



Grantmakers in the Arts

# GIAreader

Vol. 24 No. 3, Fall 2013

Ideas and Information on Arts and Culture

## **Building a Resilient Sector: An Attempt to Debunk Myths around Innovation and Identify How Grantmakers Can Support Adaptive Change**

*Richard Evans*

Reprinted from the Grantmakers in the Arts *Reader*, Vol. 24, No. 3 Fall 2013  
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# Building a Resilient Sector

## An Attempt to Debunk Myths around Innovation and Identify How Grantmakers Can Support Adaptive Change

Richard Evans

*One does not discover new lands without consenting to lose sight of the shore.*

— André Gide

*“... at once it struck me what quality went to form a Man of Achievement, especially in Literature, and which Shakespeare possessed so enormously — I mean Negative Capability, that is, when a man is capable of being in uncertainties, mysteries, doubts, without any irritable reaching after fact and reason...”*

— John Keats, letter to George and Thomas Keats, December 1817

*Bosh! Stephen said rudely. A man of genius makes no mistakes. His errors are volitional and are the portals of discovery.*

— James Joyce, *Ulysses*, episode 9 (*Stephen Daedalus on Shakespeare*), 1922

*Spir't  
is Life  
It flows thru  
the death of me  
endlessly  
like a river  
unafraid  
of becoming  
the sea*

— Text on the gravestone of Gregory Corso, Rome, Italy, 2001

Go with me for a moment. Here’s what I might have heard recently in a conversation with a well-established leader in our field, or have read on a regular post in the blogosphere:

Look, this thing called “innovation” is a grantmaking fad. It’s primarily about sexy new products, and it’s only relevant for some organizations. Innovation is all about audiences, it just means adding a new engagement program, or whatever — so, if we choose to, we can innovate using our current structures and our established staff team to replicate a new program or product that our funders or audiences want. We’ll bring our usual suspects together and do some brainstorming. Of course, if we had a lot more money we’d be able to deliver innovation without any problems. Sure, we could probably benefit from some technical assistance around best practices. Above all, we must look good to our funders and avoid failure, making sure that any conflicts around vision or direction are minimized. You know, on balance we are too fragile, there’s too much at stake for us to take these risks.

This is all very reasonable, common sense, perhaps. It reflects the fatigue and suspicion that increasingly surround the term “innovation” as its importance in the arts field grows, and more and more organizations (including grantmakers) begin to face the need to adapt radically. But what we need now is *uncommon sense*, business unusual, the next illogical step, if organizations are to thrive in the future, and deliver new public value on a scale that renews the country’s sense of the vital importance of the professional arts sector. Most places I go, that value is undergoing severe questioning right now.

So the job I’m taking on in this article is to confront the various statements in my mock paragraph above, to try to bust some false myths that have grown up around the idea of innovation, and to dispel rumors of its demise. I’ll propose that organizational innovation is the means by which organizations undertake essential adaptive work, and that innovation is a newly emerging, organization-wide discipline, the most far-reaching new set of capacities arts organizations can learn, and the most powerful new discipline to enter our field since the advent of strategic planning in the 1970s.

Although anything approaching a “best practice” is always a seductive attractor, for grantmakers as much as arts organizations, it’s too early in the game of dealing with complex adaptive challenges for standardized responses to be useful — indeed, to suggest so would dangerously misrepresent the nature of these challenges and the kinds of choices and decisions that are likely to lead to progress. In complex systems, solutions cannot be imposed. What we can do — what progressive organizations in the field are doing — is create the conditions in our organizational relationships from which next practices will emerge, outrunning the “false necessity” of an enforced choice between routine and rebellion.<sup>1</sup> As Ben Cameron of the Doris Duke Charitable Foundation has noted, “The real challenge facing organizations is the development of adaptive capacity, the ability to confront challenges for which no solution has yet been found and to implement changes in a quest for a solution.”<sup>2</sup> In terms of design, these journeys are about discovering “affordances” in a changing landscape — clues about how to make sense of the new environment and operate successfully (like arrow buttons in a web browser). For gamers, these are the possibilities and limitations you experience in the fabric of the game, that you negotiate to become resilient and ultimately achieve mastery. Frequently, affordances can be identified through careful inquiry, so I’ll include some questions for each area I cover. Whether yours is a producing, presenting, service, or grantmaking organization, I hope you’ll find ways to apply these questions to your own situation.

What I’ve learned about all this comes from the immense privilege of working on innovation with over 150 organizations across the country in the past five years, and from my extraordinary colleagues who devote their remarkable skills to the lengthy and sometimes bewildering task of enabling

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organizational adaptation. In our shared experience, innovation and adaptive learning are alive and well in the arts — the voyage of discovery is just beginning.

### **Innovation Is a Grantmaking Fad and Only Relevant for Some Organizations**

A clear-eyed, rigorous examination of organizational innovation — as opposed to artistic innovation — is new to the field, and shared understanding is taking time to achieve. This makes the term inevitably prone to mischaracterization and slipperiness as its contours are developed. Some grantmakers have certainly rushed at it, embracing it wholeheartedly but using it promiscuously as a seductive alternative to thinking through the harder work of actual organizational change. What we can say is that organizational innovation is not the same as creativity, a quality of individuals (some people are naturally talented at coming up with original ideas). Creative thinkers are vital to innovation, but not sufficient. To innovate means to develop creative ideas into feasible strategies that organizations can actually implement. This is a group activity, requiring people to work together in new ways toward breakthrough strategies. So we can go further and say that innovation is a definable organizational discipline, a set of skills, processes, and tools that every organization can learn. In the first major study of organizational innovation in the not-for-profit sector, the Kellogg Foundation concluded that “every nonprofit should make innovation part of its core competencies.”<sup>3</sup> And note the report’s title — Intentional Innovation.

**Questions:** How in my organization do we promote and celebrate divergent ideas? How do we improve them, make imaginative choices between them, and then charter nontraditional teams to develop and test them? Is this type of work occasional, or part of our structure and core competencies?

### **Innovation Is Primarily about Sexy New Products**

Artists may be dreamers, but most people employed in the professional arts sector are pragmatists who favor a clearly developed system to get things done, short-term deadlines, and repeatable outputs — especially when resources are scarce and efficiency is highly valued. Grantmakers too gravitate to tangible products and emphasize measurable outcomes. So it’s not surprising that innovation has been sucked into this orbit, being interpreted as primarily about coming up with new programs and products — commodified innovation, if you will. This focuses on the wrong thing, misses the true nature of innovation, and reduces its power. Because innovation is first and foremost a process, a way of creating the conditions for

***A clear-eyed, rigorous examination of organizational innovation — as opposed to artistic innovation — is new to the field, and shared understanding is taking time to achieve.***

emergent behavior, for “next practices” to be realized. Frustrated that “pushing innovation based on simple recipes and success factors is still the prevailing dogma of organizational leaders, consultancies, and prescriptive research papers,” Christian Seelos and Johanna Mair wrote recently that the not-for-profit sector should “treat innovation as a process, not primarily as an outcome,” suggesting that “*evaluating the innovation performance of organizations primarily based on positive outcomes may stifle the risky experimentation necessary for progress in difficult and unpredictable environments.*”<sup>4</sup>

**Questions:** What would it mean for us to encourage and support innovation across our organizational processes? How might we bring innovative approaches to our strategic thinking?

### **Innovation Means Adding a New Engagement Program, or Whatever**

The overemphasis on product over process in pursuing or supporting innovation drives other misunderstandings. We urge organizations to add a new program, reinforcing an unsustainable mentality of continued expansion and diffusion of energy when a stronger focus on building resilience is what is really needed. If innovation is tethered to organizational growth, and if growth remains the primary measure of organizational success, then innovation is condemned to be a destabilizing force in the worst sense of the word.<sup>5</sup> Rather, the disruptiveness that can attend innovation should be directed to making hard choices — choices about what we now leave behind (as no longer useful to us), as much as about how we reconfigure our existing work. Letting go is at the core of innovation.

Asked a few years ago what proportion of its annual financial resources an arts organization, or perhaps a grantmaker, should devote to innovation, I was freed in my thinking by the impossibility of furnishing a well-researched (data-driven) answer. So I searched for something more fundamental, organic: If you hold out your hand, you see four fingers closely aligned in a single direction. This is business as usual, the ongoing commitment to maintaining an established direction in your work. But one finger deliberately points in another direction, integrating a proposal for divergence with the working of the whole, and together enabling unique traction with the world. So my hitchhiker’s answer is 20 percent, a rule of thumb that is intended to be provocative, to remind us that budgeting toward being an adaptive organization is a serious business. It requires that we regularly and aggressively make space for new ventures by stopping doing things that aren’t achieving our desired impacts, or that absorb energies better released for reimaging. Becoming more provisional as an organization is a sophisticated capacity.

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**Questions:** What criteria do we apply in deciding to stop doing something in our organization? Do we have an organized process for doing this? What structures can we put in place to ensure it happens regularly?

### **We Can Innovate Using Our Current Structures and Staffing**

We have found that the capacity of arts organizations and funders to engage externally in new ways is grounded in first engaging *internally* in new ways — it begins at home. From a systems point of view, structure drives behavior.

Unless you change the way your organization is structured, and the way you work, you are unlikely to be able to sustain significantly different relationships outside the organization. If innovation is not about carrying out business as usual in a

new way, it's also not about new business implemented in the old way. Woolly Mammoth Theatre Company's "Connectivity" initiative began as strategic thinking about how to engage audiences more viscerally in political theater and the issues it raises; but it had to expand into an organization-wide rethink about how to develop the muscles and new practices needed to focus and sustain that effort.

The need for structural and cultural change is particularly true of governance. With an average of thirty-five members, the boards of arts organizations are typically twice the size of the not-for-profit sector as a whole.<sup>6</sup> Guided by a conflation of governance and contributions, the past era of mandated growth across the field meant that our boards grew wealthier even as they grew larger, and it's become all too easy to dismiss the professional arts as "for the wealthy by the wealthy." I am not doubting the commitment or sincerity of trustees, but, with the best will in the world, it is hard for lay trustees to drive adaptive work when they have, by and large, just provided a significant sum to support the status quo. This is what governance expert Richard Chait calls "the allure of philanthropy over governance," an attractor that disables innovation in favor of short-term relief.<sup>7</sup> Adaptive arts organizations are reducing the size of their boards and finding other ways to honor and acknowledge major donors; in teasing apart stewardship and donations, they are changing the governance culture, recruiting gifted overseers, and becoming rapidly more adaptive.

**Questions:** What if we dissolved our staff departments in favor of teams of multi-talented individuals, grounded in the artistic experiences we are trying to enable, and organized flexibly to reflect the world we work in, not our technical convenience? What if we viewed trustee philanthropy as a blatant conflict of interest?

### **Worthwhile Innovations Will Take Off in the Field through Replicating Specific New Programs or Products**

While not every organization is going to be a pioneer of new approaches, or even an "early adopter,"<sup>8</sup> privileging the strategy of replication smacks of the old top-down, centralized way of thinking about fieldwide change, and subtly shifts the responsibility to others. This is a dependency model that can stifle enterprise and leaves the majority of organizations struggling to make up ground too late —

when their own effectiveness is in a downward spiral and crisis overwhelms earlier misgivings about innovation.

Rather, in this new era for the arts, solutions are developing locally, in forms that are uniquely attuned to community needs and organizational conditions.

There are three reasons why this is very healthy. First, as a new pathway to creating public value, innovation requires a shift in organizational assumptions; only the individuals who make up an organization can agree to let go of an ingrained assumption they have shared in favor of authentically testing a new way forward (they can be crucially perturbed and supported in that effort by multiple outside voices). Second, localism leads to lots of redundancy in the field, repeated experiments with radical intent that may overlap strategically, but which together allow for variations to be explored and patterns to be observed, accelerating the discovery of what works. (Putting a lot of money on a single big bet can actually slow down adaptation across the field.) In our Innovation Lab for the Performing Arts, the University Music Society in Ann Arbor, MAPP International Productions, and the Apollo Theater, both in New York, all separately explored new ways to create arcs of engagement for patrons, on- and off-line, that would also enable them to monetize that engagement; each was different but related, enriching the field's exploration of new engagement and fundraising techniques. Third, in a complex interconnected environment like that of the professional arts infrastructure, any initiative to drive a single form of an innovation through the field would be destined for failure — the system's preference for equilibrium would produce resistance to the imposed change, and attempts at compliance (likely funder driven) would lead to perverse consequences. As David Snowden has written, when considering innovation across whole systems, it is important to move away from attempting "fail-safe design" toward setting up "safe-fail experimentation."<sup>9</sup>

**Questions:** What small experiments with radical intent can we carry out? What questions are we asking of them, and how can we share our learning? What happens if the

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gatekeepers of our field — its service organizations and funders — are laggards?

### **New Money Alone Will Deliver Innovation**

If one thing has become clear in this time of disruption and opportunity, it is that grantmaking alone is not a sufficient tool to enable adaptive learning and significant organizational change to be sustained — change capital is no panacea. What is required for adaptive change is a carefully structured framework that blends process facilitation with phased financial investment. Yet many grantmakers, I've found, are loosely adding the word "innovation" to their grant guidelines, with expectations of new approaches and divergent grantee behaviors, but without any apparent understanding of the scope of organizational change needed to deliver success in these new terms, let alone acknowledgment of the serious, extended capacity-building efforts required if adaptive work is to stick.

While new financial resources are important, they are much more important in the later phases of innovation than up front, and need to be designed appropriately to propel and incentivize innovation. If an organization can develop a mechanism to ensure it has a wide funnel of creative ideas for its future organizational strategy (based on regular questioning of assumptions), and a means to adjudicate among those ideas, then the first phase of innovation can be used for project design, research and initial small experiments — which can be hard work, but should not be of financial consequence. The second phase, when a limited set of promising breakthrough strategies is subjected to repeated prototyping, typically does require some financial underwriting, so that an emphasis can be placed aggressively on constructive failure and generative learning from the external testing. But it is in the third phase of innovation, if and when an emerging practice merits scaling, that deeper and more sustained investment is needed. Support for the first years of full implementation allows organizations to stave off the increasing pressure to secure net income long enough for the new practice to establish itself in the marketplace for revenue as well as ongoing contributions.

Although these phases might be seen as a relatively simple venture investment model, it is ironic that the current grantmaking landscape broadly reverses the relative priorities: there are often funds available in small amounts for early experimentation, some funds for in-depth prototyping, and hardly any grants on a requisite scale for the critical third phase, when organizations begin to capitalize on emerging successes. At the same time, some grantmakers are jumping straight to the third phase, pressing grantees to implement

new approaches without any organized testing and assessment, and without building necessary new capacities. As a result, most innovations are condemned to remain what I call "dwarphan": both dwarfish in scale and orphaned from the organizational mainstream, relegated to the margins rather than intentionally growing to become part of core operations (that new music series of two small concerts; that single improv session in a local bar). This is one reason adaptive change in the field is so slow.

Grantmakers are beginning to address this structural problem. One leader is the Cleveland Foundation, which, in the final year of its Engaging the Future program (and having already supported prototyping activities for promising innovations), is making innovation capital grants available competitively to grantees. The grants are

designed both to provide immediate budgetary support for implementation, and to be matched over time to establish permanent new assets, restricted by board resolution for longer-term investment in the phased development of further innovations, with repeated replenishment. This represents an important new way of bringing capital into the field, at more modest levels and more regularly than we are used to seeing. At Shakespeare Festival St. Louis, the sheer presence of a modest innovation fund on the balance sheet, and the thinking that lay behind it, has leveraged significant interest, and direct financial investment, in new ventures — without the innovation fund yet being applied at all.

Few cultural organizations have in the past been able to build capital funds of this type on their own. Indeed, the norms of capitalization in the field, with an overwhelming emphasis on illiquid assets such as endowments and buildings, and a value system grounded in an unfulfilled search for permanence and stability, have militated against strengthening this aspect of the financial profile. A policy realignment is badly needed, supporting new values of organizational flexibility and adaptability.

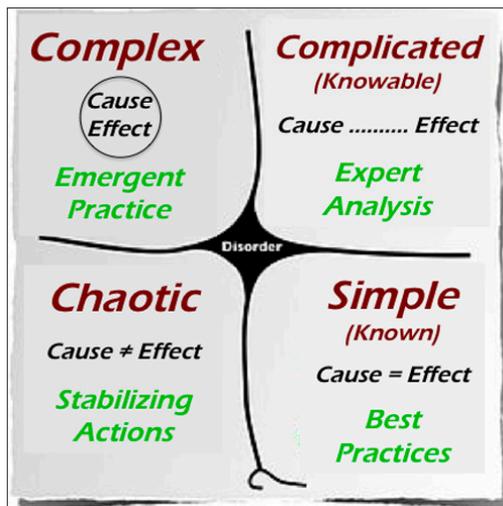
**Question:** How might grantmakers and practitioners together create innovation capital funds on organizations' balance sheets that are equivalent to 20 percent of the operating budget, linked to the rule of thumb above, and providing one means to fund ongoing adaptation?

### **We'll Get There If We Focus on Best Practices and Make Use of Some Technical Assistance**

If neither financial modeling nor new monetary resources actually drive innovation, what should we focus on? The casual nonfinancial answer — emphasize best practices and make technical assistance available — misses the boat

on both counts. The Cynefin Framework (see the diagram below) helps us understand why.<sup>10</sup>

Designed by David Snowden to assist leaders in identifying appropriate interventions in response to different challenges, the framework proposes four primary contexts that organizations have to work in: when the challenge is Simple (such as baking a cookie), the relation between cause and effect is linear and tight; if we follow the recipe, we can be pretty sure of producing a good result. In this context, *best practices* are what should guide us. When confronted by a Complicated challenge (such as constructing a space rocket), we recognize that the context is still ordered: cause and effect remain linear but are more distantly related. We need teams of technical specialists, plus a good blueprint. With those, we can successfully address the challenge — using a lot of *technical assistance* to guide us along the way. But when we try to address Complex challenges (the familiar example is parenting), cause and effect circle each other, they are no longer in any kind of linear relationship — yesterday's solution doesn't work today, and often we're not sure what the problem even is . . . Unpredictability rules, established systems are in flux, and new patterns are struggling to form. In contexts like this (and the adaptive challenges facing our sector fall squarely into this type), our most useful response



is to *create the conditions for next practices to emerge*. This means probing, questioning, and experimenting to find the way forward. As Snowden has written, “Because you cannot analyze the problem space fully in advance, you have to be prepared to adjust systems interactively until you find what works.”<sup>11</sup>

This response to complex adaptive challenges is not a weak one, it is the *only* one that will yield solutions. Until now, in supporting organizational change, our field has almost exclusively relied on urging the adoption of best practices and/or providing technical assistance. Neither remedy is useful here, and we are learning to introduce a different order of help, what I term “adaptive assistance.” At its core is extended process facilitation, the means by which

an external coach can guide and develop the capacity of a team to discover, test, and improve breakthrough new practices, creating the conditions for emergent behavior. The process facilitator possesses advanced and wide-ranging skills in managing complex group processes to tease out adaptive potential, but in no way has any of the “answers” we associate with traditional consulting work. Adaptive assistance is also very different from strategic planning, a set of techniques that is more useful for managing continuous improvement than for fostering divergence; but, as with strategic planning in the 1970s, I expect to see a period of ten years or more in which process facilitation skills are newly recognized and developed to support innovation in the field. Over this period, organizations will gradually internalize these skills, as they strengthen and flex their adaptive “muscles,” which now are typically underdeveloped in comparison with the organizational muscles that support stability.

**Questions:** Can we identify challenges our organization faces in each of the Cynefin domains? Are our current responses appropriate to each context? How might we develop a team and a process to question our assumptions, probe for alternative possibilities, and design tests of emergent practice? What adaptive assistance would we need?

### Conflicts around Vision, Goals, and Direction Should Be Minimized

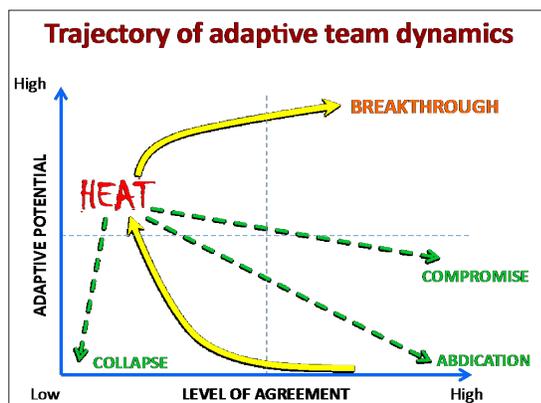
The prizefighting nature of grant seeking promotes propaganda over candor, certainty of success over genuine exploration. When major donors act as board members, this same dynamic tends to arise at home, with artistic leaders, executives, and trustees often co-conspirators in a choreography of conflict avoidance. As a result, a culture has grown up around resource development that confines all public statements, and most internal discussions, to studiously ignoring or suppressing areas of tension or meaningful dissent. Unhappily, this is reinforced by the passion that leaders in the arts bring to their work — we are rife with ideas, but don't want to turn anyone down, feel it personally as an affront to their commitment, and so have not developed effective ways to mediate and resolve conflicts. Responses to EmcArts' Rubric of Adaptive Capacity show that the capacities relating to conflict management typically rate among the least developed in arts organizations.

Pursuing innovation turns all this on its head. Productively managing sustained conflict is at the core of adaptive work. As the diagram below illustrates, the trajectory of discussions among teams pursuing adaptive work may be analyzed against two variables: first, the adaptive potential of the emerging direction or practice, and second, the level of agreement among the team (or across the whole organization). When the change 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 work increases, and things get real, agreement diminishes quickly, and 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 — ideally, it is managed so as to lead on to a breakthrough approach of high adaptive potential, in favor of which there is sufficient agreement (not unanimity) for prototyping to be sanctioned. In my experience, however, most trajectories with this promise become derailed by the heat of conflict, as individuals run for the exits. In the worst case, an 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, 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. Or we agree 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. Anyone for Congress?

For arts organizations, managing this trajectory over, say, twelve months is itself an extremely complex affair, as our Innovation Labs and Incubating Innovation programs have taught us (the friction tends to reach a critical level after about four months). Incentivized by our governance and funding environments to suppress conflict around assumptions, vision, definitions of success, and organizational strategy, few organizations in the arts field have become adroit at productively sustaining this kind of tension, let alone using it as the key lever for transformative results. (I'm reminded of Edgar Schein's insight that, in order to innovate, organizations have to resurrect, examine and break the frame created by old assumptions.)<sup>12</sup>



***The prizefighting nature of grant seeking promotes propaganda over candor, certainty of success over genuine exploration. When major donors act as board members, this same dynamic tends to arise at home, with artistic leaders, executives, and trustees often co-conspirators in a choreography of conflict avoidance.***

**Questions:** What might make it safer for divergent views to be aired in our organization, and for conflicts around change to be better managed? How can we learn to stay in the productive heat of idea conflict, and not descend into relationship conflict? Do we have past successes to build on?

### **We Can Innovate by Gathering Our Usual Suspects to Do Some Brainstorming**

I hope I've demonstrated that the path to innovation requires a lot more than traditional brainstorming. Indeed, deferring the pleasure of embracing the first bright idea put forward, and living for much longer as a team in a place of ambiguity (where the affordances of the future may begin to emerge), is a core competency for innovation. The composition of the team chartered for the work may also make the journey harder — by design.

We've found that it is essential *not* to bring only the usual suspects to the table (the planning committee, the program management team, etc.), but to cast the net wider, both inside the organization and externally. We typically recommend a team of staff, artists, trustees, and outsiders, with more than one from each stakeholder group and preferably three or four from the wider community. This comprises a very nontraditional group that will never have worked together before. It will need extended process facilitation, and will take a lot of team formation work in order to reach a high level of performance. The upside is that this kind of team, once enrolled, offers a mix of divergent perspectives that holds the greatest hope for effectively perturbing the organizational culture so that current realities are seen more truly for what they are, and genuinely new pathways to the future begin to appear.

**Questions:** Who are the "usual suspects" in our organization? What kind of nontraditional teams might we construct to guide adaptive work? How tolerant are we of giving up our individual authority and control in the construction and chartering of these teams?

### **We Are Too Fragile, There's Too Much at Stake for Us to Take These Risks**

Fear certainly induces paralysis, and plays to our desire to hold on, for as long as possible, to the ways of the past, the old assumptions, the best practices, the "known knows." And it's too easy just to quote Einstein's definition of insanity (especially as, in the context of complexity, doing the same thing repeatedly will likely produce different results

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each time!). Better to reframe the debate about innovation not as a caricature that contrasts it with prudence (“betting the house on an untested idea”) but as a core competency to add to our strengths, continually expressed through those “small experiments with radical intent” and deriving from the flexibility we can learn as we work together differently to generate a more adaptive organizational culture.

It’s worth recognizing that, however we frame the need to respond to a new operating environment, individuals typically experience two forms of anxiety about impending change: the *learning*

*anxiety* we feel about doing something differently, about stepping outside our established qualifications, about being seen as incompetent or a failure; and the balancing *survival anxiety* we feel, that *not* doing the new thing, refusing to address the need for change, will result in the organization failing,

or our job ending, or worse. Edgar Schein notes that change only happens in organizations if and when survival anxiety exceeds learning anxiety. So, as leaders and grantmakers, we can adopt one of two strategies: We can escalate the level of survival anxiety felt in the organization, or we can work to reduce learning anxiety. The first of these strategies is easily carried out in the current climate (focus on the box office trends, individual giving, staff turnover, or on trends in philanthropy, threats to the NEA, and so on — there’s no lack of relevant data). Though this strategy may lead to organizations agreeing to change efforts, it unfortunately leaves a lot of people cowering in the fetal position — not a condition optimal for innovation. So Schein suggests we use the alternative strategy of reducing learning anxiety, an approach that is integral to the process management I described above.<sup>13</sup> Among the ways in which organizations can do this are to create a “practice field” (a safe space for learning, in which possible futures can be rehearsed, without immediate commitment to implementation), work in groups rather than individually as a means to lower anxiety (and provide group coaching), reward small steps in a new direction, and develop a subculture that embraces, rather than avoids, errors. All these techniques of process design are consonant with the overall approach to innovation that we’re finding to be effective.

**Questions:** If our survival anxiety is very high, can we manage it to promote change but not precipitate crisis? If it’s low, is that feeling fact based, or are we missing something? What small early steps can we take with our staff, board, and other stakeholders to lower the anxiety about possible new directions, and reconcile them with the best of our traditions?

***Effective grantmakers recognize that, viewed as a whole, our local and regional communities constitute complex systems of interaction. The professional arts sector forms a vital part of each system. Its future therefore cannot be considered or supported without regard to this larger context.***

Whether our role in the arts sector is as a producing or presenting organization, a service provider, or a grantmaker, we find ourselves in the disruptive middle stages of an unprecedented shift in values, structures, and programs that will drive our sector’s future very differently from those of the past fifty years. As Thomas Kuhn first noted in 1962 in introducing the concept of a “paradigm shift” in the history of science, this stage of change is characterized by increasing diversity of innovative exploration, but also by higher levels of resistance, and attempts to reinforce the old order (whether conscious or driven subliminally by lingering as-

sumptions and the desire to hold on to “common sense”). One aspect of this push-back is the circulation of anecdotes and sententious observations that appear to disprove the need for change, or challenge its premises. Such myths — like those I’ve tried to address in this article — cloud the atmosphere, making it

harder to separate the emerging patterns of the future from the abiding gravity of the familiar. Dispelling myths around innovation may help more organizations in the “early majority” navigate the uncharted waters ahead.

Effective grantmakers recognize that, viewed as a whole, our local and regional communities constitute complex systems of interaction. The professional arts sector forms a vital part of each system. Its future therefore cannot be considered or supported without regard to this larger context — this is the essence of “creative placemaking.” The dynamics of these complex systems will not be long-lastingly altered for the good using old remedies that were developed to deal with the simple or complicated problems facing single organizations. Instead, grantmakers must find new strategies that are appropriately tailored to the adaptive context. We must acknowledge the need to release control over pre-defined outcomes (and the attendant cult of measurement), recognize that innovation is a process in which experimentation and constructive failure are essential to learning new ways, and insist that organizations construct their own teams specifically for adaptive work, self-determined but prioritizing outside voices and stakeholder diversity. From an era that prized heroic individualism and organizational differentiation, we must bring urgency in moving toward shared solutions and waves of collective action.

If we are to avoid being laggards, this means a shift, not only in program design, guidelines, and funding strategies, but in values and identity — grants will be but one part of a necessarily comprehensive approach that unifies funding and change management services as never before, that exemplifies deep collaboration, and that expands the developmental footprint by bringing unusual partners

together. It means working with organizations where they are and together, in tiered support programs that incentivize innovation and adaptive learning, designed responsively to how prepared or unprepared different organizations are for change. With this kind of adaptive assistance, the new leaders will emerge.

In Denver this October, EmcArts is holding the first National Innovation Summit for Arts & Culture. We are bringing together 250 practitioners and grantmakers from communities across the country to explore the nature of adaptive work and celebrate the innovative achievements of these pioneering leaders. In a time of so much angst and uncertainty about the future, and knowing we're all out of our depth, we felt the timing was right to lower a temporary anchor and look around the wider horizon. One output from the summit will be a set of values and principles, created by participants (and all those joining us virtually via [www.ArtsFwd.org](http://www.ArtsFwd.org)), that will try to capture some of the organizational and funding conditions that are fostering radical departures and making adaptive change possible. In 2014, we'll offer this manifesto as the basis for a national conversation about innovation in the arts sector. We believe it will affirm that those with the courage to leave the shore may be waving, not drowning, and that we can join them there.

*Richard Evans is president of EmcArts Inc.*

#### NOTES

1. Roberto Mangabeira Unger, *False Necessity: Anti-Necessitarian Social Theory in the Service of Radical Democracy*, rev. ed. (London: Verso, 2004).
2. Ben Cameron, address to the Annual Conference of the Association of Performing Arts Service Organizations in Philadelphia (June 2013).
3. W. K. Kellogg Foundation, *Intentional Innovation: How Getting More Systematic about Innovation Could Improve Philanthropy and Increase Social Impact* (Battle Creek, Mich.: W. K. Kellogg Foundation, 2008).
4. Christian Seelos and Johanna Mair, "Innovation Is Not the Holy Grail," *Stanford Social Innovation Review*, Fall 2012. Italics in the original.
5. See my earlier article, "Entering upon Novelty: Policy and Funding Issues for a New Era in the Arts," for a fuller analysis of the growth obsession that propelled the first era of developing a professional arts infrastructure, *GIA Reader* 21, no. 3 (Fall 2010): 45–53.
6. Nonprofit Governance Index, Boardsource, 2012. Although two-thirds of US households make gifts to charities, in 2005, 94 percent of individual contributions to the arts came from households with incomes over \$200,000 (*Patterns of Household Charitable Giving by Income Group*, 2005 [Bloomington: Center on Philanthropy, Indiana University, 2007]).
7. One of Chait's Three Gremlins of Governance, in "Gremlins of Governance," *Trusteeship*, July/August 2009. Chait nails the fundamental tensions inherent in this allure: "First, philanthropy is usually an individual act, whereas governance is intrinsically a collective act. Second, philanthropy typically reflects personal passions for particular programs, projects, or priorities. Governance, by contrast, requires fealty to an institution's overall welfare. Third, philanthropy presumes, at least tacitly, that whoever pays the piper calls the tune, whereas non-profit governance rests on the assumption that prudence, not affluence, drives decisions. And fourth, we expect board members as a matter of principle to be overseers, detached from day-to-day operations; yet in the realm of development, we eagerly encourage trustees, as solicitors and donors, to be tactical operatives." My second question here derives from Chait.
8. In *Diffusion of Innovations* (New York: Free Press, 1962), Everett Rogers distinguishes five groups of adopters over time of successful innovations in professional fields, forming a bell curve from innovators, then early adopters, to the early and late majorities, and finally the "laggards." Rogers proposes that the first two groups typically comprise around 2.5 percent and 13.5 percent, respectively, of any field.
9. David J. Snowden and Mary E. Boone, "A Leader's Framework for Decision Making," *Harvard Business Review* 85, no. 11 (Nov. 2007): 68–76.
10. Ibid. Cynefin (pronounced *kuney-in*) is a Welsh word that "signifies the multiple factors in our environment and our experience that influence us in ways we can never understand." For my description, I am also indebted to Jamie Gamble of Imprint Consulting.
11. Both Simple and Complex challenges can descend into the Chaotic, in which cause and effect have no discernible relation at all — as we know well with parenting, the turbulence may become so pervasive that a rapid response is needed; a limit has to be established in order to disentangle the strands and give pattern forming another chance. Simple contexts become Chaotic when complacency leads organizations to rely for too long on unquestioned practices and norms (Snowden reminds us that "by definition, best practice is past practice"). The fifth domain in the framework (Disorder) designates contexts in which it is unclear which of the other four contexts is predominant.
12. Edgar Schein, *Organizational Culture and Leadership*, 3rd ed. (San Francisco: Jossey-Bass, 2004).
13. Edgar Schein, "Organizational and Managerial Culture as a Facilitator or Inhibitor of Organizational Transformation" (working paper, Inaugural Assembly of Chief Executives and Employers, Singapore, June 1995).