

# James Irvine Foundation: Artistic Innovation Fund

## *Extract from working paper on innovation in the arts*

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## Defining Innovation

There is much talk in the arts these days of “innovation,” applied not to the artistic work that stands at the heart of our organizations, but to the organizations as a whole. In a rapidly changing environment that is flooded with technology, the argument goes, competition for audiences and funding is greater than ever before, and the operating environment has changed radically. So organizations need to innovate if they are to survive and thrive.

Innovation, however, is not clearly defined, even in the wider corporate sector, and so the call for more of it rests on shifting sands. This makes goals and expectations hard to set, and evaluation a daunting challenge. Lacking a clear definition, how can we be certain with any rigor that we will know innovation when we see it, or assess the degree of “innovativeness” contained in a proposal or set of proposals?

We don’t have the final answers to these questions, but offer here a working definition based on three criteria. We hope that our learning with AIF grantees and the Irvine Foundation will substantially advance our shared understanding of innovation over the next several years.

To begin with, we propose that innovation in organizations is just a specialized sub-set of the larger field of organizational change. Organizations making changes to their structures and practices view these changes as forming a continuum – from change that is most like business-as-usual at one end, through to fundamental re-invention at the other end:



### First criterion for innovation: Discontinuous change, not incremental change

Toward the left-hand end of this continuum, changes are often described as “incremental” and build logically on previous organizational practice, often informed by new perspectives or challenges from outside the organization (whether specific, such as new research, or general, such as operating conditions).

Note that incremental change by no means rules out the development of new practices and structures, it merely designates their logical connection to previous practices and prevailing conditions.

By contrast, changes that are positioned toward the right-hand end of the continuum follow a revolutionary, rather than evolutionary, path. Rather than being a logical development of previous practice, such changes are “discontinuous” and take the organization, or program, down a new, previously unpredictable, path.<sup>1</sup> Edward DeBono suggests that it is only in hindsight that the new path will appear logically connected to the former mainstream.<sup>2</sup>

It is not yet possible to prescribe the exact point across the continuum of organizational change where incremental change gives way to discontinuous change. But, in broad terms, these unpredictable, disruptive types of change seem to be a core element of innovation.

#### Second criterion for innovation: High impact on mission

It is in the nature of discontinuous types of change that they introduce to the organization alternative, as yet unexplored, ways of thinking and acting. These changes are necessarily disruptive and, being unproven, can entail high levels of risk. Why then would organizations pursue these paths? The answer is that these types of change promise to have an unusually high impact on the organization’s ability to fulfill its mission. Discontinuous, high risk change may be sought when alternative strategies have not proven of lasting value, or when challenges to the organization reach a critical level, or become pervasive.

This criterion for innovation helps answer the question: “Does innovation mean something new to the field, or just to my organization?” The answer, in part, is the relationship of any new direction to the mission of the organization (does it show promise of high impact?), and to the organization’s previous work (is it a discontinuous change, or just incremental?).

If, for instance, an organizational strategy of some sort has previously appeared in that field of the arts, but only now is recognized as a new way to achieve the mission of a particular organization, then its adoption by that organization could constitute an innovation.

#### Third criterion for innovation: A shift in fundamental organizational assumptions

In addition to discontinuity of change, and high impact on mission fulfillment, we have found that a third criterion crucially distinguishes innovation from other forms of change: Innovation results from, and reflects, a shift in underlying organizational assumptions or beliefs.

Every organization operates on the basis of some set of deeply shared assumptions about why it exists, what its business is, and how it relates to the world.<sup>3</sup> These assumptions may be explicit – described in writing in the strategic plan, for instance – or they may remain hidden and unexplored for all or many of the organization’s constituents.

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<sup>1</sup> The distinction between incremental and discontinuous change is noted by Charles Handy (*The Age of Unreason*, 1989) and the value of discontinuous change is explored by Henry Mintzberg in *Crafting Strategy* (HBR, 1987).

<sup>2</sup> In *Serious Creativity* (1992). DeBono coined the term “lateral thinking” to describe the process of accessing such new paths of thinking and action.

<sup>3</sup> We find Edgar Schein’s description of the assumptions that undergird organizational culture especially relevant to this area of inquiry (e.g., *Organizational Culture and Leadership*, 2004).

Either way, these assumptions act powerfully within the organization. They give rise to the culture of the organization, inform and limit its capacity for change, and explain much of its behavior. In a well-run organization, the alignment between underlying assumptions and day-to-day actions is clear and consistent.

For example, an organization that holds the fundamental belief that engagement with art is a leisure-time activity will likely not program events during working hours; or, if an organization operates on the assumption that all individuals are capable of meaningful artistic expression regardless of training, it will provide opportunities for the untutored, as well as professionals, to make art.

When an organization decides—or is forced by external challenges—to change one or more of its operating assumptions, innovative changes in the organization's products, processes or structures tend to arise. The shift in assumptions is a pre-requisite for this happening, but it is not a predictor: not all changes that arise from such a shift are by definition innovative (many remain instances of incremental change). Rather, a shift in assumptions sets up the conditions for innovation to happen.

In defining innovation, we therefore provisionally conclude that:

*Innovations are instances of change that provide new pathways to fulfilling the mission, are discontinuous from previous practice, and result from a shift in underlying organizational assumptions.*