

As We See It - November 2009

Thinking Things Differently at the Portland Symphony Orchestra John Shibley, Director of Organizational Learning

We've been very pleased that our working definition of Innovation has been gaining traction in the field, being referenced now by both the Doris Duke Charitable Foundation and the James Irvine Foundation. That definition states that...

Organizational innovations are instances of organizational change that:

- 1. result from a shift in underlying organizational assumptions**
- 2. are discontinuous from previous practice**
- 3. provide new pathways to fulfilling the mission**

In the last few months we've found ourselves thinking more and more about the last part of this definition: the role that assumptions make in enabling organizations to make or to not make the kind of innovative breakthroughs we think are called for in the new arts climate. Increasingly, it looks like real innovation is not so much about doing things differently as it is about **thinking** things differently.

Out with the "Old Thinking"

Of course, it's much easier to see evidence of when things are done differently. Conventional thinking and assumptions that inform an organization's practices are usually less obvious, especially to the people holding them. That's one reason why we are so drawn to the recent work of Ari Solotoff, the Executive Director of the Portland Symphony Orchestra (PSO) and his team in Portland, Maine.



Despite strong ticket sales surrounding the announcement of a new Music Director, by the fall of 2008 the PSO was in a perfect financial storm: cash flow from subscription sales had been spent, the line of credit was at its limit from prior year losses, and the endowment value was dropping by the week. Programs and series that had once supported the bottom line were either losing money or declining in net impact. The PSO's Board had run out of patience for the symphony's practice of using cash from its unrestricted endowment to cover operating losses. And, to make matters worse, the Symphony's new auditors threatened to issue a "going concern" opinion.

"Between 2003 and 2008, the draw on future subscription sales became worse," Solotoff recalls. "Yet, we continued to produce programs like outdoor summer concerts at great risk and operational losses because they served the community and provided employment for our musicians. Additionally, the net revenue of *Magic of Christmas*, our 30-year old holiday concert series, had fallen from more than \$500,000 in 1999 to just over \$200,000 in 2007. We realized that the scale of the losses was just too great; drastic change was required."

Solotoff and the PSO's Board Chair Gordon Gayer worked to articulate two sets of assumptions about the PSO business model. They labeled one set "Old Thinking," the business-as-usual assumptions that had contributed to the PSO finding itself in such a financially precarious state.

The second set, developed as a response to each tenet of the Old Thinking, described alternative "New Thinking." **These are the new underlying assumptions to talk about in the definition, the foundation to any enduring innovation.** What's unique and exciting about the document that Solotoff and his team created is

that it captures, explicitly and very clearly, the shift that we talk about in the definition, and points to a simple way of doing so that other organizations can imitate.

This slide was one of about 20 Solotoff shared at a pivotal Board meeting. "When the Finance Committee and then the Executive Committee first saw this slide, it was shocking," Solotoff says. "It was as if all of the frustrations and lack of understanding had been crystallized in a set of statements. Trustees were excited about adopting a plan based on a new way of thinking because it gave them language to hold onto when making decisions. Everyone could be held accountable for the thinking underlying decisions, irrespective of one's place in the institution." The Board responded with enthusiasm and a clearer sense of how to proceed.

OLD THINKING	NEW THINKING
Fund known with unknown	Fund known with known
Rationalizing	Questioning
Increase programs and services	Maintain quality programs
Board to mgmt: do more stuff	Board to mgmt: be good stewards
New ideas now	Capture and test for viability
The Christmas "Angel"	No "Magic" bullet
Optimistic fundraising goals	Conservative fundraising goals
Plan for growth	Plan for survival

Over the last eight months, the PSO has had a remarkable turnaround, attributable, says Solotoff, to taking actions consistent with their new assumptions.

"Staff recommended a short-term Contingency Plan as well as a long-term Sustainability Plan," he explains. "The details became very simple, because the Old Thinking/New Thinking slide removed ambiguity and partisanship in decision making. We were able to make very dramatic decisions about the Symphony's future very quickly."

The PSO's movement from near death to health are evident: the organization finished the fiscal year in the black for the first time in 10 years, eliminated its debt, and has generated forward-looking philanthropic investments to get financially healthy and to fund "knowns with knowns." More importantly, all stakeholders are speaking with a shared set of language for decision-making. There's even a poster of the Old Thinking/New Thinking work prominently displayed in the office as a regular reminder.

Archimedes famously claimed, "If you give me a lever and a place to stand, I can move the world." Our work is showing us, over and over, that clearly articulating a new set of strategic assumptions and standing by them provides the best lever for inspiring the innovative approaches that can change the game for arts organizations.

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