

WHAT IS RESILIENCE ANYWAY?

A review

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1 Introduction

1.1 Background

‘Resilience’ has become a frequently used word in the arts and culture sector in the United Kingdom over the past decade or so – and increasingly a priority for funders.¹ In 2010 Arts Council England made supporting resilience a central pillar of its strategy, as part of Goal 3: “the arts, museums and libraries are resilient and economically sustainable.”²

Yet the last substantive piece of research Arts Council England commissioned on resilience was published in 2010.³ Since then, a great deal of literature has been published and the sector’s understanding and practice has developed. Therefore, Arts Council England commissioned Golant Media Ventures and The Audience Agency to research:

- how resilience is currently understood in the arts and culture sector – and whether the understanding of funders and policymakers is congruent with that of others within the sector
- to what extent, and how, organisations are responding to a need to become more resilient
- what opportunities there might be to develop the sector’s resilience in the future

This report is the result of that research, which was conducted over five months using a range of approaches:

- A multidisciplinary literature review
- An extensive quantitative and qualitative survey which received over 1,000 responses from across the sector
- A series of five events across England actively engaging the sector in considering its own history with resilience, and brainstorming and designing new approaches to it
- Sense-making sessions with representatives of the sector to get feedback on interim conclusions
- One-on-one interviews with experts, academics and practitioners in the sector⁴

¹ Funders offering resilience-focused grants include Arts Council England (Building Resilience programme and Museum Resilience Fund), Arts Council Wales (Resilience Programme), Arts Council of Northern Ireland (Resilience Programme), Heritage Lottery Fund (Resilient Heritage grants).

² Arts Council England, *Great Art and Culture for Everyone: Ten Year Strategic Framework 2010-2020* (Arts Council England, 2nd ed, revised 2013).

³ Robinson, Mark, *Making Adaptive Resilience Real* (Arts Council England, 2010).

⁴ Please see the appendix for further details on methodology.

1.2 Executive summary

‘Resilience’ has a rich history as a concept, actively used in fields ranging from ecology to psychology, disaster recovery, urban studies and business. The literature on resilience draws a distinction between survival resilience (‘bouncing back’) and the richer, more fruitful idea of adaptive resilience (‘bouncing forward’).

The arts and culture sector appears to have a relatively developed understanding of resilience, embracing both definitions. However, there is a marked difference in familiarity with the concept, depending on organisational status (NPO v. non-NPO) and status within an organisation (senior staff v. other staff). For many in the sector, finance is intimately linked to resilience, but most do not see it as the only important element. The term ‘resilience’ has to some extent become tainted by a context of austerity, but its value is widely recognised and its use in a number of disciplines lends it theoretical strength.

Based on the literature, a framework of key behaviours that might contribute to resilience was developed, then tested with the sector using a survey that received over 1,000 responses. While respondents strongly agreed that these behaviours were important, they were significantly less likely to say that they had been adopted within their own organisation. Senior staff were more positive about the adoption of resilient behaviour in their own organisation than other staff. Respondents were consistently – across the behaviours – much more positive about their own organisation than they were about the wider sector. There was also a mismatch between those behaviours they considered most important and those they thought were most widely practiced. If they are right about the level of importance of these behaviours, narrowing these gaps could be key to improving resilience.

Drawing on ecological theory, resilience is best viewed as a property of *systems* rather than solely of organisations. On the one hand, perhaps this means that the ambition for resilience in the arts and culture sector should be the growth of a flourishing ecosystem of arts and culture provision rather than emphasising the resilience of individual organisations. On the other hand, it emphasises that the arts and culture’s creativity and vibrancy depend on individual artists and creatives, who are as much part of the ecosystem as organisations. The reality of the arts and culture currently being a low wage and low productivity sector is a serious threat to the achievement of resilience at organisational and sectoral levels.

Resilient traits are often general capabilities shading into the territory of psychological resilience: questioning assumptions, managing conflict, adapting quickly to change. Yet the research has shown that there are also more specific needs around financial literacy; attitudes towards profit, risk, and commercial activity; leadership and governance; and the consistent implementation of operational

processes, to name a few. Many workshop and survey respondents expressed anxiety that being financially successful/making a profit could lead to a reduction in their public funding and this assumption could hinder improvements in financial resilience. There is little consistent practice in resilience measures within the sector or decision-making based on those measures.

In many ways the arts and culture sector is already resilient – creative, diverse and ingenious – and it is important to recognise what the sector is already doing well. The arts can foster and nurture both individual psychological resilience and community resilience – and the commercial world is now coming to value much of what the arts and culture sector takes for granted around ethics, social impact and the recognition of wider stakeholders.

The long-term resilience of the arts and cultural sector requires adaptability to embrace innovation, the willingness and ability to accept risk and to see failure (whether of projects or organisations) as a natural part of a vibrant ecosystem. A resilient future is within reach for the sector. Yet the goal must be to ensure that the arts and culture can flourish and thrive, rather than simply survive.

2 What is resilience?

2.1 History and context

'Resilience' has a relatively long history as a concept – perhaps surprisingly so, for those who see it as having grown out of the context of austerity. It was introduced by C.S. Holling in 1973 in an academic ecology paper titled 'Resilience and stability of ecological systems.' This paper introduced the concept of the adaptive cycle, describing a four-stage process through which systems develop and adapt (or fail to adapt) to change.⁵

There is a parallel and equally rich strand of literature about individual psychological resilience. Although this is largely outside the scope of the current review, it is worth noting the broad evidence that the arts can foster and nurture individual psychological resilience.⁶

The strength of 'resilience' as a term – as well as some of its vagueness – comes from its use across a very wide field of disciplines and subject matters, including:

- Ecology
- Psychology (personal resilience)
- Urban studies
- Disaster preparedness/recovery
- International development
- Business/organisational health

2.2 Definition and understanding

"The word 'resilience' (just like 'diversity') in our sector is increasingly used without definition. In the same way that 'diversity' tends to assume the perspective of a white, male, well-educated, middle class norm (UGH!!)... there is a danger that by using the word 'resilient' without proper definition, we might end up re-inscribing inappropriate values rather than actually addressing uncomfortable truths." – Survey respondent

⁵ This was applied to the arts sector by Mark Robinson in his 2010 paper for Arts Council England, *Making adaptive resilience real*.

⁶ For pointers to the literature see Leyre Zarobe and Hilary Bungay, 'The role of arts activities in developing resilience and mental well-being in children and young people: a rapid review of the literature,' *Perspectives in Public Health*, 137(6), pp. 337 - 347.

And Hannah Macpherson, Angie Hart, and Becky Heaver, *Connected Communities: Building resilience through collaborative community arts practice* (AHRC, 2012).

2.2.1 Arts Council England definitions

In 2010, Arts Council England offered a definition of resilience in its strategy paper, *Great Art and Culture for Everyone*:

By resilience we mean the vision and capacity of organisations to anticipate and adapt to economic, environmental and social change by seizing opportunities, identifying and mitigating risks, and deploying resources effectively in order to continue delivering quality work in line with their mission.⁷

To summarise, we might say that in 2010, Arts Council England viewed resilience as: *The ability of organisations to adapt to change in order to continue delivering their mission*. This is broadly consistent with the literature review, although it raises two important questions that will be addressed later:

- Does resilience imply maintaining an unchanged organisational mission?
- Is resilience primarily a quality of organisations as opposed to individuals and/or systems?

Resilience also became a key part of Arts Council England's Goal 3: "the arts, museums and libraries are resilient and environmentally sustainable." Some of the writing about Goal 3 unpacked this idea. *Great Art and Culture for Everyone* offered a summary of what success would look like:

- Arts organisations, museums and libraries can demonstrate an ability to adapt to their external environment
- Arts organisations and museums have increased the share of their income that comes from a wider range of contributed or earned income sources
- Local authorities and other partners value the Arts Council's development role in supporting arts organisations, museums and libraries to be more resilient⁸

The current Arts Council England web page on Goal 3 is even more focused:

In response to changing economic conditions and cuts to public funding, we want to encourage and enable more private giving to our funded organisations.⁹

Obviously, much of Arts Council England's current policy on resilience was developed as part of the

⁷ Arts Council England, *Great Art and Culture for Everyone*, p. 31.

⁸ Arts Council England, *Great Art and Culture for Everyone*, p. 51.

⁹ Arts Council England, 'Resilience and Sustainability.' <https://www.artscouncil.org.uk/how-we-make-impact/resilience-and-sustainability-0>

2010 strategy review. Its understanding of the term in practice has evolved and will continue to evolve. This report was commissioned as a contribution towards its ongoing evolution.

2.2.2 Bouncing back vs. bouncing forward

Martin and Sunley offered a useful analysis of three distinct, though overlapping, uses of the term 'resilience' in the literature:

- "Resilience as 'bounce back' from shocks" - rebounding as quickly as possible to a previous state, with the implicit assumption that this was a stable state
- "Resilience as 'ability to absorb' shocks" - with a focus on maintaining the same "structure, function and identity" in the face of shocks (similarly, Walker and Salt define resilience as "the capacity of a system to absorb disturbance and still retain its basic function and structure"¹⁰)
- "Resilience as 'positive adaptability' in anticipation of, or in response to, shocks" – a system adapting its structure, functions and operations in the face of new conditions¹¹

Mark Robinson uses the term 'adaptive resilience' rather than simply 'resilience' in order to highlight this third meaning in his own work. Others have expressed the same distinction in different ways.¹² Simmie and Martin describe this third meaning as implying 'bouncing forward' rather than simply 'bouncing back.'

To elaborate on the distinction between the first two meanings and the third:

"Bouncing back"	"Bouncing forward"
Surviving	Thriving
Enduring	Evolving
Strength	Flexibility and adaptation
Returning to prior state	Changing

¹⁰ Brian Walker and David Salt, *Resilience Thinking: Sustaining Ecosystems and People in a Changing World* (Island Press, 2006).

¹¹ Ron Martin and Peter Sunley, 'On the Notion of Regional Economic Resilience: Conceptualization and Explanation,' *Journal of Economic Geography*, Volume 15, Issue 1 (2015). See also James Simmie and Ron Martin, 'The economic resilience of regions: towards an evolutionary approach,' *Cambridge Journal of Regions, Economy and Society*, 3(1), pp 27–43 (2010).

¹² Other ways of expressing this binary include: adaptability vs adaptation (Pike, Dawley and Tomaney), transformation vs survival resilience (Young Foundation), Mode B vs Mode A resilience (Pratt)

Preserving core mission and goals	Developing mission and goals in light of changed circumstances and needs
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The literature broadly evidences a consensus that the ‘bouncing forward’ definition is the most useful and productive one in the arts and culture sector. This definition emphasises:

- That a ‘mission’ or ‘basic function and structure’ may not be ideal, suitable for new circumstances or desirable to preserve
- That adaptability is preferable to strength - the common analogy is that an aircraft wing designed to be strong and resistant to bending will snap easily, whereas a wing with flex is much less likely to break
- That resilience is about the long term – and that short-term adaptation to shocks (for example, cost cutting in response to funding cuts) may decrease long-term resilience

This ecological, evolutionary conception of resilience emphasises concepts such as “diversity, redundancy, feedbacks and continuous experimentation.”¹³

2.2.3 Levels of resilience: individual, organisational, systemic

The current Arts Council England definition of resilience focuses on the resilience and survival of *organisations*. Arts Council England’s current interventions around resilience are aligned with this definition. However, echoing the work of Mark Robinson and many others, it may be more valuable to think about resilience as a property relating to *systems* at multiple levels of complexity.¹⁴

Perhaps most notably, this implies that the arts and culture sector can itself be viewed as a system – constantly changing and adapting, driven by new challenges, threats and opportunities. As with a natural ecosystem, this implies birth, death and transformation. For the sector as a whole to be resilient, all the organisations within it do not necessarily need to survive in their current form. Indeed, as will be discussed later, some commentators have argued that a more resilient sector might allow more organisations to come to a natural end.¹⁵

A shift from ensuring the survival of specific funded organisations – and avoiding reputational damage by doing so – to supporting the growth of a flourishing *ecosystem* of arts and culture would require Arts Council England to reorient both its thinking and its interventions.

¹³ Ezio Manzini and Jeremy Till, eds., *Cultures of Resilience: Ideas* (Hato Press, 2015), p. 9.

¹⁴ Mark Robinson, *Making Adaptive Resilience Real*, p. 13.

¹⁵ See John Knell, *The Art of Dying* (Mission Models Money, 2005); Stephen Pritchard, ‘A bonfire of the vanities,’ (blog article, 2014).

With the agreement of Arts Council England, individual resilience was deemed out of scope for the project, except insofar as it impacted on organisational resilience. However, workshop participants repeatedly brought the individual perspective back into the frame. Taking a systems view of resilience requires an understanding of the number of individual artists and creatives who contribute to a diverse and thriving sector while freelancers or self-employed – as well as the fact that many small organisations fundamentally serve as funding vehicles for individual artists or creatives. A DCMS report found that 47.6% of jobs in the cultural sector were self-employed, compared to only 16.3% of UK jobs overall.¹⁶ Therefore it seems that individual wellbeing must be considered relevant to the wellbeing of the sector as a whole.

2.2.4 Sectoral understanding of resilience

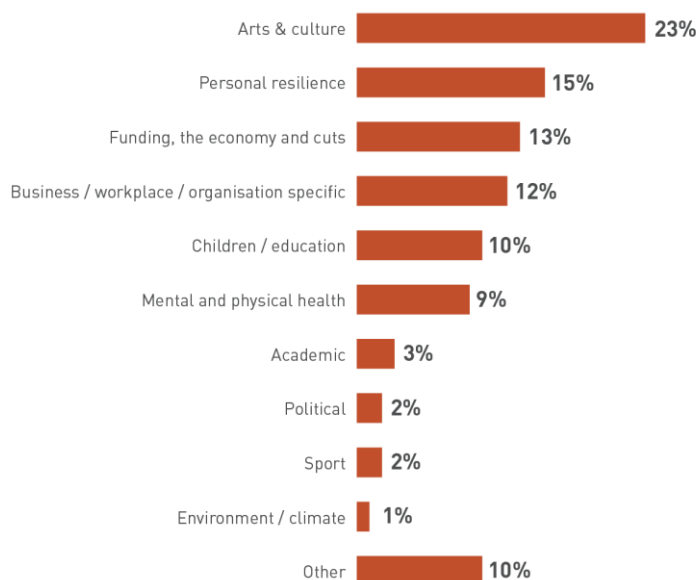
Perhaps surprisingly, this study found a common – and broad – understanding of resilience across the sector, and one which closely paralleled the key literature. Of survey respondents, 76% said they were very familiar or quite familiar with the concept of organisational resilience. However, familiarity with the concept varied significantly both by organisational status and by role within an organisation:

- 52% of NPO respondents said they were ‘very familiar,’ versus only 30% of non-NPO respondents
- 47% of CEO/Director/Senior Management/General Managers said they were ‘very familiar,’ versus only 27% of respondents in other job roles.

Survey respondents first encountered resilience in a number of different contexts, demonstrating the multidisciplinary nature of the concept.

¹⁶ DCMS Sectors Economic Estimates 2017: Employment and Trade.

Figure 1: In what contexts respondents first encountered the concept of resilience



Workshop participants and survey respondents gave definitions of resilience reflecting both 'bouncing back' and 'bouncing forward.' Many workshop participants, when prompted to brainstorm their associations with resilience, came up with a mix – for example, mentioning both 'surviving' and 'thriving.'

Figure 2: Survey responses completing the sentence: "A resilient organisation is one that..."



This relatively developed understanding is backed up by a relatively high *usage* of the term in the sector. 74% said they heard the term used 'often' or 'from time to time' in their organisation and 83%

said they heard it used 'often' or 'from time to time' in the cultural sector more broadly. Respondents from NPOs and respondents in a CEO/Director/Senior Management/General Manager role were much more likely to have heard the term used 'often' in their organisation and in the sector as a whole.

2.2.5 What is its relationship with finance?

Finance is intimately linked with resilience – lack of money tends to be the proximate cause of organisational failure. Royce observes that:

Great art can be, and is, created by individuals and organisations with weak business models, and a strong business model is no guarantor of artistic excellence. However, robust models are a prerequisite for

- longevity;
- sustained audience engagement; and
- successful stewardship of a publicly funded building.¹⁷

To Royce's list, one could add 'successful stewardship of collections and other tangible assets.'

A small but vocal minority of workshop participants felt that resilience was *solely* about money – that being able to effectively respond to flooding of a building or sexual harassment allegations against a prominent member of staff should be considered 'risk management' rather than 'resilience.' However, most sectoral definitions of resilience embrace wider notions of bouncing back.

Although only 13% of survey respondents gave financial definitions when asked to define organisational resilience, it is clear that finance is at the heart of day-to-day discussions of resilience in the sector. When asked about the context in which resilience was discussed in their organisation, 39% of respondents mentioned finance/funding. When asked about the context in which it was discussed in the sector at large, 52% mentioned funding cuts, applications and financial stability.

Although both the literature and research participants generally give broad definitions of resilience – reaching beyond the financial – there would appear to be quite a high degree of consensus amongst participants in the research that finance should not be treated as a separate theme when it comes to resilience. Rather financial aspects are an integral part of almost every threat or opportunity – and almost every response.

¹⁷ Susan Royce, *Business Models in the Visual Arts* (Turning Point Network 2010). p 12.

2.3 Is 'resilience' a useful term?

Golant Media Ventures was asked by Arts Council England to provide a view on whether it should go on talking about 'resilience,' or whether it should adopt a different term.

There are certainly valid critiques of the term. Royce finds it overly academic:

I think we are in danger of 'over-complicating' the issues we face by giving them 'sexy' sounding names; at the risk of incurring the ire of business school professors, good business modelling is not rocket science! I believe that we need to focus on models that work and what makes them work – we can call them successful, strong, robust, sustainable or resilient – what matters is that they deliver on their core purpose.¹⁸

Meanwhile Pratt sees the term as austerity-coded, "commonly deployed to legitimate a neo-liberal strategy of shrinking the state." He counterposes this to "traditional cultural policy," in which resilience "was interpreted as conservation and archiving, investment in excellent training for artists, education for audiences, and both for technicians and conservators."¹⁹

Similarly, Newsinger comments:

Part of the problem with resilience thinking is its role in the de-politicisation of funding cuts, perhaps due to its origin in ecological science. The burden of adapting to the new environment is placed onto organisations themselves, with the ones that emerge relatively unscathed providing retrospective justification for the whole process.... But austerity is not a natural phenomenon; it is a political process that is consciously reshaping society in a myriad of ways to the detriment of those at the bottom, particularly the young and the disabled. So while resilience might be a 'good thing' for individuals and organisations, it does not provide much of a platform from which to question the normative dimensions of austerity, or argue for a more inclusive, progressive arts agenda.²⁰

There is no doubt that many in the sector have come to see 'resilience' as 'code for cuts,' or for the imperative to respond to cuts. 43% of survey respondents agreed or strongly agreed that 'resilience is just code for surviving austerity cuts.' versus 32% who disagreed or strongly disagreed. To some extent this is understandable: a confusion between the broad concept and arguably the most salient 'shock' facing the arts and culture sector in the UK.

However, it seems likely that these negative associations would have adhered to any term that was

¹⁸ Susan Royce, *Business Models in the Visual Arts*, p. 13.

¹⁹ A.C. Pratt, 'Resilience, locality and the cultural economy,' in *City, Culture and Society*, 6(3), p. 62.

²⁰ Jack Newsinger, 'Policy Briefing: The Poverty of Resilience in the Arts,' *Discover Society* 24 (2015).

used – as long as the socio-economic context of austerity remains, a new term could only bring temporary improvement. Whatever term is used, the concept is familiar. 75% of survey respondents agreed or agreed strongly that ‘resilience is nothing new – just a way of describing the issues we face as a sector.’

In addition, ‘resilience’ has many strengths as a term:

- It is backed by a rich multidisciplinary literature (ecology, psychology, business, international development, disaster preparedness, urban studies...)
- Sectoral understanding of its meaning is high and relatively nuanced
- Sectoral support for the term is decently high (only 21% agreed or strongly agreed that ‘resilience is an unhelpful term’, with 35% strongly/disagreeing and 42% being neutral)

It is worth noting, however, that Mark Robinson favours the term ‘adaptive resilience’:

in order to stress that ‘resilience’ is not simply about self-defence or self-preservation, but also includes continual adaptation and redesign in pursuit of core purpose.²¹

This usage, although arguably over-lengthy or academic, might help to avoid the implications of ‘survival’ and ‘getting by.’

3 Where is the sector now?

3.1 The context

In 2010, *Great Art and Culture for Everyone* placed the need for resilience very specifically in the context of funding cuts:

Public investment in arts and culture is under considerable pressure and is likely to remain so over the lifetime of this strategy. This pressure will come at both national and local levels. Local authorities’ budgets are increasingly stretched and we will work with them to make the case for adequate levels of public investment in arts and culture, and to ensure that our support makes a substantive difference.²²

The context of resilience is very important as the general concept of ‘resilience’ will tend to be conflated with the specific challenges faced by the sector at the time it is being discussed. It is worth reflecting on the specific goals of preparing the sector to be resilient: is the aim a generalised ability to

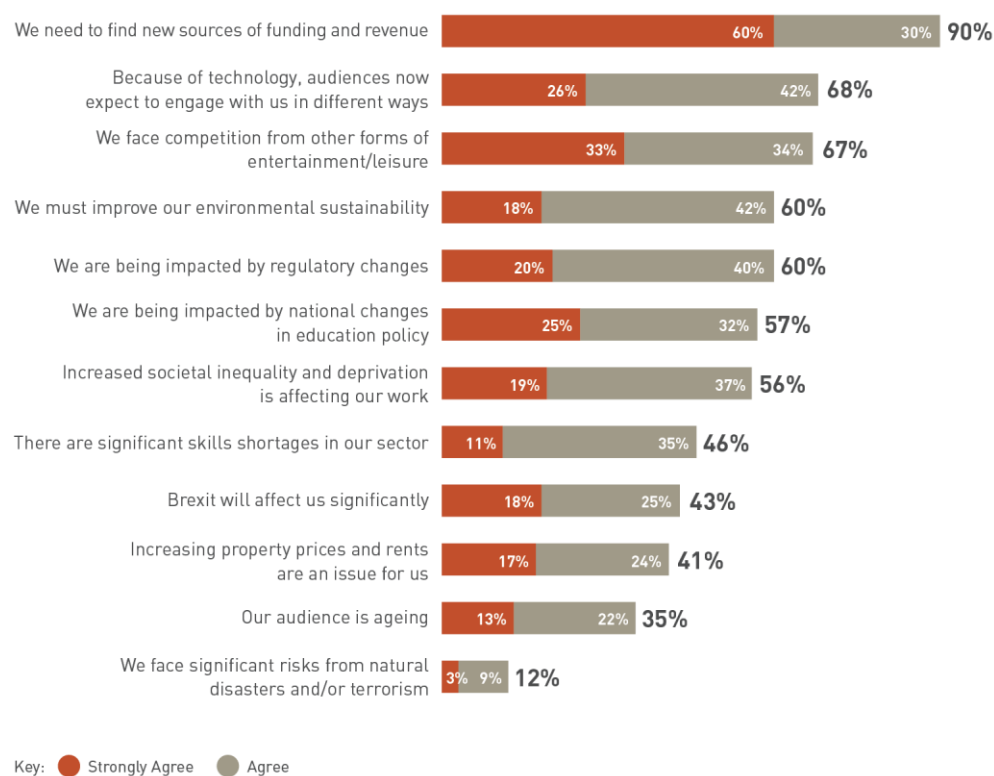
²¹ Mark Robinson, *Making Adaptive Resilience Real*, p. 10.

²² Arts Council England, *Great Art and Culture for Everyone*, p. 31.

meet the unknown challenges and opportunity of tomorrow, or to meet the specific shocks of the present?

In the workshops, participants were asked to reflect on the disruptions or 'events' of the 20th century and the first eighteen years of the 21st century, as a way of getting them to think about what the future might hold between 2020 and 2030 – and to emphasise the idea that there is a tendency to be prepared to respond to external events similar to those of the recent past. One interesting result was that participants recognised most past events as both challenge and opportunity, however unwelcome they might have been at the time.

Figure 3: Challenges currently facing survey respondents



(In the above chart, it is particularly interesting to note how minor the threat of natural disaster and terrorism is seen as being, given that discussion of resilience in the United States arts and culture context has a distinct strand of disaster preparedness.²³)

The narrative of austerity of the last 10 years – and too strong and automatic an association between 'resilience' and 'cuts' – risks leaders focusing on responding to reductions in funding while missing other risks and opportunities. For example, it is arguable that competition from other entertainment

²³ See, for example, National Endowment for the Arts, *Readiness and Resilience Convening*, or National Coalition for Arts Preparedness and Emergency Response, *Cultural Placekeeping Guide: How to Operate a Network for Local Emergency Action*.

and leisure opportunities, as well as changed forms of engagement by audiences driven by technology, represent much more significant risks – and opportunities for the fleet of foot – than reductions in funding. Hannon and Bakhshi highlight the importance of relevance in the face of cultural evolution:

A recurring theme... is the challenge of reaching a broader cross-section of society in order to sustain the relevance of publicly-funded arts and culture over the long-term.²⁴

3.2 Where the sector is already resilient

"It's a bit rude to say that we're not resilient given that we've survived all this time." – Workshop participant

"Artists are inherently resilient." – Workshop participant

Much of the messaging to the sector has focused on the need for organisations to improve their resilience. Workshop participants argued that it was important to start by recognising what the sector is already doing well.

Much of the wider literature about the relationship between the arts and resilience highlights the importance of the arts and culture as a net *contributor* towards resilience. Although beyond the scope of the current review, it is worth noting the broad consensus that the arts can foster and nurture both individual psychological resilience and community resilience.²⁵ Therefore an investment in the resilience of the arts is arguably an investment in the resilience of society as a whole.

Great Art and Culture for Everyone addresses one aspect of this, but steers away from explicitly claiming that the arts and culture – whether via organisations or otherwise – can help to build resilient communities:

Arts and cultural organisations that understand the role they play in their local communities, and work with others to build a sense of place, are crucial to the resilience of the overall sector. Such organisations can become highly valued by helping communities express their aspirations and develop their identities, by helping resolve conflicts, and by building the social capital of communal relationships. They can become part of the essential fabric of their communities – and demonstrate the public value of arts and culture.²⁶

²⁴ Celia Hannon and Hassan Bakhshi, 'Arts and culture to 2030: Navigating uncertainty' (Nesta blog post, 2018).

²⁵ Leyre Zarobe and Hilary Bungay, 'The role of arts activities in developing resilience and mental well-being in children and young people: a rapid review of the literature,' *Perspectives in Public Health*, Vol 137, Issue 6, pp. 337 - 347.

²⁶ Arts Council England, *Great Arts and Culture for Everyone*, p. 32

Meanwhile, literature on 'corporate sustainability' has highlighted the fact that considering ethical, social, environmental and cultural impact results in better outcomes for businesses.²⁷ This is striking: the commercial sector is now coming to value much of what the arts and culture world has taken implicitly for granted. This is a relatively recent phenomenon: the shareholder governance model established by the first joint stock companies, and developed in theory from 1932 onwards, focused on the relationship between shareholders and a company's managers.²⁸ It was only in 1983 that the term 'stakeholder' was introduced in order to consider governance models involving others impacted by the actions and omissions of an organisation.²⁹

Whilst recognising and valuing a multiplicity of 'outside' stakeholders is still quite radical in the corporate world, it is often business as usual for the arts and culture sector. These sectoral strengths can be celebrated – and can perhaps also be a source of value.

3.3 Behaviours contributing to resilience

3.3.1 The resilient behaviour framework

Two key – and linked – aims of this research were to understand how the sector views resilience and how successful (or not) it has been at becoming resilient. Researching this in any depth requires a conceptual structure against which hypotheses can be tested. What does resilience actually look like? How would we know it when we see it? Perhaps more importantly, how can we know when an organisation is laying the groundwork for future resilience?

The framework created for this research was based on a list of 'resiliency factors' created by the Bechtel Foundation in 2016 and on a general 'non-profit capacities instrument' created by Shumate, Cooper, Pilny and Pena-y-lillo in 2017.³⁰ It was further informed by initial engagement with the arts and culture sector via workshops.

A key distinction here was between 'lead' and 'lag' indicators – or, to use a somewhat overlapping definition, between 'determinant' and 'resultant' indicators. To put it simply, there are some things that

²⁷ Mozaffar Khan, George Serafeim, and Aaron Yoon, 'Corporate Sustainability: First Evidence on Materiality,' *The Accounting Review*, 91(6), pp. 1697-1724. (2016)

²⁸ Vincent Dessain, Oliver Meier, and Vicente Salas, 'Corporate Governance and Ethics: Shareholder Reality, Social Responsibility or Institutional Necessity?,' *M@n@gement*, 2008/2 (Vol. 11), p. 65-79.

²⁹ R. Edward Freeman and David L. Reed, 'Stockholders and Stakeholders: A New Perspective on Corporate Governance,' *California Management Review*, 25(3), pp. 88-106. (1983)

³⁰ S. D. Bechtel, Jr. Foundation, *Resiliency Guide* (2016). Michelle Shumate et al, 'The Nonprofit Capacities Instrument,' *Nonprofit Management and Leadership*, 28(2), pp. 155-174. (2017)

help to predict future performance (lead/determinant) and some things that measure past performance (lag/resultant). This framework was intentionally structured to focus on resilient *behaviours* (that is, lead indicators) rather than resilient *outcomes* (lag indicators).

Key resilient behaviours in an arts and culture organisation

How it develops and communicates its purpose

- Involving people across all levels of the organisation in developing purpose and values
- Communicating purpose and values internally and externally

How it plans and executes its activities

- Planning for different potential scenarios over a range of timescales
- Defining roles and responsibilities across the organisation
- Maintaining effective governance structures and processes (e.g. between board and senior management team)
- Linking each activity to strategic objectives
- Having a diverse and balanced portfolio of product offerings, services and income streams
- Making the most of the organisation's assets (intellectual, human or physical)
- Creating and following consistent processes

How it engages with its staff

- Empowering people to work together to meet challenges
- Making management accessible to staff
- Allocating resources to staff development

How it measures progress and learns

- Understanding and responding to the needs of audiences, customers, visitors or users
- Identifying and tracking performance indicators – financial and non-financial – and evaluating the organisation's performance

How it responds to change

- Having well-defined processes for identifying, testing and implementing new ideas
- Explicitly recognising and tolerating risk and failure
- Regularly reviewing priorities on the basis of evidence

How it builds partnerships and alliances outside the organisation

- Taking part in a range of networks
- Advocating for the value of arts and culture

3.3.2 Resilient behaviours: the gap between theory and practice

The framework was tested by asking survey respondents to indicate how important they considered

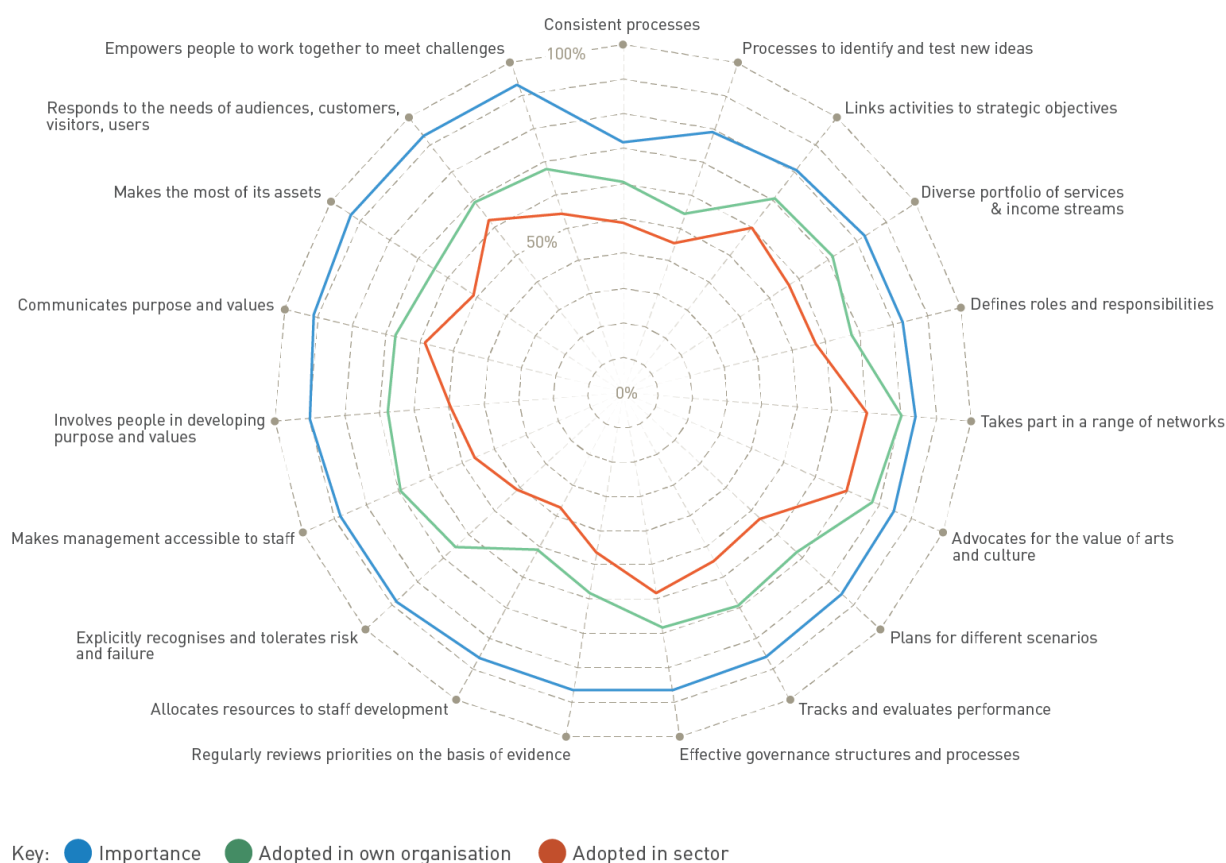
the behaviours listed as contributors to organisational resilience. Whilst most behaviours attracted 85-94% importance scores (very important or important), several behaviours involving process were at or near the bottom of the pile. Also rated as notably lower in importance were:

- Having a diverse portfolio of product offerings, services and income streams (83%)
- Taking part in a range of networks (84%).

There were two extremely striking results from the portion of the survey that related to resilient behaviours. Respondents demonstrated a clear gap between:

- The importance of the behaviour and its adoption by their organisation
- Their assessment of their own organisation's adoption of the behaviour versus their assessment of the wider sector's adoption.

Figure 4: The gap between perceived importance of behaviours and their adoption in the sector and organisation



Respondents thought almost all of the behaviours were important – even ‘creates and follows consistent processes,’ the least popular behaviour, had only 13% of respondents thinking it was not very or not at all important. But they clearly perceived their own organisation's adoption of these behaviours to be lagging behind their importance.

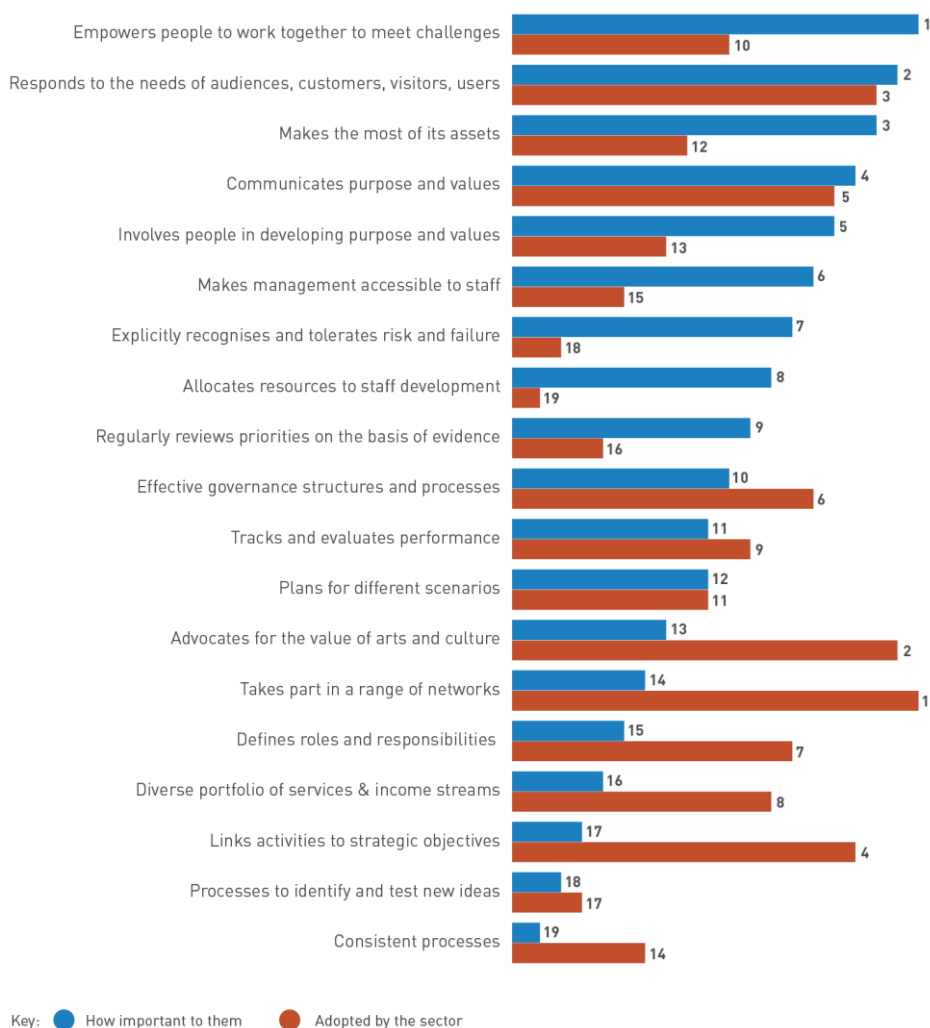
Yet respondents were also consistently much more positive about their own organisation's adoption of resilient behaviours than they were about the wider sector's adoption of those behaviours – the differences between respondents saying that a behaviour was 'very much' adopted by their own organisation versus the sector as a whole were almost always over 10 percentage points, with some over 20 points. This was broadly the case across many possible variables (NPO status, organisational size, seniority, familiarity with the concept of resilience).

Staff in NPOs, senior staff, those who were familiar with the concept of resilience and those who worked in small organisations were particularly likely to rate their own organisational adoption above the sector's. By contrast, staff in large organisations were much less sanguine about organisational adoption – and for some behaviours they believed their organisation was doing worse than the sector as a whole.

It is not clear whether respondents are:

- Intentionally overstating their own successes (although the survey made it clear that responses would not be connected with individual organisations)
- Vastly overconfident
- Unclear about the standard of practice across the sector (which suggests a need to set benchmarks for good practice)

Figure 5: Ranking of behaviours - importance versus adoption in sector



Adoption of resilient behaviours in the sector is not in line with their perceived importance. For example, if you look at the table above, “taking part in a range of networks” is 1st in terms of adoption but respondents rated it 14th in terms of importance.

If people are correct in their estimation of the relative importance of these behaviours, this would suggest that organisations should de-prioritise some behaviours and focus on others they regard as more important.

3.3.3 Barriers to resilient behaviours

Survey respondents were asked to identify the barriers they faced in implementing the behaviours they had identified as important to resilience (see Figure 6 below). Knowing the barriers to resilient behaviours will help to plan appropriate interventions to overcome them.

For example, where a lack of fit to existing organisational processes is a barrier (look down the 4th column of Figure 6), the sector could find a way to model and adopt best practice (for example,

through standards and guidance for such processes) around:

- *User-centred innovation*
 - Understanding and responding to the needs of audiences, customers, visitors or users
 - Having well-defined processes for identifying, testing and implementing new ideas
 - Explicitly recognising and tolerating risk and failure
- *People management*
 - Making management accessible to staff
 - Defining roles and responsibilities across the organisation
- *Strategy development and planning*
 - Scenario planning
 - Linking each activity to strategic objectives

Where barriers are gaps in capability (look down the 5th column of Figure 6), the sector could find a way to implement professional development interventions (not necessarily training) around:

- Scenario planning
- Communicating purpose and values (as opposed to marketing product)
- Portfolio (and product) management
- Identifying and tracking performance indicators - and the related capability of regularly reviewing priorities on the basis of evidence
- Responding to the needs of audiences, visitors, customers and users

‘Lack of awareness or understanding’ and ‘not seen as a priority’ (see the first 2 columns of Figure 6) are ranked in the top 3 barriers for every resilient behaviour other than explicitly recognising and tolerating risk and failure and having a diverse and balanced portfolio. This would suggest that across these behaviours, professional development and best practice standards and guidance would not be sufficient interventions to effect change. For example, the benefits of these approaches would need to be advocated and evidenced and perhaps also be woven into the grant application and reporting processes. The behaviours to prioritise in such interventions would be:

- Understanding and responding to the needs of audiences, customers, visitors or users (39% citing lack of awareness or understanding as a barrier)
- Communicating purpose and values externally and internally (38% citing lack of awareness or understanding as a barrier)
- Allocating resources to staff development (51% saying it is not seen as a priority)

- Making management accessible to staff (48% saying it is not seen as a priority).

Figure 6: Top three barriers to each behaviour

Strength of colour indicates priority, strongest first



3.4 How do attitudes to resilience vary across the sector?

3.4.1 Seniority of role

For analysis, survey respondents were broken into two groups:

- CEO/Director/Senior Management/General Manager roles
- Other organisational roles

These two groups did not differ greatly in their ranking of the importance of resilient behaviours or their assessment of the adoption of these behaviours across the sector – with the exception that senior respondents were significantly more likely to think that the sector was ‘defining roles and responsibilities across the organisation’ and ‘making management accessible to staff.’

Where they did differ – greatly – was in their assessment of the adoption of behaviours by their own organisation. Senior staff were far more likely to say that behaviours had ‘very much’ been adopted. One of the starkest gaps was ‘creating and following consistent processes’ – 60% of senior staff said this had very much been adopted, compared to only 22% of other staff.

This is striking. It seems to imply that senior staff may be insulated from the realities of their own organisations – and/or much more likely to view its performance in a positive light.

3.4.2 NPO status

As previously discussed, NPO respondents were more familiar with the concept of organisational resilience and more likely to have encountered the term being used within their organisation and in the sector as a whole. There was no significant difference between NPO and non-NPO respondents in their agreement with the statements “Funders should do more to help organisations they fund to be resilient,” “Organisations should be doing more to build their own resilience,” and “Organisations should be working together to increase the resilience of the sector.”

NPOs did evidence greater adoption of planning for different scenarios and maintaining effective governance structures and processes. However, this may be due to the fact that they are required by Arts Council England to meet certain baseline standards around these.

3.4.3 Familiarity of resilience

Respondents who were less familiar with the concept of resilience were significantly less likely to consider many behaviours important in building resilience. They were considerably less likely to prioritise:

- Maintaining effective governance structures and processes

- Having a diverse and balanced portfolio of product offerings, services and income streams

And more likely to prioritise:

- Making management accessible to staff
- Allocating resources to staff development
- Advocating for the value of arts and culture

Those who were familiar with the concept of resilience were significantly more likely to feel that their own organisation had adopted:

- Involving people across all levels of the organisation in developing purpose and values
- Planning for different potential scenarios over a range of timescales
- Maintaining effective governance structures and processes
- Creating and following consistent processes
- Empowering people to work together to meet challenges
- Having well-defined processes for identifying, testing and implementing new ideas
- Explicitly recognising and tolerating risk and failure

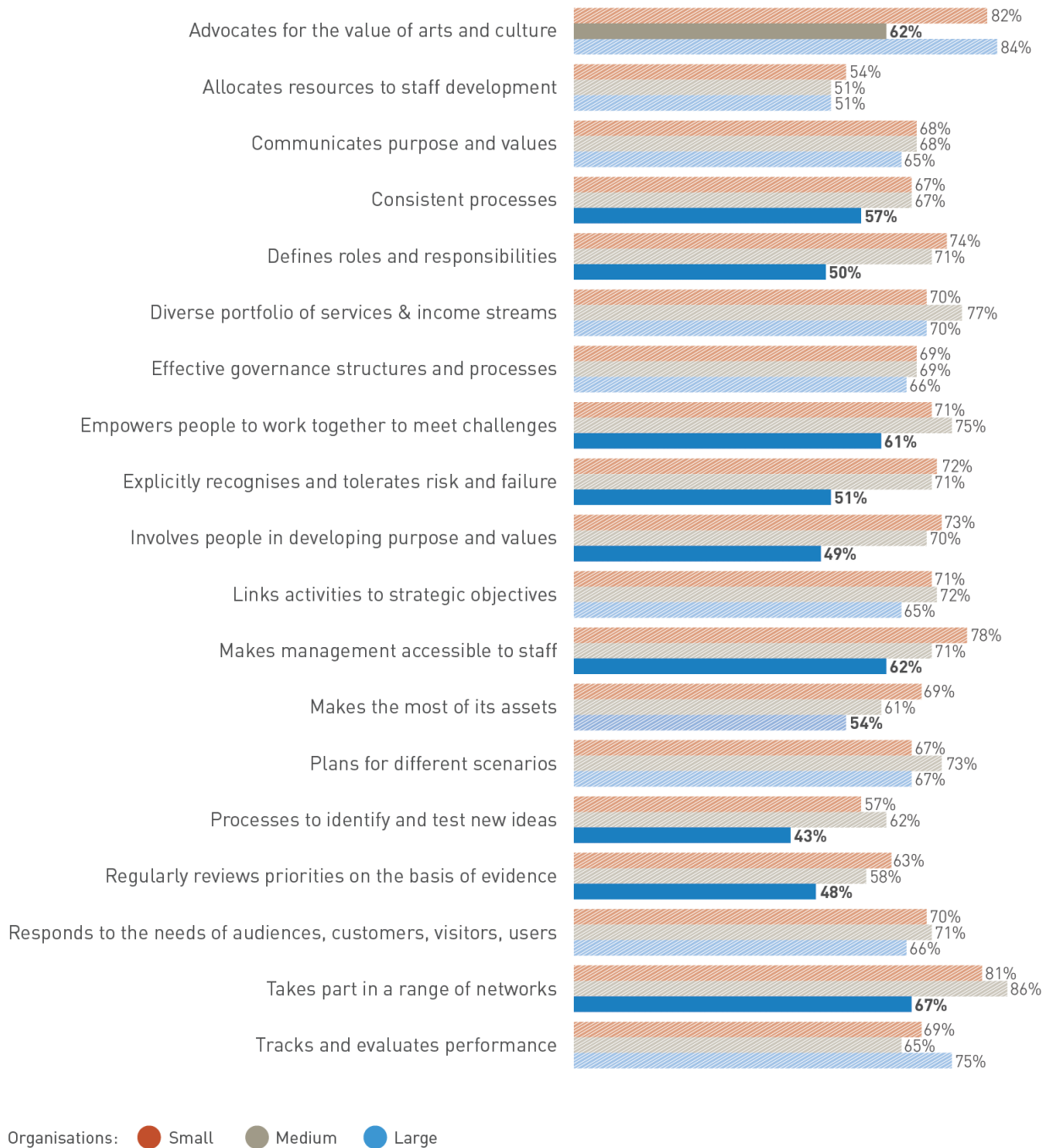
Familiar respondents were more likely to think their organisation was 'very much' 'linking activities to strategic objectives' (40% v. 30%) – but were less likely to think their organisation was adopting this behaviour when the 'very much' and 'to some extent' responses were totalled (77% as opposed to 90% for unfamiliar respondents).

3.4.4 Size of organisation

Staff in larger organisations were much less likely to think that their organisation was adopting resilient behaviours. This was the case across most behaviours. The reason for this is not clear. It could be that larger organisations with more specialised staff have higher expectations for their performance. It could be that the greater number of stakeholders and activities in large organisations pose challenges for resilient performance. More research would be needed to unpack this unexpected finding.

Figure 7: Perceived adoption of resilient behaviours by organisational size

Statistically significant differences are highlighted



4 Key themes

4.1 A methodological introduction

Much of the research for this report was qualitative: drawn from qualitative survey responses, workshops with representatives of the sector (including artists, staff from arts and culture organisations, consultants, accountants, sector support organisations and funders), and one-on-one interviews with experts.

From this qualitative research, certain key themes repeatedly emerged around resilience. This section examines those themes in more detail.

4.2 Overworked and underpaid

"Whilst artists are having to perform for low pay or no pay, the arts and cultural sector is failing."

– Survey respondent

"Let's recognise that we all do a lot more work than we are paid to do, for lots of reasons. The resentment and disaffection when this unpaid work doesn't achieve what it should is massive... I have no answer for this, but the lifeblood of the creative industries (i.e. not the few big national figures but the many many smaller sometimes informal organisations) will die, if there is no hope."

– Survey respondent

Many workshop participants and survey respondents highlighted what they perceived as an uncomfortable truth at the heart of the sector – that it is built on unpaid or underpaid labour by those who are responsible for its creativity and vibrancy. Artists and leaders overworking, paying themselves last, taking other jobs to support their work in the sector... all of these are told as common stories.

The arts, entertainment and recreation sector is considered a low-wage and low productivity sector.³¹ 22% of workers in the sector are projected to be at the national minimum wage/national living wage floor by 2020, as opposed to 15% of all workers.³² 30% of workers are defined as 'low-paid,' as opposed to 21% of all workers. Arts, entertainment and recreation is considered to be one of the

³¹ John Forth and Ana Rincon Aznar, *Productivity in the UK's low-wage industries* (Joseph Rowntree Foundation 2018).

Spencer Thompson, Catherine Colebrook, Izzy Hatfield and Patrick Doyle, *Boosting Britain's Low Wage Sectors: A Strategy for Productivity, Innovation and Growth* (IPPR, 2016).

³² Stephen Clarke and Conor D'Arcy, *Low Pay Britain 2016* (Resolution Foundation, 2016), p. 27

lowest-paid sectors in the economy.³³

A review of the theatre and performing arts sector found that low pay is damaging recruitment and “is the primary reason that people said they would leave the sector.” It also identified a “culture of over-work.”³⁴ Meanwhile the Museums Association states that “Low pay is widely recognised as a major problem for the sector. Museum pay is falling behind that of comparable sectors and is barely keeping up with the cost of living.” Therefore, it has introduced suggested salary guidelines.³⁵

It has become clear that it is impossible to consider the resilience of the arts ecosystem without inquiring into the wellbeing of those individuals who make it up. Says Moira Sinclair, Chief Executive of the Paul Hamlyn Foundation:

It's those people who will shape your vision, build your networks, deliver your work within budget and on time, lead, manage and govern. And yet we spend so little on them. I'd say it's nigh on impossible to be resilient without some investment in our people, along the entire pipeline.³⁶

The Paul Hamlyn Foundation now strongly urges applicants to pay their employees a living wage.³⁷ Yet while our workshop participants in Liverpool recognised the ethical value of this, many also felt that it was flatly unrealistic for their own organisations. Are these and other organisations' resilience – in the sense of bare survival – built at the expense of their workforce and their network of freelancers and associates?

Mark Robinson, in his recent study of workforce development for Arts Council England, observes that:

Demand to work in the arts has always outstripped available creative jobs, leading to positive and negative traits. Flexibility, creativity, passion co-exist with low pay, patchy collective representation, the challenge of saving for a pension... An abundance of potential activity, reflected in growing employment, co-exists with uncertainty and instability of return, reflected in shrinking earnings. This pattern is cultural work, and – as several interviewees told me – this is so deeply systematically engrained it is unlikely Arts Council can fundamentally alter it,

³³ John Forth and Ana Rincon Aznar, *Productivity in the UK's low-wage industries*, p. 14.

³⁴ Nordicity and Alistair Smith, *Workforce Review of the UK Offstage Theatre and Performing Arts Sector* (Nordicity, 2017), p. 7.

³⁵ Museums Association, 'Salary Guidelines 2017' <https://www.museumsassociation.org/workforce/salary-guidelines>

³⁶ Moira Sinclair, 'What does it mean to be resilient in the arts?' (blog post 2017).

³⁷ Paul Hamlyn Foundation, 'Living Wage Friendly Funder' <https://www.phf.org.uk/programmes/living-wage-friendly-funder/>

certainly not alone.³⁸

Artists and cultural workers are indeed resilient and have a number of ways to compensate for scarcity. Yet this can impose a heavy burden on them as individuals. Research with 18 'community drama, dance, music and visual arts practitioners' in Northern Ireland revealed the resourcefulness and extremity of their responses in a context of funding cuts:

Figure 9: Number of arts practioners using different coping mechanism to respond to difficult times (research by Jennings, Beirne and Knight)



"All of these artists reported that they had often worked up to 80 hours a week," comment the researchers, "juggling 6 or 7 projects simultaneously."³⁹

"[D]iversity and equality are crucial to the arts," states Arts Council England's Creative Case for diversity, "because they sustain, refresh, replenish and release the true potential of England's artistic talent, regardless of people's background."⁴⁰ Diversity – all kinds – has also been highlighted as an important contributor to resilience.⁴¹

Yet the literature makes it clear that low pay is a major threat to equality and diversity in the sector, particularly because entry to the sector is often via unpaid or underpaid internships or work

³⁸ Mark Robinson, *The Future and the Cultural Workforce* [unpublished draft] (Arts Council England, 2017), p. 4.

³⁹ Matt Jennings, Martin Beirne, Stephanie Knight, "'Just about coping': precarity and resilience among applied theatre and community arts workers in Northern Ireland," *Irish Journal of Arts Management and Cultural Policy*, 4 (2016/17), pp. 17, 19.

⁴⁰ Arts Council England, 'What is the Creative Case for Diversity?' <https://www.artscouncil.org.uk/how-we-make-impact/diversity>

⁴¹ Tony Nwachukwu and Mark Robinson, *The role of diversity in building adaptive resilience* (Arts Council England 2011).

placements.⁴² A serious threat to resilience is implied by a sector workforce that does not reflect society at large, only those who are able to subsidise their work within it.

4.3 Individual skills and capabilities

One of the key findings of the survey was a perceived gap in the sector when it comes to staff development. Only 3% of respondents thought the sector was 'very much' allocating resources to staff development –by far the lowest percentage of all of the behaviours surveyed.

The need for skills development was also one of the key conclusions of a report for Arts Council England on resilience in local museums:

Skills remain a barrier to change. People and skills are crucial to achieving change. 'Traditional' approaches to working are noted as incompatible with changes to governance and management structures and, more fundamentally, the business model of the organisation. Active workforce planning is essential if museum services are to build resilience.⁴³

But this is difficult to achieve in a climate where organisations are already under stress. Says Mark Robinson:

Anecdotal evidence suggests training budgets have been severely squeezed in recent years. Some have come to rely on funder-led 'schemes' to provide training and development programmes at highly subsidised cost – from Clore to the Building Resilience programmes.⁴⁴

Yet development of individual capabilities is not just important when it comes to specific skills – being able to read a balance sheet or make a post on social media. Much of the literature emphasises capabilities that are familiar from discussions of resilience in an educational or psychological context. For example, Annabel Jackson lists the following capabilities:

⁴² See discussion in pp 9 -10 of Arts Council England, *What is the Creative Case for diversity?*

⁴³ Fiona Tuck, Victoria Pirie and Scott Dickinson, *Research to understand the resilience, and challenges to this, of Local Authority museums* (TBR, 2015), p 8.

⁴⁴ Mark Robinson, *The Future and the Cultural Workforce*, p. 11.

- The ability to identify and understanding unexpected threats before they escalate out of control.
- The ability to view challenges clearly and positively without being overwhelmed.
- The ability to recombine fragments of past experience into novel responses.
- The ability to respond to threats rapidly, often before the full picture is clear.
- A wide framework of learning (including evaluation data, learning from mistakes, and vicarious learning) and the ability to absorb, apply and document that learning.
- The ability to review information dispassionately, without being blinded by expectations, preconceptions or emotions (mindfulness).
- A structure that can deploy those with the greatest expertise relevant to a specific problems.
- Bricolage (the ability to take available resources, seemingly unconnected, and make something new from them).
- The ability to adopt new ways of working while still staying on mission.⁴⁵

After implementing a major innovation support programme, EmcArts in the United States concluded that:

For most organizations, it's the development of adaptive capacities—the capacities that contribute to flexibility, innovation and re-invention—that is most needed.⁴⁶

The adaptive capacities they specifically identified are:

1. Questioning assumptions early and routinely.
2. Committing to big ideas and holding them lightly, open to influence.
3. Adopting an experimental mindset and regularly conducting experiments with radical intent.
4. Embracing paradox and idea conflict.
5. Bringing multiple network perspectives together and seeking “inexpert” input.
6. Making collaboration part of the organization's DNA, internally and externally.
7. Regularly giving things up to make space for new ventures.⁴⁷

In particular, EmcArts has emphasised the importance of conflict management in driving adaptive capacity and innovation. Their findings were dramatic:

⁴⁵ Annabel Jackson Associates Ltd, *Ideas on conceptualising resilience* (Turning Point Network, 2010), p. 4.

⁴⁶ EmcArts, *Somewhere Becoming Rain: Adaptive Change is the Future of the Arts (Learning from the National Innovation Labs in the Arts)* (EmcArts, 2017), p. 47.

⁴⁷ *Ibid*, p. 47.

We found that respondents from organizations that support or champion innovation were:

- 9 times more likely to report that decision making processes were clear and tailored to the issue (90%) than those from organizations that manage the status quo or implement only incremental departures from business as usual (10%).
- 4 times more likely to report that leaders frequently or always took action to resolve conflict (80%) than those from organizations that manage the status quo or implement only incremental departures from business as usual (20%).
- twice as likely to report that shared interests routinely trump individual agendas to drive conflict resolution (77%) than those from organizations that manage the status quo or implement only incremental departures from business as usual (23%).
- 4 times more likely to report that data contribute to or drive conflict resolution (80%) than those from organizations that implement only incremental change (20%).
- 5 times more likely to report that heated conflict is embraced as a necessary part of change (81%) than those from organizations that implement only incremental change (15%).⁴⁸

Therefore, it can be seen that the literature has linked organisational success with the traits of psychological resilience possessed by its staff. It may be more difficult to develop these traits than to teach specific knowledge or skills but preparing for the 'unknown unknowns' of the future may require development of these broadly adaptive capacities even more than of targeted capabilities.

4.4 Organisational size and growth

"Growth is the only way of talking about success currently... expecting you to do more and more with less and less is an unsustainable policy."

– Workshop participant

What is the right size for an arts/culture organisation? Is this the right question? It is perhaps better to ask *what size* is best to achieve *what goal* within *what role* in the wider ecosystem. Individual artists are capable of creating great art without any organisational support. Yet due to fixed costs, there is a minimum organisational size before certain things are possible. Stewardship of buildings, collections

⁴⁸ Karina Mangu-Ward, 'Survey Results! Conflict Management and The Adaptive Organization' (ArtsFwd blog post, 2012).

and archives requires appropriate organisational scale and continuity – and it would be difficult to stage the Ring Cycle on a shoestring. There are activities such as marketing, distribution (of media, publications, content etc) and touring which require ‘operational efficiency’ rather than ‘product innovation’ (for example, producing or curating) or ‘customer intimacy’ (for example running a venue).⁴⁹

Yet it is worth questioning the assumption that the right size for an organisation is ‘larger and doing more than it is currently.’ There is a presumption of growth from many funders in the sector – that organisations will do more activities, engage more people, reach more audience segments, often while faced with static or decreasing resources. In some cases, it may be appropriate for organisations to aim for sustainable growth – in other cases, sustainability may be better achieved through increased focus, which may involve doing less, but doing it better. Newman argues very strongly that many organisations in the sector need to consider downsizing both their costs and their ambitions in order to make themselves more agile and ultimately resilient.⁵⁰ Resilience and sustainability need not be – and indeed usually aren’t – about growing exponentially.

In the wider business world, research indicates that mid-sized businesses are often neglected or ‘squeezed’ out of targeted support. The CBI has championed the notion that they are in need of specific attention.⁵¹ Of course, very few organisations in the arts and culture sector are mid-sized by this wider definition, yet some of the same mechanisms may be operating with respect to the squeezed middle.

Questions about growth and focus are closely aligned. As previously mentioned, Newman argues that organisational resilience may involve the need for downsizing:

Planned for properly, such downsizing can allow organizations to react more nimbly to change, reduce service duplication, and possibly have greater impact through targeted programs.⁵²

While not touching specifically on the idea of downsizing, some workshop participants argued that funders should support organisations to be more focused in their efforts – particularly by considering how many objectives it is appropriate to expect an organisation to meet (for example, not requiring

⁴⁹ A summary of the key concepts in their seminal book *The Discipline of Market Leaders* is offered in Michael Treacy and Fred Wiersema, ‘Customer Intimacy and Other Value Disciplines,’ *Harvard Business Review* (Jan/Feb 1993).

⁵⁰ Brian Newman, ‘Inventing the Future of the Arts: Seven Digital Trends that Present Challenges and Opportunities for Success in the Cultural Sector,’ in Edward P. Clapp, ed., *20under40: Re-inventing the Arts and Arts Education for the 21st Century* (AuthorHouse, 2010), pp. 4 - 6.

⁵¹ CBI, *Future champions: unlocking growth in the UK's medium-sized businesses* (CBI, 2011).

⁵² Brian Newman, *Inventing the Future of the Arts*, p. 5.

an organisation that is focused on working with adults to demonstrate engagement with children and young people.)

A flourishing cultural ecosystem might be better supported by funders allowing increased specialisation, with organisations and individuals developing to fill specific ecological niches. This would be a different approach to partnership working, focused on core capabilities rather than projects.

For example, marketing may be an area where partnership working between smaller organisations may achieve economies of scale. Larger and smaller organisations may spend a similar percentage of turnover on marketing (usually 3-5%), but this equates to a far higher total cash spend in larger organisations. For the Royal Opera House, 5% of their total budget – £6.6m – buys highly professional design and posters visible across the Tube. For a more average arts organisation, 5% of their turnover results in a much more limited reach. Therefore, one approach to resilience in the future – particularly across cities or regions – may be shared services and campaigns to avoid duplication of resources and achieve economies of scale.

4.5 Financial management

While resilience covers a broad range of themes, the financial health of a sector or organisation is a common thread running through many behaviours that support resilience – from developing good governance structures to the evaluation of the balance of a portfolio or the potential of new ideas.

Therefore, it is important to have a clear idea of what we mean by financial resilience. In a perfect world such definitions would have quantifiable metrics attached to them so that organisations could track their financial health, plan for change and respond to circumstances. Such metrics could support internal decision making as well as act as a set of sectoral tracking metrics useful to Arts Council England, DCMS and other funders.

The literature review and previous work in the area suggests that the following metrics could represent a starting point:

- Healthy assets
 - Sufficient liquid reserves to cover 6 months of operating costs⁵³
 - An income model which pays to maintain the tangible and intangible assets which are important to the organisation's future operations⁵⁴

⁵³ BDO, *Nonprofit Standards – A Benchmarking Survey* (2018), p. 2.

⁵⁴ Sarah Thelwall and Patrick Towell, *Asset Management* (Prosper and Culture Hive, 2018).

- Sound business model
 - In control of the main factors which result in balancing appropriate quality of delivery against cost of delivery, provide a buffer against unknowns, sequester funds for rainy day and investing in new ideas
 - In control of decisions to stop doing old things⁵⁵
 - A clearly planned-for future covering 1-3 years
 - Regular tracking of factors that influence future outcomes
- Ability to invest in next generation products & services, or at least the early stages testing and pump-priming of pilots
 - Diversification of income streams⁵⁶
 - Liquid reserves that can be invested in R&D and innovation

It also matters that individuals working within organisations recognise the value and importance of tracking the financial health of the organisation and use such information internally to support their own decision making as well as to fulfil any reporting requirements from funders. As the Bechtel Foundation states:

An organization on a strong financial footing... has foresight, strong systems for oversight and reporting, and the capability to make good use of these systems and to reframe financial projections as circumstances change.⁵⁷

When asked to rank a list of behaviours according to their importance in building a resilient organisation, survey respondents ranked financially-linked behaviours lower than we might have expected, giving preference to behaviours relating to artistic and audience goals. This gives some cause for concern.

Financial behaviours also exhibited the general pattern of other behaviours surveyed: although respondents generally felt that they were adopting these financially-linked behaviours, there was a gulf between their assessment of their own adoption and their assessment of the sector's adoption. Clearly there is more to be researched here: without a clear understanding of whether or how these financial behaviours are being implemented we simply cannot tell whether the job is being done well or not.

⁵⁵ BDO, *Nonprofit Standards – A Benchmarking Survey*, pp. 3 - 5.

⁵⁶ BDO, *Nonprofit Standards – A Benchmarking Survey*, p. 15.

⁵⁷ Bechtel Foundation, *Resiliency Guide*, p 10.

4.6 Reserves and profit

Workshops and interviews revealed that the sector has an uneasy relationship with the concept of reserves and profit, often seeing a dichotomy between ‘public benefit’ and ‘commercial success.’ It is not an overstatement to say that the idea of seeking a profit remains alien to the sector’s culture – or, at the very least, that the sector avoids terms like ‘profit’ in favour of more palatable alternatives such as ‘surpluses.’

Even for participants in the Nesta/Arts Council England Digital Arts and Culture Accelerator, which was specifically aimed at the sector, there were issues around terminology and cultural orientation:

For some participants, the language of the DACA was, at least in the early stages, quite novel and a little inaccessible. The language of business in the arts differs slightly from that of the wider economy, with notions of growth, profit and market often described with a perhaps softer set of terms – such as development, revenue and audience. There was some initial resistance to deploying some terms. This stems in part from a reluctance to embrace commercial concepts where a tension exists across the arts between the pursuit of great art, of social value, and their perceived compatibility with the generation of surplus. While most arts and cultural organisations are aware of and committed to a mixed economy approach... many are uncomfortable with what might be termed the ‘language of business’.⁵⁸

Our workshop participants evidenced a high degree of anxiety around the idea that an organisation can be ‘too financially successful,’ particularly around developing earned income streams – and the possibility that funders might then choose to withdraw funding on the basis that it is no longer needed. It is not clear whether this is something that has actually happened in recent years – it appears to be something of a sectoral bogeyman. Assuming that it is not funder policy to penalise financial success, we would suggest that this fear could be confounded relatively easily with a policy statement from a funder which sets out the boundaries that do and don’t exist.

However, anecdotally there are similar issues around organisations being unwilling to plan for significant cuts in funding – again due to the feeling that being seen to be prepared would invite cuts in funding, on the grounds that ‘they can cope without the money.’

While workshop participants understood the need for reserves, many were reluctant to endorse the concept that they need to make a profit in order to accumulate reserves. Some of this may be terminological unease – perhaps ‘unrestricted surpluses’, as used in the Arts Council England business

⁵⁸ Tom Fleming, *The Digital Arts and Culture Accelerator: An evaluation* (Nesta, 2017), p. 21.

planning guidance,⁵⁹ would be more palatable – but it also betrays wider difficulties with the current economics of the arts and culture sector.

Although Arts Council England does not release figures on the reserves of NPOs, there is some broader comparable data. The ‘best known’ UK charities are said to hold an average of around 4 months reserves.⁶⁰ Meanwhile, research by the National Center for Arts Research in the United States has found an average of 5 months working capital – with high reserves for some art museums disguising “precariously low levels for the majority of cultural organizations,” including an average of less than a month for operas and orchestras.⁶¹

The National Center for Arts Research highlights the need to plan for and manage surpluses in a systematic way:

Organizations primarily build working capital through the generation and set aside of surpluses. When arts leaders budget to the zero mark – often because they are encouraged to do so by board members or some funders – they unintentionally perpetuate a starvation cycle. They spend every last dollar of revenue raised or earned, making it impossible to create short- or long-term savings.

As part of the annual budgeting process, cultural leaders should set surplus targets that connect to their savings goals. For example, if an organization strives to secure three months of working capital over three years, its budget should plan for annual surpluses equivalent to one month’s expenses. Boards of directors and staff need to monitor progress toward surplus goals.⁶²

There is also a lack of thinking about ‘return on investment’. This was a key lesson from the first year of the Arts Impact Fund:

Return on investment is not a particularly common measure in arts and culture organisations... organisations are more likely than their commercial counterparts to make conservative forecasts and this can affect their appetite for debt funding. Seeking to normalise expected return on investment as a metric for decision-making will help to inform a broader debate on investment in the sector and provide a context for considering cost of capital.⁶³

⁵⁹ Dawn Langley and Susan Royce, *Business planning guidance for arts and cultural organisations* (Arts Council England, 2016).

⁶⁰ Liam Kay, ‘Best-known charities hold an average four months of reserves,’ *The Third Sector* (13 April 2018).

⁶¹ Rebecca Thomas and Zannie Voss, ‘Five Steps to Healthier Working Capital’ (National Center for Arts Research blog article, 2018).

⁶² *Ibid*

⁶³ Arts Impact Fund, *Arts Impact Fund: Insights from the First Year* (2016), p. 8.

It is questionable whether this will happen, and debt finance be commonly used, until the cultural sector becomes comfortable with the concept of profit. The return on investment referenced here is monetary and can only result from profit from the activity and/or outputs funded. Without it there is no ability to pay back to loan and the interest on it.

4.7 Commercial activities and funding

To some extent, however, wariness of making (or admitting making) a profit can be seen as a rational response to funders – such as Arts Council England – including conditions to ensure that an organisation is not profiting financially from projects funded by public money.⁶⁴ There is an unhelpful ambiguity around whether outputs from or assets created by projects fall within this constraint.

Commercial exploitation of grant-funded projects is also hedged with conditions and risks.⁶⁵ Again, a rational response to such conditions would be to not enter into profitable arrangements with third parties, to make arrangements with third parties break even only or to avoid representing any profit – whether through lack of granular project or asset accounting or perhaps more creatively.

Arts Council England is not alone in applying conditions to grants that restrict activities which could be profit-making and therefore contribute to resilience. Heritage Lottery Fund's standard conditions for larger grants⁶⁶ preclude commercial exploitation of digital outputs and enable HLF to freely use and distribute them to others to freely use, while The Space typically secure a 5 year licence to publish the work online and distribute it to appear in screenings in non-cinema venues which significantly reduces any commercial potential for its producer from the work produced.⁶⁷

Effective (i.e. commercial and profitable) exploitation would in many cases be a key strategy for the sustainability of the outputs of a project, their continued enjoyment and resultant delivery of public benefit and the resilience of the wider organisation. Indeed, in the context of diminishing funding and the increasing inability for single funders to finance the full lifecycle of the development of creative works, revenues from such exploitation cease to be optional. Without them, many business cases for

⁶⁴ "As the grant comes from public funds, you must account to us for any profit that you make from the Project and we reserve the right to require you to pay back all or part of the grant." §2.11 Arts Council England Standard Terms and Conditions for Grants, May 2016

⁶⁵ "If you enter into an agreement with any third party with a view to commercial exploitation of the Project or anything related to it, you must contact us to obtain our consent. Our consent may be subject to conditions, including conditions requiring the repayment of all or part of the grant." §2.12 Arts Council England Standard Terms and Conditions for Grants, May 2016

⁶⁶ Heritage Lottery Fund, 'Heritage Grants, Grants of over £100,000, Standard terms of grant,' clause 25
<https://www.hlf.org.uk/looking-funding/our-grant-programmes/heritage-grants>

⁶⁷ The Space, *The SPACE rights clearance information for Commissioned Organisations*,
http://assets.thespace.org.s3.amazonaws.com/handbook/Rights_clearance_information.pdf

creative works do not stack up or at least pose too great a risk for a non-profit with low reserves and a limited ability to borrow.

In contrast to cultural funding, Innovate UK uses grant aid to pay for Research and Development by for-profit organisations.⁶⁸ It requires as part of the application process strategies and projections of how the assets resulting from the project will be commercially exploited (although the grantee is not allowed to make a profit on the funded research and development project itself). The comparison is even more stark – they now reserve the right not to further fund organisations who have not kept their promises about commercial exploitation.⁶⁹

SMEs generally, and creative and digital enterprises in particular, are comparable to many arts and cultural organisations – and even more so their enterprises or trading subsidiaries. With SMEs, public money is also routinely used by regional growth funds, the British Business Bank and publicly funded bodies such as Creative England to invest in start-ups and early stage companies. Often, cultural organisations – or at least their commercial subsidiaries – are eligible but there is confusion in the minds of both potential beneficiaries and the funders concerned over what is seen to be an ‘edge case’ in their eligibility criteria.

Perhaps more directly comparable still is the use of public money and lottery funds in support of the film industry. Funding is used to support the development, production and (commercial exploitation through) distribution of films. The expectation on all but specifically cultural or experimental projects is that applicants are for-profit and seeking to make a commercial success of their project and resulting creative works – thus contributing to the creative economy of the UK and their ability to self-invest in future development, production and distribution.

It almost certainly is not possible to just ‘flick a switch’ and change the terms applied to funding targeted at the cultural sector. It would require some technical legal, financial and compliance work to ensure that accountability for public money and lottery funds was maintained and state aid and unfair competition rules complied with. But it could make a significant difference to the behaviour and therefore resilience of grant-aided organisations if these presumptions against profit and commercial exploitation were removed. And it has the potential to introduce innovation beyond traditional grants to the range of financial instruments used by funders to support the cultural sector, especially if

⁶⁸ Innovate UK, the UK’s Innovation Agency and part of UK Research and Innovation alongside the research councils, invests public money in research and development activities with the purpose of creating commercially exploitable results.

⁶⁹ “If you applied to a previous competition as the lead or sole company and were awarded funding by Innovate UK, but did not make a substantial effort to exploit that award, we will award no more funding to you, in this or any other competition.” See ‘eligibility’ tab of: <https://apply-for-innovation-funding.service.gov.uk/competition/151/overview>

funding conditions were designed to happily co-exist with and even leverage other more commercially orientated funding. In addition, if money is returned to funders through these instruments they can recycle it to invest in more projects and enterprises.

4.8 Assets (tangibles and intangibles)

"Why can't we invest in ideas too?" – Workshop participant

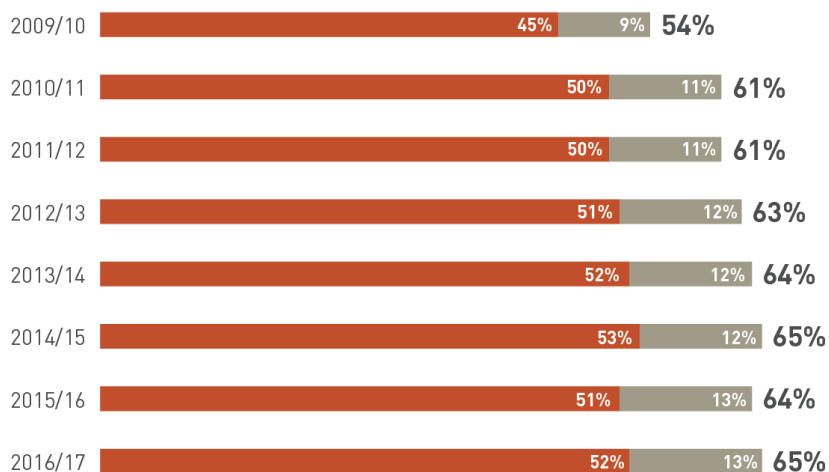
Survey respondents believed that looking after assets is one of the key behaviours for creating a resilient organisation. An overwhelming 98% thought that 'making the most of the organisation's assets (intellectual, human or physical)' was very important or quite important to resilience. 42% picked this as one of their five most important resilient behaviours.

Yet there is a clear gap between belief and practice. Only 9% thought that this behaviour was 'very much' being adopted by the sector as a whole – although 30% thought it was being adopted in their organisation.

There are clearly efforts such as the Building Resilience programme underway to help organisations develop their knowledge and understanding of the asset base they hold and the value of this in developing more resilient business models. There is some evidence that NPOs are getting better at exploiting their assets, having slowly increased their percentages of earned and contributed income over the past few years.⁷⁰

⁷⁰ Source of data: Arts Council England, 'Our NPOs and the Annual Data Survey'
<https://www.artscouncil.org.uk/our-data/our-npos-and-annual-data-survey>

Figure 10: Percentage of Arts Council England NPO income that was earned and contributed, by year



Key: ● Earned ● Contributed

Yet there is still room to improve, particularly when it comes to the understanding and exploitation of intangible assets. As a whole the UK now invests more in intangible than tangible assets. As Peter Bazalgette points out:

It has been estimated that 70% of a company's value lies in intangible assets: its intellectual property. For the Creative Industries, defined by their generation and exploitation of IP, that percentage is likely to be significantly greater.⁷¹

Yet workshop participants and funders participating in this research agreed that capital programmes – with a few notable exceptions such as the Esmée Fairbairn Foundation – tend to prioritise tangible assets over intangibles. Regardless of the actual criteria of grants, the perception of the sector is that capital funding is, by and large, for tangible assets.

Organisations with significant tangible assets – buildings and/or collections – are in a different position than the rest of the sector. Many have a duty or mission to protect these assets, meaning that their level of risk aversion is understandably higher (see below for more discussion of risk). Yet many workshop participants felt that these organisations are treated by funders as 'too big to fail,' being offered preferential treatment because of the risk to reputation and heritage assets if they should go under. There was strong agreement in the sense-making workshop with the statement that there are 'perverse incentives for organisations with buildings.'

⁷¹ Peter Bazalgette, *Independent Review of the Creative Industries* (2017), p. 32.

Further, many workshop participants felt that some organisations were subsidising themselves by taking on capital projects which provide a level of buyout of staff time and a degree of cover for overheads, even in situations where this might be inappropriate. This was partly driven by funder prioritisation of capital funding.

4.9 Using evidence and data

One of the key resilience factors identified by the Bechtel Foundation is:

Measures what is accomplished and applies that knowledge to decision-making.⁷²

Yet the culture and practices of cultural organisations are not always aligned with using evidence – especially where this overlaps or conflicts with the imperative of creative or artistic direction. The 2017 Nesta *Digital Culture* survey found that organisations in the arts and culture sector have not increased their adoption of data-led activities since 2013 – and indeed, adoption of some activities has decreased. Only 18% said they ‘use data to inform the process of developing new commercial products or services,’ down from 21% in 2013. Only 34% said they were well-served for skills in data analysis.⁷³

Whilst 65% of survey respondents thought that ‘identifying and tracking performance indicators – financial and non-financial – and evaluating organisational performance’ was very important in being resilient, 36% thought that their own organisation did this very much. And that figure dropped to 10% when respondents gave their view of the behaviour of the sector as a whole.

Workshop participants reflected a variety of attitudes towards using ‘data.’ Yet there was a high degree of consensus that (especially) programming was a matter of balancing instinct (without a rational argument) and new ideas (for which little evidence or data might be available) with more concrete evidence. Knowledge-sharing (within and outside the arts, cultural and heritage sectors) was often cited in the workshops as an important factor in broadening the base of data and other evidence to use.

Barriers to effectively using data of all kinds were flagged by workshop participants. Some saw it as being costly and requiring investment. There is a tendency for evaluation to be one person’s job or for it to be siloed within one department instead of being seen as an organisation-wide responsibility. ‘Audience insight’ is not a well-resourced function, if it exists as a separately identifiable part of an

⁷² Bechtel Foundation, *Resiliency Guide*, p. 3.

⁷³ Nesta, *Digital Culture 2017* (2017), p. 19.

organisation at all, and time is a major constraint on analysis.⁷⁴

Lack of consistency across different organisations limits the ability to compare, but workshop participants agreed that what you measure must depend on your desired outcomes – for example, mental health as an instrumental impact for example would be evaluated very differently to purely cultural aims. And many flagged that the work of an individual artist may need to be measured very differently to a larger organisation.

Many participants talked of common sets of KPIs that got reported to boards and funders. However, the impression remains that the use of such consistent, comparable-across-time datasets was driven by those governance functions at the rhythm that they operate (e.g. bi-monthly, quarterly and yearly) – and may often not be used by those managing on a day-to-day or week-by-week basis to refine, evolve and optimise.⁷⁵

Survey respondents who were familiar with the concept of resilience were far more likely to view ‘regularly reviewing priorities on the basis of evidence’ as very important. Staff from NPOs and from smaller organisations were far more likely to think that it has been adopted in their organisation.

The survey responses could reflect the fact that boards and funders’ demand for such information would indicate that they think it important – and so perhaps people think they ‘should’ regard it as important although this is not reflected in their actions. In general, respondents’ estimation of behaviour across the sector seems to be a more accurate reflection than their view of their own organisation’s behaviour – or at least the truth lies somewhere in between.

There doesn’t appear to be a commonly understood distinction (or perhaps language for the distinction) between determinant and resultant (or lead and lag) indicators: in other words, the difference between measuring behaviour and activities that lead to strong organisational performance and/or resilience as compared to measuring outcomes that represent that such performance and/or resilience has been achieved. And yet the dangers of using a set of measures that ‘look backwards’ are a known problem in performance management.⁷⁶

There is a tendency in all organisations to measure what is easiest to measure – and in cultural organisations this tends to be financial and ticket sales (where events or shows are ticketed). In other industries it has long been recognised that one needs a more holistic, balanced set of measures –

⁷⁴ Unpublished research by Golant Media Ventures and The Audience Agency, ‘Services for Data Haters,’ funded by Innovate UK.

⁷⁵ The external and internal uses are discussed in Sarah Thelwall, ‘An introduction to benchmarking’ (The Audience Agency) <https://www.theaudienceagency.org/insight/an-introduction-to-benchmarking>

⁷⁶ Looking backwards only is one of the known traps in performance management. See Andrew Likierman, ‘The Five Traps of Performance Management,’ *Harvard Business Review* (October 2009).

based on seminal work by Kaplan and Norton.⁷⁷ Both finance and ticket sales are mainly lag indicators – if they aren't what you wanted or expected, it's probably too late to do anything about it. Other measures, for example, of marketing activity or customer engagement can be a predictor of the final sales performance – and can be used to dynamically optimise the performance of a particular campaign or launch.

More work could usefully be done to look at what those indicators might be – to develop rules of thumb that could be easily and commonly understood and used as benchmarks across the sector. Some of these might be funder-driven – for example, is there a maximum percentage of an organisation's total turnover that an Arts Council England grant should represent?

Staff lacking capability is cited as the primary reasons for not identifying and tracking performance indicators and regularly reviewing priorities on the basis of evidence. It would seem that there is a clear need for increasing capability in the sector through a mix of professional development and either recruiting or buying in specialist skills (although there is a disadvantage of outsourcing what probably needs to become a core competence).

Simply tracking and reporting (to funders and/or boards) on key indicators is not sufficient to improve performance or resilience. Leaders and managers need the skills to make decisions using such quantitative information. It would seem likely that finding ways to represent this in a creative and visual way would play to the strengths of those in such roles, in line with modern analytics and information design.

As a very specific point within this, many workshop participants mentioned the 'cost of doing business' with Arts Council England – in other words the time and resources that went into bidding for funding and then reporting against this funding and otherwise managing their relationship with such a key funder. They indicated that it was not commonplace to allocate the costs of securing and drawing down this funding against the funding as a cost – to see what the net financial benefit to the organisation was.

4.10 Measuring resilience

Moving onto the topic of measuring resilience specifically – rather than organisational performance more generally – there would appear to be little consistent practice in this area in the cultural sector. In other sectors, a number of approaches have been developed to measure/benchmark resilience or at least neighbouring concepts such as sustainability and organisational health. 'Organisational

⁷⁷ Robert S. Kaplan and David P. Norton, 'The Balanced Scorecard—Measures that Drive Performance,' *Harvard Business Review* (Jan-Feb 1992).

capital' is currently badly measured – if at all – in the private sector. Charles Bean's *Independent Review of UK Economic Statistics* (2016) for HM Treasury highlighted this as a glaring weakness. That's what makes the US Census Bureau decision to conduct first large-scale survey of management practices in the US so notable. The ONS has recently followed suit in the UK with a pilot survey.⁷⁸

Better valuation of intangibles is another area where measurement could improve resilience; however it is arguable that traditional, accounting-based approaches to valuation have largely hit a dead end. Gu and Lev instead propose companies produce Strategic Resources & Consequences Reports which provides a framework for analysing the resources that determine an organisation's future performance.⁷⁹ Ernst&Young has taken a leaf out of Gu and Lev's book with its long-term reporting framework.⁸⁰

Meanwhile McKinsey have created the Organisational Health Index, a proprietary survey instrument to measure and track the organisational elements – specifically 9 elements with 37 underlying management practices that drive performance.⁸¹

Materiality mapping helps identify 'resilience' practices that are most relevant at a sector level, along with criteria to measure implementation. The most appealing thing about this approach is it that it is closely aligned with the opportunities and risks that organisations face. Thus, sectors such as oil, gas and utilities are more likely to care about risks arising from climate change, ecosystem sensitivity and accident and safety management and practices to mitigate them. In healthcare, social capital issues such as access and affordability, customer welfare and fair advertising are higher priority while technology companies confronted with the opportunities and challenges of big data and monopoly power will deem issues such as data security, privacy and competition as more material. In the US, the Sustainability Accounting Standards Board (SASB) has been the pace setter in this area. Studies have found that firms with good performance on material issues perform much better than firms with good performance on issues that are not material.⁸²

Within the cultural sector, accounts – particularly the 'strength' of balance sheets and 'reserves' or perhaps more usefully 'net current assets' – are often cited as a key reference point, but as a snapshot these are not always a good measure and need to be considered alongside consistency or changes

⁷⁸ Office for National Statistics, 'Management practices and productivity among manufacturing businesses in Great Britain: Experimental estimates for 2015.'

⁷⁹ Baruch Lev and Feng Gu, *The End of Accounting* (Wiley, 2016).

⁸⁰ Andy Neely, Hywel Ball and Herman Heyns, *Accounting and reporting for long term value* (EY, 2016).

⁸¹ Chris Gagnon, Elizabeth John, and Rob Theunissen, 'Organizational health: A fast track to performance improvement,' *McKinsey Quarterly* (September 2017).

⁸² Mozaffar Khan, George Serafeim, and Aaron Yoon, 'Corporate Sustainability: First Evidence on Materiality,' *The Accounting Review*, 91(6), pp. 1697-1724.

between financial periods of (amongst other things) different income and funding, the net surplus/deficit that different activities generate and the dynamics of major overheads.

Many workshop participants said that their trustees' priority for reserves was to 'have enough money in the bank to close us down without going into liquidation.' This supports the findings of *Capital Matters*:

The organisations we interviewed see reserves as either an operating contingency (for example, to meet the costs of emergency work on the building) or to cover costs in the event that they have to wind down.⁸³

But this reading of the purpose of net current assets (reserves in liquid form) is driven by avoidance of risk rather than organisational resilience. The resilience-oriented arguments for them are instead: the ability to trade through a period of revenues or funding lower than plan or costs higher than plan; and the ability to invest in future offerings and research and development to innovate.⁸⁴ Other items on a 'strong' balance sheet like non-current assets such as buildings and intellectual property may provide long-term income – they may also be used to raise cash through disposal or using them as collateral for loan finance.

A good mix of income and funding was mentioned by many workshop participants as important to both measure in retrospect and predict, although for this to be meaningful there needs to be more currency of relevant benchmarks. Benchmarks need to be easy to turn into 'rules of thumb' that people remember – while recognising that organisation size, the local economy and artform/category affect what is directly comparable.

This relates to the idea of reporting on the 'pipeline' of income and funding. As far as we are aware, it is not common practice to estimate future funding and revenues on the basis of probabilities – and to review risk around future income streams on the basis of how 'committed' or 'in development' different elements are. This is done by some, looking forward to the next financial period. But it can be done on a rolling basis with monthly management accounts and quarterly management reviews.

Diversity in revenues and funding is generally regarded positively – against the countercase of overdependence on particular types of income or funding. And yet focus, too, would seem to be a predictor of long-term success across sectors.⁸⁵ Particularly for smaller but also medium-sized cultural

⁸³ Margaret Bolton and Clare Cooper, *Capital Matters: How to build financial resilience in the UK's arts and cultural sector* (Mission Models Money, 2010).

⁸⁴ This understanding is reflected in *Capital Matters*, p 7.

⁸⁵ Peter Frumkin and Elizabeth K. Keating, 'Diversification Reconsidered: The Risks and Rewards of Revenue Concentration,' *Journal of Social Entrepreneurship*, 2(2).

organisations (which are still small by other sectors' benchmarks), trying to do too much – whether this is with regard to styles of programming, audiences or communities engaged, breadth of services – can result in being spread too thinly, lacking of focus and potential for failure with negative financial impact in one or more areas. Measures of diversity need to reflect what is appropriate and not assume more is better.

Measuring the health of different non-financial ('off balance sheet') assets is as important – if not more so – than financial assets. The cultural sector as part of the wider creative industries represents the UK's knowledge economy which routinely invests more in intangible assets than tangibles.⁸⁶ Intuitively, many leaders of cultural organisations know that their professional and community networks – together with their names and reputations – are worth more than their financial assets. In the long run, many such organisations will invest more in these than other assets.⁸⁷ Therefore, measuring the strength of social capital and brand health⁸⁸ would appear to be as important as doing your accounts.

Internal human and organisational factors would appear to be important predictors of resilience. Both the corporate and start-up worlds routinely measure staff morale and quantitative factors of absence, sickness and turnover. Such professionalised HR practices could be adopted within the sector, allowing for the blurred boundaries of organisations using many freelancers and partners. In a changing environment, new and expanded capabilities seem likely predictors of resilience. Measuring investment in developing teams (through a variety of interventions – not just training – and considering the wider team beyond those traditionally employed) would have the advantage of raising the very low reported behaviour in this area towards a level commensurate with the consensus around its importance as a factor in resilience.

As is argued elsewhere, effective systems underpin a great deal of resilience particularly mitigating against staff change (especially at senior levels) and loss of corporate knowledge. Measuring this – as other industries do through various quality/process standards – could go some way to increasing the effort and focus directed to it from its reportedly very low levels.

⁸⁶ Martin Brassell and Kelvin King, *Banking on IP?: The role of intellectual property and intangible assets in facilitating business finance* (Intellectual Property Office, 2013).

⁸⁷ Excluding those with large building capital programmes or high-value 'productions' that are to be fairly commercially exploited.

⁸⁸ Through audience feedback, peer review, complaints, membership and the broad range of interactions (positive and negative) via social media.

4.11 Futures thinking

For most organisations in the sector, their thinking about resilience is based around their current challenges. This is understandable given the acuteness and urgency of some of these challenges, but it is not enough to ensure long-term resilience. As well as general development of skills and adaptability that will enable them to respond quickly to the inevitable ‘unknown unknowns,’⁸⁹ there is a need for them to understand what challenges may face them in the future.

While workshop participants were willing to experiment with futures thinking within the setting of the workshop, it was not an approach that most were accustomed to taking within their organisations. Earlier this year, Nesta published *Experimental Culture: A horizon scan for the arts and culture sector*, with the intention of supporting the development of Arts Council England’s next ten-year strategy and “provoking discussion about possible futures as part of an ongoing dialogue within the sector, rather than presenting definitive conclusions.”⁹⁰ This will serve as a useful first step towards developing that ongoing dialogue.

A next step might be the creation of an easily understood, regularly updated futures framework that is owned and used by the sector as a whole, not just by policymakers and funders. There is a challenge in moving from a relatively academic piece of futures thinking – however insightful – to tools that can be used within organisations to drive scenario planning. Yet this will be critical if future thinking is going to connect with and drive concrete actions by the sector.

4.12 Innovation and risk

Innovation and risk fit naturally together – not just because innovation is inherently risky (although it is), but because circumstances change. External shocks and threats do not remain constant. This means that there is risk not only in action, but in standing still. The risks inherent in inertia are not as easily recognised or assessed.

The sector’s embrace of creativity can lead to a mistaken belief that it similarly embraces innovation. However, innovation and creativity are not the same thing: Richard Evans points out that they are often confused. He continues:

Creativity is a quality of individuals (some people are naturally gifted at coming up with original ideas), while innovation is about turning creative ideas into practical strategies that organizations can actually implement: a corporate capacity requiring groups of people to

⁸⁹ To borrow the phrasing of Donald Rumsfeld: https://en.wikipedia.org/wiki/There_are_known_knowns

⁹⁰ Nesta, *Experimental Culture: A horizon scan for the arts and culture sector* (2018).

design and execute.⁹¹

Looking at that same distinction between innovation and creativity, Golant Media Ventures elaborated slightly on this in a report for Nesta on the adoption of digital technology in the arts:

Innovation requires a sustained impact, a change in business models, in methods, in operations, in how things are done going forwards. Part of innovation is the need to capture tacit knowledge, to make new approaches repeatable and shareable, and to embed this novelty within a context of sustainability and resilience.⁹²

As Patrick Towell adds in another context:

to fulfil my and many others' definitions of innovation, there must be derived a social and/or economic impact—a benefit, an adding of value from new or improved existing processes—from the novelty or idea at the core of an innovation.⁹³

Yet EmcArts' Innovation Lab for the Arts chose in the end to abandon the term 'innovation' entirely:

Despite the usefulness of this new definition, and its emphasis on processes of change, I don't think we were fully able to steer practitioners and funders clear of the corporate accent on product development. Innovations remained, in many people's minds, discrete projects entered into from time to time, rather than "muscles" that organizations can strengthen and flex when needed. For this reason, we moved away from the word innovation over the history of the Labs, and prefer now to speak of "adaptive change" or "adaptive responses to complex challenges" as better reflecting the ongoing nature of the work and its centrality to organizational health.⁹⁴

Having the adaptability necessary to embrace innovation is clearly an important part of resilience. There are several aspects to this:

- Staff who are capable of embracing transformation
- The willingness and ability to accept risk along the way
- Having the financial resources and know-how to fund innovation/R&D

Of survey respondents, 98% thought it was very important or quite important for an organisation to explicitly recognise and tolerate risk and failure, while 92% said the same about having well-defined processes for identifying, testing and implementing new ideas (although many fewer thought this was

⁹¹ EmcArts, *Somewhere Becoming Rain*, p. 26.

⁹² Golant Media Ventures, *Evidence review: The adoption of digital technology in the arts* (Nesta, 2017), p. 30.

⁹³ Patrick Towell, 'What is innovation and why should we care?' (ITS Rio blog post, 2017).

⁹⁴ EmcArts, *Somewhere Becoming Rain*, pp. 25 - 26.

very important). But they thought that these behaviours were not particularly well adopted in the sector. Once again there was a dramatic split between senior staff and other staff – senior staff were far more likely (by over 20 percentage points) to say that risk and failure were very much tolerated in their organisation. Staff in large organisations were much less likely to say that risk was very much tolerated – 16% against 41% in small and 39% in medium organisations.

Support from the board is an important part of creating a risk-tolerant organisation. Anecdotally there is evidence of new board members joining organisations with experience of risk and investment in other areas of their career – who become risk-averse within the context of a cultural organisation. The sector is often willing to take artistic risk, but taking financial risks runs counter to a general culture of stewardship and protection of artistic aims. There are also legal obligations on trustees to manage risk in the investments that their charity makes.⁹⁵ Moreover, the skills required to take financial, innovative and artistic risk are different and don't overlap very much. All of these require learning to be put into action successfully, open in small steps. The arts sector often fails to prepare people for taking financial risk.

There is a need to look more deeply at how risk and innovation are funded within the arts – both in terms of self-funding and in terms of how funders support this. It is currently challenging for most arts and culture organisations to self-fund risk. Fundamentally there is a need for 'wiggle room' in funding models in order to leave space for organisations to invest in trying out new ideas whose return is uncertain. Shortages of liquid reserves – and more fundamentally, issues around profit (see above) – means that it is difficult to back new ideas from existing funds. This difficulty is even more acute for organisations that rely primarily on project funding.

This quote from the 2015 Digital Culture survey is indicative:

...we are now somewhat held back on pushing digital to the next level by lack of funds. We want to try things out in the 'real world' but do not have the funds to do this at our own risk, as we are still unsure if the potential revenue would cover the resources invested.⁹⁶

The nature of risk is that one is *inherently* unsure whether there will be a return on investment – and as long as there are no funds available to cover such a loss, then investment will simply be too risky.

The availability of funding with recognised innovation/R&D risk profiles is important, but such funding

⁹⁵ *Guidance on the Charities (Protection and Social Investment) Act 2016.*

<https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees>

⁹⁶ Arts organisation comment from Digital Culture Survey 2015, quoted in Tom Fleming Creative Consultancy, *Digital R&D Fund for the Arts: Evaluation* (2016), p. 20.

is not enough by itself. There is also a need for the capability to bid for, win and make use of it. Other programmes providing change/innovation capital have noted the need for support for capability development alongside it. The Nonprofit Finance Fund in the United States “experienced significant challenges in teaching the principles of capital and especially methods of accounting for capital in audits and financial reports.”⁹⁷ Similarly, EmcArts noted that

financial investment through “innovation capital”... would not be sufficient to catalyze the human changes (in assumptions, values, mindsets, working habits, and structures) that innovation demands.⁹⁸

4.13 Failure

“All these questions are about organisations organising themselves as a safe investment for funders. A bit like applying for a mortgage - you have to prove you are a safe bet...”

...What I admire are self-organised groups who have an idea, and make it happen. As a sector we need to be responsive and responsible and recognise the natural life-span of an organisation or gallery and not get fixated on preservation of something just because it exists now. Or we need to not be afraid of changing what we do and how we do it. And that doesn't always fit with being a safe bet.”

– Survey respondent

“Too often the concept of resilience is used as a weapon by funders - offensive in some cases, more often defensively. If organisations are to become more resilient there needs to be a greater tolerance of failure as part of experimentation and enterprise, less micro-managing of funded organisations and a willingness to withdraw funding from organisations that persistently fail.”

– Survey respondent

Many understandings of resilience – including the Arts Council England definition from 2010 – imply that it requires the continued survival of an organisation pursuing an unchanged core mission. However, there is an increasing body of literature arguing that an unwillingness to allow failing organisations to fail is leading to an ossified and inefficient sector. John Knell’s *The Art of Dying* was an influential contribution to the literature back in 2005, arguing that ‘it is much harder than it should be to discriminate between the living and the living dead amongst UK arts organisations’ (making the

⁹⁷ Arthur F. Nacht and Alan S. Brown, *Lessons Learned about Change Capital in the Arts: Reflections on a four-year evaluation of Nonprofit Finance Fund's Leading for the Future initiative* (2014), p. 8.

⁹⁸ EmcArts, *Somewhere Becoming Rain*, p. 27.

argument in part for a better focus on performance metrics).⁹⁹ More recently, Devon Smith has argued that:

We're choking off funding for the productive. We're infecting the healthy with the attitudes and market perceptions of the sick. We're limiting the capacity of the strong, by focusing our collective attention on the weak.¹⁰⁰

A systems approach to resilience implies the possibility of constant flux, with both births and deaths a natural part of a vibrant ecosystem. Michael Wimmer, in the context of arts education, delivers an intriguing provocation:

I would like to oppose the current mainstream... by arguing that – in the current historic phase – “there is no such thing as sustainability”. The reasons are deeply rooted in our ideas of life itself, as it is about permanent change. What we experience is life as a cycle between a beginning and an ending, in the meantime the richness of individual as well as collective life lies in permanent, often unexpected transformations in a world of endless unpredictabilities.¹⁰¹

Similarly Stephen Pritchard wonders: “So perhaps sustainability is about realising things become unsustainable eventually and that only perpetual rebirth and renewal can ensure long-term sustainability?”¹⁰²

In workshops, many participants were surprisingly comfortable with the idea of resilience including ‘a good end.’ They talked about resilience as including the ability to bow out gracefully at the right time when a need no longer exists, or when you or your organisation are no longer right to fill that need.

Individual artists and small organisations seemed (anecdotally) more comfortable with the idea of change. For large organisations owning buildings, or those that are safeguarding collections, continuity is more critical – and often a key part of their mission. Even here, however, it must be asked whether the end goal is organisational continuity or the preservation of assets. If the answer is the latter, then a different approach by funders might be possible.

Mergers are another potential event in the lifecycle of an ecosystem, yet they are currently extremely rare in the charity sector as a whole.¹⁰³ It is possible that these should be considered more widely – and if they are, they should be considered a normal development rather than one that carries a taint of failure. Newman argues strongly that “more organizations need to merge to save costs, end

⁹⁹ John Knell, *The Art of Dying* (Mission Models Money, 2005).

¹⁰⁰ Devon Smith, ‘We should allow failing arts organizations to die’ (Medium article, 15 June 2014).

¹⁰¹ Michael Wimmer, ‘Sustainability versus Resilience,’ (blog article, 2017).

¹⁰² Stephen Pritchard, ‘A bonfire of the vanities,’ (blog article, 2014).

¹⁰³ Henry Lane, ‘Why don’t charities merge?’ (blog article 2018).

duplicative services, and achieve greater impact,” while others need to downsize and streamline both their costs and their ambitions.¹⁰⁴

4.14 Systems resilience

As we have stated earlier, the current Arts Council England definition of resilience – and its interventions around this – focuses on the resilience and survival of organisations. However, much of the literature around resilience describes it as a property relating to *systems* at multiple levels of complexity, and viewing resilience in this way may be necessary in order to create a flourishing arts and culture sector. Another way of conceptualising this is as an ecology. Says Ann Markusen:

An arts and cultural ecology encompasses the many networks of arts and cultural creators, producers, presenters, sponsors, participants, and supporting casts embedded in diverse communities... the complex interdependencies that shape the demand for and production of arts and cultural offerings.¹⁰⁵

Consultation highlighted the fact that the arts and culture ecosystem depends on individual artists, freelancers and suppliers, with people within the sector often filling multiple roles simultaneously and sequentially, both within organisations and as individuals. An exclusive focus on ‘organisational resilience’ is likely to underestimate the extent to which the sector and individual organisations depend upon the efforts of individual human beings – whom, as was discussed earlier, face their own challenges to resilience in the shape of low pay and overwork.

Yet perhaps unsurprisingly, survey respondents across all sectors, roles and artforms were lukewarm about the statement “Funders should prioritise the resilience of the sector as opposed to individual organisations” (with 40% agreeing, 26% disagreeing and 31% neither). They were even more negative about prioritising the resilience of the creative industries as a whole as opposed to the arts and cultural sector (with 27% agreeing and 37% disagreeing). Understandably, when asked to consider their own future compared to the greater good, few of those working within an arts organisation are likely to want the needs of the sector as a whole (whether defined narrowly or broadly) put ahead of their own organisation.

However discussions with policymakers, other funders and advisors/experts/consultants highlighted that there is a need to consider the sector as a whole; that the survival of individual organisations in their current form and structure is not always possible; and that structural changes in the sector (for

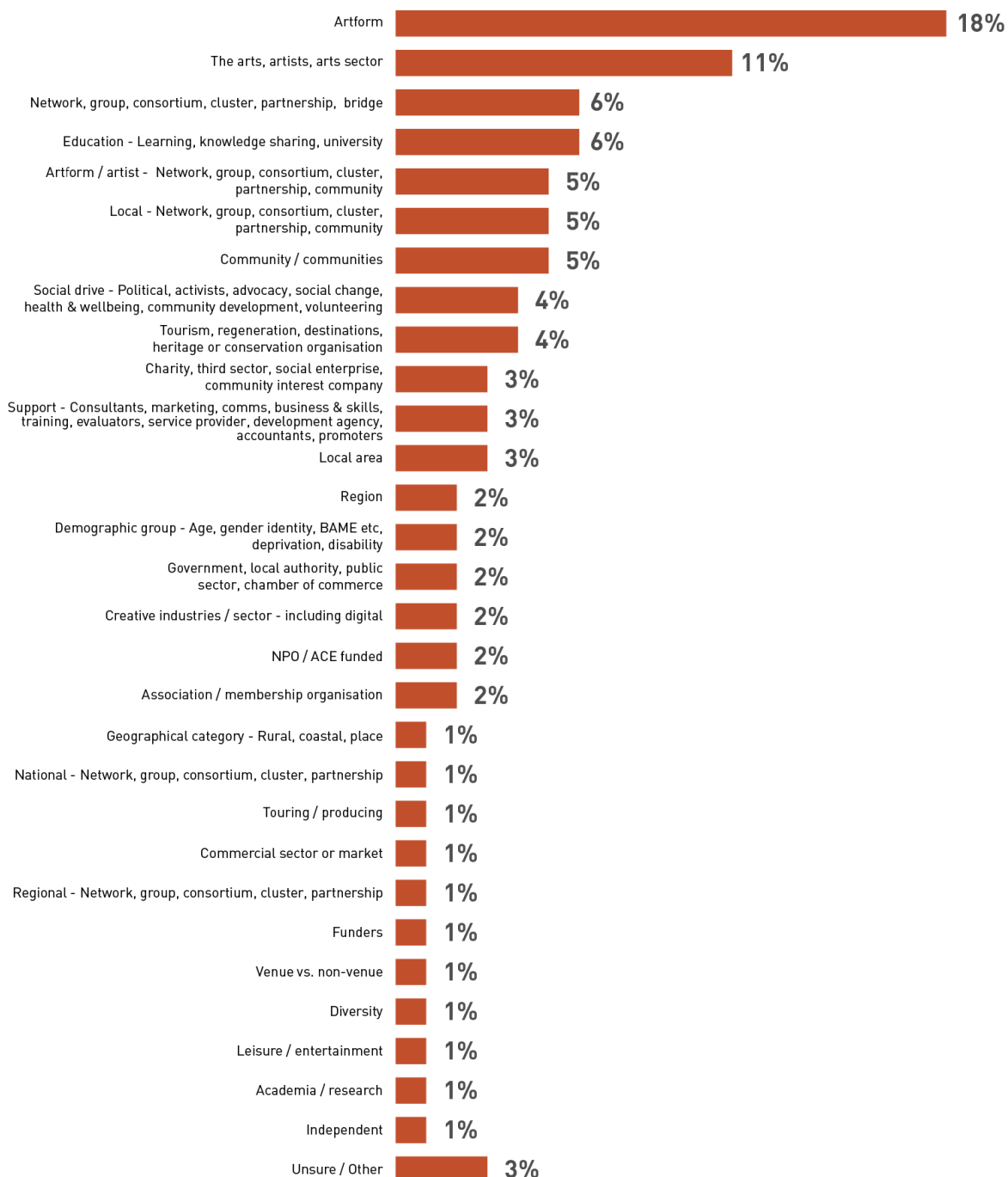
¹⁰⁴ Brian Newman, *Inventing the future of the arts*, pp. 3 - 4.

¹⁰⁵ Ann Markusen, *California's Arts and Cultural Ecology* (James Irvine Foundation, 2011), p. 8.

example, vertical or horizontal integration through mergers and/or greater specialisation) could foster the resilience of the sector overall and address situations where individual organisations are not sustainable.

As a step towards understanding the multitude of groupings making up the sector, we asked survey respondents to list the top three groupings (sectors, clusters, networks, communities, markets etc.) they saw themselves as belonging to. The results are shown below.

Figure 11: Top three groupings with whom respondents identified



Notably, people see their organisations as ‘belonging’ to their artform rather than to the arts or culture generally. This aligns with more anecdotal evidence that organisations tend to take good practice and innovations from others in the same sub-sector of culture (e.g. artform, venue) rather than looking for inspiration more widely.

There is much less identification with a local community, region or demographic group (e.g. age, gender/sexual identity, cultural/racial background). This raises the question of whether an artform or ‘arts first’ identity creates barriers to collaborating and being integrated with cross-sector geographical or demographic groupings.

Identifying with tourism and regeneration is relatively common – perhaps particularly coming from the heritage part of the sector. This is unsurprising, given the emphasis in marketing and funding from local authorities and LEAs on culture and heritage attractions being part of the local tourist economy.

However, strikingly few respondents saw themselves primarily as part of the creative industries (including digital) sector. This has implications for joining up policy, advocacy and funding of the creative industries with arts and culture. Arts and cultural organisations may be missing opportunities for funding because they do not ‘hear’ communications that are targeted at the creative industries. Bodies which represent the whole creative industries may not be seen as legitimate, informed or relevant to the arts and culture.

Whilst few arts and cultural organisations see themselves as part of the leisure and entertainment sectors, many of their customers and audiences – especially those less familiar with the arts and culture – may feel otherwise. This has implications for how offers are positioned and otherwise marketed – and what arts and culture regard as their competition.

36% of survey respondents saw their own resilience as ‘very much’ dependent on the groupings they belonged to, and 46% ‘to some extent.’ And the extent to which they perceived themselves as dependent on funders rather than audiences/visitors/users was striking (percentages are the proportion of respondents who saw each as one of “top three relationships that you regard as most critical for the resilience of your organisation”):

- Funders (12%)
- Audiences/visitors/users (8%)
- Local government/authority (8%)
- Other arts/culture organisations (6%)
- Arts Council England (5%)
- Arts Council Other (4%)

'Taking part in a range of networks' was the number one behaviour that survey respondents thought was being adopted by their organisations and the sector as a whole – yet they ranked it 14th out of 19 behaviours in terms of its importance to resilience. There was a similar ambivalence from workshop participants. Many felt that they were incentivised by funders to form partnerships and collaborations that were project funded but had a damagingly high unfunded organisational overhead.

One participant commented that organisations should focus their effort on joining networks that were less obvious: "We've done a lot of work pushing ourselves into systems where we wouldn't assume we'd be welcome. You should invite yourself to networks that would never have thought of talking to you." For example, a Local Enterprise Partnership:

We kept wondering why there wasn't a conversation in the LEP about culture and lots of people said the same thing. So I decided to get on the LEP board! It's amazing how much they don't know, but they're willing to learn. The private sector have told them how important culture is to their businesses and their workforce. We need to be proactive in lobbying them.¹⁰⁶

There was distinct ambivalence from workshop participants about their relationship with Arts Council England. "The problem," said one, "is that we have a partnership with Arts Council England but it isn't seen as a partnership." Others felt that they were not receiving as much support from Arts Council England in the form of expertise, guidance and knowledge as they had once done. And, predictably, there was frustration with the time and effort required in terms of grant applications and reportings. "My dealings with Arts Council England have tested my resilience more than anything else," said one participant.

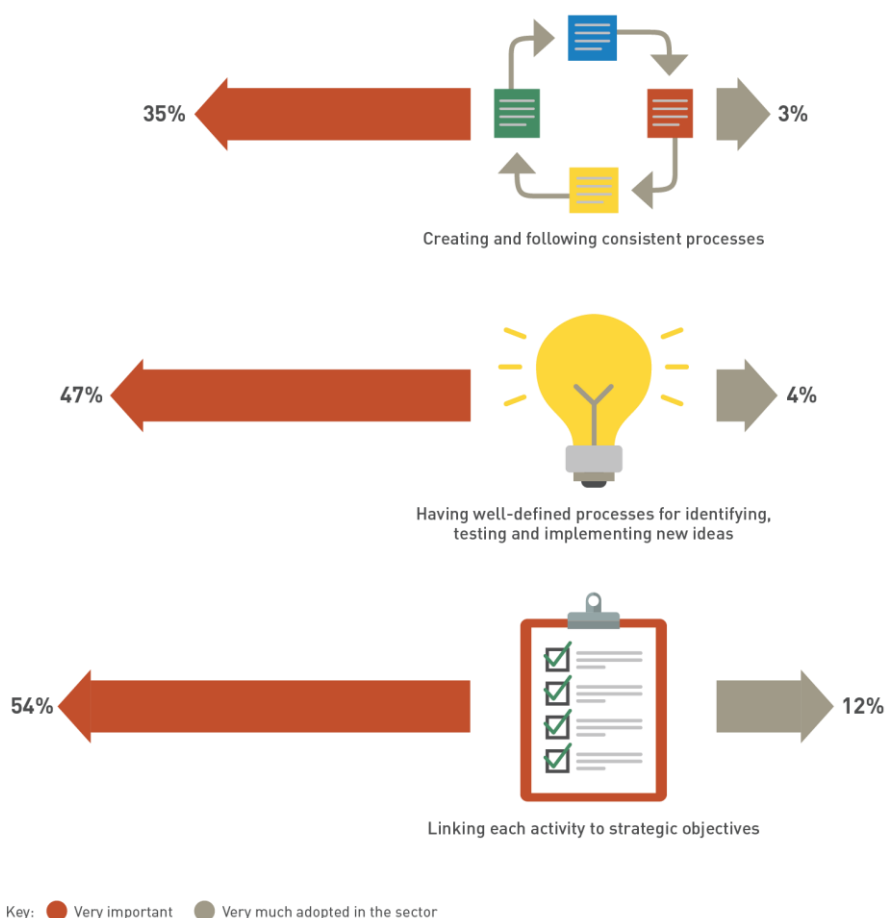
4.15 Professional business management

Resilience literature from other sectors indicates that these 'boring' elements are important predictors of success and survival, but often overlooked.¹⁰⁷ It can be tempting to think that a compelling vision and clever strategy on their own are enough, but the mantra of 'execution, execution, execution' in the private investment world emphasises the importance of effective day-to-day management of operations and plan.

¹⁰⁶ Workshop participant.

¹⁰⁷ Raffaella Sadun, Nicholas Bloom and John Van Reenen, 'Why do we undervalue competent management?' *Harvard Business Review* (Sep-Oct 2017).

Figure 12: Business management behaviours are not very much adopted



In the survey, the three behaviours lowest ranked by importance are all process related. They also ranked low in having been 'very much' adopted. From workshop consultations and other more anecdotal evidence, it would appear that management practice and theory informed by business, social enterprise, digital enterprises, and start-ups seldom appeal or seem relevant to the arts and cultural sector. As noted elsewhere, this can in part be a language barrier – with 'profit', 'return' and other concepts from the business and start-up world being seen as alien to the sector.

This finding is echoed by respondents' answers to the question about what groupings they identify with: only 2% primarily see themselves as part of the creative industries (including digital) sector, 1% as part of the commercial sector, and 1% as part of leisure / entertainment. Therefore, they are unlikely to take insights in business management or innovation from these areas.

4.16 Advocacy

"I've been involved in the arts all my life and I've never known a time when there was coherent advocacy for it."

– Workshop participant

"Resilience is not just about deficits, cashflows and bank balances. It's about maintaining the belief that what we do is vital and valuable. We still fail to get our value understood and more work should be done around how much engagement with the arts saves money for other people's agendas."

– Survey participant

One of the strongest messages coming out of the workshops was the foundational role of advocacy for the arts – not just advocacy for higher public funding, but also sending a message to the public about the value and importance of the arts. It is difficult to imagine a resilient arts ecosystem existing in a world where the public do not understand or support arts and culture, or creativity in general. Without visitors, audiences, ticket buyers and donors, the arts would wither on the vine. A society where the arts are valued is a society in which the arts thrive.

"An important part of the resilience of the arts sector is being able to fight back and make the political case for funding for the arts," says Tamara Winikoff, former executive director of the National Association for the Visual Arts in Australia, speaking in the context of a sector-wide campaign against recent government funding cuts. "Once you get a political commitment and the rhetoric to support it, it greatly influences public attitudes."¹⁰⁸

In the UK, a national decline in arts education, partly driven by the roll-out of the Ebacc, is particularly concerning in the context of creating the next generation of supporters and advocates.¹⁰⁹ 57% of survey respondents agreed or strongly agreed that 'We are being impacted by national changes in education policy' (NPOs 65%, non-NPOs 52%).

There was a strong desire expressed in workshops for Arts Council England to take the lead in terms of advocacy. Workshop participants were not generally aware that Arts Council England as a Non-Departmental Public Body is prohibited from spending public money on activities perceived to be

¹⁰⁸ Interview

¹⁰⁹ Christy Romer, 'Devastating decline of arts in schools surges on,' *Arts Professional* (2017).
Liz Hill, 'EXCLUSIVE: EBacc would exclude 133,000 pupils from the arts,' *Arts Professional* (2018).

‘lobbying’.¹¹⁰

Yet advocating for arts and culture was also the single behaviour that survey respondents believed was best adopted both in their organisations and in the sector as a whole. The sector is doing a great deal of advocacy work already yet it seems to believe that this is not enough.

This raises questions – is it that organisations are shouting as loud as they can but still not succeeding in getting the word out? Is their advocacy not as effective as it might be? Is there a need for larger groupings – whether catalysed by funders or organised at the grassroots – to amplify the message by leading a large-scale campaign?

Some consultees had made the comparison to advocacy for sport in the UK. They noted the success of the ‘This Girl Can’ campaign, developed by Sport England and funded by the National Lottery – with special permission from government for the use of public funds on advertising.¹¹¹ They also flagged the weight of evidence for its impact that the sport sector as a whole had succeeded in bringing to the notice of the public, policymakers and funders.¹¹²

The Local Government Association has run sixteen ‘Leadership Essentials Sport’ programmes over the past five years to help portfolio holders to understand the value of sport in local communities and lead the transformation necessary to deliver this value – it is soon to pilot a ‘Leadership Essentials Culture’ programme using this model.¹¹³

What is clear is that there is definitely a case to be made for the importance of the arts to society – with their contribution to individual and community resilience not least among those contributions. Yet good advocacy requires good data – a standard that varies from sector to sector, with some sectors requiring more stringent ‘proof’ than the arts and culture have been in the habit of delivering. Therefore gathering evidence will continue to be an important part of any future advocacy work.

In short, while the cultural sector believes in the value of advocacy and sees itself as putting that belief into practice, there is still a sense that the message is not getting out there. While it is impossible to come to definitive conclusions within the scope of this research, it seems that there is the potential for more coherent action on this front – whether driven from the top down or the bottom up.

¹¹⁰ HM Government Cabinet Office, ‘Rules on lobbying for Non-Departmental Public Bodies’, <https://www.gov.uk/guidance/public-bodies-reform#rules-on-lobbying-for-non-departmental-public-bodies>

¹¹¹ Jennifer Faull, ‘Sport England chief on the pressure to repeat success of “This Girl Can” as 2017 campaign is readied,’ *The Drum* (19 October 2016).

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¹¹³ Local Government Association, ‘Leadership Essentials’ <https://www.local.gov.uk/our-support/highlighting-political-leadership/leadership-essentials>

5 Conclusion

"Resilience is not a product, you can't just buy it in. It's a dynamic process."

– Workshop participant

Resilience is a complex and multifaceted phenomenon, taking multiple forms and manifesting itself on multiple levels: from the wider arts and culture ecosystem, to single organisations, to the individuals whose creativity and labour is essential to the vibrancy of the ecosystem as a whole. It cannot be reduced to one simple initiative or imperative – not even the imperative to survive, given those who have argued that 'a good end' can also be a mark of resilience. It seems unlikely that the arts and culture ecosystem as a whole will be resilient without organisations identifying themselves more strongly as part of the ecosystem as a whole the wider social enterprise sector, the wider creative economy and their locality, as opposed to simply their artform.

Creating a more resilient sector is not within the capacity of Arts Council England alone. There needs to be a concerted shift in the activity of many funders and policymakers – not only those within the sector itself, but also those whose focus is on innovation and the wider creative industries. Yet this will also be inadequate in isolation. Organisations in the sector must lead this transformation, owning the goal themselves rather than viewing 'resilience' as a demand imposed upon them from above in a context of austerity.

Resilience is about evolution, adaptation and transformation, new horizons rather than fixed solutions. This necessitates a focus out to the medium term and beyond – and to the different scenarios that can best be gleaned from the evidence of the past and trends of today. Yet it is easy for the idea of 'resilience' to become ossified by the short-term fight for survival into a narrow focus on the specific shocks and threats of the present. ('Resilience means budget cuts and surviving with less funding.') Efficiencies and cost-cutting often threaten the diversity and redundancy that support resilience, and a narrow focus on the present endangers the development of the broader capacities necessary to take advantage of the unknown opportunities of the future.

Specific skills will be necessary to develop a more resilient sector – increased financial literacy not least among them. Yet equally important are 'softer' traits that shade into the territory of individual psychological resilience: the ability to manage conflict, question assumptions and adjust quickly when faced with new circumstances.

It would seem that some reprioritisation of behaviours that can contribute to resilience is in order – to align actions with the sector's consensus over what is most important. Consistent processes – including those for introducing new ideas – and strategic alignment of activities are the strongest candidates here. There is the potential to remove barriers to certain behaviours supportive of

resilience through professional development. Others would most likely require in addition to capacity development, an element of culture change and greater evidence of the benefits of those behaviours. In the face of increased competition for funds from other sectors – such as sport, health and care – more effective advocacy for the arts and culture would seem essential.

What this research has found is a sector that is wary of austerity yet deeply engaged with resilience – both willing to grapple with it on a theoretical level and daily struggling to make it real in their own organisations, networks and individual practice. Over one thousand people contributed to this research, many of them not just willingly but eagerly, sending additional reading material and reflections and expressing their interest in hearing the results. The use of a collaborative, co-design approach to understanding the present and envisioning the future of resilience has developed both goodwill and momentum that can be capitalised upon going forward.

Resilience is not new to the arts and culture sector. The diversity, creativity and ingenuity of those who work within it have sustained the sector in the past and will continue to do so in the future. Yet it is essential that they are supported – and support one another – to ensure that the arts and culture can flourish and thrive, rather than simply survive.

Appendix 1: Methodology

Overview

Golant Media Ventures and The Audience Agency took a co-design approach to the research, actively engaging the sector in considering its own history with resilience and brainstorming and designing new approaches to it. This meant that recommendations grew organically out of this 'deliberative' research process, being proposed and developed by the consultees themselves and tested with a large robust sample.

An initial literature review was followed by extensive consultation via one-to-one interviews, formative workshops and a large-scale quantitative survey. Sense making sessions were then conducted to play back findings and discuss solutions.

In total, the views of more than 1,100 stakeholders were directly canvassed. These came from a range of roles, organisation types and perspectives including:

- Size of organisation (ACE band, turnover)
- NPOs, other ACE-funded organisations, non-ACE-funded organisations
- Location of organisation (across ACE regions)
- Rural/suburban/urban
- Artform
- Operational model/corporate structures/governance
- Recognised leaders in resilience and those that are struggling

Literature review

At the outset of the project an extensive literature review was conducted. This had three strands:

- I. Definitions of resilience from a multidisciplinary perspective including ecological and complexity theory, business, human resource management, economics and government.
- II. Neighbouring concepts such as sustainability, organisational health and purpose.
- III. Innovations and best practice around resilience – including funder support programmes.

The literature review informed the framing and content of the consultation topic guides and survey.

Stakeholder interviews

Over fifteen one-to-one interviews were conducted with stakeholders who had valuable perspectives

on the subject: writers of key works on resilience, academics, and those who had been involved with resilience programmes in the sector. These interviews were typically conducted by telephone or Skype and lasted around an hour.

Sector formative workshops

Five formative workshops were held at different locations around the country, attended by 76 participants. Four of these workshops (held in Birmingham, Bristol, Liverpool and London) were attended by decision makers from cultural organisations. These included NPO's and non NPO's, a range of organisation types, artforms and different geographical locations. A further workshop was held with organisations and freelancers that support the cultural sector, including consultants, accountants and representatives of sector support organisations.

Participants were recruited through a range of approaches: direct via contact lists, through general awareness building, from endorsements of umbrella organisations and with support provided by Arts Council England. Specific list building was used in areas that were under-represented in the contacts. Interest in the workshops was high, with many sending follow-up thoughts afterwards.

Quantitative survey

The Audience Agency led quantitative research to test and validate the outputs from the first three stages of the research with a robust sample of cultural organisations. Research considered:

- Awareness and attitudes to the concept of resilience
- Current practice at an individual, organisation and sector level
- What gets in the way – Barriers to building resilience
- Responding to changes and challenges
- Being parts of resilient networks and groups
- Funding and support

Content was informed by the research to date and a full pilot was carried out to test implementation in terms of respondent understanding, flow and length of time taken.

While most of the survey consisted of closed questions and positioning statements, there were a small number of open questions to add depth to the results. Open questions were thematically analysed.

To encourage honest feedback, the survey was anonymous. It did, however, include classification questions that enabled us to understand the characteristics of the respondents.

The Audience Agency built contact lists from its extensive resources alongside those that could be

requested from Arts Council England, other umbrella organisations and those that are publicly available. The Audience Agency also worked hard to build general awareness of the research. Champions within umbrella organisations were encouraged to endorse and promote the survey. Snowball sampling approaches were used to broaden the scope of the sample (asking to endorse and disseminate to their internal colleagues and external stakeholders). The Audience Agency conducted 'in survey' monitoring of respondents, to address any shortfall in quotas during the fieldwork phase. In total 1,012 responses were received, exceeding the target number and allowing data to be segmented on a number of factors such as organisation size, seniority, familiarity with the concept of resilience and NPO status.

Sense making workshops

Two sense-making workshops were held in the latter part of the project, where the findings, feedback and reflections from all of the research components to date were discussed with participants, allowing them to input into and shape the conclusions of the report.

The group with cultural organisations was held in Manchester and was designed to be a much larger session than earlier formative workshops. It was attended by 27 participants. The second group was held with a range of funders in the sector, to discuss conclusions, impacts and strategy.

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