the other foot properly on the ground of actual practice. We felt that organizational interventions that have little basis in research are just “consultants doing stuff,” with little assurance of repeatable impacts; while insufficient empirical testing could lead to a one-size-fits-all formula that would be inimical to the principles of constituent-generated change. The members of the design/delivery team were all remarkable reflective practitioners, scholars of practice as it were, who brought down-to-earth and well-tested process facilitation skills to the table while constantly questioning their own premises and assumptions.

In retrospect, this approach and range of experience allowed us to model the fundamental modality of the program even in its development, balancing the ability to manage group dynamics with insights into longer arcs of human and organizational change. All this was integrated into the larger emerging program framework and sequence of activities. EmcArts co-founder John McCann brought his deep knowledge of strategy and leadership, Managing Director Melissa Dibble brought her formal organizational skills and sensitivity in team development, and Director of Organizational Learning John Shibley gave us the tremendous benefit of his training in systems thinking and organizational dynamics. Program Managers Janis Auster and, later, Liz Dreyer used their production experience in theater to make sure the Lab shows were well-crafted,
LEARNING FROM THE NATIONAL INNOVATION LABS IN THE ARTS

The Lab work is structured in three facilitated phases, as shown above. The first phase concentrates on building an innovation team (not from the usual suspects!), enriching shared understanding of the complex challenge to be addressed, and peeling away layers of related assumptions, so that possible new strategies begin to emerge and can be researched, with the team then focusing its efforts on the most promising discoveries. Early “small experiments with radical intent” are carried out as part of this. The second phase is a mid-program Intensive Retreat—five solid days locked away in the woods that telescope months of prospective meetings and radically increase project momentum—serving as an innovation accelerator as decisions begin to be made on prototyping. The third phase focuses on trying out the innovation through repeated prototyping and evaluation, in relatively low-stakes environments, as each organization accumulates evidence, enrolls others to the approach, and decides whether, and how, to

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8 As the number and scope of the Labs increased, we were fortunate to be able to draw on the facilitation expertise of Annie Marks and Bill Noonan, as well as that of our Director of Strategic Initiatives, Karina Mangu-Ward.
move forward with fuller implementation. A capital grant, typically of $40,000, supports the prototyping work, and a further $2,000 is available for a Content Expert, chosen by each team to engage with at the Retreat. We also came to understand the need for and importance of making stipends available to attend the Retreat for non-salaried artists and any other unaffiliated individuals who would otherwise have to give up a week of pay in order to take part.

In the arts, we are rarely able to “stage-gate” the risk of innovation by introducing new strategies in the “safe-fail” way of the Labs, so we end up betting the house on untested hypotheses about new approaches. The idea with the Lab framework was not to box organizations in, but the contrary—to set boundaries that brought some order to the process and to channel organizational energies into propelling the work forward, despite the constant onslaught of business as usual. It should be stressed that the facilitation of Lab processes has little in common with the “technical assistance” we are used to in the arts (expert advice on marketing, fundraising, governance, etc.). The Lab facilitators are, indeed, experts, but not primarily in any of the content areas an organization may be reviewing (that expertise would be located in the team, and in individuals they might choose to consult). Rather, they are experts in managing the process of team development, optimizing inter-personal dynamics, questioning ingrained assumptions, generating, probing and discarding strategy ideas, designing and assessing prototyping efforts, and enrolling others to new approaches as they show their merit. As we identified this range of needed skills, we came to call this new kind of support “adaptive assistance” and we found through the Labs that it’s comparatively rare in the arts to date.

9 The job of EmcArts process facilitators in each Lab was to guide the emerging adaptive work toward effective prototyping. Although widely experienced in the arts, we were not experts in every content area addressed by Lab participants. Therefore, each group was supported to bring an expert to the Retreat for a day or two—someone with whom, just as the strategy was beginning to gel, they could most usefully spend some time.

10 Our immersion in the work of Dave Snowden and Ronald Heifetz led us to better understand the very limited role that technical experts can play when you’re navigating complex challenges and probing for adaptive responses. The job of technical experts is to help organizations align with existing best practices, or to repeatedly improve their strategic approach. That pathway rarely leads to site-specific emergent solutions.
RESEARCH UNDERPINNING THE LAB DESIGN

In contrast to the relative simplicity of the eventual Lab design (and its clear relationship to design thinking models that put the user at the center of change work), the background research and theoretical underpinning of the Labs was extensive and multi-faceted. The distinct contributions of many leading thinkers and practitioners—and the fascinating intersections among them—informed the day-to-day work of process facilitation for adaptive change. While the devil was in the details, we wanted to give our facilitators the freedom to apply their own practice to the Labs authentically. We all agreed that these insights, and what they suggested for different phases of adaptive work, were fundamental and needed to be integrated by everyone. From much more extensive research, I outline below a small number of our primary influences. It’s worth noting that few of these had previously been applied to not-for-profits or to the arts, which gave our conversations with many of these thought-leaders a welcome spark of newness.

• From DAVE SNOWDEN we learned the Cynefin Framework and much of what lives within it. Bridging complexity theory, systems thinking and knowledge management, Snowden’s work spoke urgently to us for its
“The idea with the Lab framework was not to box organizations in, but the contrary—propelling the work forward, despite the constant onslaught of business as usual.”

ability to help organizations adequately understand the differing contexts within which challenges arise. Where useful responses are Obvious and widely known, Complicated but knowable to experts, Complex and emergent if appropriate enabling constraints can be constructed, Chaotic and wholly unconstrained, or Disordered and uncertain in their dynamics. We came to see that our Lab work was about exploring and navigating Complex challenges, and that helping teams to let go of an understandable bias toward the Complicated so as to accurately diagnose their situation was at the root of adaptive work. Snowden’s Line of Coherence in journeying through the Complex domain and developing viable responses has also been of great value in guiding Innovation Teams.

- We made extensive use of the work of Ronald Heifetz on adaptive leadership—his six tenets of adaptive leadership infuse all our work, his understanding of the distinction between authority and leadership has been highly influential, and his recognition of the difference between employing technical fixes for challenges (improve current strategies, use expert analysis, apply “best practices”) and developing adaptive responses (diverge from current strategies, let go of ingrained assumptions, discover “next practices”) for us strongly echoes the necessary differences in response in the Complicated and Complex domains of Cynefin. Heifetz’s work deeply informed our engagement with Lab team leaders.

- From Edgar Schein’s groundbreaking work on leadership and organizational culture, we took a fuller appreciation of the hidden power of culture, how it gets formed, and how leaders can act symbolically to accel-
erate culture change. We learned the stickiness of organizational assumptions and the importance of questioning them as an essential prelude to the work of Innovation Teams. From Schein’s commitment to process consultation we gleaned many wise tips on process design and execution.

- **BRENDA ZIMMERMANN**, the pioneering Canadian thinker in applying the dynamics of complex adaptive social systems to organizational management, helped us appreciate the sometimes topsy-turvy, counter-intuitive approaches needed to be a successful strategic leader when unpredictability rules and networks are proliferating. Her *Nine Emerging and Connected Organizational and Leadership Principles for Leading in Complexity* have provided provocative content for teams at the Intensive Retreats. Zimmermann’s distinction between engineering resilience (the tendency to snap back to old forms when the pressure for change is released) and biological resilience (the ability to move forward and thrive in new forms in response to changed environments) helped give the Labs a clearer sense of what we meant by “resilience.”

- The radical systems thinker **DONELLA MEADOWS** is highly influential in contemporary systems practice, at both the organizational and social levels. Her classic essay, *12 Leverage Points: Places to Intervene in a System*, helped us in the Labs to connect the questioning of assumptions, via Schein’s analysis of culture, to leveraged systemic change within organizations.

- **MEG WHEATLEY**’s work links complexity and systems change through the crucial idea of emergence, developed from her study of the natural world. Intentionally fostering emergence through three stages of human network development became an important part of the guidance we offered Lab participants (especially service organizations).

- English researcher **MEREDITH BELBIN** has carried out decades of work on the qualities of high-performing teams. He gave us a new appreciation of the idea of team roles and a means to make explicit the balance of “team-role preferences” that each person implicitly brings to their interaction with others. Innovation Team members found that understanding their own and
others’ habitual preferences made them better able to contribute to different stages of the adaptive work, manage disagreements and positively impact team dynamics.

THE JOURNEYS OF INNOVATION TEAMS
As noted several times in this inventory, the Innovation Team assembled by each organization to guide its Lab experience was to play a crucial role in every case. To create the space for rich, informed but flexible dialogue, we knew each Team had to include some organizational leaders, but also more junior staff; to bring together artists, administrators and trustees (and more than one from each group, to avoid stereotyping and enable more convincing external reporting); and to deliberately engage voices from outside the organizational culture.
“Productively managing sustained tension is at the core of adaptive work.”

(audience members, funders, civic leaders from other sectors, neighborhood residents, etc.). In a Team of 10, this typically meant 2 trustees, 2 artists, 3 staff members, and 3 community members.

By doing this, we pushed the Lab organizations to put together teams of people who, in most cases, had never worked together before; and whose role was unusual—partly advisory, partly executive. It was almost as though we wanted these Teams to do their best, most difficult adaptive work without any experience or training! But that, we felt, was exactly what these journeys had to be. So the composition of the Team was one important thing, but the process of its work was quite another. What happened in practice? The diagram on page 37 illustrates various dynamics we saw repeatedly.

Responses to EmcArts’ Rubric of Adaptive Capacity (a constituent survey used in the Labs) show that the capacities relating to conflict management typically rate among the least developed in arts organizations. Yet we found that productively managing sustained tension is at the core of adaptive work. When the work starts, there’s typically a high level of agreement (we’re all prepared to discuss change so long as we don’t actually have to change); but as the adaptive potential of the emerging new direction increases, and things get real, the level of agreement diminishes quickly, a lot of heat enters the room as multiple perspectives on the past and the vision for the future are voiced, and conflicting views on how to proceed are urged. This group energy is vital and potentially transformative. Our job in the Labs was to manage it so as to lead on to a breakthrough approach of high adaptive potential, in favor of which there was sufficient agreement (not unanimity) for prototyping to be sanctioned. This is a rare occurrence (our Lab Teams tell us) and it is why the facilitation of the Lab journeys was such deep and arduous work, never letting up.
“The program design and its flexible execution meant we discovered ways for the Teams’ outputs to become increasingly reliable as complex adaptive pathways, though never predictably similar.”

Without extraordinary facilitation (and a degree of serendipity), most trajectories with this kind of adaptive promise become derailed by the heat of conflict, as individuals run for the exits (and idea conflict erodes into relationship conflict). In the worst case, the team’s inability to pursue any innovation at all results in the collapse of the effort (the quickest exit); we often blame inertia, business as usual, or lack of resources for the impasse. More commonly, the team gravitates too quickly toward agreement, and the trade-off is in adaptive potential: the result is a compromise, not a bad result but far less powerful than the breakthrough that was sought. Or the team agrees to agree on something trivial for form’s sake (we’ll paint the exit doors green instead of blue) so we can all go home with a positive outcome—but we abdicate all possibility of real change. When sufficient agreement is elusive, we also sometimes see a small sub-group breaking away to pursue an idea they favor, regardless of the team as a whole. Such splinter groups can get a lot done (they underlie the dynamics of tech start-ups) but they don’t contribute to, nor do they benefit, the adaptive capacity of the full organization from which they arise.

Our success in coaxing and cajoling Innovation Teams toward breakthrough strategies lies at the core of the Labs’ unique contribution to the field. We didn’t always succeed, but the program design and its flexible execution meant we discovered ways for the Teams’ outputs to become increasingly reliable as complex adaptive pathways, though never predictably similar.
The Lab journeys as a whole, of course, intertwined the developing inter-personal relationships of the Innovation Team members with other success factors as well. But we came to see that the complex and constantly changing dance of mutual influence between the quality of the Team dynamics and the quality of the emerging innovation stood at the center of the program and substantially determined the likelihood of the work being radical, divergent and sustainable.
“The complex and constantly changing dance of mutual influence between the quality of the Team dynamics and the quality of the emerging innovation stood at the center of the program.”

The Labs’ targeted financial investment in each participating organization (the capital made available for prototyping) was also integral to the program’s effectiveness. For two rounds of the Lab, DDCF offered participants the opportunity to apply for two years of further and larger post-prototyping capital grants to help them begin to scale up their tested new strategies (the program was called Continuing Innovation).

We now see this addition of third-stage innovation capital as an important and integral part of effective programs of adaptive change. One of the most important legacies of the Innovation Labs in programmatic terms may be its deep exploration of the intimate and absolutely necessary blending of extended investment in both human and financial capital if adaptive work of real value is to occur.
“When organizations privilege independent action and maintain strong boundaries within the organization and with the external environment, it is unlikely that there will be sufficient stimulation of new and diverse ideas to generate anything novel.”
CHAPTER 3
The Impacts of the Innovation Labs on Participants: What can the Labs do?
By Jamie Gamble, Principal, Imprint Consulting

How do the organizations that participate in an Innovation Lab benefit? In what ways do the Innovation Labs help participating organizations get stronger in the practice of systematic and sustained innovation?

The draw for many organizations to participate in an Innovation Lab is the opportunity to focus on the development of a particular novel idea. The prospect of addressing a significant, complex challenge with carefully designed facilitation and dedicated resources for innovation is compelling. The process tends to rally the organization’s entrepreneurial spirit and often, leads to implementing, and ultimately sustaining, an innovative idea or initiative that benefits the organization and its mission.

While launching a specific innovation focuses the effort within the Lab experience, the Innovation Lab is built on a deeper premise. The long-term agenda is to systematize the practice of purposeful, sustained innovation within the organization. The process of taking a novel idea and turning it into a practical and valuable organizational benefit introduces new practices and behaviors for adaptive change, and is intended to contribute to shifts in an organization’s structure and culture that positions them to effectively innovate in a purposeful, ongoing way. The ultimate goal is embedding the capacity for adaptation into the organization.

This chapter examines the nature and extent of short- and long-term benefits that organizations have drawn from their participation in the Innovation Labs.
“Overall, the Innovation Labs have a record of consistent, strong results. Roughly two-thirds of the innovations that were developed through the Lab have continued beyond the end of the program.”

The review of various aspects of change that the Innovation Labs aim to support focuses on exemplary examples in a subset of the more than 50 organizations that have completed an Innovation Lab. The point of this is to highlight what is possible. As can be expected, the scope of change and long-term effects vary by organization, and can range from transformative to moderate. The success of an innovation and, moreover, sustained progress towards the capacity to systematically and continuously innovate is a function of many factors and influences.

Overall, the Innovation Labs have a record of consistent, strong results. When surveyed with the question: To what extent have other projects, initiatives, partner-
ships, or organizational activities been influenced by your organization’s participation in the Lab? Organizations responded as follows:

- 20% enormous extent,
- 56% considerable extent, and
- 24% small extent.

In addition, roughly two-thirds of the innovations that were developed through the Labs have continued beyond the end of the program, with a majority of those innovations having evolved and/or scaled significantly since the completion of the Lab.

A sample of these innovations is as follows:

**THE CENTER OF CREATIVE ARTS (COCA)** (St. Louis, MO) developed COCABiz, a program of immersive arts experiences that helps business professionals and corporate teams merge techniques from artistic practice into their professional lives.

**THE LEVINE MUSEUM OF THE NEW SOUTH** (Charlotte, NC), **THE ATLANTA HISTORY CENTER** (Atlanta, GA), and **THE BIRMINGHAM CIVIL RIGHTS INSTITUTE** (Birmingham, AL) developed *Latino New South* which looked at ways to engage the burgeoning Latino community and use the arts as a tool to help all members of the community learn more about population shifts and enhance the community’s integration.

**WOOLLY MAMMOTH THEATRE COMPANY** (Washington, D.C.) developed *Connectivity*, a new platform for community engagement that was built on the shows themselves, rather than as a separate body of work.

**THE DENVER CENTER THEATRE COMPANY** (Denver, CO) developed *Off-Center*, a place for experimenting with new techniques that enhance the theatre experience, diversify programming, and explore how non-traditional theatre-goers might respond to different experiences.
The Brooklyn-based **INTERNATIONAL CONTEMPORARY ENSEMBLE (ICE)** created a new organizational structure in which members of the ensemble act as Artist Partners who lead and manage the organization.

**THE PUBLIC THEATER** in New York City recognized that, while the way that artists create theater is changing, producing models are not. They worked to develop ways to mirror artists’ creative processes in the way they produce their work, and to be able to do so in a sustainable fashion.

San Francisco’s **YERBA BUENA CENTER FOR THE ARTS (YBCA)** tested new creative ideas for further integrating youth and youth arts into YBCA, so their approach to meeting their mission becomes truly intergenerational.

**PLATFORM FOR CHANGE**

The immediate experience of an Innovation Lab offers a platform for a “deep-dive” conversation that many organizations struggle to include amidst the intensity of their day-to-day operations. The weeklong Intensive Retreat provides participating organizations an opportunity for a sustained and focused exploration of their work through the lens of adaptation. The Innovation Lab also contributes to the process of unlearning—as Richard Evans notes in the previous chapter—where organizations can “resurrect, examine, and then break the frame” created by old assumptions.

“The immediate experience of an Innovation Lab offers a platform for a ‘deep-dive’ conversation that many organizations struggle to include amidst the intensity of their day-to-day operations.”
“The EmcArts Lab, which was our most extended “think tank” ever, helped remind me of the value of investing time in group process and reflection, with the knowledge that it will pay off in time. It launched a major new initiative at Woolly Mammoth, and gave me and others a chance to function as leaders rather than managers—less concerned with daily pressures and more focused on long-term possibilities and resources.”

- HOWARD SHALWITZ, ARTISTIC DIRECTOR, WOOLLY MAMMOTH THEATRE COMPANY

“It’s about spending intense time with your team and working through all the stuff you don’t get to. Having the luxury of time—five uninterrupted days together to actually work on this—was such an important investment in our work and us.”

- ERIK TAKESHITA, FORMER BOARD CHAIR, SPRINGBOARD FOR THE ARTS

Another key benefit of an Innovation Lab process is the way it provides a powerful invitation to draw new collaborators into the adaptation effort. Expertise has limited value in complex situations. What is more beneficial is a diversity of perspectives. The creation of a ten-person Innovation Team that includes staff, artists, board members and outsiders acts as a prompt for engaging an expanded group in a meaningful way.

Quite often, this Innovation Team remains active beyond the scope of the Lab program, providing an embedded “think-tank-like” resource that can expedite questioning assumptions and idea development, review learning, and build strategies for implementing future innovations. Building a small cadre of outsiders who remain engaged can also help reduce internal dynamics of resistance around change, especially when the outsiders hold a high degree of influence across the organization.
“Building a small cadre of outsiders who remain engaged can also help reduce internal dynamics of resistance around change, especially when the outsiders hold a high degree of influence across the organization.”

“Our team was chosen for expertise that fell outside of our own, especially in community organizing—and smart folks we just wanted to spend time with. Two of those folks eventually became insiders.”

– LAURA ZABEL, EXECUTIVE DIRECTOR,
SPRINGBOARD FOR THE ARTS

ADAPTIVE CAPACITY AND RESILIENCE

Effectively adapting to changing circumstances can be enhanced by building a set of organizational skills—or “muscles,” as EmcArts commonly refers to them—that “enable organizations to be resilient in a biological sense, not snapping back to previous forms when stresses are removed, but going forward in those new forms and thriving.”11 The Labs help to develop new muscles, and strengthen existing ones, so that organizations build into their routine a variety of approaches that help to:

a) Facilitate the early identification of issues and opportunities that require adaptation,

b) Navigate the organization through high rates of change, and

c) Support changes to become more resilient and durable.

After a decade of experience with the Innovation Labs, EmcArts has observed a core set of adaptive capacities that contribute above all to not-for-profit cultural organizations attaining a condition of resilience. For each of these adaptive capacities, there is a complementary stabilizing capacity. These

11 See page 32, Brenda Zimmermann reference.
too are important and valuable organizational skills and approaches, useful in times of business-as-usual when routines and efficiency are advantageous. The ultimate skill for organizations, then, is situation recognition—shifting among different practices to suit the circumstances, rather than getting stuck in one or another set of behaviors. For most organizations, it’s the development of adaptive capacities—the capacities that contribute to flexibility, innovation and re-invention—that is most needed.

1. Questioning Assumptions Early And Routinely

The path to adaptation begins when well-established practices are challenged, and the very things that may have driven past success are examined and scrutinized. Organizations, rightly so, capitalize on that which has proven successful. Organizations build routines and indicators to be more efficient in their delivery; however, along the way, assumptions about what works and what doesn’t work become ingrained. As contexts change, so may people’s expectations, or interests. Letting go of “we have always done it this way” is often a precondition to opening new possibilities.

Woolly Mammoth Theatre Company exemplifies the adaptive capacity of questioning assumptions. They have developed an organizational culture where “nothing is sacred.” They are prepared to think differently, and this is encouraged by the board and by senior management. This has helped lead them into a variety of new areas: new artist relationships, non-traditional partnerships in the community, and the opening up of the often-inviolable dramaturgical process.

ESSENTIAL ADAPTIVE CAPACITIES

1. Questioning assumptions early and routinely.

2. Committing to big ideas and holding them lightly, open to influence.

3. Adopting an experimental mindset and regularly conducting experiments with radical intent.

4. Embracing paradox and idea conflict.

5. Bringing multiple network perspectives together and seeking “inexpert” input.

6. Making collaboration part of the organization’s DNA, internally and externally.

7. Regularly giving things up to make space for new ventures.
Some organizations have developed specific resources to help with questioning assumptions. For example, the Joyce Theatre in New York City hired a data analyst to work across all departments and gave this role a mandate to help bring data in support of surfacing and sometimes challenging norms and expectations.

2. Committing to big ideas and holding them lightly, open to influence

At the root of intentional innovation is ambition. Aspirational goals set the parameters for vision and direction. In times of change, persistent adherence to a proven approach may no longer render the results of the past. Change may also come from an evolving sense of what is possible, or even desirable. Adaptation may be necessary to address the “what” of an organization, or the “how,” or both.

It is beneficial to understand one’s operating context, as this greatly influences how complex change unfolds. Examining context is an essential input into the design of new strategy, as is the development of rapid feedback loops as new activities and strategies are introduced. Dance/USA now invests more time and effort in learning about the breadth of dancemaking in the country, moving their view beyond non-profit concert dance groups and the organizations that support them to an understanding of the dance field as an ecosystem that is interconnected with other disciplines, industries, and local communities. By holding lightly the established approaches that defined how they served their members, while remaining committed to the value of all dance makers, they have become able to explore different ways of thinking about what a service organization could do, which in turn has drawn in a greater diversity of members.

With this complexity-oriented view shaping how they see their field, Dance/USA strikes a balance: On the one hand, delivering core member services based on what have been, and continue to be, sound business elements. At the
“Letting go of ‘we have always done it this way’ is often a precondition to opening new possibilities.”

same time, they open some elements of their business to experimentation. In playing with new or different service elements they have come to recognize that, for a time, experimental programs may not break through. Letting go of this expectation has helped them to be more creative in the ways they adapt their identity and program offerings.

3. Adopting an experimental mindset and regularly conducting experiments with radical intent

Needing to respond to an ever-changing operating environment, organizations develop processes to ensure they have a strong pipeline of novel ideas for their future strategy. When faced with uncertainty, a change in context, or a new idea, the best way to move forward is through learning by doing. In an Innovation Lab, organizations design, implement and analyze repeated prototypes as a way of advancing their innovation. It is rare that organizations develop processes and strategies for structured, ongoing experimentation. It stands in contrast to the emphasis on detailed advance planning where new moves are simply implemented in known ways that we’re already good at.

The Denver Center Theatre Company created Off-Center—a mini-Innovation Lab within the organization that uses The Jones Theatre as a “test kitchen” to explore a next generation of ideas and practices that can expand the theatre experience and draw in new people. They have built a practice for identifying the two or three ideas that will be tested in each prototype performance, and for building the appropriate feedback and measurement mechanisms from the outset so that each experiment provides optimum learning.
The Music Center in Los Angeles has embraced the use of data as a critical resource for experimentation.\textsuperscript{12} Ming Ng, The Music Center’s Vice President of Community Engagement, says “being a data nerd helps me do my job better.” They conduct an after-action review following most programs, and have invested in organization-wide data systems that let them compile data following each new or major programming initiative. What they have learned is that it is useful to run multiple trials—at least three—of any new programming initiative. As they see it, the purpose of prototypes is to learn something, and they have found with each repeated offering the learning gets deeper, and new questions emerge that can be tested in the next iteration.

4. Embracing paradox and idea conflict
In the self-assessment tool developed by EmcArts to help organizations assess their adaptive capacity, the competencies relating to conflict management typically rate among the least developed in arts organizations. Among creative people of passion, conviction and skill, conflict is inevitable, but it is difficult to manage and tends to be avoided. As a result, we have a tendency in organizations to quickly try to resolve any contradictions and suppress opposition. As Richard Evans notes, “we gravitate too quickly toward agreement, and the trade-off is in adaptive potential: the result is a compromise, not a bad result but far less powerful than the breakthrough we sought.”\textsuperscript{13} Adaptive organizations are able to be truly collaborative in the construction of ideas and strategies, pushing through the tension to a new possibility, rather than defaulting to the lowest common denominator, or accepting a strategic compromise.

Conflict was inevitable with the Innovation Team that COCA brought to the Innovation Lab process. In seeking strong-minded artists and business leaders

\textsuperscript{12} The Music Center was part of the Irvine Foundation’s Arts Innovation Fund (2006-2012), which was based on many concepts similar to the Innovation Labs and included regular coaching from EmcArts to help participating organizations pursue innovation and adaptive organizational change.

\textsuperscript{13} See page 36
“Without the strong ideas from both the artists and business leaders, we wouldn’t have gotten to something as interesting and compelling. It needed to get messy before it could get good.”

for the Innovation Team, the expectation was that these diverse perspectives would push the boundaries of the idea better. With the range of stakeholder interests in the room, potential issues and pitfalls were present from the start. Rather than avoid conflict, tension was embraced as a vital part of the design process. In reflecting on this choice, Executive Director Kelly Pollock recalls, “selecting who should take part in the Innovation Lab was perhaps the most important decision we made. Without the strong ideas from both the artists and business leaders, we wouldn’t have gotten to something as interesting and compelling.” It needed to get messy before it could get good.

At the Wooster Group, Artistic Director Elizabeth LeCompte uses idea conflict as a fundamental dynamic in the creation of new work for the stage. In their Innovation Lab, the full artistic and staff team of this avant-garde theater group applied that cultural norm, loudly but quite naturally, to the realm of organizational innovation. Their grounding in emotional storming on-stage meant they could maintain the heat of conflict without it getting personal. The outcome of their strenuous work was also counter-cultural to their habitual, long-breathed artistic processes: rapidly-produced, team-approved short videos uploaded daily from rehearsal, performance and tour in order to maintain the engagement of distant audiences. Emerging from raucous disagreement, the video dailies were a breakthrough strategy for the Wooster Group, becoming a widely-viewed cult series and enabling them to fill houses as never before, while reducing their marketing budget to precisely zero.
“Adaptive organizations are able to be truly collaborative in the construction of ideas and strategies, pushing through the tension to a new possibility, rather than defaulting to the lowest common denominator, or accepting a strategic compromise.”

5. Bringing multiple network perspectives together and seeking “inexpert” input

Rather than operating solely on the basis of a closed circle of expert input, organized into technically proficient units, adaptive organizations build the capacity to access and integrate a diversity of perspectives. As organizations become more adaptive, they become adept at seeking, cultivating and finding success with external partners. Often these partners are more “unusual” than organizations’ traditional collaborators.

Every three months, The Public Theater convenes a meeting with independent artists, off-Broadway theaters, and different third-party stakeholders in the field of independent theater-making (one convening included the Off-Broadway League, another brought together national university residency partners). The purpose of these meetings—a process they call “Triangulations”—is to discuss ideas and concerns of the field with a view to informing the work of The Public Theater and the other constituents. At the first convening, the Triangulations group authored a Guide to Structuring Collaborations, which outlines a series of questions that two parties could ask each other before structuring an artistic collaboration. Triangulation meetings are a deliberate effort to get a field perspective, guide priorities, strengthen the artist/institution dialogue, and stimulate more transparency regarding everyone’s past successes and failures, priorities and presuppositions. This has helped to shape new
TOP: Alternate Roots illustrating their process during the Intensive Retreat.

ABOVE: The Wooster Group gathering round to preview the first of their prototype Dailies series.
programming initiatives, such as The Public’s Devised Theater Initiative—a year-round program that invites talented theater-makers at all stages of their careers to make their artistic home at The Public.

Dance/USA has started investing in staff residencies as a way of getting a grounded perspective from different voices within the dance field. Dance/USA staff have received training from a social scientist on research techniques, and have developed principles for how they will enter into a new community with humility. These residencies last approximately four weeks, during which a staff person is embedded in the dance community of the selected place. The staff residencies have helped Dance/USA to understand the unique histories of various dance communities and how to effectively engage with different community circumstances. They have uncovered local assets that Dance/USA can help to share more broadly, and served as an opportunity to learn about a wider array of dance styles and the dissemination models related to those styles.

6. Making collaboration part of the organization’s DNA, internally and externally

Adaptive organizations understand that innovation is stimulated and supported by strong collaboration. A shift in relationships is often an early indicator of transformational changes. When organizations privilege independent action and maintain strong boundaries within the organization and with the external environment, it is highly unlikely that there will be sufficient stimulation of new and diverse ideas and perspectives to generate anything novel. Successful collaborators have learned the delicate balance between trust and reciprocity, with productive conflict as the means to spark new and creative ideas. Power dynamics and misunderstood assumptions can often derail collaborations. Navigating these requires an investment in communications and engagement, and a willingness to be open to thinking differently.

A strong collaboration between the Levine Museum Of the New South, Atlanta History Center and the Birmingham Civil Rights Institute was crucial to their success in their Latino New South initiative. These organizations were
joint participants in one of the Innovation Lab for Museums, where they worked towards the goal of creating relevant ways to engage the growing Latino population. Using the arts as a tool, they felt, would help all members of the community learn more about demographic shifts and hasten the community’s integration. The Innovation Lab served as a platform that allowed for the careful development of the initiative while, at the same time, supporting the evolution of a collaboration that has been sustained even after the Innovation Lab concluded—it might be said to have become a shared capacity, or limb, across the three organizations. Having a multi-institution and multi-disciplinary team meant they could each contribute something unique and garner specific insights from the listening sessions they were hosting with Latino communities. The members of the Innovation Team were comfortable in raising their differences and they built trust in a respectful and productive way. This trust, and the value that comes from productive differences, has helped to sustain the collaboration beyond the duration of the Lab. One product has been a touring exhibit on Latino culture that was jointly created and curated by all three organizations.

7. Regularly giving things up to make space for new ventures
One of the most difficult things for organizations to do is to stop doing something. There is a common tendency to continue all initiatives once they’re launched, regardless of other changes going on that may affect the initiative’s relevance or effectiveness. To give things up is a discipline, a genuine adaptive capacity, one that is often necessary to free up the resources—time, money, energy, and infrastructure—to create space for something new to develop.

Programming at the Music Center includes the practice of “program hygiene.” Programs—even ones that are popular—are scrutinized for their relevance, and if these are no longer a fit, they are “retired.” For example, the Music Center had developed a successful holiday singing program that attracted hundreds of people, but over time this program had started to evolve into recitals. While people were into it, the program had evolved away from the organization’s core mission, and under regular review was terminated. Using this capacity to give things up ensures that there are resources to devote to new program experiments at the Music Center, and helps to continually adjust programming so that it is resonant with the changing demographics of their community.
“To give things up is a discipline, a genuine adaptive capacity, one that is necessary to free up the resources—time, money, energy, and infrastructure—to create space for something new to develop.”

ENABLING CONDITIONS:
LEADERSHIP AND CULTURE, STRUCTURE AND GOVERNANCE
The seven core adaptive capacities that EmcArts has identified in working with arts organizations in the Innovation Labs, as well as other similar initiatives, can thrive or wither. Leadership and team dynamics, organizational structure, and governance help to “set the table” for organizations to systematically strengthen and integrate their adaptive capacities over time.

LEADERSHIP AND CULTURE
Leadership is critical in defining expectations and creating the space to apply the practices and behaviors for adaptive change developed in a Lab, and is essential to drive the shifts in an organization’s structure and culture that support adaptation. When asked what constitutes an adaptive leader, Lab participants describe characteristics: “leader-as-coach,” “open to feedback,” “leading with humility,” and “orientation to learning.”

The Labs highlight the importance of adaptive leadership skills—for example, encouraging internal collaboration, expecting and modeling open communication, and building shared ownership for innovative initiatives among staff and board members. Adaptive leaders help prioritize and reward innovation. The Labs foster a way of thinking that encourages risk-taking.

Adaptive leadership involves distributing leadership roles. For example, following the Innovation Lab, the International Contemporary Ensemble in New York
“The board was endorsing a path for the organization that prioritized innovation, and embraced the heat of idea conflict that would likely be needed to foster further innovations and organizational adaptation.”

City shifted to a model of Artist Partners, who are now more direct stakeholders in the ensemble and who assume wider organizational roles for the group. This has helped them to reframe how they think about sustainability, engagement, and career growth for their artists, which in turn has helped them become much less centralized.

One of the most under-developed capacities for innovation is the ability to engage productively in conflict. Promising ideas often get derailed when groups cannot sufficiently push through tension. Sometimes, idea conflict devolves into personality conflict and mutual blame; the adaptive initiative then typically collapses entirely. Or consensus is achieved either through a middle-of-the-road adaptive compromise, or by letting go of real change in favor of minor incremental adjustments.

“I understood more fully that it was an honor to be surrounded by such great thinking and thinkers, but the real challenge would be to push each other to think differently. I began to challenge myself to be more critical of my work and to seek ways to create discourse more frequently in museum spaces.”

– JANEEN BRYANT, FORMERLY OF THE LEVINE MUSEUM OF THE NEW SOUTH

In the case of COCA, the desire to move as an organization toward more adaptation shaped the recruitment and selection of their Executive Director. As staff leadership transitioned in the course of their participation in the Lab,
Kelly Pollock, General Manager of COCA at the time they started the *Innovation Lab*, was an early adopter of the idea of innovation and championed COCA’s application to the Lab. After a nationwide search process, Kelly was hired as Executive Director and in doing so, the COCA board was endorsing a path for the organization that prioritized innovation, and embraced the heat of idea conflict that would likely be needed to foster further innovations and organizational adaptation.

**STRUCTURE**

Structural changes—such as adjustments in roles, responsibilities, or the way work is organized—can help organizations become more effective at innovation, which helps build the conditions for sustained, long-term adaptation. This often requires some departure from existing structures, as the very structures that enable the efficiency of existing operations can also be inhibitors to change. Organizations that have completed an *Innovation Lab* adopt various strategies to facilitate changes in structure.

One of the biggest structural transformations that the *Innovation Labs* supported was the merger of the Bill T. Jones/Arnie Zane Dance Company and Dance Theater Workshop (DTW) into New York Live Arts. New York Live Arts is now in its 6th season. The merger was a direct result of the Lab and resulted in major changes hanges to the business model and programming of of the founding organizations. A remarkable capacity for adaptation was exhibited on both sides of the merger equation. DTW’s board of choreographers and dance artists agreed to stand down in favor of a much smaller board on which other stakeholder groups would be more fully represented. Capital funds developed by the Bill T. Jones Company in support of finding a new home were released to pay down accumulated debt at DTW. Representing a unique combining of a single-choreographer dance company with a major presenter and education provider, the merger revealed not the unlikelihood of such a coming together but rather its strengths—allowing New York Live Arts to engage with multiple facets of the contemporary dance ecology in a highly adaptive way.
This story begins with...

possibilities

PHOTO: courtesy of COCA
Working cross-functionally is vital in any adaptive change effort. The Innovation Labs prompt participants to think more about how to span the existing boundaries within an organization. By letting more voices into the development of an initiative that traditionally might have been the domain of one part of the organization, organizations that collaborate internally build more robust ideas and establish the necessary internal (and often external) credibility to sustain the initiative.

The Public Theater has recently reorganized to help to better support artists in creative development. Under the banner of New Work Development, The Public has combined the efforts and resources of numerous separate departments: the literary department, the Devised Theater Initiative, Joe’s Pub, and other new work development channels. In this change, according to Andrew Kircher, Director of the Devised Theater Initiative, The Public Theater aims to “build a practice of adaptability into the organization through a holistic consideration of dramaturgy.” The fundamental idea is that dramaturgy—the practice of identifying the creative and critical dimensions of every decision—can be a framework on which to build a more adaptive organization.

The Yerba Buena Center for the Arts (YBCA) in San Francisco has restructured in order to better enable equity and access, particularly for youth. In the Manifesto that they developed during the Lab, they committed the institution to “the idea of being a place in which both artists and YBCA listen to, engage with, instruct, mentor and learn from young people.” At the time, they
“This is often the only chance the groups will have to do this kind of deeply reflective and highly strategic work.”

were passionate about this change, and recognized that “the concepts we put forward were untested, bold and, in our eyes, incredibly ambitious, [and] meant to revolutionize not just YBCA’s youth arts curriculum but also the relationships between participating youth and YBCA’s staff and Board.” Facilitating this change sometimes involved simple adjustments, such as including their Youth Arts Manager in their biweekly curatorial meetings, or much more deep-tissue structural changes, such as converting one of their offices into a media lab, and providing a space onsite where students can engage in digital media production, including photo, video, audio and animation work.

GOVERNANCE
The Board of Directors is critical to a sustained, long-term commitment to adaptation and innovation. Board members that are engaged with an Innovation Lab play an important role in enrolling others. What often happens is an individual board member (or preferably a couple of board members) is highly engaged in the work throughout the Innovation Lab program. They participate as part of the Innovation Team and they become fluent in the concepts, and the case for, sustained innovation. Throughout the Lab and, perhaps more importantly, following the Lab, they play a critical role in communicating with other board members, and strengthening their support.

As COCA went through their Innovation Lab, there was initially a lot of conflict and debate. With their tumultuous experience, the board members on the Innovation Team became influential advocates, effective in gaining endorse-
ment from other board members and in recruiting early investors for their innovation (COCAbiz). They could better communicate what it was about because they had a first-hand experience in how hard it was to fully wrap one's head around this initiative.

A common pattern of adaptive governance stemming from the Innovation Labs is for organizations to establish a permanent mechanism for investing in innovation. This can take various forms, such as a dedicated annual budget item, a reserve fund, or, as was the case with Woolly Mammoth Theatre Company, the focus of a capital campaign. For example, Dance/USA's board Finance Committee now annually allocates funds within their budget for innovation and experimentation. In 2012 Yerba Buena's board established a $200,000 Innovation Fund to support experimentation, offering resources to test new ideas that are proposed by staff members in YBCA's many departments. Over time, this approach became integrated into annual budgeting in the form of built-in flexibility aimed at supporting promising ideas as they arose. In 2016, for instance, YBCA invested in innovations in its marketing (re-inventing YBCA's brand in collaboration with a consultant known for working on political campaigns) and visual arts programming, as well as beginning R&D for a new investment paradigm for the arts they are calling CultureBank.

“The Board of Directors is critical to a sustained, long-term commitment to adaptation and innovation.”
“The benefit of an Innovation Lab is that it supports organizations working on an innovation through the highly vulnerable phase of exploration.”

“Through all of this work we are constantly prototyping new ideas, with our fellow staff members and with our community. Innovation is now part of the fabric of our organization, and you can find countless examples of staff participation in innovation efforts throughout each year.”

- SANDRA ARNOLD, DIRECTOR OF INSTITUTIONAL GIVING AND STRATEGIC INITIATIVES, YERBA BUENA CENTER FOR THE ARTS

“Woolly Mammoth Theatre Company’s Board approved a year’s investment in our budget in order to give a number of promising but still in the red innovations more time to develop. The language to talk about that kind of decision definitely owes much to the Lab.”

- PETE MILLER, BOARD MEMBER, WOOLLY MAMMOTH THEATRE COMPANY

**WHAT CAN THE LABS DO?**

The benefit of an Innovation Lab is that it supports organizations working on an innovation through the highly vulnerable phase of exploration. This is a specific and unusual value proposition, because funding and technical assistance in the arts tend to support improving the effectiveness of established practices.

The Labs are most beneficial to organizations that demonstrate an active commitment to learning and openness to change. The Labs excel at strengthening the capacity of organizations with this orientation by adding structure and actionable processes to emerging ideas and educated instincts.
“This is often the only chance the groups will have to do this kind of deeply reflective and highly strategic work.”

_Innovation Labs_ provide the flexibility in their design to enable organizations to determine their own direction of learning, as this is often the only chance the groups will have to do this kind of deeply reflective and highly strategic work. This empowers self-directed capacity-building and accommodates organizations’ diverse motivations for participating (and equally diverse missions). It also allows for different scales of innovation and adaptive change work. The Lab’s combination of skill-building, process facilitation, time, and money provide the integrated resources needed for a cross-functional team to work together to greatest effect.

Factors that influence the extent to which organizations are successful with the _Innovation Lab_ include:

- A leader (who may or may not be the Executive Director) who champions the effort and helps others to get excited about this way of thinking, and holds the frame of adaptive change for others while they get on board.
- A diverse, high quality team that remains consistent throughout the process. When key people don’t show, or turn over during or soon after the _Innovation Lab_, this tends to wound the process.
- A level of organizational stability that allows for attention to the adaptive work. It is much harder to do intentional innovation when things are less stable. A financial crisis, or other unanticipated organizational priorities, often cut off the flow of energy towards adaptation and innovation.
- A willingness to think and work externally. When organizations aren’t open to this, they tend to struggle with most aspects of the Lab process.
The ultimate outcome for the work of the Innovation Lab is the extent to which the tools, competencies, and organizational changes that the program supports contribute to the public value of the organization. The crucial long-term benefit is strengthened and improved pathways to mission:

- **DANCE/USA** is better positioned to help dance organizations think more about how to be more integrated in their community. They have expanded their social justice work and special programs that reflect the value of all dance makers. Dance/USA has started to see a change in who is engaging in their work—for example, more smaller-budget organizations are attending conferences—and their overall membership retention rates have increased from 60% to over 80%.

- **THE PUBLIC THEATER** has experienced a period of massive growth. They have grown from a budget of $20 million and a staff of 90 in 2009 to $42 million and a staff of 170 in 2017. With this growth, the art is better supported, and the outreach to community partners has significantly expanded. With this enhanced platform, The Public Theater is now looking to how they might expand nationally, and have already started some initial prototypes in Dallas and Seattle.

- Being more nimble has helped **THE MUSIC CENTER** in Los Angeles to adjust how they use their many physical assets so that they better respond to changing ways that people can experience the arts. Their ability to closely monitor and adjust programming has helped them to get closer to their public promise of providing opportunities to engage in the arts and to reach an audience that matches the demographics of Los Angeles, something they have now been able to achieve.
Most organizations consider they have few resources to risk on innovation. With the support of the Innovation Lab, they are able to embrace this possibility. Large corporations set aside time and resources for product development, something that not-for-profit organizations are challenged to resource and execute. The Innovation Labs provide the incubator space and support for innovation that allows new ideas to move through a development phase with increased clarity and momentum. Among the Innovation Lab alumni, the benefits for many do not end with their completion of the program. Many embed the building blocks for successful, sustained innovation, which in turn strengthens both their resilience and relevance as an organization. This extends the value they create as an organization, and ultimately benefits the public they serve.

RIGHT TOP: Springboard for the Arts’ Community Support Art Launch
RIGHT BOTTOM: Dance/USA Dance Forum
“When the world is predictable you need smart people. When the world is unpredictable you need adaptable people.”

HENRY MINTZBERG
CHAPTER 4

The Landscape of Organizational Change: Where Do the Labs fit?

By Jamie Gamble, Principal, Imprint Consulting

There is a multitude of programs that aim to help organizations become stronger, more sustainable, and better able to serve their communities. The value of capacity-building for not-for-profit organizations has been repeatedly confirmed. McKinsey and Company concluded that capacity building is “both important and difficult.”14 Important in that high-performing organizations have greater impact, are more durable, and operate with greater efficiency and effectiveness. Difficult in that change is hard, organizations face a multitude of challenges competing for their immediate attention, and the capacity-building needs of organizations are incredibly diverse.

Fit is crucial to success in capacity-building initiatives. Efficacy results from matching the right program with an organization’s particular opportunities, challenges, context and culture. This chapter is a scan of capacity-building programs through the lens of

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fitness for innovation. What is out there for our nation’s arts organizations that seek support to effectively adapt? What do the Innovation Labs for the Arts offer within this landscape?

In searching for major national and regional capacity-building programs in the arts, there are numerous programs that feature innovation and change as a central idea. While not exhaustive, the list of programs reviewed (Table A) is comprehensive. This is not an analysis of their effectiveness, although some of these programs have been independently evaluated.

Here are descriptive quotes from each program:

“Six minutes each to pitch innovative arts-based ventures to a live audience and a panel of experts for a shot at up to $10,000 in seed-funding.”
ARIZONA ARTS COMMISSION’S ART TANK

“Helping small- and mid-sized nonprofit cultural organizations strengthen their organizational capacity and programming in six cities nationwide. Grantees… receive one-on-one, in-depth consultation and five intensive group training seminars in fundraising, marketing, artistic planning, strategic planning, and board development.”
BLOOMBERG ARTS INNOVATION AND MANAGEMENT (DEVELOPED BY THE DEVOS INSTITUTE)

“Help arts organizations challenge core operating assumptions, engage in intense planning on a practical innovation project, create a sense of organization-wide investment in change, and test innovative strategies with grants that help organizations prototype new practices.”
EMCARTS, INNOVATION LABS FOR THE ARTS (DORIS DUKE CHARITABLE FOUNDATION/METLIFE FOUNDATION)

“Representing a spectrum of organizations the selected partners will receive financial and technical support from the foundation to develop,
implement and learn from their audience-building work. The projects to be carried out by the arts organizations are designed to reach a variety of diverse audiences, including racial and ethnic groups, age-cohorts (primarily young people) and people working in specific sectors.”

THE WALLACE FOUNDATION, BUILDING AUDIENCES FOR SUSTAINABILITY

“In-depth, comprehensive, and implementable strategic plans. Organizational Audits produce short-term recommendations in... artistic and program planning, marketing, board and ‘family,’ and fundraising.”

UNIVERSITY OF MARYLAND, DEVOS INSTITUTE OF ARTS MANAGEMENT

“Explore the history and ecology of arts-based community development, the creative process as a tool for change, standards of practice, program creation (design, assessment, advocacy and resource development), and strategies for effective partnerships, adaptive leadership, and sustainability.”

INTERMEDIA ARTS, CREATIVE COMMUNITY LEADERSHIP PROGRAM

“Grant dollars and technical support to initiate experimental projects designed to close perceived ‘relevance gaps’ between the arts organization and its audiences, its communities and professional artists.”

JAMES IRVINE FOUNDATION, ARTS INNOVATION FUND

“The Knight Foundation has as its mission the goal of helping create informed and engaged communities by supporting transformational projects in journalism and media innovation, community engagement, and the arts. These ‘random acts of culture’ accomplish all three goals: by supporting public performances, by integrating the arts into everyday community life, and by sharing the results online through professionally edited video.”

KNIGHT FOUNDATION, RANDOM ACTS OF CULTURE

“The Chief Executive Program supports each CEO’s efforts by introducing different approaches from outside our sector, a range of analytical frameworks and a network of allies and collaborators.”

NATIONAL ARTS STRATEGIES, CHIEF EXECUTIVE PROGRAM
“CAELI will increase your leadership effectiveness by helping you: Identify your core values and learn how these influence behavior and decision making; increase awareness of the characteristics of effective leadership; deepen your understanding of your strengths, weaknesses, and preferences; identify and examine your own biases, power, and privilege; create a plan to identify and meet your developmental goals in terms of organizational leadership, interpersonal communication, and functional management proficiency; and put your plan into practice back home.”

NATIONAL GUILD FOR COMMUNITY ARTS EDUCATION, COMMUNITY ARTS EDUCATION LEADERSHIP INSTITUTE (CAELI)

Among these selected innovation capacity-building programs, there is a diversity of approaches, features, and emphases. The first distinguishing feature in these innovation programs is their primary point of intervention: Do they target individuals, projects or organizations? Table B, below, elaborates.

**TABLE B**

<table>
<thead>
<tr>
<th>POINT OF INTERVENTION</th>
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<tbody>
<tr>
<td><strong>INDIVIDUAL</strong></td>
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<tr>
<td>Professional and personal development, often aimed at senior executives</td>
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<tr>
<td><strong>PROJECT</strong></td>
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<tr>
<td>Supporting an experimental project and/or enhancing the potential for success of a particular program investment</td>
</tr>
<tr>
<td><strong>ORGANIZATION</strong></td>
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<tr>
<td>Developing capabilities in the organization, often with a view to supporting long-term change</td>
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The second distinguishing feature in these innovation programs is the nature of the intervention: Do they provide services, funding to implement an experimental idea, or both? Table C elaborates:

**TABLE C**

<table>
<thead>
<tr>
<th>TYPES OF INTERVENTION</th>
<th>SERVICES</th>
<th>PROJECT FUNDING</th>
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<tbody>
<tr>
<td>Intermedia Arts, <em>Creative Community Leadership Program</em></td>
<td>X</td>
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<tr>
<td>National Arts Strategies, Chief Executive Program</td>
<td>X</td>
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<tr>
<td>National Guild for Community Arts Education, Community Arts Education Leadership Institute</td>
<td>X</td>
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<tr>
<td>Arizona Arts Commission, Art Tank</td>
<td></td>
<td>X</td>
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<tr>
<td>The Wallace Foundation, <em>Building Audiences for Sustainability</em></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Bloomberg Philanthropies, Arts Innovation and Management (developed by the DeVos Institute)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>University of Maryland, DeVos Institute of Arts Management</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>EmcArts, <em>Innovation Labs for the Arts</em> (Doris Duke Charitable Foundation/MetLife Foundation)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>James Irvine Foundation, <em>Arts Innovation Fund</em></td>
<td>X</td>
<td>X</td>
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SOMEWHERE BECOMING RAIN: ADAPTIVE CHANGE IS THE FUTURE OF THE ARTS

PHOTO: Springboard For The Arts

PHOTO: EmcArts
Programs focused on individuals emphasize personal leadership development and building an individual’s skills for supporting adaptation and change. A major component is self-examination and reflection: understanding your strengths, weaknesses, preferences and priorities. Individual-focused programs offer an opportunity to step outside of your organization and, with the benefit of some distance, gain a new perspective on current issues and challenges. Individual leaders are supported to develop a personal plan, either for their own development as a leader, or for leading a change initiative in their organization. Participants also build a network of peers who provide perspective and support, and a source for sharing lessons and experiences.

Capacity-building initiatives focused on projects emphasize adaptation through investing in novel ideas. The grant provides seed money to do something unique, perhaps risky, and then learn from the experiment. Project-focused initiatives have a built-in expectation of learning-by-doing with the project as the catalyst. This can be oriented towards a specific objective—for example, audience-building strategies in the Wallace Foundation’s *Building Audiences for Sustainability*—or can be more open-ended, oriented toward artistic entrepreneurship and new ideas—for example, Arizona Arts Commission’s *Art Tank* or the Knight Foundation’s *Random Acts of Culture*.

As the project emerges, so does the capacity-building opportunity. It can be implicit—the learning simply happens viscerally as the experiment unfolds; and it can be explicit—for example, the Wallace Foundation intends to document and share what is learned from the innovative projects and produce a series of public reports and guides. Project-focused programs can also equip the initiatives with responsive expertise to assist with challenges or opportunities that
emerge in the development and execution of the project. This can cover different capacity-building purposes: for example, technical support to better market the project, or management support to attend to related organizational development.

The most comprehensive capacity-building programs in the landscape are those with a focus on the organization. Organization-focused programs tend to combine multiple elements, including features we see in the project-based and individual programs—for example, projects to anchor the learning, and personal development as a component of leading change. In the organization-focused programs reviewed, there are differences in each program’s orientation to change. Programs are either rooted in a technical view or complex view of change.

The DeVos Institute of Arts Management and the Bloomberg Philanthropies Arts Innovation and Management are examples of a technical orientation. These programs emphasize a strategic focus, and improvement in key organizational disciplines. They help organizations get crystal clear on their purpose and value, and then are helped to build efficiency and effectiveness around exploiting that value in their market. The implicit orientation is that of succeeding in a competitive landscape (Michael Porter defined “competitive advantage” as the leverage a business has over its competitors - the combination of lower costs and higher quality of products). These programs’ content includes assessing the constraints that affect the organization’s success, benchmarking financial composition and revenue sources against peers, intensive strategy development and work planning, especially around marketing and the organization’s revenue model.

For organizations that are in a stable environment, it can be a very useful exercise to get one’s house in order, to adjust what one already does to

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**ORGANIZATION-FOCUSED PROGRAMS**

Bloomberg Philanthropies, Arts Innovation and Management (developed by the DeVos Institute)

University of Maryland, DeVos Institute of Arts Management

EmcArts, *Innovation Labs for the Performing Arts/Museums* (The Doris Duke Charitable Foundation/MetLife Foundation)

James Irvine Foundation, *Arts Innovation Fund*
greater advantage and effect. If the organization’s context is in flux, however, this approach can reinforce assumptions and capacities that should really change. As Steven Tepper observes in the opening chapter, “for significant change to happen and for new value to be created, there has to be a large-scale shift in ingrained assumptions.” Complex challenges are often mis-framed as complicated challenges, which becomes problematic when efforts and expertise are poured into making a business model more efficient, when what is needed is a fundamental change to that business model.

Tepper observes that “the environment in which artists and arts leaders find themselves is increasingly complex and requires not only adaptability, but also a need to constantly examine core assumptions, priorities, relevance and impact.” This has implications for capacity-building programs, driving a need to take a complex, systems view when responding to this uncertainty. For organizations to succeed in an uncertain and rapidly changing world, it’s necessary to question underlying assumptions, and radical shifts in beliefs, strategies, and organizational practices are needed. EmcArts’ *Innovation Labs* and the James Irvine Foundation’s *Arts Innovation Fund* were specifically designed to equip arts organizations to develop for sustained innovation. Rather than addressing technical challenges, these programs are oriented to complex challenges. The *Arts Innovation Fund* included services and project grants, and one of the lessons coming out of the program was the importance of a stronger integration

“Complex challenges are often mis-framed as complicated challenges, which becomes problematic when efforts and expertise are poured into making a business model more efficient, when what is needed is a fundamental change to that business model.”
“Experimentation and innovation become an integral part of everything the company does. Companies with this mental model have shown a consistent ability to innovate and to disrupt their own businesses with innovation.”

of these two elements. The Innovation Labs provided this, an integrated set of services and grants designed together from the outset.

Modern companies like Apple, Amazon and Whole Foods have succeeded by becoming good at sustained innovation. “They have shifted the concept of the bottom line and the very purpose of the firm so that the whole organization focuses on delivering steadily more value to customers through innovation. Thus, experimentation and innovation become an integral part of everything the company does. Companies with this mental model have shown a consistent ability to innovate and to disrupt their own businesses with innovation.”

What EmcArts has done is to develop an arts organization-specific approach to building capacity for sustained innovation.

At the core of the approach that EmcArts has developed is the emerging concept of “labs.” Labs marry systems approaches with design thinking, and have become a global phenomenon under various names: design labs, change labs, or social innovation labs. Around the world, institutes and organizations dedicated to labs have emerged: Stanford’s Design for Change Lab, the Helsinki Design Lab, Mindlab, the Institute without Boundaries, and the MaRS Solutions Lab, for example. Innovation Labs can be applied to the work of one organization, or act

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as an incubator for multi-organization initiatives, with a focus on bringing positive changes to complex public and social issues, involving multiple stakeholders.

Lab processes are in-depth and involve intensive engagements designed to bring together a customized team around a particular focal idea or challenge. Labs strategically employ a variety of methods, activities and tools to encourage reframing a problem, from which innovation teams can design novel solutions, and then create opportunities to prototype or beta test ideas. A lab process can last months, or even years, and generally involves multiple iterations of information collecting, analysis, engagement, and experimentation.

Individual change is one element of a lab, as the pathway to novel solutions involves challenging one’s own assumptions. Projects are an anchor. A rapid cycle of developing, implementing and learning aims to build something beneficial and, at the same time, use the project as scaffolding for developing a new set of skills, including:

- Collaborative problem-solving among participants
- Expanding ways to engage externally
- Developing protocols for rolling out innovations
- Committing a portion of an organization’s resources to experimental activity (“R&D”)

“Modern companies like Apple, Amazon and Whole Foods have succeeded by becoming good at sustained innovation. What EmcArts has done is to develop an arts organization-specific approach to building capacity for sustained innovation.”
“The lesson for arts organizations is know thyself. And perhaps, know thy context.”

**COMPLEX AND COMPREHENSIVE: THE INNOVATION LABS FOR THE ARTS**

In the complexity of an uncertain and increasingly dynamic arts environment, getting better at adaptation is an essential 21st-century skill for organizations. As noted earlier, effectiveness in capacity-building is a function of fit. The landscape of programs for arts organizations under the rubric of innovation is diverse. Some programs offer a more compartmentalized version of fostering innovation, either for the leader or for a specific project. These ask less of the organization, but may serve as a useful prompt, a first step, or opportunity to build on other efforts towards strengthened adaptability.

A more comprehensive program offers a higher potential for sustained change, but this demands that the organization be prepared to put more on the table: Engage more of the organization in the process, open the organization more to the outside, be ready to take risks, and commit the necessary time to learning (and unlearning) in parallel with doing.

Although they present as innovation capacity-building, the programs that are in essence about strategic clarity are less about building long-term adaptive capabilities. Organizations that seek to tighten their traditional management disciplines and find focus in a stable environment would benefit from such programs. And there is a case for effective innovation first needing a stable platform on which to develop. These are contrasting needs, and ultimately, quite complementary. The lesson for arts organizations is know thyself. And perhaps, know thy context.

With the *Innovation Labs for the Arts*, EmcArts fills a unique niche in the capacity-building landscape. The *Innovation Labs* bring the ideas, approaches and methodologies common to labs to the specific challenge of adaptation in US perform-
In harnessing the elements of social innovation labs and bringing them together in a comprehensive organizational development process, the Innovation Labs for the Arts develop skills and create a platform for critical self-examination at the organizational level in a way that strengthens an organization’s sustained capacity for adaptation. It is both the orientation to complex-
“With the *Innovation Labs for the Arts*, EmcArts gives shape to an entirely different way of thinking about capacity building for the arts. *Innovation Labs* are part of a new field of endeavor that is taking shape...”

ity and the comprehensiveness of the program that provide something special to organizations that are seeking to get better at adaptive change.

With the *Innovation Labs for the Arts*, EmcArts gives shape to an entirely different way of thinking about capacity building for the arts. Innovation labs are part of a new field of endeavor that is taking shape—one that is oriented to complexity and rapid change—that can equip organizations to evolve their core assumptions, beliefs and structures towards the new paradigm of impact and engagement, and to continually adapt in order to build a new generation of programs that can serve their communities in the years to come.
APPENDIX

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**Programs Reviewed**

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“There we were aimed. And as we raced across
Bright knots of rail
Past standing Pullmans, walls of blackened moss
Came close, and it was nearly done, this frail
Travelling coincidence; and what it held
Stood ready to be loosed with all the power
That being changed can give. We slowed again,
And as the tightened brakes took hold, there swelled
A sense of falling, like an arrow-shower
Sent out of sight, somewhere becoming rain.”

PHILIP LARKIN
THE WHITSUN WEDDINGS, 1964; FINAL STANZA