

**BRIGHT SPOTS AND HARD BARGAINS:**  
Leadership in the U.S. Nonprofit Performing Arts Sector  
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**Introduction**

Nonprofit performing arts organizations are experiencing an unprecedented confluence of events that may lead to significant field-wide change. These include demographic shifts, technology innovations, challenging labor economics, globalization, evolving audience behaviors, and new art-making practices. The extended recession has intensified the impact of these trends and is increasing the penalties for those who do not navigate them wisely. It may also be offering new rewards for those that do. Some organizations are experiencing these times as a never-ending struggle, while others are finding opportunities in change and are succeeding as a result. While it is important to address the difficulties facing the sector, it is just as important to understand what seems to be working and why.

As part of the preparation for an internal review of its strategy in the performing arts, the Doris Duke Charitable Foundation is working with artists, managers, and service organizations in the performing arts to identify the biggest challenges facing them. As a complement to that work, the Foundation was interested in identifying “what’s working” – strategies and organizational practices that are producing exceptional success, and in discovering whether “bright spot” characteristics, perspectives or behaviors that could be replicated by others in the field. In June 2010, the Doris Duke Charitable Foundation commissioned Helicon Collaborative to explore “bright spots” in the nonprofit performing arts sector, which we together defined as organizations that are achieving outstanding levels of success in one or more areas – artmaking, audience engagement, organizational development and capitalization.

The idea of “bright spots” builds on concepts outlined in **Switch: How to Change When Change is Hard**, by Chip Heath and Dan Heath. In the Heath’s terminology, “bright spots” are people or practices that produce positive results, above the norm, without exceptional resources unavailable to their peers. **Switch** is filled with stories of such bright spots, in a range of sectors. An especially memorable one describes the work of Jerry and Monique Sternin, who helped overcome child malnutrition in Vietnam villages by identifying and spreading simple actions practiced by the mothers of the healthiest children. The “bright spot” mothers did three things other mothers did not: they fed their children smaller portions of food but more frequently during the day; they added small shrimp and greens from rice paddies into their daily soup; and, when serving their children, they made sure to ladle from deep in the soup pot so their children would get the shrimp and other nutrients that may have settled to the bottom. The Sternins themselves describe such behaviors as “positive deviance,” and in their book, **The Power of Positive Deviance** (written with Richard Pascale), they outline the key characteristics of such examples:

- They are “observable exceptions,” and are identified by others as producing success outside the norm;
- They work with the same resources and face the same conditions as peers that do not produce exceptional results (and often don’t perceive their own behavior as different from the norm);
- They exemplify a belief that solutions to intractable problems exist in the community where those problems persist, so overcoming challenges is – in large part – a matter of mining available intelligence and effective practice.

Helicon's data gathering for this "positive deviance" project involved interviews with a broad cross-section of field leaders, more in-depth conversations with organizations nominated by numerous people as bright spots, and a scan of recent relevant reports. Helicon interviewed about 60 leaders in the performing arts field (practitioners, artists and funders), including leaders in ten organizations named repeatedly as bright spots. We started with a preliminary list generated through discussions with Duke staff and expanded it through recommendations from the people we interviewed. While not a scientific sample of the field, those we interviewed represent a variety of perspectives based on their age, discipline, professional history, location and cultural identity. These conversations gave us information about the most prominent issues troubling performing arts leaders, as well as insight into the qualities that differentiate bright spot organizations from the rest. This report summarizes our key findings and offers some reflections on the implications of these results.

### **General Observations**

Our interviews generated a number of important observations about the current state of the field and its development. These provide a general backdrop against which to look for exceptional organizations and performance.

#### *Context matters—no one size fits all.*

Close to 150 very diverse organizations were mentioned as bright spots in our interviews. As the length of such a list suggests, there is not one standard of "brightness" in the nonprofit performing arts, and there is no uniform set of best practices that all bright spots follow. Nor are bright spots immune from current challenges or successful in all areas. Many interviewees advised caution in extrapolating general standards from individual success stories even as they acknowledged the usefulness of spreading information about successes to the broader field.

Everyone is challenged to deal with new technologies, evolving audience behavior, rising costs, diminishing foundation and public funding, and other important trends, but what may work in one organization may not be effective in another. "Bright spots understand what works locally, and use local knowledge to find and implement local solutions," said one informant. For example, we heard that many bright spot organizations are pursuing non-hierarchical management strategies that encourage diverse viewpoints and distributed leadership. However, for a youth arts organization that we spoke to, hierarchy is not a barrier, but a key to its success at educating and training a new generation of leaders. Context is key, and there is no one right way to shine.

#### *The art and the community are most important.*

Quality of artistic programming and community engagement are considered to be the most important determining features of bright spots. Interviewees felt that the qualities related to an organization's core artistic and community purpose are more fundamental to brightness than its operational or financial management. This view may be influenced by the fact that, for the most part, we interviewed artistic directors and executive directors, and few of our interviewees could speak knowledgeably about the internal workings of other organizations. Interviewees only commented on these aspects when they were seen as problematic, impairing the organization's ability to achieve its mission.

*The strain on human capital is unsustainable.*

Many interviewees talked about the increasing strains on people working in the sector. The two-year recession, combined with longer-term shifts in the underlying business model for live performing arts, has forced many organizations to make major budget cuts, lay off or furlough staff, and push remaining staff to manage increased workloads. In a sector where human resources are essential drivers to success, this level of stress is dangerous over the long term.

Many suggested that – despite a plethora of information sources, or maybe because of that – spreading ideas and getting traction for effective practices seems more difficult now than previously. Budget constraints curtail travel and exchange, and the reorganization of the National Endowment for the Arts’ panel system eliminated a decades-long mechanism for building “a national community of peers.” Many people we interviewed are familiar with bright spots in their geographical region and/or artistic discipline, but far less knowledgeable about organizations outside these realms. Current conditions are having a negative impact on people’s resourcefulness, spirit and creativity as professionals, and many worry that the field is becoming more insular and depleted.

*Nothing substitutes for leadership (but leadership is situational).*

Many of our informants suggested that some long-held ideas about managing arts organizations are shifting in the face of rapidly evolving external conditions. This includes the nature of leadership. “Leadership is situational,” said one person, “and the best leaders don’t apply a formula or a cookie cutter solution. The way they exert their leadership changes with shifts in their organization and their environment.” Another commented, “Bright spot leaders are trying to find a new balance between virtuosity and participation.” A third suggested that “efforts to find ‘leadership qualities’ can feel like grabbing at random bits of observation rather than exploring the context and the conversation that really drives their impact. Leadership is always in context. Lately, I’m wondering if leadership IS context.” But everyone we talked to agreed that ineffectual leaders are frequently the last to realize that they are so. “And they often blame external conditions for their lack of success.”

## **Dealing with Challenges**

Bright spot organizations are grappling with the challenges affecting the sector as a whole, but they are responding differently than most others. For example:

**Challenge:** During times of stress, arts leaders (board and staff) often turn inward and reduce risk-taking to focus on the essentials. This tendency is reinforced when financial resources are tight. While this behavior may work in the short term, such contractions tend to keep groups from trying new things and can isolate them from the realities that they need to address to remain relevant. They also hamper the spread of new ideas and practices necessary to succeed in a rapidly changing environment.

**What the bright spots are doing:** Bright spots have visionary, entrepreneurial leadership that recognizes that risk-taking is a prerequisite for serving the mission and adapting to changing circumstances. Bright spots are looking widely for what’s working — to other disciplines (visual arts, commercial music, literary arts, design and fashion), other business structures (collectives, for and non-profit hybrids, fiscally sponsored projects, etc.), and even outside of the arts (sports clubs, technology companies, retail stores, etc). They are pursuing transparency in their own organizations, and are open about what works, and what doesn’t. They experiment *strategically*, especially in tough times, and view failure as a necessary stepping-stone to success. They see the current

challenges as evidence that the performing arts sector needs new approaches, and they are comfortable with ambiguity and with trial and error.

**Challenge:** Technology is facilitating direct interaction between artists and their audiences, collaborators and financial backers, replacing many of the roles that presenters and producers have played in the past. In addition, technology is breaking down the separation between “professional” and “amateur” in many fields, as more people can access the tools to create art at high levels.

**What the bright spots are doing:** They are welcoming technological and consumer trends as opportunities, not threats. They see technology as another way to connect audiences and artists around the work. They understand that technology is changing the equation of supply and demand, and are thinking deeply about that shift. They are questioning long-held assumptions about the role of institutions and are looking to discover their unique value to their communities of audiences and artists.

Unlike organizations that worry about technology and “pro-am” activities competing with their programs and products, bright spots see participation as a continuum, all of which benefits their mission in the long run. More engagement is a good thing, even if it challenges their traditional business model. Bright spots seek to find ways to involve practitioners and audience members and investors in multiple ways, acknowledging that the same individual may occupy different roles at different times.

**Challenge:** Some long-established practices of managing performing arts organizations are not working well now, but many organizations have built elaborate structures around behaviors and practices that are not as effective as they once were.

**What the bright spots are doing:** Bright spots realize that practices must be responsive to changing conditions. They exhibit a determination to face the truth, even when it requires hard choices or significant changes in structure or programs. They are changing their program mix, their marketing strategies, their board structures, their approaches to fundraising and their underlying business models. They are involving both audiences and younger staff members in decisions traditionally reserved for senior staff, and making efforts to share the processes of artmaking and production with the public, as well as the final products and productions themselves. They are able to let go of behaviors and activities that are no longer working. They realize that the institution exists to serve the mission and not to perpetuate itself.

## Key Characteristics

While there may not be an agreed definition of “bright spot” in the performing arts, our interviewees did describe qualities that distinguish the most outstanding organizations in their fields. There were six primary characteristics:

- ***Bright spots evolve – they accept that internal change is necessary to stay in balance with evolving external realities.***

Bright spots candidly assess their evolving circumstances, and act quickly to adapt in ways that are consistent with their core values and staying relevant to their communities. “Nothing is precious in our organization,” said the leader of one bright spot organization. “We are constantly assessing whether our work is having the desired impacts, and if

something's not working, we stop doing it. But we make decisions about what to change or sacrifice based on the things we value most. And we've taken the time to discuss and clarify what those values are."

A number of bright spots organizations took a long view at the onset of the recession in the Spring of 2008, cutting their budgets by as much as 30-35% and, in some cases, restructuring the organization for a different world coming. The artistic leader of one such organization described this as a "hard bargain," but well-justified. "Our organization has right-sized for what our community can support, preventing the need for further cuts. I see that many of our colleagues chose to make only minor adjustments early on, and have been in constant budget-trimming mode ever since."

A third person noted, "By putting more emphasis on grassroots marketing methods, which is in line with our goal of expanding our connections to neighborhoods, we were able to cut our marketing budget in half. Changing our traditional approach to marketing, including eliminating most of our print material, seemed radical at the time but it's actually brought us new and different audiences, stimulated our imaginations and reinforced our core values. And it's saved us a lot of money."

Bright spots balance clarity about their mission with a willingness to adapt. They are fearless about trying new things, re-thinking organizational structures and program platforms, and letting go of tried-and-true approaches that aren't so true anymore. This quality has been particularly important recently, given the pressures of the recession, but interviewees stressed that this is a core operating principle for bright spots at all times. As one summarized, "Keep your base green – your work fresh, your audience young, your institutional structures slim and flexible."

- ***Bright spots "know themselves" – they have very clear purpose and allocate resources strategically to advance their mission.***

Bright spots are distinguished by a very clear, highly motivating sense of purpose and strong values that are shared at all levels of the organization. This grounded quality helps them manage the fear and messiness inherent in making meaningful change. They are strategic and flexible in allocating their financial, physical and human resources in ways that best propel their mission, and they can shift priorities when necessary. Because they know why they do what they do (not just what they do or how they do it), they have a clear sense of direction and they are very good at motivating stakeholders around their mission. Bright spots generate contagious excitement about their work which affects (and infects) staff, board and volunteers. One informant captured this characteristic succinctly: "All stakeholders are informed and excited about the organization and anyone associated with it can tell you a story about something that happened recently that reveals the values of the organization, its aspirations and its impact on people." Each staff and board member has a clear role and they know how their work contributes to the organization's success so they have a sense of urgency about doing that work well. Stakeholders at all levels share responsibility for realizing the organization's clear and inspirational purpose. One bright spot interviewee said, "We're audacious for our purpose and relentless in pursuit of it."

- ***Bright spots have clear artistic identity – they have an artistic point of view and approach which distinguishes them from others***

Organizations described as bright spots have strong, exciting artistic identities and deliver high quality work on a consistent basis. As one leader put it, “The way to advocate for your art form is for the work to be GREAT. Good is not enough.” Many reinforced the point that great work is produced or presented in all kinds of organizations and is not correlated with size or lineage. Many organizations recommended as bright spots are relatively young and small.

One person suggested that the fundamental difference between bright spots and other organizations is that bright spots are “explicitly and unwaveringly committed to artists and art forms they present, and to rigorous intellectual development of both. Otherwise, box office and finances drive decisions.” Bright spot organizations build sustained relationships with artists – often a core group of artists with whom they have long partnerships – and are unshakably dedicated to the development of new work. And there is genuine reciprocity in these relationships: the organization invests in the long-term development of the artists and their projects; the artists creatively contribute to the development of the organization and its interactions with its community.

- ***Bright spots empower people – they foster healthy relationships with internal and external stakeholders***

Bright spots value diverse viewpoints (board, staff and external) and have a respected process for balancing them. Although they may have leadership teams that have been in place for many years, they find ways to empower younger staff members and deploy their multiple talents. Bright spots work more as networks and less as traditional hierarchies. As one person put it, “There’s relatively little sense of hierarchy in these organizations and a lot of the sense of joint exploration.” Another person said, “Bright spots are good at collaborative decision-making. They know how to build effective teams – on specific projects and in the organization as a whole.”

Trust between executive and artistic leaders is well-established in bright spot organizations, and both are involved in key decision-making. As one person said, “In bright spot organizations, program people are knowledgeable about and interested in the finances and operational sides of the organization, and the managers have an artistic sensibility.” The artistic leader of one bright spot organization said, “We are all extremely careful with our finances so we can all be experimental in our programming.”

Bright spots also invest in relationships with external stakeholders and their community. These aren’t token or transactional exchanges, spurred by pressure to diversify audiences or need to increase individual donations. They are integral to the mission of the organization and are pursued in this spirit.

- ***Bright spots are relevant – they authentically live in and connect to their community***

Bright spots are dedicated to the health and vitality of their community as a core belief, not an add-on, and they address issues that matter to the community through their work. As one person put it, “Bright spots are authentically dealing with real life issues that have meaning for people.” Whereas arts organizations are sometimes criticized as being too removed from people’s daily concerns, bright spots are defined by their relevance to the deepest values and needs of their communities. “Bright spots are real people communicating

to real people about real and relevant things.” This may mean taking up the important issues of our day in their artwork – immigration, social and economic inequities, climate change, growing political polarization, the wars in the Middle East. It may also mean providing a context to overcome some of those challenges, by bringing diverse types of people together to find common ground and create “safe spaces for unsafe ideas.” Bright spots also feel responsibility for the healthy development of other arts organizations in their area, particularly initiatives by younger artists or emerging organizations in their artistic field. Through program collaborations, space-sharing, mentorships and other means, bright spot organizations nurture these other organizations to make a more vibrant ecology. The relationship between bright spots and their community is symbiotic, and both are nourished by it.

- ***Bright spots take risks and steal good ideas – they are entrepreneurial and hungry for useful ideas from any source***

Bright spots embrace the changing environment in which they work, including increases in nonprofit and commercial arts establishments and the proliferation of electronic entertainment options. “Competition helps us focus our unique niche,” said one bright spot leader. “We use the new stuff, the new entities, the new artists, the new technologies bubbling up as a goad to making our own work better, and to clarifying what we do best.” These organizations see opportunity for new partnerships and collaborations in the changing context, and are at ease outside of the nonprofit arts silo. “Successful organizations (and people) can move among and between multiple worlds. They are fluent in multiple sectors (arts, education, community development, public sector, etc), and they know how to speak to different people in their own ‘language’ and translate the arts into language that anyone can understand.”

## Conclusion

We heard many cautions against looking for one route to “brightness,” especially in times as turbulent as these, so we hesitate to make any definitive assertions. However, certain implications do emerge from this study:

- Brightness resides in a quality of organizational leadership, not in an institutional form, a specific person or a prescribed set of institutional characteristics.
- Brightness is contextual, and depends on the eye of the beholder; what makes an organization bright changes over time and circumstances.
- There are many “bright” artists operating outside the nonprofit model, in commercial or hybrid entities, and some are exploring non-monetary systems to support their work, but the 501c3 structure remains a flexible instrument and there is not a significant movement away from it.
- More funders need to be as flexible and risk-taking as bright spot nonprofits, and clearer about why they are funding as well as who and what.
- It is possible to reinforce and speed up change in organizations that are already changing, but almost impossible to make people or institutions change when they have not already begun to move.

- What holds many people back from changing is that it is perceived as very hard work, frightening and perilous. Bright spots overcome this resistance by being clear about purpose and direction, exciting stakeholders' interest and commitment, "shrinking" or disaggregating problems so they are susceptible to manageable, human-scale actions, and eliminating distractions.

For more information, visit [www.heliconcollab.net](http://www.heliconcollab.net) or contact:

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