Leadership in the Arts
A study of the opportunities and challenges for supervisory boards and executive teams within the cultural sector in The Netherlands

Executive Overview

Changing environment

The arts and cultural sectors across Europe have recently faced significant discontinuities in their environment. This has resulted in significant challenges for all institutions. Justifiably or not, most cultural institutions have experienced these changes as unexpected.

In the Netherlands, the government has implemented drastic budget cuts within the sector in a time of financial crisis and associated economic downturn. For many institutions mainly dependent on state funding, these challenges have been insurmountable and have resulted in some smaller institutions either closing completely or merging with others to achieve a sustainable critical mass.

Other institutions are struggling to understand how to rebalance sources of funding between Public, Private, Philanthropy and Profit in order to remain sustainable. This will not only be a question of applying for the limited funds available from traditional sources, but of seeking out new sources of funds with very different aims and responsibilities and being able to present a case for funding that meets these potential providers’ objectives.

Increasingly there is a political and social expectation that the arts world needs to show how it is adding to the economy, directly or through the creation of social value, in areas as diverse as education and social inclusion. This need to demonstrate the creation of tangible social value and relevance has the potential to open up new sources of funding concerned with social responsibility and with a more entrepreneurial approach to risk.

In any period of significant discontinuity there are not only threats for arts and cultural institutions; there are also significant opportunities for entrepreneurial institutions to grasp. Some of these may be new for-profit initiatives to support the institution; others may be new ways to deploy the intellectual and artistic capital of the institutions to create significant social value.

Whatever the opportunity, these will require a different set of competencies and behaviours in both executive teams and governance to complement those that have supported the sector for so long. Some institutions are taking clear, albeit tentative, steps to address these challenges.

Some recent changes in emphasis to date have been small but significant and have fallen into two broad areas: the launch of for-profit initiatives to support funding; and attracting successful entrepreneurial leaders from outside of the sector to take up executive posts with institutions.
Key issues to address

In adapting to this new environment there are a number of key challenges we have noted from the research:

- Continuing to attract more entrepreneurial leaders who are sympathetic to the heritage of the institutions and supportive of the value and values of the institutions;
- Attracting and working with thought leaders who can develop ideas around new ways to exploit the intellectual and artistic assets and values and, in so doing, deliver real social value;
- Building greater social engagement with the arts across all social classes and groups as a means of addressing social value and values;
- Building relationships with new sponsors and providers of capital who have economic and social responsibility objectives that are very different from traditional funders of the arts and culture;
- Increasing the ability to manage significant risk as a key element of governance by supervisory boards;
- Building a new understanding of the role of the supervisory board.
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Introduction to the Research

Since the privatisation of the management of museums and theatres in the early nineties, away from direct government control, the sector has known a reasonable steady-state situation in which full attention could be given to the quality and content of the arts. Existing cultural institutions could fully focus on the further development of their organisation and there was significant room for new cultural initiatives. Government subsidies where largely allocated based on quality, measured by peers from the sector. This financially steady-state environment resulted in a rich variety of Dutch cultural life.

As indicated in the executive overview, this has changed dramatically and institutions are being tested as never before. This research has sought to highlight the challenges for governance and leadership, and the readiness of institutions to address the challenge.

Research background

This research aims to support cultural institutions in adapting to a new and changing strategic environment. The detailed findings for each participating institution have been shared with the Supervisory Boards and Executive Teams of each participating institution and remain confidential to that institution to use as they see fit. In addition to interviews with the chair and director of each institution two instruments were used in our assessment: S-curve diagnostics and the AEM-cube® self-assessment tool, described fully below.

This report seeks to extract the common findings and present an overview for the sector and to precipitate a wider appreciative dialogue around the value and social value creation of the sector for Dutch society.

Research premise: the need for diversity in Leadership teams

We believe that leadership, both at the Trustee or Supervisory Board level, and at the Executive level will be crucial to success in addressing a changing and challenging social and economic environment and in creating the right environment for successful and appropriate social entrepreneurship within Art and Culture institutions.

In our research we have sought to analyse individuals’ innate patterns of thinking, feeling and behaviour and evaluate the diversity within Boards of Trustees and Executive teams and how this is shaping decision making and risk management in the context of responding to changing demands on the cultural institutions. In addition we have sought to provide insight into the interplay between the two critical levels of leadership teams in responding to opportunities, taking strategic decisions and managing risk in implementation.

Given that institutions are competing for scarce resources in terms of funding and competent people, it will be critical that any new strategic initiatives are, and are seen to be, successful in creating real value. Insight that increases the chances of success in launching and sustaining new initiatives that deliver real social value will be a valuable tool to major institutions building and maintaining broad cultural and social capital.

In summary we believe that this diversity of preferences within organisations has a profound impact on their resilience.

1 The S-curve diagnostic is described at page 9 below, with additional detail in appendix 1.
The AEM-cube® self-assessment toll is described at page 13 below, with additional detail in appendix 2.
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Research approach

Participating institutions have been involved in three distinct processes to collect our findings for this report:

- Separate Interviews with the Chair of the Supervisory Board and Director (Chief Executive) of each institution to understand their perception of strategic and governance issues that are being, or need to be, addressed in the present social and economic climate;

- ‘S-curve’ diagnostic questionnaires from Human Insight were completed by the Chairman of the Supervisory Board and Director (Chief Executive) of each institution to objectively identify where in the life cycle (growth curve) each leadership team believe that the institution is operating today;

- AEM-cube® self-assessment questionnaires were completed by each individual member of the Supervisory Board and Executive to identify the individuals’ preferences in thinking, believing and behaving and where their optimum contribution is to the growth curve. The results were consolidated to understand the diversity within each team, and the consequent strengths and challenges within each team relative to their strategic challenges. In return for their personal participation each individual received a confidential personal report based on their self-assessment responses, both so that they could identify their contribution to the team, and as insight into their own leadership development. Each team also received a confidential feedback that gives a brief overview of the diversity of the team (individual contributions were anonymous in all cases) and how this diversity impacts the optimum performance of the team in leading the organisation.
Key Insights from Interviews

Increased cooperation

We see a new generation of executives emerging who are interacting more openly and efficiently with the board. Supervisors who are more involved appear to be more effective, especially given the innate motivations of individuals within the cultural sector.

Executives that spend and invest more time with their boards, demonstrate a higher satisfaction with the added value of the board. Effectiveness depends largely on the relationship of the executives and supervisors. Good chemistry is important (it should also be fun!).

We find that institutions that have developed a more refined way of interacting with each other demonstrate a higher agility and adapt more easily to change. Most importantly clear expectations develop and closer communication means that members don’t surprise each other when it’s too late.

From the perspective of the executive, presence of members of the supervisory board at key events is seen as important.

Very lean structures

Most cultural institutions tend to have no, or a very limited support structures. They have little or no ‘spare’ capacity to compensate for peak performance (questions, requests). Commercial organisations, where many supervisors have spent most of their careers, typically have more capacity to prepare board meetings, handle requests from the board and implement decisions that come out of board discussions. We find that supervisors who have experienced corporate environments can be disappointed with responses from cultural institution executives.

Focus on efficiency

The previous relatively stable environment did not require a lot of attention on the cost effectiveness of processes and procedures; provided they worked after a fashion there was little priority or attention on improving processes. The core focus on the artistic content and the relative size and impact of the organisations tended to reduce focus on this aspect of management. Organisations that have their governance processes and procedures in order have been able to react more quickly and more effectively to change. The institutions that did not first had to get their legal ‘ducks’ in a row and assess potential liabilities before they would be comfortable enough to act. Having and maintaining clear governance processes is increasingly seen as important in order to enable institutions to respond quickly to external challenges and opportunities. Failure to have effective processes has meant that many institutions had to deal with them first and struggled along the way.

Strategic Perspective

It is recognized (more so by chairs then executives) that the changing environment calls for a more strategic and integrated approach towards managing risks and to seize opportunities related to the achievement of objectives. We did find a few examples of a strategic approach towards specific business functions (such as long term development of ticket pricing) but only in a very few cases we have seen a proactive and
integrated approach for identifying, analysing, responding to, and monitoring risks and opportunities, within the internal and external environment facing the organisation

Multiple roles

Many of the cultural institutions operate like SMEs (few medium, most small). This means that a few people are responsible for a host of functions. The professional competencies of executive teams in cultural institutions are often clustered within the role of a ‘business director’ and a ‘creative director’. In contrast, the commercial sector has, typically, all major business areas represented in the executive team (operations, finance, HR, sales, marketing, etc.). In these situations supervisors (non-executive directors) can stick to supervising. The ‘lack’ of specific knowledge and competences in the executive teams of cultural institutions is often complimented by the knowledge and experience of the supervisors. However, the issue is that the supervisor who ‘only’ supervises can give advice in these areas but is not really effective if they do not also support the executives’ ‘hands-on’ implementation.

Adding competencies ‘missing’ from the executive team to the supervisory board is not the same thing as adding them to the executive team. The different competency sets between an executive team of a cultural institution and that of a commercial organisation has not always been adequately recognised by supervisory board members from commercial organisations.

The supervisory board and executive team combined can be compared with football players in the field; each one has its own particular strengths. Therefore recognition and respect of each other’s role and true co-operation will result in the most successful leadership teams.

Value drivers

Effective supervision in the cultural sector results where there is a real recognition that value is created very differently from the commercial sector, although this does preclude more commercial operations.

Where in the commercial world the value creation process is entirely geared towards cash (expressed in terms such as profit, return on invested capital, return on assists and so on), the value creation process within the cultural sector is fully geared towards creating social value where cash is only an essential means to this end. These two entirely different value creation processes infer different ways of working, drivers and motivating factors, and each has its own specific vocabulary leading to misunderstandings where there is not sufficient attention to creating a shared vocabulary.

For boards, ‘just’ having affinity with the product is not enough. A fair level of knowledge and true passion for the artistic content is seen as vital to understand the priorities of institutions to be more effective as supervisors.

Governance roles

Despite the changing economic and political climate the formal roles and responsibilities of the supervisory board have not changed. However, there is a feeling that the actual responsibilities taken on are changing with significant task aggravation (urgency, emphasis, time spent, and types of questions, increasing hands-on involvement). In the previous period of stability boards and executive teams had adopted a ‘pure’ supervisory approach appropriate for a mature operational business: the recent changes in the social,
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political and economic climate has called for a different emphasis, and potentially for different membership of boards.

The time and complexity associated with the role as supervisor has almost always been underestimated by supervisors themselves. Recently complexity has increased significantly to meet the demands of the various institutions. In reality it takes much more than just being present at formal meetings. The amount of time that supervisors spend with the organisation is increasingly driven by gaps in the executive team facing their own challenges – for example in the case of major (non-artistic) projects such as a new building.

The greatest challenges boards face is to stay fully informed about those the organisation faces as well as changing external pressures. It is almost impossible for boards who do not have the background or experience to oversee the complexities of (and links between) artistic content, and a highly fluid field of stakeholders.

It would appear that boards and executives have come closer and had to develop a better understanding and appreciation of each other. Boards have started to realise that a better, long term strategic and risk management, view, beyond the traditional four year ministerial (kunstenplan) period, is a key part of their role.

**Boundaries**

The line between ‘pure supervision’ and ‘operational responsibility’ is vague and changes over time. We have found that supervisors can provide leadership and added value to cultural institutions that go well beyond the formal roles and responsibilities. However the perception of what can or needs to be done additionally varies largely within the sector and is highly dependent on perceptions of where the institution sit in the overall life cycle (see “The Growth Curve and Implications for Institutions” below).

Executives do not want supervisors to in be the driving seat; but at the same time the executive is often in need of ‘hands-on’ support and/or looking for a sparring partner in the supervisory board (mainly the chairman). This makes is difficult for the supervisor to ‘just’ supervise.

This requires candid and frequent evaluations on the profile of the members of the supervisory board, not only on competencies, background and experience but also on preferential behaviour and available time for the role.

**Motivation**

Executives in cultural institutions primarily work to develop the institution from a professional perspective and to enhance their own careers. On the other hand supervisors predominantly serve boards and are driven by a private (in most cases non-professional) passion for the creative product and a sense of importance of the cultural heritage or relevance these institutions represent. And although it is seen as socially valuable to serve on these boards, it is not seen as a key part of their own professional career development. This can create tension in approach, levels of risk-taking and sense of urgency compared to the view of the executives;

In their roles executives get most professional appreciation from peers, specialists, artists, critics, at a level concerning the content that supervisors find difficult to comprehend. Supervisors tend to get social appreciation from their (often corporate) peers based on the status of the institution (they find it attractive
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to say they are on the board of such-and-such). Supervisors do gain little appreciation based on artistic content and their work on these boards will negatively impact them when something goes wrong; this tends to induce risk-averse behaviours.

Relationships

The composition (diversity) of the boards has been focused on strengthening financial stability and creating and maintaining relations to government, access to private money and, more recently, (new) media and marketing. It is worth noting that there has been little or no focus on building relationships with stakeholders from broader socio-economic backgrounds, nor an overt focus on the creation and celebration of social value added by the institution.

Boards (and executives) realise that one of their key roles has been to supervise public money; but how to represent and monitor the interests of society (and other stakeholders) effectively is not always clear.

A mix of business background and independent artistic background is important to challenging executives on both topics. Supervisory boards are responsible for the quality (predominantly artistic) and continuity of the institution. There is therefore a need for more independent voices in the board.

Recent developments

The following selection of recent developments shows both how institutions are providing innovative new offerings and attracting new talent to the sector to provide leadership in a period of considerable change.

Unseen

Unseen is a joint venture of FOAM (Fotografiemuseum Amsterdam); Platform A (office for cultural business development); and Vandejong (branding agency).

“The Netherlands has never seen an international photography fair on this scale. Unseen not only offers space to established photographers but also to young talent and unknown work. The new generation of photographers is inspiring, innovative and unafraid to take risks. At Unseen, they will get the chance to introduce themselves.”


Koninklijk Theater Carré

“Notable transition director Servex to Carré: Marketeer Madeleine van der Zwaan is appointed general manager of Royal Theatre Carré. She follows interim director Erik Gerritsen. Van der Zwaan currently leads Servex (NS) with over 4,500 employees and a retail portfolio of eighteen brands.”


Stedelijk

“Karin Gilst on 1 January 2013 was appointed as Managing Director of the Stedelijk Museum Amsterdam. She will work with Artistic Director Ann Goldstein, and will develop and implement the mission, vision and strategy of the just reopened museum. As General Manager, she is responsible for all commercial, financial
and operational activities of the museum. Karin Gilst previously worked in the world of publishing, with Wolters Kluwer, VNU and Sanoma.”


**FOAM Magazine**

“Foam Magazine is an international photography magazine - a place for the publication and exhibition of photography worldwide. Quarterly, Foam Magazine presents eight portfolios around a single theme. Attention is given to all facets of photography, from documentary to fashion, from contemporary to historical, from world-renowned to upcoming talent. The magazine has been awarded prizes for design and quality and is now distributed in over 25 countries.”

Source: http://www.foam.org/foam-magazine/contact
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The Growth Curve and Implications for Institutions

The S-curve

A fundamental insight of business ecology is that organisations are living systems. Nothing that is to grow stays the same. Interviewees and business thinkers tell us that change is the one common factor in organisations and organisational activity: that change can be chaotic and unpredictable. The S-curve provides an anchor in describing the future course of change.

The ‘S-curve’ characterises a universal process:

Creation ➔ Development ➔ Growth ➔ Maturity / ‘Harvest’ ➔ End

A process that – unless interrupted or destroyed – is embarked upon by everything that comes into being: ‘Everything’ really means “everything”: your own life or the life of a product or artistic exhibition; the rise and fall of a bee colony, or that of a nation. It illustrates the growth and decline of organisations or of an economy, a market, a career, political power, an ecosystem, or the whole earth, or a relationship.

Progressing through the respective stage of a growth process poses different challenges that require shifts in performance emphasis to overcome. At an individual level these shifts require very many behavioural changes – no individual can make them all. Invention is really something very different from control.

In looking at an S-curve for an organisation we find six clear stages that can be characterised by clearly observed features.\(^2\). These stages move from Exploration to Exploitation as follows:

\[\text{Figure 1 - The phases of an S-curve}\]

\(^2\) See appendix 1 for fuller details of characteristics and observed features of each phase.
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Across this process leadership focus moves from Innovation to optimisation, from investment to maximising value and minimising costs, and ultimately to closing down one model and moving to a new one.

Paradoxically when at their most successful organisations can, and do, fail. Without anticipation, reinvention and resilience, leadership teams are unlikely to be sufficiently agile to face the next inevitable S-curve jump and all its organisational demands.

Enduring organisations are successful in spotting when their environment is changing (observation point) beyond the point where the existing S-curve is sustainable. They then start to explore how they might be able to exploit their existing assets to the maximum, creating additional value to invest in the next S-curve. Maintaining these two S-curves in parallel (phases 5 & 6 of the old S-curve with phases 1&2 of the new S-curve) provides significant challenges for both supervisory board members and executive teams as very different decision making and control processes are involved.

To secure performance in a team or an organisation, it is thus important to know which S-curve stage is providing the strategic context and thus the nature and mix of leadership contributions required.

Key insights from the S-curve diagnostic

Many institutions have been operating at phase 4 in an S-curve for a long time. Some have (in parallel) started to explore cultural entrepreneurship and build new S-curve (phases 1& 2). But the dominant culture has been focussed on phase 4 until external factors have undermined this reality.

Both the chair of the supervisory board and the director of each participating institution completed a questionnaire depicting their view on the position of their organisation on the S-curve.

Figure 2: Assessment of positions on an S-curve of their organisations by participants
Although the results indicate a broad spread amongst the participating institutions: in all cases the chair of the supervisory board and the director assessed their organisation in the late middle to later stages of the growth curve (see figure 2 below), with a strategic focus on optimisation of operations over innovation. Where there was a divergence in the assessment the chair of the supervisory board invariably placed the institution at a later stage on an S-curve than the director, indicating a broader awareness of the strategic environment and of the institution’s vulnerability. This difference in perspective can be useful to challenge and validate the director’s plans for the institution.

For the majority of participating institutions the assessment of operating in the late middle portion of the S-curve is accompanied by a governance and management control frame of reference that is feedback orientated and focussed on the past and stability. A rigid, almost bureaucratic emphasis on short term control of predictable and logical cause and effect, especially in the allocation of available funds was noted.

In only one institution did the chair of the supervisory board’s responses imply a recognition of a need to move to a new S-curve, going back to the founding principles of the institution to discover the next organisational model and core principles for the future, whilst both protecting the core of the existing institution and supporting a new and highly entrepreneurial director in developing the next S-curve for the institutions.

However many interviewees acknowledge that the environment is changing and that the institutions need to adapt to a changing social, political and economic reality. However the degree to which this observation should lead to significant changes in governance and management is not yet clear to them.
Diversity in Leadership Teams

AEM-cube®

Drawing on business ecology thinking, the AEM-cube® analyses individuals’ differing abilities to contribute to the changing demands of the business cycle and measures this ability using three dimensions: attachment, explorative drive and complexity perspective. Individual’s preferences on these scales are shaped by their own development and are directly related to attitudes to change. They thus directly influence behaviour - how we react to change, and where we are predisposed to make our most important contribution.

In a strategic context the AEM-cube® is used to help individuals, teams and organisations to:

- Predict where they can be most productive in the growth cycle of an Organisation;
- Uncover hidden or unknown areas of risk or poor performance;
- Integrate individual growth with the development of teams and the performance needs of an organisation in pursuit of its strategy

The AEM-cube® dimensions

The AEM-cube® examines three key dimensions of adaption: Attachment, Explorative Drive and Complexity Perspective.

Attachment Dimension: People – Matter

Attachment is the instinctive drive to develop bonds – with either ‘people’ or ‘matter’ in order to derive a sense of security.

Explorative Dimension: Stabilising – Explorative

Exploration is the instinctive drive “to go beyond what we currently know, without necessarily knowing what we will find”. People vary as to the levels of exploratory behaviour they exhibit. Those with a highly exploratory nature will be drawn towards the unknown and experimentation. Individuals with a more stability orientation will tend to value past experiences when faced with new situations or dilemmas. This dimension also correlates with an individual’s contribution to an ‘S-curve’

Complexity Perspective: Individuality –Collectivity

This is defined as the way people apply their life experiences in dealing with complexity in their environment. This third element is more developmental than instinctive – approaches to dealing with complexity can be changed the more of it we experience.

People scoring higher on the self-expressive end of the scale tend to approach the world from their individual perspective. People scoring higher on the integrative end of the scale tend to approach the world with a ‘system’ perspective. Their attention is likely to be less on their personal competencies and more on their integrative contribution.

3 See Appendix 2 for a full description of the AE-cube® dimensions
Key insights from the AEM-cube® self-assessments

Executive Teams

The teams studied range from two to six individuals and show a range of patterns of diversity. A significant proportion of executives show a pattern of thinking, feeling and behaving which results in outcomes that make a contribution to the early parts an S-curve.

Although there are a few exceptions individuals in this sample fall into two broad groups: (1) stability focussed, matter attached individuals with an individual or small team perspective of an S-curve, and (2) exploratory focussed, relationship attached people with an organisation or societal perspective of an S-curve. The former group are likely to be highly creative individuals who will make a strong contribution so long as they perceive that it is valued. The latter group are likely to focus their energies externally in building relationships that have the potential to benefit their institutions. This latter group will be essential in building relationships with non-traditional sources of funding and presenting a coherent story of the social value created by their institutions in ways that will reach a wider audience.

The strategic challenge for these individuals will be to shift their relationship focus while maintaining an appropriate dialogue with traditional funders. The more exploratory individuals with a societal perspective should really appreciate this challenge and the freedom it will give them. It is interesting to note that high level appointments in this sector have tended to focus on this latter group rather than the former creative group.

One noticeable gap in many institutions is a member of the executive team with a clear operational focus, balanced between matter and relationship attachment and with an organisational perspective on the S-curve. This would support the interview finding that effective and efficient operational and governance processes are at a premium and that individuals either operate outside their comfort zones or rely on other staff members to manage these processes. This would also indicate a risk where major change projects are envisaged as these preferences are normally required to lead such a project. Where significant change is envisaged many institutions will need to go outside to attract a suitable programme manager.

That is not to say that there are not strong project managers in these institutions: these competencies have been essential for managing major exhibitions, productions, concerts etc. where there is a clear tangible outcome.

With the, not unexpected, exception of the Rijksakademie there would appear to be a scarcity of individuals who are strongly matter attached and highly exploratory which would suggest that true innovation of new products and services, as opposed to creativity in presentation, will be at a premium. For institutions seeking to create additional social value the challenge will be to attract a very small number of these highly disruptive individuals to develop new social value propositions.

What is very striking is that none of the organisations involved have an executive team who alone display all the necessary preferences in patterns of thinking, feeling and behaving that we find are necessary for the successful launch and maintenance of entrepreneurial organisations, both for profit and for social value. Where institutions are being successful in this area it is sustained by members of the supervisory
board filling any gaps in the diversity accompanied by strong empathy and close working relationships based on mutual challenge and respect.

The lack of contribution to all phases of an ‘S-curve’ poses the greatest strategic risk to the sustainability of these organisations.

**Supervisory Boards**

The teams studied range from two to eight individuals and show a very broad range of diversity in preferred patterns of thinking, feeling and behaving.

Looking at the whole population of participating supervisory board members we see the following patterns:

- The population is evenly split between people attached individuals and matter-attached individuals, which would suggest that across the sector there is a balance between a focus on care for relationships (with external stakeholders as well as the well-being of people working in arts and cultural institutions) and a focus on matter (process, procedure etc. as well as the art itself);

- About 25% of the population have a strong preference for exploration (which implies that their optimum contribution to an S-curve will be in the first two phases of the growth curve); 15% have a strong stability preference (which implies their optimum contribution to an S-curve will be in the last two phases of the growth curve); and 60% have moderate preferences for either stability or exploration (which implies that their optimum contribution to an S-curve will be to the middle two “Operational” phases of the growth curve). **In no case did we find a Supervisory Board whose optimum contributions to an ‘S-curve’ were fully aligned with the strategic reality of the organisations.**

- In dealing with complexity 45% indicate an organisational perspective and an integrative style, that considers the institution in a broadly holistic way, and will be uncomfortable being asked to get involved in detailed operational or procedural matters;

- 21% indicate a highly integrative preference in addressing complexity which implies that they consider decisions relating to the institution in a wide socio-economic context (broad societal perspective). These individuals should also demonstrate great deal of flexibility in bringing to bear resources that can address broad strategic questions in this wider context. This societal perspective should enable these individual supervisory board members to play “devil’s advocate” and lift debate within the Board and the Executive to ensure that the institution is sufficiently attuned to its socio-economic environment;

- 17% indicate a moderate self-expressive preference in addressing complexity which implies that they consider decisions from a team perspective (team perspective) This would suggest that these individuals will be comfortable getting involved in aspects of the leadership of the institution where there is a need and they have relevant competencies. Especially in smaller institutions with very small staffs this will be reflected as a very close “hands-on” working relationship with the executive team;
17% indicate a strongly self-expressive preference in addressing complexity which implies that they consider decisions from the point of view of their individual contribution (individual perspective). This sub-set of supervisory board members may get deeply drawn into the detailed workings of their institutions and risk undermining the executive by effectively taking control in their area of interest and expertise. In some cases this may fill a much needed hole in the executive team but could lead to conflict if not carefully managed by other supervisory board members. These individuals can be very useful when something requires deep focus to get something done quickly, however such individuals may lose interest quickly if they feel that their contribution is not welcome.

There was no single pattern to the diversity across the participating institutions. However the following are broad observations from the results of the AEM-cube® self-images obtained for these boards.

- Half of the supervisory boards indicated a diversity of individuals who would be most comfortable with contributions that would add most value at an earlier stage in an S-curve than that assessed as the actual positioning on a growth curve. A lack of any individuals on these supervisory boards whose optimum contribution would be in the sixth or transitionary phase of an S-curve suggests that these boards might find it difficult to provide governance of any significant transformation or discontinuity in the life cycle of the institution;

- 40% of the supervisory boards indicated a diversity of individuals whose optimum contribution to an S-curve is closely aligned to the stage in an S-curve that they assessed their organisation to be at, typically in the earlier part of an S-curve;

- In only one institution do we observe a supervisory board whose diversity implies an optimum contribution at a later stage in an S-curve than that indicated as the present situation by the S-curve diagnostic assessment. In this instance there is a significant risk that governance will become overly dominated by ritual (strongly people attached individuals dominate in this board).

- We would expect the culture of many of the participating boards to have a quasi-family culture as are dominated by highly integrative people-attached individuals and include highly self-expressive matter attached individuals.

There are a number of critical gaps in the diversity of many boards that are facing an uncertain future and will need to transition to a different S-curve in order to survive:

- Highly exploratory, innovative and creative matter attached individuals who can challenge, motivate and support executives in developing new offerings that attract new sources of funding, whether public, private, philanthropic, or profit. These individuals will be needed to support executive teams seeking to create new forms of value (financial and social) building on the rich heritage of their intellectual and physical asset base;

- Strongly Integrative, matter attached stability orientated individuals with an organisation or societal perspective on an S-curve and good people skills who can act as a robust “devil’s advocate” to balance the inherent over optimism of exploratory executive teams and keep an eye open that the promised social and financial value is actually being delivered, and hence providing assurance for prospective funders that their financial contribution is achieving the desired benefit. This will be
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especially critical as institutions look for risk based funding to enable them to increase their overall social value.

- The supervisory boards of many of the participating institutions lack individuals who can make an optimum contribution to the oversight of significant non-artistic (eg building related) projects and change programmes, where a strong operational oversight is required with a clear institutional perspective around the middle part of the S-curve. This will not be a problem so long as this is recognised and suitably competent professionals are engaged for oversight of such major projects.

What is very striking is that none of the organisations involved have a supervisory team who alone display all the necessary preferences in patterns of thinking, feeling and behaving that we find are necessary for oversight of socially responsible entrepreneurial organisations, both for profit and for social value. Where institutions are being successful in this area it is sustained by members of the supervisory board and executive working together to fill any gaps in the diversity accompanied by strong empathy and close working relationships based on mutual challenge and respect.

**Combined Leadership teams**

The combined leadership teams (supervisory board members and executives) of the participating organisations are highly complementary in terms of individuals making optimum contributions to most parts of an S-curve; gaps in one separate team being covered by strengths in the other.

However, apart from one clear exception all institutions are dominated by individuals with a medium or strong attachment to people and relationships, leading to predominantly family-type cultures.

The scarcity of matter attached individuals would suggest that sustained entrepreneurship will be difficult to achieve due to a low focus on product development (innovative ways to utilise the institutions many intellectual and artistic assets) directly in terms of profit as a source of funding, or indirectly through the creation of social value that others (public, private and philanthropic organisations and individuals) are prepared to fund on a risk basis.

It is critical to note that the combined leadership teams can only exploit their commentary contributions if they work together and where members of the supervisory board agree to take a more hands-on approach where requested by the executive, or required by circumstances.

The biggest area of concern will be to ensure that supervisory boards can continue with two vital independent contributions to the sustainability of the institutions which they hold on trust: (1) the ability to really explore and understand the strategic context of the institution to provide integrative and supportive challenge to the executive team in all areas of strategy; and (2) the ability to act as a ‘devil’s advocate’ in addressing entrepreneurial risk in an integrative way that supports exploration but counters its tendency to over optimism.
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Participating Institutions

- Koninklijk Theater Carré
- Concertgebouw Amsterdam
- Conny Janssen Danst
- Fotografiemuseum Amsterdam [FOAM]
- Nederlands Blazers Ensemble [NBE]
- Rijksakademie
- Rijksmuseum
- Rijksmuseum van Oudheden [RMO Leiden]
- Museum Speelklok
- Stedelijk Museum
- Van Gogh Museum

Research Partners

This research has been made possible by the cooperation and shared learning of strategic partners

With a passion for culture and the arts, Camunico was founded on the conviction that appreciating human potential is the key to success. We believe that values-driven cultures create greater potential, generate more social value and have more impact. Camunico supports high performing and high potential organisations to become agents of change and create innovative value patterns which ensure sustainability.

Building on breakthroughs in organisational thinking grounded in applied research into business ecology Human Insight has developed tools that deliver practical organisational insights to show how people can best contribute to change rather than how people need to adjust to change.

IN-NED (INSEAD Non-Executives Directors) is a platform of INSEAD Alumni focusing on improving efficiency and effectiveness in the role of governance of listed companies, private enterprises, governments and not for profit organisations.

In accordance with learning at the Global Leadership Centre of INSEAD, IN-NED focuses on the interaction between system, group and individual, and has a strong focus on interpersonal effectiveness and behavioural aspects of those in governance positions.
## Appendix 1 – Phases of an S-curve

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Imagineering: Ideation</th>
<th>Discovery and Conceptualisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Re)vitalising the roots</td>
<td>▪ Designing the Future</td>
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<td></td>
<td></td>
<td>▪ Future focus</td>
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<td></td>
<td></td>
<td>▪ Experimenting</td>
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<td></td>
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<td>▪ Prototyping</td>
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<td></td>
<td></td>
<td>▪ Informal communication</td>
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<td></td>
<td></td>
<td>▪ Think-work with little reward</td>
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<td></td>
<td></td>
<td>▪ Emotional swings</td>
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<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Imagineering: Incubation</th>
<th>Funding and (Re)sourcing</th>
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<tbody>
<tr>
<td></td>
<td>Sowing the Seeds</td>
<td>▪ Getting into Gear</td>
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<td></td>
<td></td>
<td>▪ Scaling up: staffing, resources</td>
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<td></td>
<td></td>
<td>▪ Stage-gating investments</td>
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<td></td>
<td></td>
<td>▪ Filling the pipeline</td>
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<td></td>
<td></td>
<td>▪ Stablising core process to ensure consistency in delivery</td>
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<tr>
<th>Phase 3</th>
<th>Deployment: Effectuation</th>
<th>Positioning and Planning</th>
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<tr>
<td></td>
<td>Blossom</td>
<td>▪ Getting Traction</td>
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<td></td>
<td></td>
<td>▪ From architecture to realization</td>
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<tr>
<td></td>
<td></td>
<td>▪ Marketing</td>
</tr>
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<td></td>
<td></td>
<td>▪ Delegation</td>
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<tr>
<td></td>
<td></td>
<td>▪ Formalization of communication and processes</td>
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<tr>
<td></td>
<td></td>
<td>▪ Competitive style/drive</td>
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<tr>
<td></td>
<td></td>
<td>▪ Momentum builds naturally</td>
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<tr>
<th>Phase 4</th>
<th>Deployment: Constitution</th>
<th>Coordination and Operating</th>
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<tbody>
<tr>
<td></td>
<td>Fruition</td>
<td>▪ Staying on Track</td>
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<tr>
<td></td>
<td></td>
<td>▪ Growth &amp; ROI</td>
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<tr>
<td></td>
<td></td>
<td>▪ Proven processes and procedures</td>
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<tr>
<td></td>
<td></td>
<td>▪ KPI’s balance growth and costs</td>
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<tr>
<td></td>
<td></td>
<td>▪ Full staffing and resourcing</td>
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<tr>
<td></td>
<td></td>
<td>▪ Preparation for next curve plans (observation point)</td>
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<tr>
<th>Phase 5</th>
<th>Exploitation: Expansion</th>
<th>Enhance and Synergise</th>
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<tbody>
<tr>
<td></td>
<td>Indian Summer Old Business</td>
<td>▪ Augmenting the Current Curve</td>
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<tr>
<td></td>
<td></td>
<td>▪ Cash is King</td>
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<td></td>
<td></td>
<td>▪ Structure governs business</td>
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<tr>
<td></td>
<td></td>
<td>▪ Installed routines</td>
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<td></td>
<td></td>
<td>▪ Reliable and predictable</td>
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<td></td>
<td></td>
<td>▪ Process reengineering</td>
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<td></td>
<td></td>
<td>▪ Visioning for the next S-curve</td>
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<tr>
<th>Phase 6</th>
<th>Exploitation: Extension</th>
<th>Stretch and Reflect</th>
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<tr>
<td></td>
<td>Harvest Old Business</td>
<td>▪ Jumping to next S-curve</td>
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<td></td>
<td></td>
<td>▪ Going back to the roots for new curve</td>
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<td></td>
<td></td>
<td>▪ Preserve the core</td>
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<td></td>
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<td>▪ Stimulate progress</td>
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<td></td>
<td></td>
<td>▪ Scenarios and stretch goals for new curve</td>
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<tr>
<td></td>
<td></td>
<td>▪ Ambidextrous leadership</td>
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<td></td>
<td></td>
<td>▪ KPI’s cost control old business</td>
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<td></td>
<td></td>
<td>▪ Downsizing/outsourcing old business</td>
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<td></td>
<td></td>
<td>▪ Investor/regulator tensions</td>
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Appendix 2 - The AEM-cube®

Introduction

We live in a rapidly changing world but as human beings we are singularly accomplished at adapting to change; our survival as a species has been based on this ability. Changing environments, whether in an individual or organisational context - and whether we initiate them or not - require adaptation.

Based on 20 years of research into the components and dynamics of effective teams and individuals in a wide range of situations and cultures the AEM-cube® offers insights which are deeper and therefore of more practical use than simply profiling behaviours and competencies.

The AEM-cube® examines three key dimensions of adaptation: Attachment, Explorative Drive and Complexity Perspective; from this you will gain a powerful insight into the natural and unique contribution you bring to the process of change, and it will help you to understand how to harness your own qualities and the qualities of others in pursuit of individual, team or company goals. These three key dimensions form the axes of the AEM-cube® and are explained below.

The AEM-cube® Dimensions

Attachment Dimension: People – Matter

Attachment is the instinctive drive to develop bonds - with either ‘people’ or ‘matter’ - in order to derive a sense of security.

Attachment orientation develops during the first seven or so years of life, when individuals ‘attach’ to someone, or something, that behaves consistently in their world and gives them a sense of safety. Successfully developed, ‘attachment’ promotes the conditions that enable individuals to explore, learn and adapt to their ‘life environment’.

People attachment is related to using human relationships as the primary foundation for security, while matter attachment is related to using non-people-related areas of focus to derive security. The word ‘matter’ includes in its scope a wide range of options - from tangible objects (e.g. computers), to non-tangible concepts (e.g. scientific theories).

Explorative Dimension: Stabilising - Explorative

Exploration: is the instinctive drive “to go beyond what we currently know, without necessarily knowing what we will find”. The instinct to explore is innate in human beings. The ability to explore and tackle new frontiers – to go beyond what is currently known - is essential for ‘survival’ The instinctive conviction of exploration is that there might be value in any unknown situation without the need to know what the value will be.

People vary as to the levels of exploratory behaviour they exhibit. Those with a highly exploratory nature will be drawn towards the unknown and areas of potential interest – constantly seeking new ways of doing things or new people or things to discover. They experience change as an abundance of opportunity to experiment.
Leadership in Culture and the Arts

Individuals with more of a stability orientation will tend to value past experiences when faced with new situations or dilemmas. Prior learning of what worked successfully in the past is used as the basis from which to interpret and make sense of new encounters. Their disposition when faced with disruption or change is to reinforce what they currently know and so bolster their ability to cope with the new.

Integrating information about 'attachment' and 'exploration' provides a useful guide to the focus that individuals will find 'satisfying' and thus naturally bring to bear – whilst they initiate or respond to a changed environment.

Complexity Perspective: Individuality - Collectivity

This is defined as the way people apply their life experience in dealing with complexity in their environment. This third element is more developmental than instinctive - approaches to dealing with complexity can be changed the more of it we experience.

People scoring higher on the individuality end of this scale tend to approach the world from their individual perspective – whether challenges, problems and solutions are simple or complex, they will tend to approach these from the perspective of the individual competencies and skills that they can apply to a situation.

People scoring higher on the collectivity end of the scale tend to approach the world with a 'system' perspective. Their attention is likely to be less on their personal competencies and more on their integrative contribution.

In Summary

In helping us to understand our own instinctive drivers and preferences, the AEM-cube® enables us to harness the skills and qualities we have developed. Through this understanding we can increase the rate at which we build our 'change-ability' – as individuals, teams and organisations.

The concepts implicit within the AEM-cube® frameworks are, by definition, non-judgmental. They reflect an individual’s attachment preference, their tendency to seek new stimuli or reinforce current experience and current approach to complexity. By implication there is therefore no 'good' or 'bad' profile.

Recommended Reading

“Always Change a Winning Team” by Peter P Robertson is available for download in Dutch and/or English free of charge from the Social Sciences Research Network (SSRN) website at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2191887