Insight: Resilience Toolkit 4 – Making Change Happen

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1 Making Change Happen

The fundamental questions for cultural organisations concern fitness, flexibility and strategy: what an organisation is for, how it can be commercially-minded and well-managed. Underlying all of these is the notion of **enterprise**. To survive and to thrive, all cultural organisations need to be responsive, innovative, adaptable and focused. For many, this requires major change. And it requires that changing to this enterprise mind set becomes a key management priority.

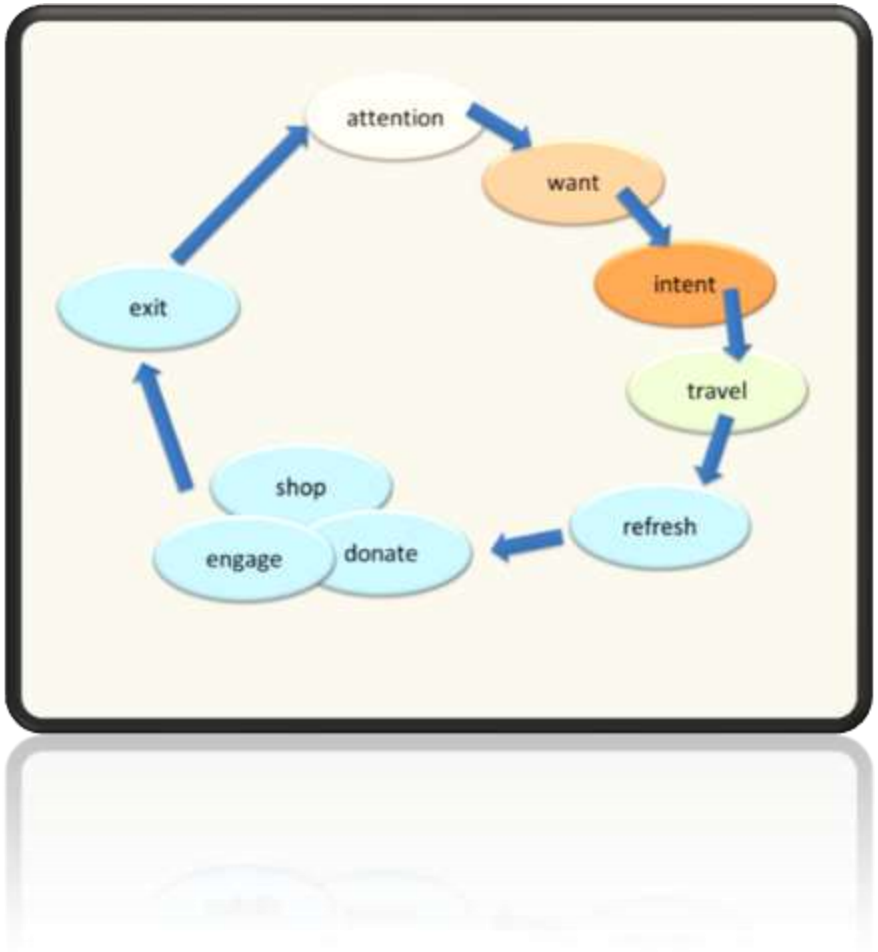
Insight Toolkits 1 to 3 address this need for a change in mindset.

This toolkit, Insight Toolkit 4, sets out some tools for particular areas where many cultural organisations struggle to be enterprising (responsive) and entrepreneurial (opportunity oriented). Without the fundamental change in philosophy set out in the first three Toolkits, these tools will be no more than sticking plasters over the issues.

2 Reviewing the Customer Journey

2.1 The Visit Cycle

A typical customer goes through a number of steps, leading up to and completing a visit. Enterprising culture organisations see one customer visit as simply a single cycle in that individual's continuing relationship with the organisation: they look to manage the customer cycle, rather than the customer journey.



When the potential visitor is outside of the walls of the culture organisation – whether he or she is a repeat customer or not – there is a marketing task. We must, in short, make them think about us (*attention*); turn that attention into desire (*want*); then turn the desire into a plan to come (*intent*).

Having made the journey to us, we should provide them with the chance to give as much as they are willing and able to give, as they pass along the funnel to the honeypot that is our core cultural product. They should first have the opportunity to be fed, watered and toileted (*refresh*), before being ushered in to the heart of the trip: their chance to be transformed by a cultural experience (*engage*) and to take some of that excitement home with them in the form of products (*shop*) or personal alignment with our cultural values (*donate*). They must then be given the opportunity to leave in a way which makes it clear we care about them and their return (*exit*).

2.2 Culture Organisation Rapid Enterprise Assessment

When a culture organisation recognises that its enterprise orientation and commercial performance may not be a strong as it might be, a swift review can be an effective way both to identify any shortcomings and to raise the internal profile of the issue. Such a review can be externally driven by consultants, or conducted by an internal team. If it is to be the latter, it should ideally be undertaken by a small cross-functional, cross-hierarchical team, trusted and empowered by the Director to be objective. This section outlines the structure for our Culture Organisation Rapid Enterprise Assessment (COREA).

COREA Objectives
To provide a culture organisation with a rapid, high quality assessment of their current enterprise state of play and potential for further commercial improvement.

Enterprise Dimensions
An effective enterprising culture organisation performs well under the following headings.

1. Directly Enterprising functions:
    - Admissions/tickets
    - Shop
    - Online presence
    - Café
    - Donations (individual and corporate)
    - Room hire

2. Enterprise Supporting functions:
    - Front of house
    - Education support

- Show/Exhibitions/Events Programming
- Asset exploitation/Collections Support
- Management Information

3. Contextual:
   - Market information
   - Organisational strategy and culture

"Performing well" means:

- Fit for purpose;
- Customer (including internal customer) responsive;
- Generating income from a range of sources;
- Cooperative (with other functions/processes).

Process
Before the start, there are three activities to be completed:

1. **Self-assessment**
   This comprises:
   - An interview with the Chief Executive; and/or
   - A senior team documented self-review (using kits 1 -3).

2. **Market and management information review**
   The following information is passed to the Assessment Team up to 2 weeks before the visit:

   - Finance data;

- Visitor data;
- Performance data;
- Performance reporting/accountability systems;
- The senior team self-review if undertaken.

3. **Visit planning**
   This coordinates how the visit headings are scheduled effectively.

The onsite exercise (between 2 and 5 days) covers four headings.

1. **Existing Activity/Performance**

   Informed by the pre-visit data, this project element requires meetings with the key team(s) responsible for the following key areas:

- Visitor numbers;
- Customer feedback;
- Café sales;
- Shop sales;
- Room hire;
- Donations;
- Education sales;
- Exhibition programming;
- Funder satisfaction.

   It examines strengths, weaknesses and possible opportunities.

2. **Visit Cycle**

This project element takes a lateral perspective on the above, rapidly stepping through a typical customer's experience of the service, and looking for missed revenue opportunities. Customers might include:

- Standard visitor types (ideally target market categories);
- VIP visitor;
- Online visitor;
- School workshop – pupil;
- School workshop – teacher;
- Group visit.

3. Performance Accountability Chain

The team undertakes a step through the reporting and performance management chain for:

- Audience numbers;
- Customer feedback;
- Café sales;
- Shop sales;
- Room hire;
- Donations;
- Education sales;
- Funder satisfaction.

For each heading they will ask – Who knows? Who reports? What action is taken where performance is good and bad?

4. Strategic Focus

The team will work with the management chain, stepping through the cross-functional decision making process for:

- Exhibitions programming;
- Education product development
- Marketing priority setting;
- Shop merchandising;
- Front of house staff deployment;
- Expert staff deployment.

This exercise will demonstrate whether the (inevitable and necessary) tensions between levels or functions are at a level obstructive to the success of the organisation, and where misunderstandings/inefficiencies have become entrenched.

Presentation
At the end of the visit, a presentation will be made to the Chief Executive and senior team. This may be followed up by a short report.

The presentation will identify:

- The pattern of existing income generation;
- The contribution made by each area;
- The overall strengths and weaknesses of the current state of play;
- Missed revenue generating opportunities;
- Opportunities to develop or stretch existing activities;
- Thoughts on where activities might cease;
- Key actions to take forward the above.

The COREA is a short and focused intervention at an organisation level, it will not necessarily pick up the finer detail involved with all the issues raised. Additional work is likely to be required to outline how exactly the opportunities raised, and recommended actions, should be best taken forward and delivered.

Assessment Team

The assessment team should ideally include:

Financial/Management Information lead
Assesses key stats before the start; also coordinates the self-assessment; typically a finance manager.

Enterprise assessor lead (s)
Meets with staff and management during the visit, feeds back to the Chief Executive on conclusions; typically has a commercial background.

Systems/Ergonomist
A floating assessor, during the visit period; typically with a customer service background and a good understanding of information flows.

3 Change Management

A basic but powerful change model says that real and sustained change will only work where the people involved experience three conditions:

- Discomfort with the current state of affairs;
- A compelling vision of the new future;
- Clarity concerning the first steps that should be taken towards that vision.

Leaders of successfully changing culture organisations ensure that their people feel all three.

Unsurprisingly, given most people’s desire to be nice to each other, the one that is often neglected is the first: people must be helped to feel unhappy with the status quo. They must also be allowed to appreciate that **change is possible**. There are many in the culture sector who find their organisational context ineffective of even toxic, but who simply do not believe anything can be done to change it. All the management talk in the world will not change this belief: what is needed is evidence. When once people see that small changes are happening in front of their eyes, they will start to believe that major change is achievable – and may even help make it happen. This is why clarity concerning first steps is so important. And the vision element is perhaps the most important of all: typically, people who work in the culture sector believe in what they are doing. They want to feel that the organisation to which they give their loyalty has an identity and sense of mission. They will put up with any amount of privation if the cause is good.

So, for a culture organisation to become more enterprising and sustainable, it may need to undertake two initiatives. The first concerns **strategic intent**. It helps the organisation’s key people and stakeholders to clarify identity, purpose and ethos. The second, which might be called **enterprise development**, helps the organisation start to feel uncomfortable in its comfort zone, and take steps in the right direction.

3.1 Strategic Intent

We discussed this conceptually in Toolkit 3. To turn the concept into black and white specifics, three elements are needed:

Theme
What outside world theme is the organisation really concerned about? This could be education, employment, health and well-being, equality, beauty – any one of a range of important human topics. Note: these are not culture sector-specific themes, but wider issues of concern to humanity.

Impact
Within the selected theme, what impact do we plan to have? If the theme is education, for instance, we might hope to raise young people's achievement levels. If it is employment, we might perhaps hope to stimulate creative industries. If it is well-being, we might simply want to help more people laugh, cry and connect.

Positioning
This final element indicates what the organisation's role would be in achieving the specific impact(s) within the chosen overall theme(s). It might be, for instance, "by making Shakespeare relevant and accessible", "by providing high quality space for emerging talent", or "by bringing our heritage alive".

Here's an example for a museum.

> *We want to raise aspirations and increase employment* **(these would be their priority themes)**, *reducing local inequality to UK average levels and doubling the size of the local creative sector by the end of the decade* **(this is impact)**, *by turning our industrial heritage into an innovation engine for the local economy* **(this is the positioning).**

An alternative might be as follows.

> *We want to build a strong local sense of identity and loyalty* **(the priority theme)**, *contributing to the positive outcomes in health, crime and education that are a consequence of greater social capital* **(impact)**, *by celebrating our shared and diverse culture* **(this is the positioning).**

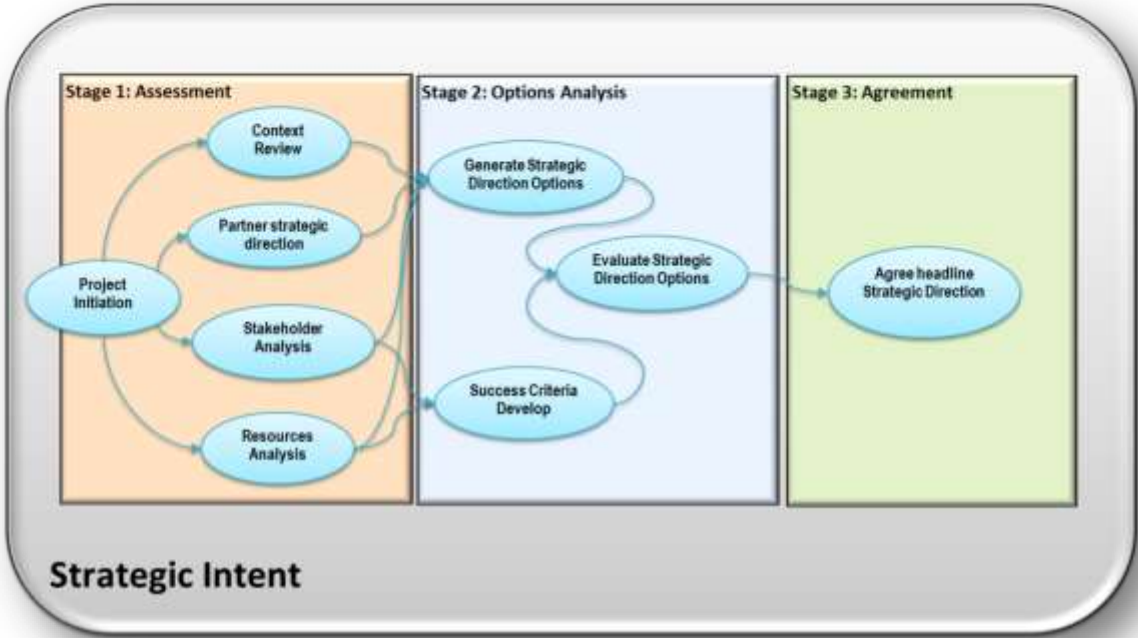
Whatever the specifics, what is important is that the content is hard-edged meaningful. It is better not to have vision or mission statements that are wishy-washy at all, than to advertise the fact that you really don't know why you are in business.

So how do you establish a powerful strategic intent that works for your key stakeholders? There are essentially two routes. The first is that the organisation's leader (the Director, Chief Executive or, possibly, the Chair) simply sets out his or her theme, impact and positioning statement and dares other players to disagree. This can be a remarkably effective and efficient approach if the leader has the right combination of arrogance and humility, and is able to use words well. It is also potentially explosive: it runs the risk of exposing the fact that the leader is out of sync with other important players, leaving that leader few options but to leave, attack or make a shamefaced climb down.

The second approach is more consensual or, at least, flushes out any divergence of view before taking the sting out of the situation by offering a number of options. It starts with the leader, or a team supporting the leader, **assessing** the current state of play. This means getting a sense of what stakeholders (including current and target customers) want, pulling together a robust assessment of the organisation's existing resources (its strengths and weaknesses); looking at what where partners and influencers are heading; and keeping an eye on the wider socio-economic context.

This assessment phase feeds into an **options analysis** phase. The information gathered allows the creation of two lists. The first is a list of all possible strategic directions (preferably set out in the theme/impact/positioning format). The second list sets out this organisation's strategic success criteria. These success criteria specify what qualities its strategic direction must have in order to work – for its specific stakeholders and in the light of its specific strengths and weaknesses.

The strategic intent options can then be evaluated using the success criteria. This will generate a shortlist of options which can then be taken through whatever decision processes (e.g. board, community consultation, stakeholder consultation) are necessary in the eyes of the organisation's leader.



To make this less conceptual, look again at the earlier museums example. Two different strategic intents were set out. If seen through into practice, they would result in the organisation heading in very different directions. How should the museum decide between them? This is where the strategic success criteria come in. Imagine a scenario (scenario A) in which the museum is owned by the local Council; has no prospect of becoming independent, and is an area of post-industrial high disadvantage. The museum might determine that its strategic success criteria should be as follows:

- Visibly aligned with local political priorities;
- Focused on economic growth imperatives;
- Building on our historic strengths.

Or imagine a very different scenario B. In this case, perhaps there has been a history of inter-community tension, the Council is strapped for cash, and it is not particularly concerned about directly owning the museum. In which case, the success criteria might simply be:

- Focused on increasing commercial revenues;
- Allows quick decision making and market responsiveness;
- Creates links between people and communities.

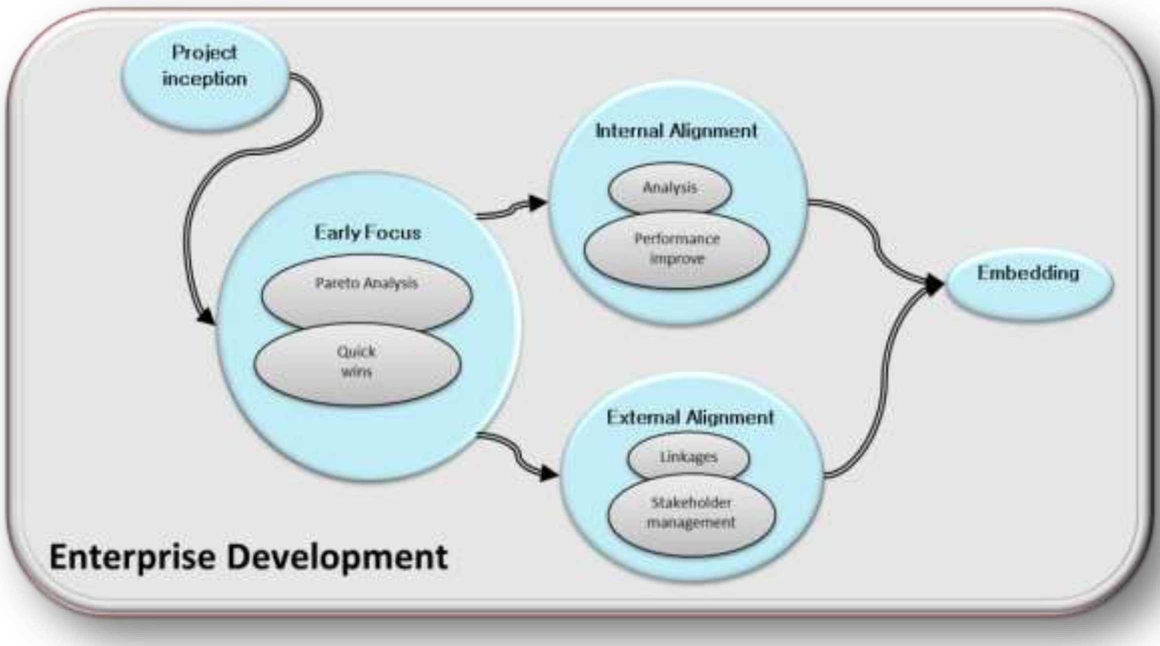
If scenario A's success criteria were applied to the two strategic intent options, I suspect the first would score higher. If scenario B's criteria were applied, the second option would likely be preferred. In either case, the museum would be giving itself a clear, relevant and supported proposition, around which its future could be built.

3.2 Enterprise Development

This is an approach to "unfreezing" a culture organisation, allowing it to move with speed towards a more sustainable approach. The change project can work whether led internally or by external consultants.

The methodology for achieving this successful enterprise/commercial momentum comprises five elements:

- Project inception;
- Early focus;
- Internal alignment;
- External alignment;
- Embedding.



Phase 0: Project Inception

If the project team is internal, ideally it would be three to four people in size, drawn from a cross-section of functions/management levels. The team would work with the Director to map out and clarify project focus, phasing and resources. This phase results in an agreed scope and project plan to deliver the project. The project plan should be used by the Director and project team to monitor progress against the agreed milestones.

Phase 1: Early Focus

This phase comprises two elements:

- Pareto Analysis;
- Quick Wins.

Pareto Analysis

As discussed earlier, the Pareto Principle states that in any given circumstance, a majority of the results come from a minority of the activity. It is also known as the 80-20 rule: for instance, that 80% of sales come from 20% of customers.

The first element of the project is a review of the current state of play across the service. The basis of this analysis should be the first three toolkits: it uses those concepts to explore the extent to which the organisation is **balanced**, **flexible** and **strategic**. Given that this comprehensive assessment can be quite an undertaking, those organisations in a hurry may want to focus on the flexibility element only, using the concepts set out there to determine the major organisational issues across the organisation and within specific functions.

Having performed a comprehensive critique, using these tools, a quick and dirty Pareto analysis should follow. Taking each of the biggest problems and strengths in turn, the team should establish, using both analysis and intuition, a view on which are: (1) **Significant Return** opportunities (giving the best potential financial results); and (2) **Quick Win** opportunities (likely to demonstrate swift commercial benefit, even if not of enormous scale).

The table below shows how the opportunities will be categorised based on the scale and speed of return. This enables a better focus on the opportunities which have most impact.

scale of financial return				
	large	5 yr plan	3 yr plan	initiate
		hold	3 yr plan	initiate
	small	reject	hold	test
		slow		quick
		speed of financial return		

Quick Wins

It is important to recognise that this is an action project, not a paper planning project. Typically, the organisation as a whole needs to see real things happening successfully at an early stage, if it is to believe in what can be achieved. A proportion of the Quick Wins identified above should be initiated as soon as the Director or Chief Executive has signed them off. The objective here is more about demonstrating culture change than about making money, though that need not be explicit. The project team will, typically, have an important role in helping identify a lead person for each quick win and in supporting them to make the required changes.

Even relatively small scale advancements (e.g. an increase in secondary sales, or the removal of a political blockage) can have significant positive impacts more widely across the organisation, as people see that change is possible. Having identified, and gained support for, potential Quick Wins, the team then works with the organisation to realise the financial and motivational advantages of making them real.

Milestone: The Service should expect to see tangible, commercial success at an early stage, an increased sense amongst staff that change is possible, and some discomfort being felt amongst those entrenched in existing ways of doing things.

Phase 2: Internal Alignment

This phase comprises two components:

- Internal analysis;
- Performance improvement.

Internal Analysis
This phase focuses on the most promising significant return opportunities identified in Phase 1. This is a more effective approach than trying to address all the organisational issues/opportunities. "Sheep dip" organisational culture change programmes can be exhausting and unhelpful: this approach takes a focused and pragmatic stance, addressing specific, tangible issues or opportunities. By so doing, it inevitably infects the organisation with a more hands-on, less cerebral approach to making progress. In our experience, enterprise culture change is best achieved by demonstrating that improvement is possible; by reducing unwarranted political interference in decision making; and by findings ways of empowering the most energetic and insightful members of staff.

The team asks key departments within the organisation to look at the identified Significant Return opportunities and to obtain the necessary performance and financial information, identifying the blockers and enablers to progress. The information required also includes details of staff and associated costs and major supplier contracts.

In so doing, the team also looks at the processes which surround this information: the way in which it should be used continually to improve performance. Experience suggests that culture organisations may be effective at collecting data, but not necessarily so skilled at interpreting it, and understanding what actions are needed to improve customer and financial performance. It is not unusual to find inappropriate non-executive or political interference in operational decision making; to find that there is no connection made between customer and financial data; or to discover that front line staff have a range of good ideas which fail to filter through to senior management.

Performance Improvement
Having identified specific pressure points in the internal machinery of the Service, the team works with key officers to take the actions which will improve enterprise performance.

Typically, this work includes a significant focus on the alignment and effectiveness of the financial/customer satisfaction performance management regimes.

Once real progress starts, it can run out of steam if organisational and management behaviours do not keep pace. This phase of the programme assesses the risk of this happening; identifies the high risk blockers, and creates a bespoke programme for each department to address the issues. This may include bespoke training sessions and mentoring with key groups of staff and senior managers.

Milestone: This phase results in a clear performance improvement plan, and clear progress on that plan.

Phase 3: External Alignment

This phase comprises two components:

- External linkages;
- Stakeholder management plan.

External Linkages
Having demonstrated to the organisation as a whole that positive change towards an enterprising approach is both possible and desirable, and having proved that it works through early successes, we need in parallel to develop the longer term and sustainable financial model by optimising partner and stakeholder input.

This phase of the project focuses on the Significant Return opportunities identified in the Pareto Analysis. The project team explores how these enterprise themes can be developed, where necessary, in conjunction with commercial partners and stakeholders.

Stakeholder Management Plan
The team develops a management plan to approach these external players. Typically, this would include suitable business partners which see the benefit of accessing the organisation's assets/customers and who are willing to invest in the establishment of the new line of business in exchange for a share of the reward.

Milestone: This phase results in a well-defined set of commercially supportive relationships.

Phase 4: Embedding Change

This project phase ensures that the new enterprise culture is embedded with staff and supported by the necessary information and management processes.

The specific activity required emerges during the previous work. It may include staff changes, one to one support for specific managers, and possibly further enterprise skills development sessions. It ensures commercial partnerships, other enterprise opportunities, and performance management processes are embedded for the long term. The objective is to focus on a continual improvement in customer satisfaction and financial returns; and to ensure that all stakeholders in the organisation support this driver and understand its relevance to the vitality of the organisation and to its cultural, as well as financial, mission.

Milestone: As part of this work the project team develops appropriate performance and accountability measures in conjunction with senior management to ensure continuous improvement takes place.