

Innovation in Not For Profits and Government

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Summary

This article endeavours to briefly contrast innovation in an opera company with innovation in government. It comes to the conclusion that the demand for innovation may be greater or smaller, and the innovation itself may be defined differently, in different environments. It also suggests that differing personality types with regard to innovation may find these different environments more or less congenial.

Introduction

In the last year I have had the privilege of being on the Board of Directors of our local opera company, Opera Lyra Ottawa. This has given me the opportunity, after almost thirty years in government, to view innovation in the context of a not for profit agency in the arts environment. The two environments are very different in terms of innovation.

Innovation in government can be divided into innovation about "what" and innovation about "how". Innovation about "what", or policy innovation, usually involves a congruence of the right people and the right political environment. Policy innovation on the "left" might see the creation of new social programs, while policy innovation on the "right" might see the withdrawal of government from certain regulatory areas, allowing market forces to prevail. Usually there is not much scope, or much career for that matter, for left-leaning innovators, in a right-leaning political environment, and vice versa.

This is only to make the point that the mandate of the government - what the party had promised to do in the process of getting elected - sets the parameters within which policy innovation will take place. Such innovation is closely tied to the democratic process, and is not the creative domain of the vast majority of public servants. In fact, at one end of the political spectrum one encounters the argument that governments are not elected to be socially innovative, but rather to arbitrate between conflicting demands and regulate imperfect markets.

On the other hand, administrative innovation in government, or innovation about "how", seeks to find a more effective or efficient means to accomplish policy objectives which have already been agreed to. Such innovation will often be more or less acceptable within the constraints of not requiring too much in the way of up front investment, not increasing levels of risk, and not being excessively controversial. One of the reasons that it is difficult to sustain a culture of innovation in government is because officials are seldom rewarded for embarking on expensive, risky and controversial ventures, even if those ventures promise to save money, or increase effectiveness in the long term.

Finally, although freshness and, by implication, innovation, is something governments strive for, there is still a sense in which the "product" being worked on is the Minister's advancement, and that of his or her department. Advancing the department's agenda, securing funding for new programs, protecting the budgets of existing programs, keeping out of the Auditor General's report, not being the object of public inquiries, are all worthy objectives for senior officials and

the Minister. This "action" takes place at the apex of the organization, not at the level of the service provider. Innovation is certainly necessary for success in this niche arena, but it is a specialized brand of innovation that is called for. The best innovation is a low cost, low risk, new approach to an objective which is universally agreed to be worthwhile.

Nature of the Arts Organization

An opera company, in common with any arts organization, creates, markets and sells a product. It also reaches out to the community for donations of money, goods, services and volunteer time. Funding is a combination of box office revenues, corporate sponsorships, donations from individuals and government grants and, as in government, the funding needs to be lined up, if not in place, before the organization can produce its product and deliver its mission. An opera company will put on more operas if it can sell the additional subscriptions and tickets, line up the additional sponsors, organize the additional fundraising events, and secure the necessary operating or project funds from the granting agencies.

This is an extremely turbulent environment – granting agencies operate with constrained budgets and numerous competing priorities; corporations likewise have many sponsorship avenues open to them, donors have many worthy causes demanding their support and, finally, audiences have a wide variety of entertainment products to choose from. What I have taken away from being associated with an opera company is that it is probably as high risk as the most entrepreneurial business, as complicated in terms of managing stakeholder relationships as any government program, and dependent for its long term survival and growth on its ability to attract new audiences to an old art form which has, let us face it, a bit of a reputation for being boring and stodgy. Innovation is at the core of this challenge.

Three Areas of Focus

Not for profits, including arts organizations, must succeed in three distinct activities. Firstly there is delivery of the mission, in this case producing opera. Secondly, there is raising revenue by reaching out to audience, donors, sponsors, granting agencies and volunteers. This is often referred to as development or income management. Finally there is administration, which supports both of the other areas of activity, negotiates with granting agencies, helps keep current sponsors, donors, volunteers and subscribers happy and renewing, and maintains the books. Innovation means different things in each area of activity.

1. Delivering the Mission

What might be labeled misguided innovation at the pointy end in an arts organization can be very risky. It is necessary to distinguish between innovation and recklessness. Innovation for an opera company does not mean staging a world premiere of a locally created atonal opera, or the production of a rarely staged opera by a forgotten contemporary of Monteverdi's on the assumption that, if produced, the audience will come. An artistic director wanting to pursue this type of innovation would have to build a business case that would demonstrate convincingly that the venture was only going to lose a small amount of money and that, given the larger artistic objectives in play (reputation, audience development, doing something quite exciting, etc.), it would be worth the loss.

However innovation is related to artistic vision, and the execution of that vision over a few nights, after something in the order of a month's work, with a team of perhaps a hundred singers, musicians, players, stage personnel, etc., brought together from around the world just for the event. New productions tends to be more expensive than rented productions so some innovation can be bought, but exciting is always more important than lavish when it comes opera. In the end the coherence or integrity of the artistic vision comes from the talent and teamwork which a diverse group of individuals manage to achieve in delivering it. Innovation in the sense of finding ways to bring these works of art to life for modern audiences is what opera, and all stage work, is about.

The artistic community is an ego rich environment, much like the top layers of government. Although an oversimplification, one community is paid to spot risk at the farthest horizon and steer away from it. "Bold political move Minister", Sir Humprey would say when attempting to dissuade his boss from some course of action. The other community rewards the successful implementation of a bold vision that produces a coherent exciting artistic experience. The artist's objective is to fill the house to capacity, move the audience to tears, astound the critics, etc. More to the point the whole production team knows that this is the objective and that it is worth putting out the extra effort to achieve it. They need an artistic vision to bring to life. Innovation is part of this, but it cannot replace artistic excellence.

Usually there will be someone in charge of artistic direction in an opera company, although this position is increasingly merged with the position responsible for administration. Even when this is the case the artistic talents are felt to be paramount if the company is to thrive. Arts organizations hire artistic folk for their "artistic vision" and do not normally expect a debt free balance sheet to be the highest priority item in this vision, although most of the board will feel it should also be present. Innovation is probably right behind artistic excellence, as a desirable quality in an artistic director.

2. Development

Development, income management, fundraising, special events, etc. is about finding the resources necessary to allow the artistic component to be as innovative as they would like to be. In small arts organizations this tends to be the domain of the volunteers, including the board of directors. The company's success rests on its ability to reach out to the community and to enlist the community's support – individually as donors and volunteers, corporately as sponsors in cash or in kind, at all levels of government, etc.

Innovation in development means innovation in meeting the "needs" of the company's supporters. The notion that people support an organization not for the needs that it has, but for the needs that it meets, is very eloquently developed by Kay Sprinkel Grace in her book *Beyond Fundraising*. For example, I am on the Board of Opera Lyra because the company meets a number of my needs. One of these is a need to see opera without having to leave town, another is to work with a number of like minded individuals in a worthwhile cause, a third would be to have occasion to dress up and have a good time. Corporate sponsors have a "need" to associate themselves with an activity in the eyes of potential clients and, if they are regulated by government, in the eyes of policy makers. They may also have a need to dress up and have a good time.

Innovation means finding ways to have the activity that sponsors need to be associated with, be the productions of your arts organization. Fundraising events need to be approached in a similar fashion. Some people have a need to go out to supper in interesting surrounding with good company, some like to go to auctions, some to gala masked balls. A fundraising event will not be well attended because Opera Lyra needs the money, but because it meets a "need" in the target audience. Innovation in development means clear-sighted targeted "product" development and clever marketing. I would imagine that in this regard it is not unlike building and running any business in the service sector, where the question would be – what need are we meeting with our products? This may involve creating the need in the first place through outreach and education.

3. Administration

The administrative component of an arts organization has to provide logistic support to both the artistic and the development component. In opera companies the permanent administrative element will never be large. Since the performers come together for the event there is no company of players or corps de ballet. Innovation in administration is about efficiency and effectiveness. It is about good human resource management and good financial management; about finding better ways to deliver support to the artistic and development activities of the company. Bold approaches to cost control, hard bargaining with suppliers, artists, performance hall owners, etc. is what is expected of the administration folks. However, innovation means going beyond these attributes to the data gathering and analysis necessary to support the two other activities in their product development – what operas to produce, what fundraising events to undertake, which companies to target for corporate sponsorship?

In short administrative innovation for arts organizations lies in putting in place the framework to support a learning organization. Being a learning organization may be more critical in a performing arts organization than any other type. Because these organizations are completely event driven, one false step in a performance or fundraising event can reverse months or even years of work. Every performance or fundraising event should, enhance the company's reputation, be more highly acclaimed and raise more money than the ones which preceded it. No member of the audience should ever be lost, no subscriber ever decline to renew, no sponsor ever walk away, no board member ever resign. Only a learning organization can operate successfully in this environment, and it is the administrative component of the company which needs to create innovative mechanisms to support such organizational learning.

However administration, by bringing the company's accumulated experience to bear on the present, acts as a governor on the natural desire of the artistic and development folks to innovate. Without smothering the artistic spark under the accountant's blanket, it will often fall to the administrative component to bring the company's accumulated experience to the choice and approach to opera productions. Volunteers attempting to line up corporate sponsorships would normally prefer not to be marketing a production of an seldom produced opera by a unknown 18th century composer. Likewise, without dampening the enthusiasm of those volunteers who like to put on parties, sometimes there is a need to keep the fundraising objective in sight. It is necessary to document the innovation which worked in the past and the innovation which did not, so that the Company can build on its successes. Finding ways to do this with minimal resources, high staff and volunteer turnover, and a volunteer board is no small task.

Conclusion

Where does this brief comparison lead us? For me it leads to an appreciation of the relevance of the work of those students of management who have written about the impact of different personality types on the success and evolution of companies. Although there are numerous approaches to the analysis of individual management styles, the analytic work of I. Adizes, and that of Patricia Pitcher in *Artists, Craftsmen and Technocrats*, point to the important influence of personality types on organizations, and how changes in the composition of the management team over time will spell success or failure for the company.

It seems clear that methodologies, which diagnose the health of organizations by asking whether they have the appropriate balance of personality types in their management team given their current location on some scale of corporate maturity, have relevance for government and for arts organizations. However, the balance needs to be reworked for these types of organizations for two reasons.

Most obviously the same mix of personalities which make Microsoft a successful company are not necessarily going to succeed in running a large government department, or an opera company. Without getting into all of the differences, from the team Microsoft perspective, government would seem to be too bureaucratic while an arts organization would not be bureaucratic enough and therefore an arts organization probably 'needs' more of the administrative types while government 'needs' fewer of them.

Another difference is timetable. Government in some sense has forever to get it right, while arts companies have to get it right every time, or nearly every time. Most start-up private companies with a decent notion and business plan have at least a decade or so to get it right.

From the individual's point of view, an early diagnosis of "fit" with a chosen profession would avoid later frustration with a career that is too structured or not structured enough. Or, in the words of Leonard Cohen,

"And those who dance begin to dance, those who weep begin. And those who earnestly are lost, are lost and lost again." ~ The Guests

About the Author:

Patrick Griffith; spent most of his career in signals intelligence working for the Communications Security Establishment, part of the Canadian Defence Department. At the end of the Cold War, he joined the Treasury Board Secretariat, to work on re-engineering government. He helped reduce paper burden for small business and developed a computer model of government organized around processes and clients, as opposed to departments and Ministers. For the past year he has devoted himself to winemaking, cabinetmaking, home renovations and Opera Lyra Ottawa, where he is Vice Chair of the Board of Directors and active on a number of committees. He maintains an interest in innovation in government, as well as in the not for profit environment, and is a member of the Editorial Board for The Innovation Journal.