RETHINKING THE REGIONAL THEATRE: ORGANIZATIONAL CHANGE AT WEST YORKSHIRE PLAYHOUSE

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ABSTRACT
In 2010, Arts Council England (ACE) identified a need to support some of its regularly funded organisations to develop their "resilience" and identified five organisations which it felt faced "immediate opportunities or challenges" (Arts Council England, 2011). This paper reviews the two-year Transform project of one recipient of the fund: West Yorkshire Playhouse (WYP) in Leeds, UK.

By reviewing the literature on organizational change and conducting primary research with key stakeholders engaged in WYP's major change initiative, the paper critically evaluates the process, challenges and benefits of organizational change in the arts and explores the implications for the future of regional theatres. It finds that although the academic literature generally advocates internal, evolutionary change, change in the arts is often driven by external forces and funded in moments of crisis. However, it confirms the existing theory on barriers to change, which emerged to be fear, complacency, inertia, intransigence and passive resistance. Ultimately, the study highlights how successful organizational change can lead to a re-conceptualization of the role and model of a regional theatre as an open, creative development hub which provides a home for a diverse range of stakeholders.

Keywords: organizational change; change management; arts management; organizational development; cultural leadership.

INTRODUCTION

In 2010, Arts Council England (ACE) identified a need to support some of its regularly funded organisations to develop their "resilience" by promoting innovation, artistic excellence and robust business planning. Following a short-listing process, ACE identified five organisations which it felt faced "immediate opportunities or challenges". ACE called this fund Transform and articulated its aim as understanding how to support organizations to develop new income streams and respond to their rapidly changing environments (Arts Council England, 2011). Projects supported by the fund ranged from setting up an endowment to investing in infrastructure and growth and the awards ranged from around £500,000 to over £2 million.

By reviewing the grey and academic literature on organizational change and conducting a survey, depth interviews and focus groups with key stakeholders engaged in an ongoing change initiative, this paper investigates the process, challenges and potential outcomes of organizational change in the arts sector. In order to compare the theory on change management against the reality faced by arts organizations, it takes a case study approach by reviewing the two-year Transform project of one recipient of the fund, West Yorkshire Playhouse in Leeds – the UK's largest regional producing theatre outside London and Stratford.

In the words of the Greek philosopher Heraclitus (cited in Peacock, 2008, p. 333): "Nothing endures but change". In the uncertain times caused by the global financial crisis of 2008 and exacerbated by the political responses to it, it has been argued that change is indeed the only certainty for many organizations. Given the major external drivers for change currently facing arts organizations, it is surprising to note the paucity of academic literature on the topic. While there are some excellent case studies on organizational change (e.g. Hewison and Holden's (2011) study of the Royal Shakespeare Company), these focus almost exclusively on leadership and outcomes. This paper addresses this gap in the arts management literature by taking a sustained case study approach, which shifts the focus from leadership and outcomes to the process of change itself.

Drivers of change

A number of recent research reports and provocation papers have highlighted the dangerous state of inertia in the arts and cultural sector in the face of external change (e.g. Bolton et al., 2011; Knell, 2007). Seemingly terrified by the enormity of the external drivers of change, many arts organizations seem to be stuck in a state of stasis, focussing on the challenges effected by change rather than the opportunities it might present: "The challenge for the UK's not for profit arts and cultural sector is to ride this wave of change to advantage, building its resilience in the process in order to prepare for more far-reaching changes ahead" (Bolton et al., 2011, p. 4). The financial drivers for change are being compounded by the increasing demands and expectations of audiences and visitors. In the UK, not only have political initiatives such as free museum entry seen an unprecedented rise in attendance, but engagement in arts and cultural activity is undergoing a transformation from passive attendance to participatory engagement and even co-creation (Walmsley and Franks, 2011).

In the face of these external drivers, it is logical to conclude that only the most adaptive organizations will survive (Bolton et al., 2011; Grobman, 2005); and as Knell (2005) has pointed out, in a healthy arts ecology not all organizations ***should*** survive. The structure and scope of not-for-profit organizations are undergoing a radical transformation in the UK and this socio-cultural shift is pressing arts and cultural organizations to become much more responsive to change (Cohen, 1999). However, as Peacock argues in his assessment of the museums sector, ***how*** exactly to respond to change often creates a stumbling block for even the most responsive organization: "While change and its synonyms – adaptation, evolution, revolution and transformation – are now ubiquitous [...] change processes are still not well understood [...]. There is a gap in our understanding about how change happens and how we can shape its outcomes" (Peacock, 2008, p. 334). The following discussion will therefore review the academic theories of organizational change and scrutinize the processes proposed by the literature to implement it.

Theories and processes of change

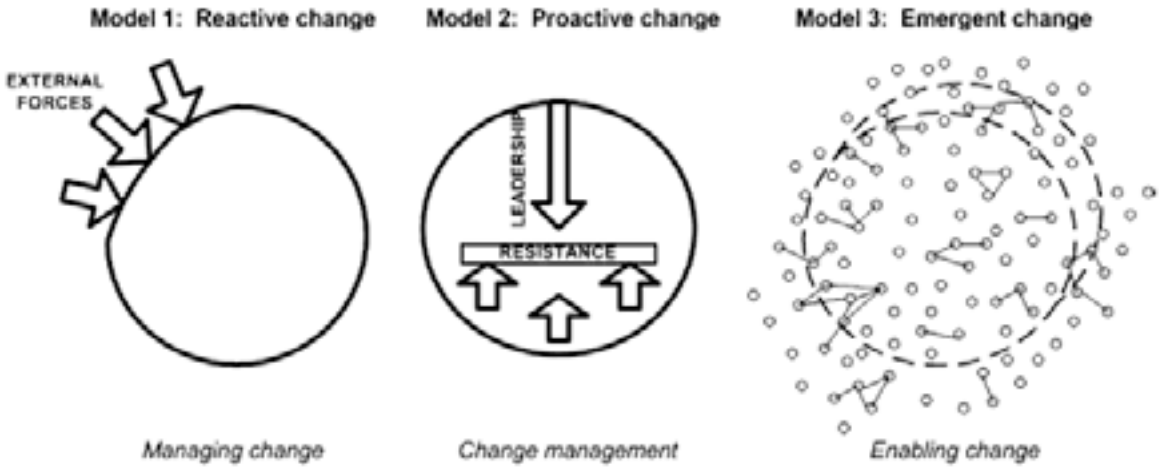
Change management is becoming an increasingly significant constituent of organizational strategy, and it has been argued that a creative approach to strategy should constitute four key elements: innovation, entrepreneurship, leadership and organization (Bilton and Cummings, 2010). But strategy needs to adapt to the external environment and Bolton et al.'s (2011) research qualified the type of innovation required by arts organizations in the current climate, highlighting the need for needs-based rather than opportunity-based innovation. In the arts context, this raises an important question regarding the role of funders in supporting needs-based innovation, which will be explored in the primary research. Bilton and Cummings' other elements of entrepreneurship, leadership and organization will be explored further into this literature review in light of the roles they play in driving organizational change.

Peacock (2008) argues that how organizations think about and understand change affects their ability to anticipate, shape and direct it, and there exists a dichotomy in the literature between those who perceive change as evolutionary and internally motivated and those for whom change is revolutionary and externally driven. Freeman argues that both types of change are valid, and that the choice of approach depends on the organization's circumstances and strategic objectives: where evolutionary change "acts to reinforce and refine the organization's existing vision, strategy, structure, and processes", revolutionary change "acts to transform them" (Freeman, 1994, p. 214).

In the past, change was often equated with, and indeed believed to be dependent on, a state of crisis (Welch

and McCarville, 2003) or sudden environmental change (Fouts and Smith, 1999). To reflect the development from the revolutionary towards evolutionary theory, Peacock (2008) distinguishes three different models of organizational change (see Figure 1), which depict what he labels reactive, proactive and emergent change. The emergent model of change reflects a post-modern, post-structuralist understanding of organizations as "systems of flux and transformation" (Peacock, 2008, p. 338; Morgan, 1997). Peacock argues that organizational change is never finished or complete and thus proposes the emergent model as the most representative one for modern organizations, which, he argues, must remain in a constant state of readiness to respond to new drivers for change. In this respect he agrees with Rondeau (1999), who contends that cultural organizations are subject to a combination of internal and external forces that force them to change in order to survive, and with Bilton (2007, p. 118), who defines organizational change as "a process of incremental adaptation to external changes and internal intentions" and who contends that an evolutionary, incremental model embeds change into the culture and encourages "the agents of change and the agents of continuity to work together" (p. 126). Indeed Bilton goes on to argue that tensions such as these are what actually drive organizations forward and enable them to evolve.

Figure 1: Three models of change in organizations



Source: Peacock, 2008, p.336.

This perception of change as emergent and incremental marks a theoretical departure from the modernist and structuralist perceptions of change as revolutionary, external and destructive. Hewison and Holden's (2011) case study of the RSC illustrates how this development plays out in practice as an organization moves from a hierarchical structure, where change is imposed ***by*** leaders ***on*** employees (as in Model 2), to an open, democratic structure, where leadership is distributed ***across*** the organization (reflecting Model 3).

This raises the question of how arts organizations and their funders can best respond to emerging structures and processes of change. One potential answer to this conundrum comes in the guise of complexity theory, which provides a post-structuralist framework for enabling change based on a "dynamic, interdependent, contingent and unstable view of reality" (Peacock, 2008, p. 339). According to Grobman (2005, p. 370), applying complexity theory to organizational change would culminate in the adoption of "a quasi-equilibrium state, just short of the point where a system would collapse into chaos, at which the system maximizes its complexity and adaptability". For Grobman, this involves not only an acceptance of the tension described earlier by Bilton, but a willingness by managers to seek out contradictory attributes, engender a healthy level of anxiety and actually bring organizations to the "edge of chaos" (p. 351). Bilton correspondingly depicts organizational change as "a pattern emerging from chaos" (2007, p. 116); and reflecting Grobman's point regarding the need for post-modern organizations to embrace contradiction, Stacey (2003) argues that management theories of organizational change generally fall foul to two main flaws: the assumption that organizations exist separately from employees, and their inability to deal with paradox.

This conception of change-ready organizations as paradoxical, chaotic and conflictual has clear implications for organizational structure. Peacock (2008) claims that people's beliefs about organizations are embedded in the metaphors they use to describe them. He cites Morgan's (1997) eight common metaphors to illustrate his claim, which include perceiving of organizations as machines, organisms, brains and cultures. Recent research in the cultural industries has advocated conceiving of organizations as networks (Taylor, 2011; Hewison and Holden, 2011), perhaps building on Delueze and Guattari's post-structuralist metaphor of the 'rhizomatic network', where organizations function from and across the centre rather than from the top down (Yu, 2004). The significance of organizational structure in facilitating change is not only related to its role as an enabler of change; it also determines how change is communicated across an organization and provides a platform for its style of leadership.

The role of leadership

How change occurs in an organization is not just influenced by its structure: one of a leader's key roles in organizational change is to determine the method and process of that change. One increasingly popular approach is action research, which has been defined as "a work-based learning approach that enables a group of committed participants to explore problems and issues that do not have immediate answers" (Hill, 2005, p. 214). Action research is often described as 'learning by doing' (Gibbs, 1998) or 'experiential learning' (Kolb, 1984), and it reflects the general transition towards the more democratic organizational structures discussed earlier. One version of this method is participatory action research (PAR), which as its name suggests, takes a particularly inclusive approach to change. According to Yu (2004), PAR works by liberating 'subjugated knowledge' and 'multiple realities', and change results through an open process of collaboration, dialogue and organizational learning. Another paradigm for organizational change comes in the form of Appreciative Inquiry (AI), which aims to create a momentum for and celebrate change by generating positive knowledge about the organization (Sharma, 2008). In Sharma's view, AI represents a possibility-based model as opposed to the all-too-common deficit-based model of change.

Despite the increasing focus in the change management literature on participation and distributed leadership, there is a general consensus that it is leaders' responsibility to create a strong vision and lead their organizations to change (Lewis et al., 2006). In other words, most commentators agree that leaders should act as 'change agents', whose role is to promote participation and communication and facilitate the change process. In this sense, leaders need to act as entrepreneurs (or intrapreneurs) because it is their role to envision, drive and implement change. There is, however, some disagreement in the literature regarding leaders' role in initiating change. For example, Peacock (2008) contends that change often comes from outside the organization and argues that leaders should enable change rather than become the instruments of it, while Bilton claims that if leaders are "locked into a single strategic vision, it becomes much harder for them to respond to change" (2007, p. 117). Stanziola (2011) goes even further, suggesting that leaders are limited in their ability to promote change because organizations' attitudes to risk and innovation are shaped essentially by their location, size and sector.

The change management literature focuses heavily on leadership, and this is often to the detriment of middle managers and other line managers, who play a vital role in organizational change by communicating regularly with frontline staff (Lewis et al., 2006). This is where Hewison and Holden's (2011) work on distributed leadership comes to the fore, illustrating how leadership (and therefore change management) is the responsibility of everyone in the organization. Or, as Bilton puts it: "Rather than directing change, managers provide a climate within which change can occur" (2007, p. 134).

Barriers to change

According to Bolton et al.. (2011), the key barriers for not-for-profit arts organizations in pursuing innovation and change are financial: partly because they are dangerously under-funded and under-capitalised, and partly because they have traditionally been reluctant to build up any reserves for fear of appearing to need less funding, many arts organizations lack the requisite development capital to embark on any meaningful process of change and innovation. Hewison and Holden (2011) maintain that one reason behind this culture of poverty is the very term 'not-for-profit', which they argue sets many charitable arts organizations up to fail, at least in financial terms.

But notwithstanding the financial pressures, there are clearly many non-financial barriers to organizational change: "Change suggests a loss of control, increased uncertainty, as well as a threat to traditional procedures, values, and status levels. Only an intrepid few desire the uncertainty of change over the security of the status quo" (Welch and McCarville, 2003, p. 23). These psychological barriers to change often compound the financial barriers and generate a hugely damaging impact on organizations' proclivity to risk. The role of organizational culture is therefore of vital importance in supporting change, as it "helps create a setting in which change is either welcomed or discouraged" (ibid., p. 29). Tushman and O'Reilly contend that "evolving organizations" and achieve change by "increasing alignment among strategy, structure, people, and culture" (1996, p. 11). Kriegel and Brandt claim that in a change culture "new ideas blossom everywhere, even in those places where you least expect them to" (1996, p. 157); and other research has indicated that there is a strong correlation between 'adaptive values' and superior performance over a long period of time (Kotter and Heskett, 1992, cited in Lee and Yu, 2004).

The challenge for leaders and managers, however, is that organizational culture is not always easy to manipulate. Academics are divided into three camps here: those who maintain that culture is manageable; those who claim that culture can sometimes be manipulated; and those who insist that culture is immune to management action (Ogbonna and Harris, 1998). Ogbonna and Harris argue that the goal of organizational change is to effect genuine value-level change, highlighting the difference in employee participation between "resigned compliance" and "authentic willingness" to change (1998, p. 285). A further challenge here is the role that organizational sub-cultures can play in the form of functional departments, which often shape the identity and engagement of employees more than the wider culture itself (Smollan and Sayers, 2009).

For many employees, change is correlated with pain and their reaction to it fluctuates from general apathy to stiff resistance (Sharma, 2008). Welch and McCarville (2003) argue that employees' resistance to change is inevitable because it upsets their professional equilibrium, raises unwanted questions about their roles and ultimately threatens their job security. Durable change, they contend, is therefore very difficult to achieve and the majority of change initiatives are thus doomed to failure. Lepine et al.. (2000) propose three simple strategies for dealing with resistance to change: replacing resistant employees; investing in training and development; and recruiting individuals adapted to working in a changing environment. To counter any inherent resistance to change and maximize employee engagement, leaders have been counselled to listen and create an environment where employees can "vent" (Lewis et al., 2006, p. 123). This advice is supported by research indicating that when employees can voice their concerns and perceive that change is implemented fairly, reactions to change and its effects are much more favourable (Caldwell and Liu, 2011; Smollan and Sayers, 2009). This highlights the importance of effective communication during a period of organizational change.

Communicating change

There is a general consensus in the change management literature regarding the need for open, participative discussion; regular, planned and honest communication; and full and early disclosure of relevant information (Lewis et al., 2006). According to Welch and McCarville (2003), communication of change should aim to crystallize the need for change; relate the change initiative to common objectives; clarify employees' roles in creating change; and promote new behaviours to facilitate its implementation. In their review of the literature on communication during organizational change, Lewis et al. (2006) highlight the benefits of informal, succinct, motivational, and jargon-free, face-to-face communication. They also emphasize the need to manage employees' negative emotions and the positive role that stories and metaphors can play in the change process. This last point is echoed by Macaulay et al. (2010), who claim that the story of change itself can help an organization make sense of itself and construct its new identity.

Managing stakeholders

Employees are of course not the only stakeholder group requiring care and engagement during a change initiative. Commentators have advocated exploiting informal networks to access the knowledge of key stakeholders and mitigate against the rumours and misinformation that can proliferate during periods of change (Lewis et al., 2006). Another acknowledged tactic is to deliberately seek out sceptical stakeholders, who can provide an external, objective perspective, which can prevent change agents from exclusively pursuing a role of advocacy (ibid.). For many charitable arts and cultural organizations, these knowledgeable and sceptical stakeholders can often be found amongst their funders, boards and audiences. But the research on stakeholder

engagement in organizational change is sparse, and unfortunately organizations are often therefore left to their own devices when managing stakeholders during a change initiative.

The role of funders and cultural policy

This gap in the literature on stakeholder engagement raises the question of what role funders can play in supporting arts organizations through change initiatives. But this is just part of a wider gap in the literature on the role of cultural policy in supporting organizational change. The most relevant research here is presented in Bolton et al.'s report, *Capital Matters*. Like ACE's Transform fund, Bolton et al. focus on how arts organizations could become more resilient, and they interview a range of funders and arts organizations with the aim of creating "a forward-looking, national long-term policy and support framework" for the UK's not-for-profit arts and cultural sector (2011, p. 2). They focus in the report on financial resilience, which they define as having the capacity to withstand financial shocks and adapt to a complex, rapidly changing environment. The arts and cultural organizations consulted in the report state that most of their development activity was funded through special grants (as opposed to core grants), including ACE's main forerunners to Transform (Thrive and Sustain), the Scottish Arts Council equivalent, Resilience, and the Museums, Libraries and Archives' fund, Renaissance. A minority had accessed special trust and foundation, local authority and National Lottery funds, and a tiny minority had taken out a loan.

The report concludes that in order to flourish in the current and future environment, arts organizations need to become more resilient, adaptive organizations, and they can only achieve this through greater access to capital. Like Hewison and Holden (2011), the authors fear that the not-for-profit structure discourages capitalisation and suggest that adopting a social enterprise structure might facilitate investment for growth and development. Ultimately, they make the case for more a sophisticated and flexible funding policy, which might encourage change management and promote greater financial resilience. They urge policymakers to recognise the need for adequate development time in their funding and call for better advice and a joined-up funding structure in which public and private sector funders would collaborate to incentivize development and innovation.

METHODOLOGY

Following a critical review of the grey and academic literature on organizational change, and of grey literature from Arts Council England (ACE) and West Yorkshire Playhouse (WYP), the primary research took a mixed methods approach, based on a staff survey, focus groups, structured email interviews and semi-structured responsive depth interviews with key stakeholders. While the survey was intended to capture a quantitative and representative impression of employees' perspectives on the change initiative, the qualitative methods were aimed to elicit detail, depth and thick description (Rubin and Rubin, 2005). In order to compare practitioners' experiences of organizational change against the literature, a case study design was adopted (Yin, 2009) based on the change initiative at WYP.

The survey investigated staff responses to a festival of new work, one of the "creative pilots" which aimed to open-up the theatre and encourage staff to work in new and different ways through a process of action research. With 60 staff members participating, the survey attracted a response rate of 50% of permanent staff. Two focus groups were conducted, each comprising 6-8 staff members drawn from across the organization. For the depth interviews, a small number of participants were purposively sampled on the basis of having "a significant relationship to the research topic" (Seale, 2012, p. 237). In this case, the sample comprised funders (ACE officers), WYP's change mentor and WYP staff (drawn from a range of employees, managers and leaders). At ACE, relevant staff members from both the regional and national offices were approached, which resulted in a depth interview with a senior manager in a regional office and an email interview with a senior manager in the national office. ACE requested that responses remained unattributed to individual members of staff. At WYP, depth interviews were conducted with the Chief Executive, Sheena Wrigley, with the new Artistic Director, James Brining, with the Project Co-ordinator, Owen Roberts, with the Communications Manager, Joanna Loveday, with the external consultant and Change Mentor, Richard Watts and with a representative sample of seven employees. These recorded interviews resulted into over twenty hours of interview data, which were transcribed and then coded against the key themes emerging from the literature review using the qualitative software analysis tool NVivo. The email interview with the national officer at ACE was coded in a similar way.

Based on the aims of ACE's Transform fund and on core theories of organizational change, the research questions were identified as follows:
Which factors incite arts organizations to undertake a process of organizational change?
What does a major change initiative in the arts look and feel like?
What does "resilience" mean and how can it be realised?
How can arts organizations engage with key stakeholders in a change initiative and what barriers do they face?
What positive and negative impacts can a change initiative have on an arts organization's stakeholders, artistic vision, business model and structure?
What lessons regarding organizational change can be learned by the wider arts sector from this case study and what implications does this have for the future of regional theatres?

FINDINGS

Arts Council England

The aim of the interviews with ACE staff was to determine the context, objectives and anticipated legacy of the Transform fund and to explore the different drivers and processes of change from the project sponsor's perspective. The national manager explained that Transform had evolved directly from ACE's Thrive programme and from its Stabilisation and Recovery programmes before that. Its core purpose was "to provide successful applicants with the funding needed to enable them to achieve sustainable organizational resilience". Successful applicants needed to demonstrate a "receptiveness, capacity and capability to make change happen" alongside a compelling vision and change plan, strong leadership, and a realistic understanding of the timescales and challenges involved. Following the challenges of its Thrive programme, ACE had learned that development funding had to be substantial and that it could not be prescriptive in outlining how and where this funding was allocated within individual change initiatives. It had also learned that change needed time to implement and would meet unanticipated challenges, but that by selecting organizations against clear criteria, it could achieve a very good return on its investment.

The combined responses from the ACE managers defined resilience in terms of: artistic ambition; financial stability; effective leadership, management and governance; strategic focus; and situational awareness. In addition, resilient organizations were held to be well networked, entrepreneurial, adaptive and reflective with "a culture of shared purpose and values rooted in organizational memory". The regional manager emphasized the importance of reflexivity, citing a lack of self-reflection and an ineffective board as the key barriers to change; and he described resilience also as a *process* to "articulate the journey from a parent-child relationship to a more mature relationship between the arts council and the sector". The national manager identified a clear link between the end goal of resilience and the choice of an action research approach, which he articulated as follows: "Action research was seen as an important aspect of the projects because we wanted to encourage the organizations to reflect on their journeys [...]. Resilience depends on learning and continuous improvement: and action research was seen as a way of underlining the need for the organizations to embrace continuous evolution with confidence." Supporting and monitoring the progress of the projects was delegated to the regional relationship managers, with the ability to call upon the national Organizational Development Team as and when required. Relationship Managers were trained in the basic principles of change management so they would be able to "identify and understand change issues" and provide "guidance" for their organizations.

The regional manager maintained that ACE's role was to influence organizational change on a strategic level, rather than dictate how to change on a micro or operational level, and the national manager felt that drivers for change centred around organizations' desire to fulfil their artistic potential coupled with a recognition that to do so required them to become more operationally and organisationally resilient. However, he also identified a problem with "learned behaviour", reporting that many organizations applied for development funding "to explore and exploit every funding stream available" and "to worry about what it entailed afterwards". He also identified a problem with organizations' ability to cost their change initiatives – a failing that was corrected in the application process for Transform.

According to the regional manager, Transform was initially designed as learning exercise to inform ACE how to intervene successfully at less cost. Although ACE's focus has shifted elsewhere, largely due to a radical and Government enforced downsizing, the staff interviewed felt that the Transform legacy had already been

embedded in new funding structures, for example in its National Portfolio funding process and through new funds such as Catalyst. The national manager explained that Transform was part of an ongoing journey to invest in change more wisely: "ACE positions itself as an intelligent investor – focusing on development and seeing funding as a means to that end – and Transform was entirely about helping organizations to help themselves [...]. If we want to see the sector be aspirational, think long-term, grow and thrive, then we have to invest in their future – and that means supporting organizational change."

West Yorkshire Playhouse

The drivers for change for WYP were both internal and external. Back in 2008, one of the reasons the Chief Executive, Sheena Wrigley, applied for her post was that she felt WYP was an organisation in dire need of change: "I've always been really excited by the idea of reinventing things [...] and the role had been created with the idea of that person agitating change [...]. I'm always interested in what's its next reinvention." This sentiment was echoed by the new Artistic Director, James Brining, who reflected: "Transformation is a crucial thing for me to deliver".

In external communications, ACE claimed that one key principle behind its new funding structure was that no organization should be too big or important to fail. However, interviews with senior staff at ACE and WYP indicated that there was an agreement that change at WYP was non-negotiable and that there was an incontrovertible need to re-vision. Indeed this is why WYP was ***invited*** by ACE to apply for Transform. But there was also a strong internal acknowledgement of the pressing need for change. WYP's external Change Mentor, Richard Watts, described his first staff workshop as follows: "Most people talked about how they tried to create change and had kind of given up. They felt like they were tired and there was quite a passive perspective about what they could do, but a real consensus about what the need was." This consensus was shared by everyone, Watts felt, except by some long-standing board members. Interviews with Brining and Roberts highlighted WYP's core strength as producing a "well-made play", but conveyed the sense of staff running nowhere on a treadmill, of a theatre without an artistic vision or purpose, which Wrigley visualized as "a donut without a centre".

This premise for change fed into WYP's successful Transform bid, and in January 2011, the playhouse was awarded **£1.47**m through ACE's National Lottery funds to explore how a regional theatre should operate in the 21st century. WYP's mission for the initiative was to "refresh and revitalise our theatre in a way that opens up creative opportunity and opens out our buildings, talent and resources". This mission was translated into six strands, which were articulated in the project plan as follows:
Produce four creative pilots or experiments;
Implement artistic succession;
Create a new business model;
Develop audiences and communications and re-brand;
Develop people and internal culture and strengthen operational processes;
Plan for capital investment.

ACE's regional manager argued that the Transform funding allocated to WYP was not a luxury because the consequences of ***not*** funding change were too unpalatable: "It was our one opportunity to really have a proper engagement with the organization for substantial change; we couldn't have done it without that money and that investment". Chiming with ACE's view that WYP needed to broaden its audience base, both Wrigley and Brining named a key goal as "porosity", which Brining visualized as the theatre becoming a "crossroads" and Wrigley defined as "opening up avenues through which people can pass, whether that's artists, audience, participants...". Wrigley defined resilience as "having some confidence in what the future's going to look like, driving that future and being more in control of it, rather than always responding to circumstance".

The action research process itself quickly revealed strengths and weaknesses. Brining's view is that it helped the organization "crash into the ice flow". But although it facilitated the active participation of around half the staff, Loveday and Watts felt that this created a false impression of democratic decision-making, which caused tension when top-down decisions were subsequently made regarding departmental restructures and redundancies. Wrigley's view is that while the matrix structure implemented especially for the initiative produced some innovative ideas which have fed directly into artistic and strategic planning, it also encouraged some ambitious blue-sky thinking which might never be realised because of the loss of around £0.5m in core funding, leading to a potential sense of disillusionment amongst the staff.

The process also caused problems with the regional ACE office, which was not always satisfied that sufficient progress had been made to release instalments of the grant. In Watts' opinion, this was because ACE is "not committed to action research as a way of working", and WYP fell into a gap between the change management expertise of the hands-off national office and the grant monitoring approach of the hands-on regional office. But he argued that a positive impact of the action research method was that it encouraged "a process-vision rather than an end-vision", which made the initiative more "iterative" and "experiential". This was partly inevitable because there was no clear end-vision at the start of the project, but also a deliberate choice influenced by the appointment of a new Artistic Director halfway through the process.

Wrigley and Brining identified the main barriers to change as fear, complacency, inertia, intransigence, passive resistance, false prioritisation and evolution. Only around half of the staff engaged fully with the change initiative and although Watts felt this was a healthy level of participation, some WYP staff were less convinced and blamed this on the negative role leadership of certain line managers and on the lack of clarity regarding the exact role and power of participants.

The communication strategy changed quite quickly from a balanced internal and external focus to an exclusive concentration on internal change, and this reflected a general acceptance that the first phase of the initiative had to be about "getting our house in order". In Watts' opinion, communicating change is always challenging because "it's not about what you say, it's about what's heard". Perhaps for this very reason, Loveday identified her key message as "we are all the change" and the core objective as effecting a positive shift in culture. According to Wrigley, one significant impact has already been staff "responding to each other differently and treating other people's ideas differently". However, as a new appointee, Roberts identified a problem with powerful sub-cultures or "kingdoms", which gave him the impression of working across several organizations: "Working here, although it's one organisation, it's like multi-agency work, but with no partnership agreement."

The focus groups generated some lively discussion and debate, and revealed a lack of shared understanding of the project's goals across the organization. Participants agreed that one of the aims was to explore new working practices internally, but there were differences of opinion about whether this aim was a desirable one. Whilst some participants acknowledged a desire to see internal change as a vital refreshment to prevent "mission drift" and make the organization more cutting-edge, others felt "we don't have to learn to work in a different way, it just screws up all the other projects that we're working on at the same time". In terms of external focus, while some participants acknowledged and supported the aim of "beginning to change artists and theatre markers' perceptions of West Yorkshire Playhouse", others felt that the internal focus was self-indulgent and thought the project should focus more on audience development.

When questioned about the creative pilots, most participants in the survey and focus groups felt that they *had* worked in different ways, but many felt that it was just a case of two weeks of working differently and then everyone returning to their old ways of working. There were some concerns that the focus on new ways of working ignored the expertise that existing staff already had and several participants felt they could have contributed more if they had been given the opportunity but that "management makes all the decisions, there's no involvement from the rest of the staff that may have an interest". Two respondents said they felt forced, rather than encouraged, to participate and work in different, and in their opinion worse, ways.

Over 70% of survey respondents had seen some work in the creative pilots, which indicated a high engagement from staff. Most participants were excited by the work they had seen and 73% of respondents were interested in taking part in future ventures of this kind, even though 89% felt that the pilot had not provided them with any opportunities for professional development. Most respondents felt that one legacy of the pilots was that people were already starting to talk to and about the theatre in different ways. Ticket sales for the programme were up significantly on last year, suggesting that audiences were getting more familiar with the theatre producing and presenting such work. The Associate Producer reflected the views of many when she claimed that the pilots "marked a milestone" and proved that "change is possible"; but at the same time, "when you come in on Monday it's like nothing ever happened, everyone is just sunk back into their routines".

A recurrent sentiment in the interviews with employees was a frustration with the matrix structure adopted for the change initiative. Staff had generally engaged with the "Houses" in good faith and held high expectations of

their potential legacies, but were disappointed at the end of the project that their collective thinking seemed to have disappeared with little acknowledgement of any legacy of follow-through into strategic planning. Another problem transpired to be the chairing of the Houses by senior managers, some of whom lacked the requisite facilitation skills. However, participants did commend the matrix structure for facilitating internal communication and improving the culture by breaking down the "corrosive sub-cultures" and diluting the "weed-choked well".

The most dramatic legacy of the initiative seemed to be the re-conceptualization of the role and model of a regional theatre as an open, creative development hub which should provide a home for a diverse range of artists and wider stakeholders. As the pilots' Associate Producer expressed it:

It's not just about being able to present – because if the theatres went, there'd still be places to present shows. So it's about training and development and it's about our social spaces, our role within the community, the people that we work with, it's almost like being an arts centre meets a club or entertainment space, meets a community centre, meets a theatre that presents shows every night. And I think that's what theatre needs to be. I think that's what we're heading towards – and that's what I've learnt which I didn't know when I got here [...] a theatre can act as a development agency and lab.

This re-visioning seemed to emerge both as a direct result of the action research – particularly as a legacy of the creative pilots – and through the necessity of the funding cuts, which required the theatre to become leaner and produce less work. This has led to a revitalized artistic vision, based partly on a greater reliance on and positive embracing of co-productions with a range of artistic partners, which in turn has required an acceptance of the different and more flexible ways of working that were trialled through the creative pilots.

DISCUSSION

Although the academic literature generally advocates internal, evolutionary change, the case study discussed here illustrates that in practice, major change is often driven by external forces and funded in moments of crisis. This is perhaps particularly the case in the not-for-profit arts sector, where funding is short-term and subject to shifts in cultural policy, and it was interesting to note that both Wrigley and Brining listed evolution as a *barrier* to change at WYP. What they meant by this was that there had never been a rupture in artistic policy or funding and this had inhibited change. One resounding consensus from both the literature and the case study is that cultural policy can foster intelligent funding, which can buy time for organizational change to take place: because of funding patterns, fear and/or inertia, arts organizations often fail to embrace change unless they are forced to.

There were clear areas of consensus between theory and practice regarding definitions of resilience, barriers to change, and the vital roles that stories, culture and leadership play in a change initiative. Resilience was synonymised with confidence, agility, stability and entrepreneurialism; it was also discussed as a process rather than just an aim, which fitted well within a reflective process of organizational learning via action research. The financial barriers to change highlighted in the literature were also visible in the case study: WYP could not embark on its change programme until specific funding had been secured, and ACE conceded that they had learned the importance of funding change properly. The psychological barriers of fear and uncertainty evident in the theory were also reflected at WYP (and indeed were borne out as redundancies started to occur); but complacency, inertia and resistant board members also emerged as key barriers to change, reflecting perhaps the power held by voluntary directors and the un-dynamic career structure that characterise the UK's subsidised arts sector.

Another area of convergence emerged to be the role that stories and metaphors can play in facilitating and underpinning organizational change. Peacock (2008) claimed that people's beliefs about organizations are embedded in the metaphors they use to describe them and this was borne out in the interviews, with participants referring to WYP as a juggernaut, a donut, a treadmill and a buoy. ACE's desire for resilient organizations to have "values rooted in organizational memory" reflected the claim in the literature that stories can help organizations make sense of themselves. The literature also emphasized that a positive organizational culture can create the right environment for change and this was clearly acknowledged by WYP; but it remains to be seen whether culture can be managed or manipulated, whether negative sub-cultures will prevent durable change, and whether 'value-level change' can ultimately be achieved. Wrigley and Brining's approach to leadership matched ACE's expectation of visionary leadership and reflected Peacock's (2008) call for leaders to enable rather than dictate change. WYP's experience also confirmed Lewis et al.'s theory about the significant role of middle managers.

Implications and recommendations

There are some clear implications emanating from this research for both arts organizations and cultural policymakers. Although change has been shown in this case to emanate from outside the organization, the consensus seems to be that all companies should aim to become 'evolving organizations' (Tushman and O'Reilly, 1996) as long as they adopt Peacock's (2008) 'emergent model' in order to remain in a constant state of readiness to respond to new drivers for change. Many arts organizations clearly need help from funders to achieve this, and policymakers should take on board the lessons learnt by ACE regarding the timeframes, external expertise and significant funding required to support a durable change initiative. In an era of reduced national funding, funders should also encourage arts organizations to build up reserves and use these to fund substantive programmes of change that will diversify their income streams and make them more adaptive and resilient.

Arts organizations and their funders need to work in partnership to agree clear objectives for change, so that organizations know exactly what a change initiative entails and funders acknowledge up-front any potential challenges in evaluating it incrementally so that grant funding can be released on time. Funders also need to engage in a more open and steady dialogue with their funded organizations so that needs-based change can be initiated before a crisis has set in and funding is cut altogether. This may require further training of funding officers in organizational change and development. However, as the scope and remit of national and regional funding agencies narrows in response to Government cuts, it will increasingly fall to the larger funded arts organizations to support, develop and even house the next generation of artists and audiences.

The obvious limitation to this research is that this was based on one intensive case study. While this succeeded in documenting the benefits and challenges of change and in providing a rich and thick description of the process, it inevitably failed to provide a representative picture of change across the diverse spectrum of arts and cultural organizations. Further research might therefore benefit from investigating change in smaller cultural organizations and from taking a comparative international perspective on the drivers and outcomes of organizational change in the arts.

CONCLUSION

In a period of unprecedented cuts and changing audience demand, evolutionary change should be a priority for both arts organizations and cultural policymakers today. But precisely because of these cuts, national funding agencies like ACE are downsizing and therefore shifting their priorities, focussing on internal change, and divesting of external organizational development. Transform was initially intended to be a national pilot, but it has been re-branded, then un-branded, and now seems almost to have disappeared. If they are to fully impact on the sector, organizational change programmes need to be sustained and developed: they too need to be 'resilient'.

Effective funding can buy time and space for organizational change to occur. But because of short-term funding patterns, fear and inertia, arts organizations often fail to embrace change unless they are forced to. One uncomfortable truth emerging from this research is that rupture, crisis and revolution can lead to positive change and resilience. But change can also evolve incrementally through visionary leadership, through an adaptive structure and culture, and through positive stories and metaphors. An Appreciative Inquiry approach can also pay dividends here.

There appears to be a consensus surrounding the increasing need for arts organizations to become more adaptive and resilient by re-assessing their business models and re-visioning their relationships with artists and communities. This case study has highlighted the changing role of the regional theatre from a repertory producing playhouse to an open, creative development hub where multiple stakeholders can co-create and co-produce. Substantive redevelopment of this nature demands significant change, and arts organizations need to be supported in this by their funders and other key stakeholders, including their professional networks, audiences and boards. But this study has identified a problem with the levels and nature of support available from boards and funders, and reluctance on the part of arts organizations to engage in change with audiences and wider external networks.

Despite the funding cuts, national policymakers need to free up more time and money for organizational change

and judge the fruits of funding in terms of process as well as output. Process-driven methods like action research have been strongly encouraged by ACE, but the research presented here suggests that ACE currently lacks the structures, processes and expertise to manage process-driven change initiatives effectively. This indicates a possible training gap amongst regional officers, who are charged with both identifying the need for and supporting organizational change; it also highlights the need to move away from restrictive funding towards smarter, more responsive, flexible funding which is tied into an ongoing dialogue. As Knell argues, this might require a new, less prescriptive funding relationship: "What more sophisticated funders are [...] beginning to realize is that funding is in fact a messy partnership endeavour, in which the quality of the funding agreement is a less reliable predictor of success than the 'fit' and quality of the relationship between funder and funded. And indeed the better the 'fit' the more the criteria for support can become broad brush and directional rather than detailed and prescriptive, and the less likely they are to deflect or damage the development of the funded organisation" (Knell, 2007, p. 17).

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