

# **Insight: Resilience Toolkit 3 – Strategic**

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# Black Radley

A graphic element consisting of several overlapping, curved, light blue lines that sweep from the left towards the right, positioned beneath the company name.

Peter Latchford  
Black Radley Ltd  
[peter\\_latchford@blackradley.com](mailto:peter_latchford@blackradley.com)

[www.blackradley.com](http://www.blackradley.com)

Tel: 0845-226-0363

## **1 The Strategic Culture Organisation**

Insight Toolkits 1 and 2 drew the analogy between a fit, flexible body and a balanced, enterprising organisation. In neither case will much be achieved unless there is also focus. To get things done, a person needs to be purposeful. To achieve success, an organisation needs to be strategic.

Many culture organisations talk the language of strategy. They have visions, mission statements, objectives and shelves full of plans. But these are often simply window dressing. Too often we see culture organisations trying to be all things to all people; using the vocabulary of inclusion to mask an imprecision in management thinking. No organisation succeeds if it does not know what value it adds and to whom.

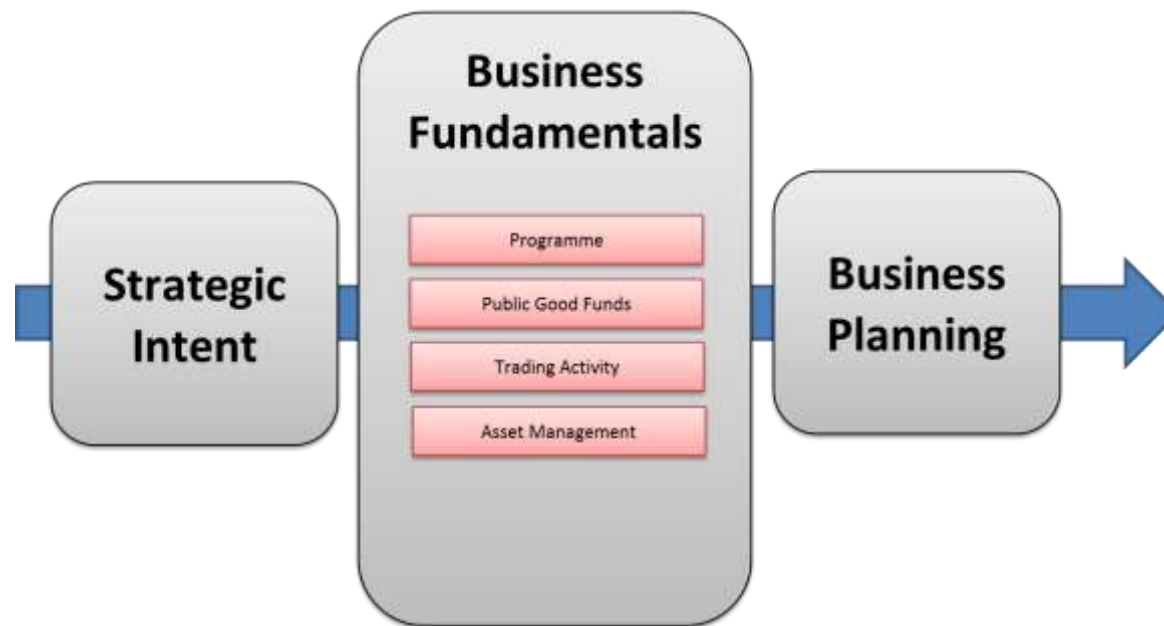
## **2 Strategy: The Theory**

The strategy process is messy. At its heart, it should be an on going revise-and-review cycle, asking these three key questions over and over:

- Where are we now?
- Where should we go?
- How do we get there?

It is messy because the answer to one question often changes the way the other questions need to be framed.

We can simplify. And we can do so in a way which goes to the heart of a culture organisation's functions.



First an organisation should clarify its “strategic intent”: we should ask ourselves, what is our value adding proposition? Second, we should review our four key functions in the light of that proposition. And finally, we should turn that review into a plan, with a financial model that works. If it does not, we should go back and change our proposition and work it through until it does.

### **Strategic Intent**

Unless the organisation has fundamental clarity of purpose, the rest of the paraphernalia of strategy adds little value. To achieve clarity of purpose is to set out your strategic intent.

There are four simple components.

- **Vision**

This is a compelling picture of what you would like the world to be like; that is, the world in which you operate, *not your organisation*. The point is not just to have any old vision; it is to settle on an inspirational description of a brave new world, capable of inspiring and enthusing the key people.

- **Mission**

This is a clear statement of how your organisation will contribute to that imagined future – again, described in terms that would make people keen to contribute. Where the vision statement must be poetry (hairs on the back of the neck), the mission statement must be prose: the greater the hard-edged practical clarity, the better.

- **Customers**

This is a clear definition of the categories of customer you are serving, or intend to serve, and a clear exposition of what they want and need. The more sharply the customer types are defined, the better. For most organisations, the best way to answer this question is to start with the profiles of those who actually use you. It is almost always easier to retain existing customers than to win new ones, however uninspiring that existing customer set might be.

- **Proposition**

The proposition results from cross-referencing the mission with the customer groups. It is a clear statement of how what you do adds value to the people you do it for.



There is a tendency for culture organisations to be over-inclusive. It is possible to be too consultative in the strategy and in the way it is determined. In practice, we see it all the time. However admirable inclusivity might be in theory, it is just not possible for any organisation to be everything to everybody: an organisation does need to understand who its core audiences are, and why they care. It may also be understandable that a culture organisation should try to include as many stakeholders as is possible in its strategy process. But this will lead to strategy with an unimaginative, lowest common denominator content. The principal roles of the organisation's board, or its equivalent, are to determine strategy and to appoint the management team to deliver it. The board, if they are wise, take customer and stakeholder considerations carefully into account. But they do not abrogate responsibility to these groups.

### **Business Fundamentals**

Armed with a clear strategic intent, the culture organisation is in a much better position to ensure its business fundamentals are in good shape.

For a culture organisation, we identify just four such headings. These headings apply to pretty well any culture organisation. They are not comprehensive: they do not, for instance, directly address the creative process which is the heart and soul of many culture businesses. But they are the headings which make the difference between a successful culture business and an unsuccessful culture business – *as a business*, which is our primary concern in this toolkit.

These four business fundamentals are:

- **Programme**  
Generating footfall and revenue from the main cultural products;
- **Public Good funds**  
Securing financial support from the public purse, from foundations or from individuals, in support of the organisation's mission;
- **Trading activity**  
Generating profits from activities alongside the main cultural products, e.g. from merchandise, space, refreshments;
- **Asset management**  
Using cultural and other assets (e.g. buildings) to best effect.

In all cases, this section addresses only those aspects of each of these headings which are drivers of enterprise and resilience.

### **Business Planning**

The human body stays alive if the blood stream feeds the organs. Blood is not the body's reason for being, but it is crucial to its survival. For a culture organisation, money is the bloodstream equivalent.

Just like the parts of the body, every aspect of the culture organisation has to make its contribution to the purpose of the whole. In financial terms, contribution is income minus direct costs. So the contribution made by the organisation's shop would be the cash received in the tills, minus the cost to the organisation of the products sold and the shop team salaries. At its most basic level, this tells us whether it is financially advantageous for us to have a shop, or café, or fund-raising team at all.

For many culture organisations, the programme activity heading makes a negative financial contribution: this means admissions income does not cover the costs directly associated with making the show or exhibition happen. As a result, the other activities have to make a positive contribution to close the gap and also to cover the costs of the overheads (e.g. building costs, heating, administration). This is not a problem, since the shop and café could not exist without the Show. The whole thing taken together is the "financial model" of the organisation. It is a description of how the organisation stays viable. All organisations find their financial models change over time. The financial model is the basis of the business plan.

### **3 Getting Strategic**

Strategy belongs to the board of the organisation or its equivalent. Determining the strategy, and overseeing the executive in its implementation – these are the key functions of the board.

At least once a year, the cultural organisation's board should be taking time away from the normal business routines and asking itself the following questions.

#### **Practical Questions for a Cultural Organisation Board Strategy Workshop**

##### **Who are we?**

- What is this organisation for?
- How do we want people to describe us?
- How will we inspire current and future audiences?

##### **Are we doing what we should be doing?**

- Are we generating footfall and revenue from the main cultural products?
- Are we generating profits from activities alongside the main cultural products, e.g. from merchandise, space, refreshments?
- Are we clear on our financial model, on the business plan that expresses it, and on how we are progressing against the plan?

##### **What is our approach to external funders?**

- Who are the possible funders?
- Which of those funding organisations' money is worth having?
- How do we build relationships with them?
- Are we securing financial support from the public purse, from foundations or from individuals, in support of the organisation's mission?
- Is funding in danger of distorting our core purpose?



**Are we balancing our artistic/educational/expert outlook with our commercial imperatives?**

- Do programming decisions always take account of commercial considerations?
- Are we clear who our target customers are and what their changing needs are?
- Are we building long term customer loyalty?
- Are we making decisions based on good management information?

**Do we know what we have?**

- Are we sufficiently exploiting our collections assets (artefacts, objects, works)?
- Are we sufficiently exploiting our fixed assets (premises, show/display specific, equipment)?
- Are we sufficiently exploiting our intangible assets (skills, goodwill, networks)?
- Which customers groups should the assets serve?
- Do the assets present the opportunity of building an ongoing relationship with customers?
- Do the assets match the identity and proposition of the organisation?
- How can the story of the assets be told to target customer groups in ways which support the organisational identity?
- Do the assets have potential for attracting significant new audience numbers?
- Are there opportunities for generating commercial income from the assets?