



## Chair / CEO lunches: Clore Leadership Programme

### Lunch number one with Patrick McKenna: CHANGE

**16th September 2010**

Each lunch is attended by Chairs and Chief Executives or Artistic Directors from:

- Akademi
- Apples and Snakes
- Axis
- Bright Space
- Salisbury Playhouse
- Welsh National Opera

This series of discussions is funded by the Cultural Leadership Programme.

Patrick McKenna gave a stimulating talk on change. He then invited the table to respond and open up a discussion. The emerging themes, ideas and further questions from the discussion are summarised below.

### A summary of Patrick's talk

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Patrick defined change for us and warned that it often buckles, in institutions such as the NHS, at the 'permafrost of middle management'. Change is easy to diagnose but difficult to deliver, requiring careful planning, sensitivity and tricky decision making. If it were easy, it would have been done before. Change is almost always externally imposed upon an organisation, requiring a wide variety of management skills, which often leads to a refreshment of staffing. This is perhaps particularly uncomfortable for the cultural sector, which often attracts 'people people' who didn't sign up to have a tough time hiring and firing.

But fortune favours the brave, and change can be the source of huge inspiration. It provides us with a chance to undertake the 'so what' test; to question why the organisation exists and design it again from a blank piece of paper. The leadership challenge is in effectively communicating the need for change, and outlining the benefits for the organisation and the staff.

Patrick used the example of the traditional media industry and their refusal to embrace technological change to illustrate how we ignore change at our peril. 'If you see it coming down the tracks it's probably already there.' For our sector, the change in public funding is the fast train approaching, so our focus now has to be on the development of new revenue and financial models.

## Notes from the discussion

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The bulk of the ensuing discussion was around philanthropy and the increasingly promoted belief that it will need to fill the gap in public funding. Are we ready to embrace it?

### Embracing change

First though, in the context of funding cuts, we queried how we adapt to change and take risks whilst simultaneously taking our organisations forward prudently. Patrick advocates that we strive to be bold rather than take risks; by boldness he means continually embracing and adapting to change rather than overly ambitious risk taking. But how do we prioritise resourcing change (such as digital technologies) in the light of aggressive cuts? Perhaps the answer is to take stock, slow down, do less better and maximise revenue sources, whilst still embracing change. In the current climate, we can ignore it at our peril. We need to develop new and unusual partnerships, share best practice to create efficiency savings, be innovative with products and processes and ask '*who can we share this risk with?*' With digital technology in mind, we discussed the National Theatre's 'Live' project which was an innovative risk (albeit part funded by NESTA), gained huge acclaim and has been the catalyst for many projects across the sector. (The NESTA report can be found **here** [http://www.nesta.org.uk/publications/reports/assets/features/beyond\\_live](http://www.nesta.org.uk/publications/reports/assets/features/beyond_live)).

### Philanthropy this way cometh

Patrick felt that the sector needs to wake up to philanthropy as a new key 'funding stream'. Several people expressed concern that this shift in the source of income could take a generation to achieve because it requires a significant cultural shift in people's thinking and sense of obligation, be they givers or recipients. So how do we speed that process up? By embracing potential donors more readily, spotting the trade offs, and by lobbying the government to offer better tax incentives. Arts and Business recently published a report comparing US and UK tax incentives which can be found **here** <http://www.artsandbusiness.org.uk/Central/philanthropy/the-tax-guide/Difference-between-UK-and-USA.aspx> We agreed that we need proactively to design our own model of philanthropic giving, rather than emulate the American system which has tended to result in conservative product. If philanthropy is going to help keep the whole ecology of the UK cultural sector vibrant, it needs to invest in the risky and small as well as the big and shiny. Patrick challenged us to question our assumptions about donors. He is confident that there are younger, less orthodox wealthy arts lovers out there who don't want to give to the bigger organisations and who are interested in supporting innovation. But how do we find these people, and how do we ensure philanthropy reaches those tiny, rurally-based community arts organisations, who lack the resources to nurture donor relationships? Perhaps Arts Council England could play a role here. Thoughts included: brokering and match-making services; supporting active partnerships between larger and smaller organisations; and encouraging strategic collaboration amongst smaller organisations so they can bid for larger funding and donations as one entity. Like it or not, intelligent partnerships and collaborations are the future. It's interesting to note how partnerships with powerful bodies, be they public or private sector, help generate additional sources of investment. The Manchester International Festival is a great example where the City Council, a key partner, put considerable pressure on corporate bodies to help support the festival financially. Strong partners help shape and influence investments.

## **He who pays the piper...**

There was concern around the table that a greater philanthropic culture could lead to a loss of creative autonomy. Patrick acknowledged that philanthropy has strings attached, but so does public funding. As cultural organisations we need to defend and enthuse about our vision to funders, donors, our Board members and the public. Individual donors are not necessarily more powerful than other stakeholders. The key is to have a strong and distinctive voice about what we are trying to do as artists, CEOs or Artistic Directors. It's about getting the right donor match, the right partnership which commands respect from the giver to the maker.

## **It's a trade-off**

We spent some time discussing practical ways to develop donor relationships. Firstly we need to go back to basics and ask '*why do we do what we do?*' We must assess what makes the various strands of our work compelling: excellence, innovation, children and young people, emerging artists, disadvantaged communities, regeneration, education, local, and so on. From here we need to identify people interested in one or more of these aspects, articulate the trade-off and target the ask accordingly, remembering that people give because they feel they will get back more than they give. Being explicit about the return on investment (despite it usually being non financial) is crucial. Wealthy donors shouldn't be our only focus. What if we could encourage the millions out there who make small monthly donations to The Red Cross or Amnesty International, to do the same for us? Lots of small donations add up, and generate a wider pool of advocates. A creative, radical rethinking of Friends' schemes is likely to be something many arts organisations will need to explore now. But to make this work we need to reposition ourselves explicitly as charities.

Finally, we wondered if more could be made of the relationship between the commercial arts and the subsidised arts. If it's true that the latter are the spring board for the former, could the commercial arts give back? Patrick agreed we need to generate more conversations about the potential of this, but must bear in mind that we'd be wholly misguided if we tried to appeal to their hearts (which are often protected by their wallets); instead we need to convey what the investment will do in return. It's a trade-off.