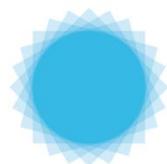


Implementing Innovation and Public Arts Funding

**Canadian Public Arts Funders (CPAF)
2012 Annual General Meeting**

Meeting Report

November 14-16, 2012
Québec City, Québec



CPAF
Canadian
Public Arts
Funders

OPSAC
Organismes publics
de soutien aux arts
du Canada

BACKGROUND

[Canadian Public Arts Funders \(CPAF\)](#) is a network that unites and serves the federal, provincial and territorial arts councils and equivalent public arts funders in Canada. There is a CPAF [member organization in each province and territory](#), and the member at the federal level is the [Canada Council for the Arts](#), which also provides the CPAF Secretariat.

Over the years, the public arts funding system in Canada has served the development of the arts sector well. Funding agencies were established to promote culture in Canada and to invite Canadian audiences to enjoy it. As such, organizational growth within the arts community was encouraged, in terms of audience numbers, budgets, and scale. Norms were also established: endowments for stability, fundraising trustees, annual campaigns, and subscription selling.

However, external changes over time, such as technology, access, uncertain economic climates, and generational and demographic changes, mean moving into a new era for the arts. Within these more complex realities, the current public arts funding system arguably is challenged to evolve and adapt in terms of their mandates and how to best support the sector and public they serve.

Building on their 2011 Annual General Meeting (AGM) and the 2012 Strategic Development Meeting, CPAF member organizations convened in Quebec City from November 14-16, 2012 for their AGM to learn about and share adaptive strategies, resources and tools for effective organizational innovation and ways forward in this new era for the arts in Canada. Each CPAF AGM provides a forum for the Chairs and other Board representatives, Executive Directors, and Associate Directors from CPAF member organizations to discuss current issues facing public arts funders and exchange knowledge amongst their peers. The theme for the 2012 AGM was *Implementing Innovation and Public Arts Funding*.

This report summarizes the discussions that took place at the 2012 AGM and highlights issues raised. For further information, please contact Melanie Yugo, Partnership and Networks Officer, Canada Council for the Arts, and CPAF Secretariat, at 1-800-263-5588, ext. 5144, or by email at melanie.yugo@canadacouncil.ca.

2012 Year in Review and Recap of 2011 AGM

There were several major developments in the provinces and territories over the past year. Compared to 2011, there was either a slight increase or no change in funding for most CPAF members. The combined budget of members remained the same at just under \$430 million. However, a number of government arts and culture departments and agencies experienced budget cuts. For example, at the federal level, while the budget of the Canada Council remained stable, the Department of Canadian Heritage and other cultural agencies had to modify or eliminate a number of programs in response to the federal Deficit Reduction Action Plan (DRAP) in 2012-13.

Unlike other countries, Canada went through a relatively stable period in spite of an overall climate of economic uncertainty. The fact that the environment is continually changing highlights the importance of a national network. CPAF is a resource that leads public arts funders to think about, act upon and anticipate the impacts of decisions over the next 5, 10 or even 20 years. Over the past year, CPAF's activities led to a more detailed exploration of how public arts funders fulfill their mandates in these changing times.

In 2011, the theme of the AGM was [Future Directions in Public Arts Funding: What Are the Shifts Required?](#) At this meeting, [Alan Davey](#), Chief Executive of Arts Council England (ACE), spoke to how ACE has responded to the challenges of a difficult economic climate. [Cynthia White-Thornley](#), of the Department of Canadian Heritage, described the changing environment within the Department and the internal factors that have a significant impact on federal policy formulation for the arts. Stephen Huddart of [The McConnell Foundation](#) discussed imaginative approaches and practices in arts funding, more specifically on social innovation and options that differ from the non-profit model. He suggested that the role of public arts funding agencies should no longer be limited to simply funding artists, but also expanded to provide active support to the community.

Several of these topics were also discussed at the [Strategic Development Meeting on Leadership and Vision held in June 2012](#). The discussion focused on change and leadership. At the meeting, Richard Evans spoke about the concept of adaptive change in the arts.

Two CPAF professional development meetings also brought program officers and managers together to discuss the impact of a changing environment in their respective fields. A meeting on the discipline of literary arts was held in Saskatoon in March, and a second was held on the topic of equity in Halifax in September. Each was well received by participants.

In October, the [2012 meeting of the National Assembly of State Arts Agencies \(NASAA\)](#) was held in Washington, DC. State funding in the United States has been gradually stabilizing after the significant budget cuts of 2008. This trend will very likely continue during President Obama's second term. The NASAA and Americans for the Arts are pursuing their efforts to protect arts funding, but also to find new ways of influencing presidential and Congress decisions.

[Grantmakers in the Arts also organized a national meeting](#) this year, on the topic of equity. Janet Brown wrote a blog article entitled [A Community of Practice: Why We Convene](#), in which she pointed out that the purpose of funding is to solve problems and meet needs. More specifically, she believes that it is essential to define "success" differently and to understand that practices can - and must - change over time to properly meet the needs of artists and arts groups.

CPAF's primary objective is to enable various public arts funding agencies in Canada to meet and discuss crucial issues to improve delivery of services and strengthen the impact of public arts funding in Canada. It will be necessary over the coming months to continue discussions so that members can achieve their goals and fulfill their mandates to the best of their abilities.

Objectives of 2012 CPAF AGM

The 2012 CPAF AGM had two objectives:

- Provide an opportunity for participants to learn about and share adaptive strategies and initiatives, resources and tools for effective organizational innovation; and
- Provide a confidential and collegial forum to share knowledge, discuss issues unique to each member and those common to the network, and to gain insight into general factors and practices that affect support to artists, arts organizations and the Canadian arts environment.

DAY ONE: WELCOME AND KEYNOTE ADDRESS

A NEW ERA FOR THE ARTS: IMPLICATIONS FOR PUBLIC ARTS FUNDERS

Major points raised by keynote speaker Richard Evans:

- This year's annual meeting theme of innovation and adaptation is appropriate, given that public arts funders will undoubtedly have to innovate to cope with expected budget cuts and successfully meet future challenges in 2012 and 2013.
- The public arts funding system in Canada has served the development of Canadian art and culture well, with many achievements and successes. However, our system must evolve and adapt to new, more complex realities in order to build on these successes and encourage artistic innovation.
- We are now entering into a new era that will be structured differently, in terms of both funding and the sector as a whole. The new era will be structured for resilience.
- Not-for-profit organizations should embrace innovation as a permanent part of their core competencies, since innovation is a rational organizational process with its own set of procedures, practices and tools.
- To begin, funders need to reconsider why their support, what they support, and who they support.

Welcome and Opening Remarks

At the opening evening held at the [Musée national des beaux-arts du Québec](#) (MNBAQ), Marie DuPont, Chair of the Board of Directors of [Conseil des arts et des lettres du Québec](#) (CALQ), welcomed participants and thanked them for coming to Quebec City. Ms. DuPont recognized that such gatherings provide an opportunity for exchanging views on arts and cultural development issues.

Yvan Gauthier, the CALQ's President and CEO, also welcomed participants and thanked them for attending. Holding the 2012 AGM in Quebec City, which is celebrating its 404th anniversary this year, is significant. On the one hand, it underscores CPAF's special connection with this city where the *Rendez-vous des conseils des arts* [arts council gathering] was held 14 years ago, and on the other, it signals Quebec City's niche in the contemporary art realm.

Mr. Gauthier made the following points:

- Innovation is one of the key elements of development in economic and business renewal, and the same is certainly true for the arts. Creativity and innovation are powerful tools that are increasingly required by society to address cultural, ecological and social challenges. Today more than ever, our societies need the arts and artists.
- Artistic innovation represents a strategic dilemma for arts councils, because of the fact that we encourage artistic practices that are so new, innovative and different that they defy our ability to assess and assist them. The current assessment processes struggle to reflect this new reality. We increase the number of programs or their components to adapt to the realities on the ground. Specifically, we have to deal with new digital technologies, demographic changes, diversity, the generational divide, the regions, community practices, and so forth.

- Several arts councils in other countries have dissolved as the result of decisions made by governments who no longer saw them as the appropriate formula for cultural development. They were replaced with approaches believed to be more dynamic and based on the creative economy.
- There is a real challenge for public arts funders to renew and better understand their missions. Public arts funders need to identify the means and conditions that will allow innovative stakeholders to achieve greater success and integrate more quickly into funding systems.
- Artistic innovation comes from where we least expect it. It disturbs and disarms, goes off the beaten path, and opens up new avenues. That is what makes it so difficult to identify, assess, accept, integrate and encourage. It arises from social or cultural exclusion, revived traditions, interdisciplinary or intercultural gatherings, revolt, anger, audacity, reflection, exchange, exploration and research.

To conclude, Mr. Gauthier quoted Charles Darwin: “It is not the strongest of the species that survives, or the most intelligent, but the one most responsive to change.”

Keynote Address: A New Era for the Arts and Arts Funding

This year’s keynote speaker was Richard Evans. Mr. Evans addressed the notion of adaptive change in the arts, and innovation as a new organizational discipline for the next phase of arts development. These concepts, which he presented at CPAF’s June 2012 strategic development meeting, are based on his article [Entering upon Novelty: Policy and Funding Issues for a New Era in the Arts](#).

Mr. Evans began by presenting several community initiatives focused on innovation and adaptation in connection with the development and transformation of the arts sector in the United States. Some of the projects he mentioned are those developed by the Memphis Symphony Orchestra ([Leading from Every Chair](#)), the Denver Center Theatre Company ([Off-Center at The Jones](#)), the Performing Arts Center of Los Angeles ([Active Arts](#)), the Doris Duke Charitable Foundation ([Organizational Transformation](#)), Denver’s Bonfils-Stanton Foundation ([Accelerating Innovation](#)), the San Jose Office of Cultural Affairs ([New Pathways for the Arts](#)), the James Irvine Foundation ([Arts Innovation Fund](#)) and the National Endowment for the Arts ([ArtPlace](#)).

Mr. Evans suggested that these public and private organizations are leading real change in the overall approach to arts funding. It is a new era, not just for the arts, but also for arts funding. This era will be different from the one that is coming to an end.

According to Mr. Evans, the old era, which can be considered as the first phase of the development of infrastructure and professional support for the arts, was essentially tied to growth. This approach has become the standard for all arts funders, particularly in terms of awarding operating grants, providing working capital to facilitate cash flow management, addressing deficits as constructively as possible, and using “challenge grants” to encourage participation by other funders. In short, the underlying proposition of the old era of professional arts development was focused on excellence and scarcity. Those days, however, are over.

Mr. Evans proposed that we are now entering into a new era that will be structured differently, in terms of both funding and the sector as a whole. The new era will be structured for resilience.

This will require investing in adaptive change, designing new ways of defining and measuring success, looking beyond traditionally funded organizations, and recognizing that arts funders are also service providers. Mr. Evans noted that this new era will focus more on an abundance of creative talent and fostering customer intimacy. As we enter this new era for the arts, and with the various changes looming on the horizon, it is important to ask ourselves what kinds of capacities we want to develop in arts organizations, as well as within our own organization.

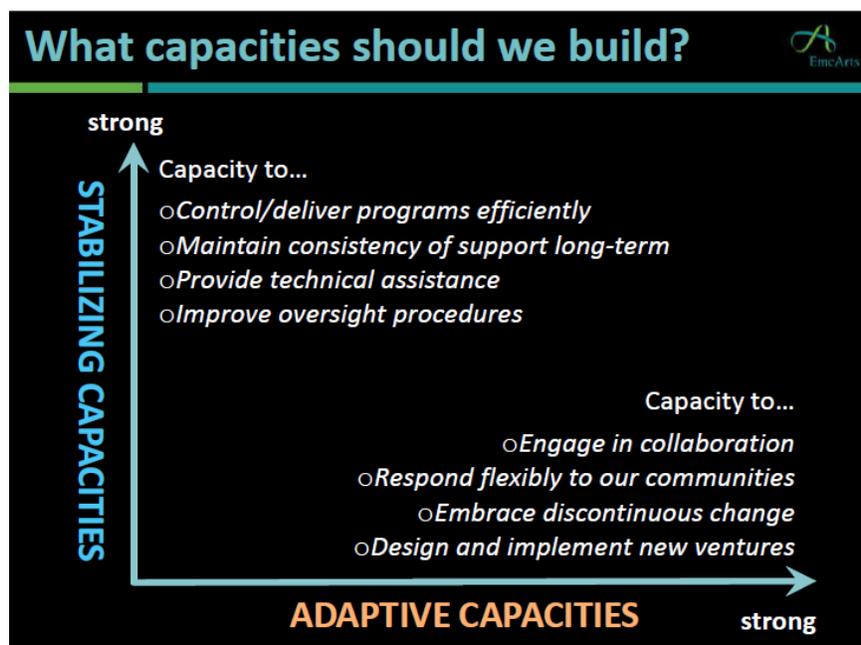


Figure 1: Implications for Arts Agencies in the New Era – Capacities

In the past, public arts funders tended to focus on stabilizing capacities – in other words, the capacities to oversee/deliver programs effectively, maintain long-term funding consistency, provide technical assistance and improve oversight procedures (see Figure 1).

Today, we are confronted with a new reality that requires more adaptive capacities, such as the capacity to engage in new collaborations, implement a flexible approach with our communities, adopt discontinuous change, and design/implement new projects. These adaptive capacities represent a new kind of skill that our organizations need to develop. It is important to strike a balance between these two types of capacities so as to maintain the value of what we do in the arts community. Each organization must find its own balance. It is the only way to ensure that our actions have greater impact.

Mr. Evans outlined two types of challenges which arts organizations and funders face: technical and adaptive. Technical challenges are those we can typically solve by improving our current practices. Adaptive challenges, on the other hand, are those that persist despite improving current practices. These challenges require a different approach.

To meet such challenges, we must replace the assumptions on which all of our actions are based. Each organization has created its own assumptions since its inception that guide its actions and limit its innovative capacity. The problem with these assumptions is that they tend to exceed their useful life, because we rarely challenge them. It is only by changing some of these assumptions that we can begin to innovate.

To enable public arts funders to innovate, Mr. Evans explained it is important to define what we mean by “innovation.” Specifically, innovation can be defined as examples of organizational change that (1) result from a shift in underlying organizational assumptions, (2) are discontinuous from previous practice, and (3) provide new pathways to creating public value.

Innovation has numerous implications for public arts funders. First, we need to reconsider why we support. *How can we increase the public value of the arts? How can we encourage resilient organizations?* Next, we need to look at what we support. *How can we encourage organizations to innovate? How can we guarantee incubation and prototyping?* Lastly, we must look at who we support. *How can we promote new collaborative solutions? How can we encourage the entire community to be more creative?* (see Figure 2).

Implications for arts agencies 

- **Reconsider why we support**
 - *How can we build new public value?*
 - *How can we foster resilient organizations?*
- **Reconsider what we support**
 - *How can we provide incentives for innovation?*
 - *How can we underwrite incubation and prototyping?*
- **Reconsider who we support**
 - *How can we promote new collaborative solutions?*
 - *How can we engage with creativity in the wider community?*

Figure 2: Implications for Arts Agencies in the New Era - Questions

In short, the purpose of innovation is to transform creative ideas into sustainable strategies. The Kellogg Foundation confirmed this hypothesis in its report [Intentional Innovation](#) published in 2008. Specifically, this report states that not-for-profit organizations should embrace innovation as a permanent part of their core competencies, since innovation is a rational organizational process with its own set of procedures, practices and tools.

Mr. Evans acknowledged that transition will not be easy. Public arts funders will have to “undo” certain behaviours to make room for innovation. Mr. Evans therefore concluded his keynote address by suggesting a few ways to encourage change and innovation, including [John Kotter's eight-step process for leading change](#), and Glasl and Lemson's “U-Process of change.” Since change is a highly emotional process, it is essential to appeal to both the heart and minds of those concerned if we want lasting change.

DAY TWO: THEMATIC DISCUSSIONS

THE PUBLIC ARTS FUNDING MODEL: QUESTIONS, ASSUMPTIONS AND WAYS FORWARD

Roundtable Introductions and Theme-Based Agency Updates

Over the next few years, public arts funders will face many challenges, both technical and adaptive. The technical challenges, which have a bearing on how to communicate and reach out to our communities, can be addressed using existing strategies. However, the adaptation challenges, which will become an increasingly important issue for our organizations, will require the use of different innovative strategies. Consequently, it will inevitably become important to think and act differently, starting now, in order to come up with new ways of supporting the development of the arts.

Mr. Evans underscored the fact that all organizations develop assumptions which, over time, become reality and define how they interact with their communities. From his perspective, if we want to innovate in arts funding, it is imperative to replace these with new assumptions which are more representative and better suited to the current situation. To get there, it will therefore be essential to question several aspects. What is the current context for public arts funders? Where do we want to be? What needs to be done to get there?

To begin, Mr. Evans asked each organization to give a brief overview of their current circumstances as they relate to the theme of “implementing innovation”, by answering the following two questions:

- a. *What for you are the most interesting examples of adaptive change in your arts community in the last year or so?*
- b. *What are the biggest questions you have about change in your arts community or your work as a funder?*

The following themes emerged from this discussion:

- ◆ A number of arts organizations are moving away from traditional areas of activity to broaden their range of services and their engagement with communities and the public, and doing so in novel ways. At the moment, most of these have been successful but the long terms impact remains unknown.
- ◆ For public arts funders, there is obvious tension in terms of the roles and responsibilities of public arts funders as innovators, innovation enablers, or both.
- ◆ The introduction of new forms of collaboration could serve as a solution to a number of existing problems and a challenge to be met, not only for the arts communities, but also for public arts funders.
- ◆ The emergence of new partnerships between provinces, public arts funders and the business community may provide for an effective response to the needs of the artistic communities.

Where Do We Need to Be Headed As Public Arts Funders?

Discussions then focused on the public arts funders themselves. Participants gathered in pre-assigned groups (five groups of eight persons) to discuss the following two subjects:

- a. *Stability and adaptability: tension and balance*
 - *When we've been in situations that emphasize one over the other, what's it like in terms of organizational behaviors and feelings?*
 - *What's it like when these two attractors are in balance?*
 - *Where is each agency now, and where do we want it to be headed? How do we achieve a balance between these in our programs?*

- b. *Distinguishing between technical and adaptive challenges*
 - *What challenges do our agencies face of each kind?*
 - *Which challenges are most urgent, and which are critical to creating new public value?*

Before beginning the group discussions, Mr. Evans asked each of the participants to determine where they felt their organization was positioned on the chart illustrating organization stability versus adaptability. He then asked them to share this result with the other members of their pre-assigned group as a point of departure for discussion.

Following the group discussions, participants returned to the plenary session and reported on what they had learned from their colleagues about the problems stemming from technology and adaptation.

The following issues emerged from this discussion:

- Although all public arts funding organizations are different, there is a genuine desire to respond to change.
- In order to achieve a degree of balance, public arts funders must continue dialogue and deepen links with arts communities. More importantly, they must not wait for a crisis to begin this dialogue. They are also responsible for maintaining a perspective on the health of the arts sector, sharing their knowledge, being democratic and articulating their challenges.
- Greater program flexibility would allow the organizations to achieve a higher level of stability and adaptability.
- How can public arts funders encourage innovation, when failure might be an outcome, and could have positive or negative repercussions on the process of awarding grants and subsidies? Are all organizations capable of becoming adaptive?
- The role of public arts funders is not limited to providing financial assistance to artists and arts organizations. It includes promoting access to the arts and how audiences relate to the arts.
- How are other sectors balancing stability and adaptive change? What role does disruption play in change? How do we reward adaptive change? How do we adapt to paradigm shifts?
- Times of crisis and instability force organizations to adapt to their new circumstances. At the same time, these moments of crisis lead to reflection. Who is responsible for defining the crisis and/or the feeling that there is urgency? The most important thing is to properly identify what our understanding of change is and what is causing it.

- Public arts funders are currently facing a number of adaptive challenges. Budgets are not increasing, and public arts funders are challenged to open up programs to an expanded arts community.
- The challenges of change are multidimensional, meaning that they are both technical and adaptive. Action on various fronts may be simultaneous, whether technical or adaptive.

How Might We Get There?

The participants once again gathered in pre-assigned groups to discuss the following subject:

- a. *The importance of “resurrecting, examining and breaking the frame” created by old assumptions in order to innovate.*
 - *What ingrained assumptions do we see our arts agencies as maintaining, where there’s evidence that these assumptions no longer hold true?*
 - *In each case, what is the contradictory evidence?*
 - *For each old assumption, what new, alternative hypothesis can we develop that fits better with the recent evidence and may be a more reliable predictor of future success – and that we might be able to test?*

Following the group discussions, the participants returned to the plenary session to report their discussions to the larger group. They shared the old assumptions with which they were regularly confronted in their respective organizations and then discussed assumptions that were more appropriate to the current circumstances.

Considerations raised in the discussion included:

- The importance of ensuring models of assessment that respond to changing artistic practices and publics;
- Examining funding and support objectives within shifting environments, and how this aligns with the reduced financial resources;
- Increasing awareness of organizational financial structures that could enhance the sustainability and independence of arts organizations;
- The significance of the public value of the arts in benefitting communities and improving the quality of life for all Canadians;
- The arts community is in a “post-growth period”. This has implications on how the impact of the arts has been traditionally measured, using indicators such as growth, excellence and increased consumption.

What Might Be Next?

In this plenary session, participants shared their thoughts on the implications of the day’s discussions on systematizing and implementing innovation at public arts funding agencies and for those who receive the funding. The following questions were suggested as a springboard for discussion:

- a. *How do we go beyond the perception of arts councils as simply funding/granting bodies?*

- b. *What might a framework for innovation in the arts in Canada look like?*
- c. *What is the narrative that public arts funders in Canada want to convey?*
- d. *How do we as public arts funders create more meaningful intersections within the arts community? Communities across Canada?*

The discussion emphasized the importance of dialogue and collaboration, both among public arts funders and between funders and the arts community.

DAY THREE: REFLECTIONS

Reflections on Implementing Innovation and Public Arts Funding in Canada

The discussion raised the following points:

- Although there is a need for change and adaptation, each region and agency operates in specific environments with distinctive features and needs.
- Public arts funding agencies are more than “distributors of grants and subsidies”. They accordingly must engage with the various stakeholders – artists, arts organizations, the arts communities in general, government representatives and the public.
- How can the new realities confronting governments at all levels be addressed? What are the best ways to move forward?
- A new norm implies that there will not likely be any new public sources of funding or investment in the arts. And yet, stagnation in funding does not necessarily mean that the arts sector cannot continue to grow. On the contrary, it is developing and growing in spite of current circumstances. In a context like this, it is important to make judicious choices about how to allocate resources. This debate is central to the challenges that public arts funding organizations must address.