



AGM & Away Day 2000

**Managing Change:
developing an audience-focused organisation**

**Magic Circle, London
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INTRODUCTION

By AMA Chair, Tim Baker

Change has been an ongoing theme in AMA events since the Edinburgh conference in 1999, and continuing through the on-line debate at the beginning of 2000 and the conference in Salford this summer. The theme of today's event is a logical progression from those: how to actually make change happen.

First, let us rehearse the outcomes of previous events: why do we need to change? The biggest reason is the pace of change in society. Ian Christie, then of the government think-tank Demos, made one of the most powerful presentations on this subject in Edinburgh, pointing out speed of change in society, politically, economically, socially and technologically. This is also one of my hobby-horses – so apologies if you have heard me say this before! I am not that old, but it was not until my sixth form that my school bought its first computer, which was kept in the physics lab. While I was at university the UK got its fourth TV channel, and twenty-five years ago nobody had a video recorder. Even as recently as five years ago the Internet was little more than a pipe-dream.

In the last twenty years, the social, technological, economic and political environment in which artists create and present their work has also changed, and we have seen an explosion in the volume, range and sophistication of opportunities available to those who might wish to participate in or attend the arts. But how much have arts organisations changed in that period? Well, there are many more managers now, and of course, every self-respecting organisation has a marketing department. But how much has the content of what we put on in our theatres, concert halls and galleries changed? And how much have those theatres, concert halls and galleries themselves changed? Not much, I would argue. And certainly not enough to make much of what goes on in the subsidised arts central to the lives of the citizens of twenty-first-century Britain.

E.M. Forster's notion of 'only connect' became one of the central themes of our debate earlier this year and hundreds of people contributed arguments about why we are failing to make that connection with wider society, and how we can start to do so. Of course, there was a lot of disagreement about what should happen, but there was a line of consensus suggesting that the arts needed to think much more seriously about audiences and start responding to their needs and desires.

I can almost hear John Tusa from at the Barbican Centre: 'you can't let the tail wag the dog'. But as someone else said, one of the signs of a healthy dog is a vigorously wagging tail! Yes, the

arts must be artistically led. I doubt that there is one person in this room who would be in the arts if that was not the case – but you can be artistically led and at the same time audience focused.

How? Well, you can:

- present your art in places and at times that are accessible to audiences
- charge a price for it that represents good value to audiences
- describe it in your promotional material in ways that are relevant and motivating to audiences.

And all of that without affecting the product at all. But you can also decide when to put on a performance or exhibition, how long to put it on for, what to put with it, and for touring companies, where to put it on – all in ways that are informed by your audience and all without affecting artistic vision. Artist led and audience focused.

I hope that these elements of planning are familiar to everyone in this room. We could make them easier to remember by coming up with four words starting with one letter. How about: product, price, place and promotion? Yes, of course, that is the marketing mix, but the point is that all of those elements of planning affect more than just the marketing department. I do not need to tell you that marketing is a holistic approach to management, but we still need to convince many of our colleagues that this is so; that it need not affect artistic integrity (and that the discipline might just enhance it!); and that this just might be the way to make that connection between artists and audience if only we can change – all of us – the way we plan.

That is what the presentations are about today. The keynote presentation develops a framework for the change process, drawing on case studies from the corporate sector; and two arts-based cases, about the City of Birmingham Symphony Orchestra and Tate Modern, show how the process of change can be applied to achieve audience focus.

MANAGING CHANGE WITH STRUCTURED THINKING

*Change is inevitable, says **David Hall**. Expect it, start it, control it, surf it, fight it, dance with it – but don't turn your back on it!*

Identity – the way we are perceived – can be described by a number of dimensions: our environment, our capabilities, our behaviours, and our beliefs and values. Each affects and is affected by the others. What you believe in determines how you behave, the capabilities you wish to demonstrate or develop and the environment you wish to create or operate in; and these in turn determine the identity you are given in the world. Equally, the environment in which you operate can determine your beliefs and values, and subsequent behaviours, and therefore identity, etc. Consequently, if an organisation wishes to influence its identity – the impressions that people have of it – it may have to embrace change on all these dimensions.

Keeping the business focus

Whenever a process of change is envisaged, it must be viewed through a filter in which focus of business is considered. An organisation's focus usually comprises five elements, in the form of a matrix (see Figure 1). It is not a hierarchy, so in the process of planning change, always ensure that enough attention is given to the arrows – the required and actual interactions and dependencies between each of the key organisational elements. And whatever you believe to be in the middle, never lose sight of what is going on around it.

The focus of any business will determine its actions and its outcomes. If an organisation says that it is customer focused and it is contradicted by its actions, this will show in its results. It is not uncommon for organisations to shift its focus too often, creating confusion and uncertainty. It is also not uncommon for organisations to lack focus altogether.

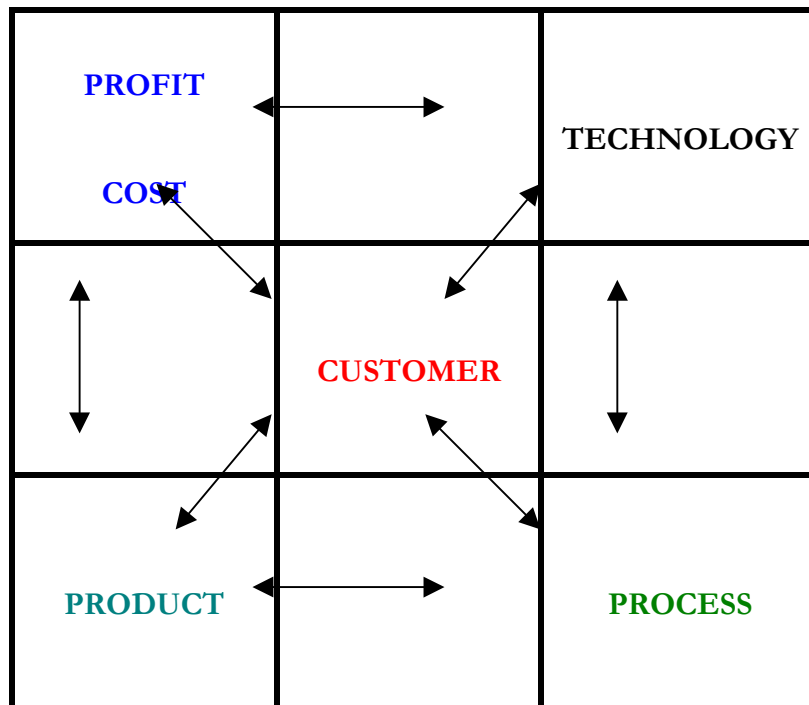


Figure 1

Reacting to change

The problem is, however, that people are fearful of change that is radical, sweeping, sudden, unfair, unjustifiable, incomprehensible and painful. Their reactions to change are classic:

- First, we ignore it.
- Second, we ridicule it.
- Third, we reject it.
- Fourth, we accept it.
- Fifth, we embrace it.

The time wasted on the first three reactions could mean the difference between missing the boat and steering it, so it is best if we skip the first three and go straight to accepting the necessity for change, and managing the process as effectively as possible.

Levels of change

There are four possible levels at which change may need to take place:

- **Mission:** the future picture of where we want to be, what we want to be doing and how we want to be when we get there.
- **Objectives:** the measurable targets of the organisations and its departments which, when all have been successfully achieved, will complete the mission.
- **Strategy:** the game plan for achieving the objectives.
- **Tactics:** the day-by-day, week-by-week detailed actions that, when executed in the right way, will produce the results demanded by the strategy and achieve the objectives.

There is no point trying to change them all, if all you need is to change one. Failure to identify and communicate the level of change can lead to unnecessary changes being made and confusion and uncertainty in staff, customers and shareholders.

Level of change can infer the impact of change, although it does not always follow that the higher the level, the greater the impact. The scale of change can, however, be more accurately confirmed as being greater nearer the top of the MOST model than the bottom. And in general whatever level change is needed, it is important to recognise that the levels above are protected and the levels below are affected. It could be that the strategy needs to change, although the objectives remain the same, in which case the tactics will also need to change.

The change process

Change is defined by what needs to change to achieve a desired impact – what needs improving, replacing, re-ordering, removing, adding or managing differently to create the difference you are looking for. Consequently, effective change management involves a series of key steps. First of all, stop calling it ‘change’. Give the process a name that people feel more comfortable with.

- **Define** where are you now, and where you want to get to. Develop crystal-clear outcomes, because if you do not know exactly where you want to get to you are unlikely to get there. At the same time, develop outcome recognitions, and be specific as to how you will know when you have achieved your goal – because if you do not know what ‘being there’ looks like and feels like and sounds like, you could mistake Canada for Scotland. This will also enable you to assess the likely impact of change.
- **Design** involves identifying and planning an effective process for the transformation. The process will have both management and operational implications, and at this stage you will be able to recognise what is under your control and what you can influence. Seek first to understand, and recognise that each element of the plan needs to be communicated to get buy-in from those who will be involved. You can identify landmarks to chart your progress, as knowing how far you have come will help you complete the journey or change the route if necessary.
- **Develop** an ability to deliver. Identify and develop the capabilities required to get from where you are to where you want to be. This could mean improving or recruiting skill or selecting or securing resources – people, equipment, time or money.
- **Deliver.** Implementation hinges on the management and coordination of the transformation. Key to this is a strong management partnership between those who are to manage and those who are to be managed, and comprehensive self-management should be encouraged and facilitated in everyone. Stay flexible, keep alert, respond rapidly and keep the team together.
- **Evaluate.** The final stage is to measure progress. If the desired goal has been articulated at the start, then it is possible to assess the extent to which change has been affected and effective – and then to go back and design, develop, and develop an ability to deliver a process that will fill any gaps in performance.

So with these stages in mind, when confronting or contemplating change, ask yourself the following twenty questions and you will be heading in the right direction:

1. What is changing?
2. Is it voluntary or enforced?
3. Is it reactive or proactive?
4. Why is it changing?
5. How is it changing?

6. What caused it?
7. What are the effects of it?
8. At what level is the change operating?
9. What is the scope of it?
10. Who is responsible?
11. Who is involved?
12. Who is affected?
13. What is the desired reaction to the change?
14. What is the anticipated or actual reaction?
15. When will it happen and how long will it take?
16. What are the key features of the change?
17. What are the key benefits?
18. What will happen if we do not change?
19. What will happen if we manage the change poorly?
20. What other changes are taking place during this change?

Poor change management begins with lack of accurate diagnosis of the areas that need to change and the results required from that change. It continues with poor planning, poor communication, poor execution and poor evaluation . . . so it is best to start as you mean to go on!

TATE: BUILDING ON SUCCESS AND KEEPING UP THE MOMENTUM

Dawn Austwick explained how a holistic approach to change at Tate culminated in the opening of Tate Modern and a new brand identity for the whole organisation.

Drivers for change normally stem from an organisation's internal or external environment. Internal drivers are often poor organisational performance, ill-defined strategy, the implementation of new strategies, or mergers and acquisitions – although none of these were the case at Tate. However, Tate had outgrown some of its internal processes, and there was some structural misalignment of operations to need – management, board, processes, systems, technology. There was also low morale, high staff turnover and a history of poor communications. Externally, new government policies relating to access and education, the creative industries and changes to regulation meant that Tate needed a more robust legal and process framework; and levels of public sector investment and changes in tax law, together with changing technological and social developments, were also triggering new opportunities. All of this created a fertile environment for change at Tate.

Time for change

Tate did not change suddenly because of a single event – nor at a particular moment in time. Short-term history is about the creation of Tate Modern, but in reality things had been changing for much of the previous ten years. There had been growth in visitor numbers from 1985 to 1995; the opening of the Clore, Liverpool and St Ives; growth of the role of education in the institution; the building up of marketing and development capability; and the introduction of new displays. Many of these changes began to challenge the traditional national museum view of the absolute primacy of preserving and caring for the collection and hence to undermine the traditional power lines in the organisation. Suddenly the marketers and fundraisers had seats at the table (not to mention the lawyers and accountants!).

With the Bankside development, Tate was anticipating a doubling of its London public programme and trading activities, without a doubling of the cost base. This was to mean splitting Millbank in two, to form Tate Britain and Central Services, with the adoption of a federal structure. Staffing was to increase from 500 to over 800, and critical to the whole expansion was the process of explaining and positioning the new Tate to the world at large. If we had problems understanding it ourselves, then how would anyone else get it?

Making it happen

Many elements of a change programme were already under way across the organisation, but there was a tendency for each initiative to run along its own tramlines, which had potentially serious implications, particularly for specialist developments that impact across the organisation. For example, a new box office system was not simply about getting the specification right for tendering; it was about management, operations, purpose of the box office, the role of marketing in sales, links into fundraising and advocacy, the relationship between the different galleries and the centre – not to mention visitor management and development. Furthermore, a number of urgent issues needed to be addressed. Tate needed a new approach to managing the process of exhibition planning and development. This had previously been led by the same individual for many years, who was about to retire. The function now needed to work across the new London galleries, and this was an opportunity to develop a common and documented framework to the process (almost like a handbook), setting out the overall and individual planning process, with criteria for selection, roles of department, time frames, etc. An identity to represent the ‘touch and feel’ of new Tate was also needed – a new brand identity and graphics that represented Tate’s position in the external world, its vision and its aspirations. We almost had to reverse engineer it – we had been carrying around our vision without actually describing it. Thus it was important to pull together an overall programme for change, so that we could clarify what was already happening, what needed to happen and when.

How did we do it?

The approach to change was a high-profile and therefore high-risk one. Key elements were the establishment of a ‘change office’ staffed by three people, plus an inner core of top team to drive it through, meeting weekly. Advisers and consultants were used extensively (and generally quite successfully). A network of ‘change agents’ was set up among the grass roots across the gallery, and communication was improved through a programme of breakfasts and briefings (using senior hosts), newsletters, events and parties, as well as better induction processes for new staff and higher spending on training.

The real challenge was to convince people that we were serious, and persuade people that they needed to change even though they were part of a highly successful operation. We had to get people to take ownership and responsibility, when they were used to decisions being taken through

a hierarchical structure. It was difficult to get the information across, and to hold all the elements of change together, creating a sense of whole at a time when fragmentation was only too possible.

Triggers and techniques

The single most important mechanism for achieving change was the focus on 12th May 2000 – the launch of Tate Modern. Without that we would have struggled. It was the visible point towards which we had been working for five years. But we had other carrots and sticks. An organisational launch was planned for Tate Britain; there was high-level sponsorship, with trustees at the briefings; ‘symbolic’ acts were performed, such as the Director sending personal invitations to events; and new posts were created for people, who had to choose whether to seize the opportunity or run away from it. New people coming in automatically brought in new ideas and new thoughts.

Successes and failures

The change programme ensured that 12th May was a success for Tate, and that we got there in reasonable order. It exposed a capacity to adapt and to continue changing, and it encouraged staff to ask questions openly. It pushed the organisation through from gestation to birth, and helped to equip it for a very different future from the past.

A number of lessons were learned along the way. We probably failed to build a sustainable communications infrastructure, and that probably reflects ‘old Tate’ culture. The network of ‘change agents’ had a difficult brief, and struggled to realise it; but in that very process, they learned to work differently. Consultants – often small companies that were specialists – partnered well with our own teams to maximise involvement and minimise costs, thereby enabling learning. Behind the scenes, the transition had taken place, from a monolith to a federation, with the integration of new staff, the creation of new teams, a high quality of work and a capacity to take on new challenges.

CBSO: TOWARDS A STABLE FUTURE

*City of Birmingham Symphony Orchestra Chief Executive **Stephen Maddock** and Marketing Director **Sarah Gee** explain how a successful artist-led organisation recognised the need to become more audience focused and worked to change the culture of their organisation from top to bottom.*

When conductor Simon Rattle joined the City of Birmingham Symphony Orchestra (CBSO) twenty-one years ago, it was a provincial orchestra. He, and former Chief Executive Ed Smith, had the vision to develop the organisation into one of England's flagship organisations – a wonderful advertisement for a town that, at that time, had little else to crow about! Simon's infectious personality engendered a feeling of trust among our concert-goers and we regularly played to capacity audiences in the old Town Hall.

We became very good at keeping our loyal attenders in touch with our activities, and introduced subscriptions, primarily with the aim of rationing tickets for our concerts. Often you could not get into a concert unless you had subscribed to a whole package. The orchestra was phenomenally successful, and this led to a perception, which still persists today, that there is no point trying to get CBSO tickets on the door. We are just too successful at selling them in advance. Oh, would that that were the truth! In reality we are a classic victim of our own success.

In 1991 our new performance home, Symphony Hall, opened its doors. The move from a handsome, memory-packed building such as the Town Hall – with a capacity of 1,700 and truly appalling backstage and entertaining facilities – to the sleek, luxurious and acoustically perfect Symphony Hall, was a major transition. Our audiences rose in the first season, partly due to the novelty factor and partly because we actually had 'spare' tickets to sell, but it has been falling ever since. Do not get me wrong here – our lowest season capacity was two years ago at 72%, and last year we managed nearly 75%, so we are hardly talking box office disaster. But, combined with other market forces, it was enough to develop a classic arts deficit story, with a gap of £1.2m at the end of last financial year. Where had we gone wrong? How could an orchestra with such universally acknowledged artistic standards end up in this situation?

When Stephen Maddock, former administrator of the BBC Proms, arrived as CBSO Chief Executive in October 1999, he started by questioning everything. And when a CEO questions things, people listen. (When the marketing department asked the same questions, people just said 'It's been like that for twenty years and it works fine for us!')

So what was at the root of the problems? Several key issues, starting with the structure of season. The subscription scheme was an American-style offer, only catering well for those who liked going out mid-week. The emphasis was not so much on how a season progressed from concert to concert, but rather on what 'Tuesday night' bookers want – hardly conducive to developing new audiences. The focus was on the concerts rather than audiences, and too much emphasis was placed on Simon Rattle as the 'star'; too little on the strategy that would take the CBSO forward when he left. There was an obsession with a glorious past, and an air of denial about the future. The organisation was suffering from complacency, feeling under-appreciated and embattled. There was a need for benchmarking with other organisations: the orchestra was of a high standard, but was thought to be inflexible – artistically led, but with no real concern for finances or audiences, and having no mission statement. The orchestra had come to a standstill, obsessed with its 'glorious past'.

Research bore out many of the gut feelings. Year on year, there was a 50% churn on tickets bought by non-subscribers. The average number of times a person attended was 1.7, and market penetration was very small. Qualitative research found that 'the whole way the CBSO is run is aimed at people who like their own seats. It doesn't take into account people who have busy lives.' And one audience member made the memorable observation that 'the CBSO have forgotten that they are there to entertain people'.

The solution was clear – we had to become more customer focused without 'dumbing down'. But, of course, it was not that easy. We had to question everything; but the CBSO had no culture of research, monitoring and evaluation. Artistic decisions were made on hunches and – because they usually worked – research was seen as an unnecessary evil. Benchmarking needed to take place against external organisations, not internally.

Supported by the Arts Council of England's stabilisation programme, a process of change was begun, including major organisational restructuring and team-building. Marketing and fundraising became involved at the top level in the organisation for the first time, giving marketing the status it needed. Also for the first time a woman was appointed to the senior management team. The board shrank, and staff meetings were held more frequently! The players, who were the public face of the orchestra, had formerly been shielded from the problems, but they are now informed and involved. Some take the view that arts organisations cannot be 'businesses', but most are buying into the vision.

A number of important lessons have been learnt. First, you can never have enough communication. It needs to take place across the whole organisation, to break down any feelings of 'them and us'. Never underestimate the huge resistance to change, either. People will be concerned about the effects of change on them, so you need to reinforce the benefits that change will bring when it is achieved. It is frustrating, but inevitable, that some people will only care about the money in their pockets, when you can see the bigger picture. What is more, it is hard to manage the pace of change, internally and externally. It will either be too fast or too slow but never the pace you planned for!

The CBSO has had to become audience focused, or it would die. This is a massive culture change for everyone, but we cannot justify subsidy unless what we offer is both visionary and what the audience wants.