Value Creation and Evaluation
in Arts Incubators

by

Linda Essig

A Dissertation Presented in Partial Fulfillment
of the Requirements for the Degree
Doctor of Philosophy

Approved November 2015 by the
Graduate Supervisory Committee

Daniel Schugurensky, Chair
Betsy Fahlman
Gordon Shockley

ARIZONA STATE UNIVERSITY

December 2015

ABSTRACT

This research explores and deepens our understanding of an element of arts infrastructure in the United States: the arts incubator, an organizational form or programmatic initiative that exists at the intersection of artistic production, entrepreneurship, and public policy. The study is a qualitative cross-case analysis of four arts incubators of different types: Arlington Arts Incubator, Intersection for the Arts, Center for Cultural Innovation, and Mighty Tieton, situated within the context of the literature of arts incubators, business incubator evaluation, and a theoretical framework for understanding entrepreneurship in the US arts and culture sector.

The research opens the black box of incubator operations to find that arts incubators create value for client artists and arts organizations both through direct service provision and indirect echo effects but that the provision of value to communities or systems is attenuated and largely undocumented. Arts incubators, like many small arts organizations, tend to look retrospectively at outputs rather than at the processes that convert inputs to tangible impacts, or means into ends. This is an issue not relegated only to the arts and culture sector; business incubators share some of these tendencies. Despite these issues, arts incubators remain a potentially impactful tool of cultural policy if their processes and activities align with their strategic goals and those processes and activities are assessed formatively and summatively.

DEDICATION

This work is dedicated to Simon and Monica, who, when I told them over dinner that after twenty years in academia I was thinking of formally pursuing a PhD in Public Administration and Public Policy, responded, “That sounds really cool, mom.”

And, for all the artists trying to create abundantly in an environment of scarcity.

ACKNOWLEDGMENTS

The completion of this project would not have been possible without the support of my supervisory committee: Daniel Schugurensky, Betsy Fahlman, and Gordon Shockley. I am deeply grateful to my colleagues Tamara Underiner and Stephani Etheridge Woodson, who have read pieces and parts of my “big incubator project” over several years time and have provided me with encouragement to continue.

This research would not have been possible without the generous participation of the staff, clients and supporters of Arlington Arts, Center for Cultural Innovation, Intersection for the Arts, and Mighty Tieton. They spent hours talking about their work and touring me through facilities (or around town) and provided access to reports and documents that enriched the results.

I note that transcription and other costs of the project were offset by a project grant from the Herberger Institute for Design and the Arts, for which I am forever thankful.

TABLE OF CONTENTS

	Page
LIST OF TABLES.....	vii
LIST OF FIGURES.....	viii
CHAPTER	
1 INTRODUCTION	1
Research Motivation	1
Operational Definition.....	2
Research Questions and Design.....	4
2 LITERATURE REVIEW.....	7
Arts Incubators as Policy Tools.....	7
Incubator Evaluation.....	22
3 THEORETICAL FRAMING.....	27
The Arts and Culture	29
Theories of Entrepreneurship.....	31
Firms and Individuals.....	44
Means and Ends.....	50
4 METHODS FOR DATA GATHERING AND ANALYSIS.....	56
Sampling: The Arts Incubator Universe.....	57
Survey and Selection of Case Study Subjects.....	58
Data Coding and Analysis.....	61
5 CASE STUDIES.....	64
Case 1: Arlington County Arts Incubator.....	64

CHAPTER	Page
Case 2: Intersection for the Arts.....	78
Case 3: Center for Cultural Innovation.....	89
Case 4: Mighty Tieton.....	100
6 CROSS CASE ANALYSIS.....	113
Organizational Implications.....	114
Value creation: Why Firms Form in Incubators.....	119
Evaluation.....	123
Organizational learning.....	129
7 CONCLUSIONS AND RECOMMENDATIONS.....	130
General Recommendations.....	132
Limitations.....	136
Future Research.....	137
REFERENCES.....	139
APPENDIX	
A SURVEY OF ARTS INCUBATORS.....	149
B STAKEHOLDER INTERVIEW QUESTIONS.....	152
C CODES FOR ANALYSIS.....	154

LIST OF TABLES

Table	Page
1. Desirable Policy Outcomes of Arts Incubators as Described in the Literature.....	18
2. Social Construction of Policy Target Groups	19
3. Strategic Priorities of Four Arts Incubators as Articulated by Their Stakeholders...	116
4. Social Construction of Creative Entrepreneurs as Policy Targets	128
5. Alignment of Evaluation Variables with Incubator Strategic Priorities.....	135

LIST OF FIGURES

Figure	Page
1. Framing an Understanding of Entrepreneurial Action in the U.S. Arts and Culture Sector	53
2. “Next Gen” Theory of Change	99
3. Community Members Served as a Function of Number of Incubator Clients.....	125

1. INTRODUCTION

Research motivation

When I began my research into arts incubators, there was very little research – either within the business discipline of entrepreneurship studies or across the disciplines of arts and cultural policy or community development -- on arts incubators, their strategic goals, their forms and funding models, or their evaluation methods. A review of what research exists suggests arts incubators play a role in early stage development of arts-based enterprises and arts organizations as well as capacity building for individual artists. Arts incubators may also serve a community development function.

The last major study of arts incubators was published in 2000 by the National Business Incubator Association (NBIA) in the form of a best practices guide for establishing an incubation program (Gerl, 2000). The focus of the incubators profiled in that monograph, as well as an earlier whitepaper for the National Assembly of Local Arts Agencies (Kahn, 1995) was on nonprofit organizations and local arts agencies supporting the early stage development of other nonprofit arts and cultural organizations. In the intervening years, there has been a proliferation of arts incubators and incubator activities with a wider variety of claimant stakeholders (see Kaler, 2002). Although the goal of some self-described arts incubators fit within the National Business Incubator Association's description of incubation, my research (Essig, 2014a) indicates that arts incubators are more likely to be supporting individual artist development (e.g. Springboard for the Arts) than start-up organizations. Other arts incubators are designed to provide gallery space (e.g. Arts Incubator of North Carolina), or advocate for social change (e.g. Tacoma SpaceWorks). Some incubators focus on community development

or economic development via support for artists, arts organization, or creative industry enterprise growth and development. In this latter regard, policy initiatives such as the “Our Town” program and partnerships such as “ArtPlace” are indicators that there is currently vigorous policy interest in arts-based community development initiatives. Phillips’s (2004) typology of such development activities includes arts incubators as one of four arts-based approaches to community economic development. Recent initiatives such as Arts Incubator of the Rockies exemplify the implementation of this approach.

Further complicating the landscape for arts incubators is their diversity of organizational forms and funding models. While the NBIA (2013) asserts that 93 percent of North American business incubators are “non-profit organizations focused on economic development,” there are other business forms and strategic foci in the universe of arts incubators. These include independent nonprofit organizations, municipally controlled nonprofit auxiliaries, government agency programs, programs of larger nonprofit organizations, and several for-profit arts incubators. There are also a handful of university-based arts incubators that have been studied in a pilot for the current research (Essig, 2014b). Incubator programs deliver a variety of services to their different claimant stakeholders, reflecting a diversity of value propositions.

Operational Definition¹

The National Business Incubator Association describes business incubators as delivering programs that “nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable”

¹ The operational definition of arts incubators used here was published in Essig (2014a), “Arts Incubators: A Typology” during the course of this research.

(NBIA, 2013). Entrepreneur Magazine's definition is complementary: "An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections" (Entrepreneur, 2013). Both emphasize the growth of young companies. "A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding" (NBIA 2013).

Mian (2014) explains, "In its business use incubation is considered as a unique and flexible mix of organized enterprise development processes that enable fledgling new and small businesses to develop by providing critical support to survive and grow in their early stages of development" (p. 335). Arts incubators are considered by NBIA to be a subset of business incubators that specifically target "arts and crafts" (NBIA, 2013) but that definition does little to explain the sector-specific services, goals, and structures of arts incubators. A more useful definition is adapted from the Polish Art_Inkubator: "an arts incubator is an organization that supports future entrepreneurs, non-governmental organizations and artists by helping them to enter the creative industries sector. Arts incubators are a platform that empowers artists and organizations to implement their business and artistic ideas" (Art_Inkubator, 2013). This definition is particularly useful for the current research because it is inclusive of for-profit, nonprofit and individual client stakeholders and because it implies early stage development and market entry, thus distinguishing arts incubators from other artist services and support organizations such as residency programs. It uses the word "platform" rather than "facility" to be inclusive of both physical and virtual incubators. "Platforms" can be understood to "provide

frameworks within which a range of activities can take place” (Wachhaus, 2011).

Organizations or programs are thus considered to be “arts incubators” if they provide some form of developmental assistance (i.e. a “platform,” the scope of which varies) to artists, arts organizations, or creative enterprises in early stages of development or change and call themselves or are called by others in published materials “arts incubators.”

Research Questions

This research seeks to explore and deepen our understanding of this important element of arts infrastructure in the United States: the arts incubator, an organizational form or programmatic initiative that exists at the intersection of artistic production, entrepreneurship, and public policy. The specific questions guiding the research are: Given observed differences across organizational forms and foci, how do arts incubators of various types create value for their stakeholder communities? How do arts incubators evaluate their success at creating that value? What is the relationship between their evaluation methods and their strategic priorities?

Through a comparative case study of four different types of arts incubators (Essig, 2014a), I will show that arts incubation activities are similar to, but distinct from, business incubation activities undertaken in small business incubators in the United States since the 1950s. Literature suggests that arts incubators serve cultural, economic, and community development functions by supporting individual artists, nonprofit arts organizations, and creative industries entrepreneurs. The outputs of arts incubators include new arts-based businesses, showings of incubated artwork, individual artists with enhanced business planning capacity, and more. When arts incubators are used as policy tools, the desired outcomes include community economic development, increased

community vibrancy, community cultural development, and individual artist economic stability and sustainability. However, unlike small business incubators or tech incubators, the value created by arts incubators is often intended to be “extra-economic,” that is, beyond merely economic. Thus, there are challenges to evaluating arts incubator success not faced by small business incubators.

Research Design

The research design implements Bergek and Norrman’s (2008) suggestion that to identify incubator best practice, the black box that is the incubator must be opened. Thus, the questions “How do arts incubators create value for their stakeholder communities” and “how do they evaluate their success at delivering that value” will be answered descriptively and qualitatively using a multiple case-study approach. The cross case analysis enables the development of a framework for evaluating arts incubators in relation to incubator goals. Data includes first person observations, interviews with incubator stakeholders (staff, clients, and supporters), existing published documents, evaluation plans and reports (where available), and a national survey of incubator directors. The mixed methods approach was piloted in my study of university-based arts venture incubators (2014b) and builds on my inventory and typology of US arts incubators (2014a).

The research is contextualized by a review of the extant literature on arts incubators and especially their use as policy tools as well as a review of the literature on the evaluation of small business incubators as no such literature exists on the evaluation of arts incubators beyond what I have recently published (Essig, 2014a and 2014b). Following the review of the literature, a discussion of entrepreneurship in the arts and

culture sector and the “creative industries” construct introduces some of the theoretical issues underlying the study. Arts incubator activity is explained in the context of theories entrepreneurship and theories of the firm as applied to and within the U.S. arts and culture sector.

Four arts incubators have been chosen for in-depth qualitative analysis using a comparative case study approach. These four represent the four “types” identified in my earlier paper (2014a): 1) Arlington Arts Incubator, a county agency program serving nonprofit arts organizations; 2) Intersection for the Arts, a nonprofit organization serving a community cultural development function; 3) Center for Cultural Innovation, a nonprofit arts services organization serving individual artists; 4) and Mighty Tieton, a for-profit incubator of creative enterprises. The cross-case analysis of these four incubators, along with analysis of national survey results, lead to a potential framework for the evaluation of arts incubators that aligns evaluation variables with incubator strategic priorities.

2. LITERATURE REVIEW

An arts incubator may be a program of a local or state arts agency; it may be a nonprofit organization; it may be a facility from which creative enterprises are launched; or it might be a hybrid thereof. Most of the scant literature on arts incubators in the US focuses on nonprofit organizations supporting the development of nonprofit arts organizations. Literature on creative industries incubation in Europe and the Commonwealth countries add some additional context for our understanding of arts incubators. While this literature may express the aspirations of arts incubators to deliver value (cultural, economic, intellectual, or social value) to their community, none address the type of value created, whether or not the incubators actually create value, or how they measure their success at doing so. There is, however, some literature on the evaluation of small business incubators as well as extant literature reviews on business incubators generally (e.g., Hackett & Dilts, 2004; S. Mian, 2014; Tavoletti, 2012) that can be important for our later discussion. This literature review, therefore, focuses on two areas: the extant literature on arts incubator outputs, outcomes, and policy targets; and literature on business incubator evaluation.

Arts Incubators as Policy Tools²

Tavoletti (2012) asserts, “The main expectation of policy makers that invest public money in business incubation is that incubator graduates have the potential to create jobs, revitalize cities and regions, diversify local economies, commercialize new technologies, transfer technology from universities and major corporations and strengthen

² A version of this section was presented at the Social Theory, Politics, and Arts conference in Ottawa in 2014.

local and national economies in general” (p. 424). Literature suggests that the policy outcomes for arts incubators are both more humble and more general. Arts incubators serve cultural, economic, and community development functions by supporting individual artists, nonprofit arts organizations, and creative industries entrepreneurs. The outputs of arts incubators include new arts-based businesses, showings of incubated artwork, individual artists with enhanced business planning capacity, and more. When arts incubators are used as policy tools, the desired outcomes include community economic development, increased community vibrancy, community cultural development, and individual artist economic stability and sustainability. Charting the targets of arts incubation enterprises provides insight into their past, current and potential use as policy tools.

As noted earlier, The National Business Incubator Association (NBIA) considers arts incubators to be a subset of business incubators that specifically target “arts and crafts” (NBIA, 2009). Business incubators as a whole can be understood to be designed to deliver programs that “nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable” (NBIA, 2009). Incubators distinguish themselves from business consultants and research parks “through their particular competitive scope, strategic objective, and service package” (Carayannis & Von Zedtwitz, 2005). Similarly, they are distinguished from co-working or “maker” spaces by the services they provide.

As I write elsewhere (Essig, 2014b), early literature on business incubators (eg. Allen and Rahman, 1985) focused on the incubator as a facility, while more recent

literature focuses on the services an incubator provides (see Hackett and Dilts, 2004).

Bergekk and Norman (2008) observe this shift:

In the incubator literature, the relative emphasis on each component has varied over time, from an initial focus on facilities and administrative services to a more recent emphasis on the importance of business support (Peters et al., 2004). In our opinion the latter is the most important— without business support activities, the denomination “hotel” is a better description than incubator. (p. 21)

Further, Perdomo and his colleagues note, “the role of business incubation has evolved from the originally expected facility and service provider into a consultant organization for knowledge, resources, and policy coordination for both enterprises and national innovation systems” (Perdomo, Alvarez, & Urbano, 2014). Some incubator descriptions (e.g. Grimaldi & Grandi, 2005) include provision for linking capital to new ventures or, at least, the introduction of potential investors to emerging entrepreneurs, while others do not (Peters, Rice, & Sundararajan, 2004). Because the target clients of arts incubators are more likely to be individual artists or nonprofit arts organizations (see Essig, 2014a), this business incubator output is not as relevant in the arts incubator universe as their nonprofit analogs of grant support and fiscal sponsorship.

Kahn’s (1995) monograph on arts incubators examined six organizations that “are concerned with nurturing arts organizations by facilitating their organizational growth and development” (p. 1). Kahn distinguishes this model of arts incubator from others that “provide artists with the business skills necessary to be successful in the marketplace” (p. 2). Gerl (2000) explains that arts incubators “equip nonprofit cultural groups and arts entrepreneurs with the skills, tools, and business environment necessary to meet short-

and long-range objectives” (p. 2). The Polish Art_Inkubator provides the basis for the operational definition used in this research, adapted here from a verbatim translation: “an arts incubator is an organization that supports future entrepreneurs, non-governmental organizations and artists by helping them to enter the creative industries sector. Arts incubators are a platform that empowers artists and organizations to implement their business and artistic ideas” (2013). This definition is broadly inclusive of for-profit, nonprofit and individual client stakeholders and implies early stage development and market entry, thus distinguishing arts incubators from other artist services and support organizations such as residency programs.

In the following section, outputs and outcomes are distinguished in the same fashion as that articulated by Voisey et al (Voisey, Gornall, Jones, & Thomas, 2006). “‘Outcomes’ are differentiated from ‘outputs.’ An output is usually the tangible service that a project delivers, and an outcome is a wider ‘behavioural’ change that results from the output” (p. 457).

Arts Incubator Outputs

Writing of business incubators (albeit with a focus on technology business development), Grimaldi & Grandi (2005) note that “the existence of different incubators and the evolution of their business models over time have been driven by the evolution of company requirements and needs, which in turn has prompted incubators to diversify their offer of services” (p. 111). The needs of artists and arts incubators has similarly

evolved over time, especially since the onset of the fiscal crisis in 2007-2008, from which point over one third of the arts incubators currently operating have launched³.

In 2000, the most common outputs of arts incubators were training, technical assistance, and facilities, leading to outcomes both artistic (e.g., financially stable artists and arts organizations that are able to more effectively produce and distribute art) and economic (e.g., job growth) that together have the potential to build cultural capital, which Phillips (2010) argues is the central activity of arts entrepreneurship. The six organizations profiled by Kahn (1995) subsequently formed the Arts Incubator Alliance, which collaborated with the National Business Incubator Association on the publication of Gerl's 2000 monograph, *Incubating the Arts*. The descriptions of these six incubators provide an overview of incubator outputs at that period in time. As arts incubators became both more prevalent and more diversified, their outputs also expanded to include shared business services, fiscal sponsorship, and, occasionally, direct funding. Thom (2014) includes coaching as a strategic output of arts incubators in the UK.

Training. In support of their capacity-building objectives, arts incubators often provide training, usually in the form of workshops on strategic planning, finance, and legal issues. Training is provided by all of the six incubators profiled by Kahn (1995) and Gerl (2000) as well as by 28 of 43 incubators examined in my later typology (Essig, 2014a). Public investment in such training aligns with policies that implement economic New Growth Theory. "NGT treats advances in growth-enhancing technology as a result of the conscious, strategic decisions of individuals, firms, and governments to invest in the acquisition of skills and knowledge and in potential innovation" (Rushton, 2013, p.

³ Source: data collected by author for Essig (2014b).

4). In addition to workshops, some incubators also provide one-on-one mentorship (TeamSolve, 2014) and coaching (Thom, 2014).

Business assistance. Scillitoe and Chakrabarti (2010) list the array of business services available in small business incubators: “business planning, tax assistance, personnel recruiting, marketing, management, accounting, general legal expertise, accessing financial capital, and accessing business contacts” (p. 157). Several arts incubators offer similar access to technical assistance such as legal advice, accounting, or marketing. The means of delivering such assistance varies. ArtServe in Fort Lauderdale and the now defunct Entergy in New Orleans, for example, connected arts organizations to legal services through a local chapter of Volunteer Lawyers for the Arts (Kahn, 1995) co-located within the incubator facility. More recently, Arts Incubator of the Rockies (2013) offered legal information via a web-based resource-sharing page. New York Designs Business Center and Corzo Creative Incubator offer “office hours” with CPAs and attorneys. The Pave Program in Arts Entrepreneurship, which I direct, offers short one-on-one sessions with lawyers or accountants as part of its professional sustainability workshops.

Facilities. As previously noted, facilities have been a focus of business incubators, as described in the early incubator literature. Gerl, too, focuses on facilities, including detailed descriptions of the facility features available to clients in the six incubators she profiles: offices, conference rooms, production space, programming venue, labs, retail space, and common areas (see pp. 37-50). The monograph even includes floor plans of three of the six incubators. Facility provision is still the most common output of arts incubators and is an output of all incubators with community

economic or business development outcomes (Essig, 2014b). Facilities, as an “output” require significant financial “input.” In his analysis of several European creative industries incubators, Montgomery notes “All of the examples referred to have been made possible by the injection of public sector funding to cover all or a large part of the capital costs associated with building purchase, refurbishment and fit-out.... In return, the government agencies involved can see their capital contributing to the reuse of old and redundant buildings” as well as several less tangible outcomes (2007, p. 651). An Australian arts incubator feasibility study confirms the need for government funding for incubator facilities, “Traditional incubator models offering a mix of facilities and services on the whole require on-going investment from government” (Positive Solutions, 2011, p. 24).

Shared business services. Business assistance is generally provided to individual clients, but shared business services are also provided by some art incubators. Phillips (2004) explains that the provision of support services, combined with other incubator outputs noted previously, “make it feasible for artist entrepreneurs to start businesses” (p. 115). Shared services might include cooperative marketing, financial management, technology support, event management, administrative support, and more (see Gerl, 2000).

Funding. Grant funding is an output of several incubators sponsored by state or local arts agencies. Grimaldi and Grandi (2005) contend that an incubator links “technology, capital and know-how in order to leverage entrepreneurial talent” (p. 111). Connections to venture capital do not appear to be an output of many arts incubators, which are as often as not working with nonprofit arts organizations or individual artists.

Fiscal sponsorship. Although fiscal sponsorship was not addressed in the earlier literature on arts incubations, there are several arts services organizations that now provide fiscal sponsorship to clients, most notably Fractured Atlas, based in New York City, with over 3000 members nationwide (see <http://www.fracturedatlas.org/site/fiscal/>). Three self-described arts incubators can be identified from their published materials as offering fiscal sponsorship services, Legion Arts (Cedar Rapids, IA), Springboard for the Arts (Minneapolis, MN) and Intersection Incubator (San Francisco, CA). The survey results discussed in later sections of this paper address the prevalence of this output.

Social networks. Grodach (2011) contends that arts incubators are particularly successful at creating “work-related advantages through the social networks that they enable artists to build and maintain” (p. 81). The membership-based structure of some incubators confers a relationship status upon its constituent artists or organizations. Hansen et al (Hansen, Chesbrough, Nohria, & Sull, 2000) identify access to professional networks as one of three characteristics of good business incubator design. Other research (Scillitoe & Chakrabarti, 2010) indicates that networking supports faster learning of know-how skills. Thom (2014) notes that “arts incubators also provide network contacts and develop the artist’s networking skills by building collaborations and partnerships among the incubation clients as well as with external artists and art organisations [sic] or representatives of the community” (p. 12).

The outputs above are derived from information about arts incubators in the US as defined specifically for this study. Montgomery (2007) in his study of European creative industry incubators and managed workspaces provides a set of outputs that overlaps only

slightly with this list: space for work; space for cultural and community use; jobs; and visitor numbers (p. 616).

Arts Incubator Policy Outcomes

Kahn's (1995) whitepaper on arts incubators indicates that a primary outcome of business incubators is job growth; Montgomery (2007) considers jobs an output, and it is one of the targeted outcomes of publicly funded small business incubators articulated in the business literature (Allen & Weinberg, 1988). While jobs are a desired outcome for one of the six arts incubators Kahn studied, it is not a focus of the other five. (I also note that that particular incubator, Entergy, failed in 2004 having never achieved its objectives.) Rather, an outcome of several incubators in the 1995 study is "graduated" firms. That is, arts organizations that are independent from the incubator financially and physically after completion of the incubation program. In some cases these incubated arts organizations are new firms and in others are existing nonprofit arts organizations seeking to improve their organizational capacity (e.g. Arts Bridge). In these early years of arts incubation, the latter seems to be more common. Montgomery (2007) includes enterprise development among the outcomes of European creative industry incubators.

Grodach (2011) identifies the problems presented when firms fail to "graduate" from an arts incubator: "In becoming essentially dependent on the incubator, these de facto resident organizations restrict access for other arts groups, reduce the potential audience for an art space, and, therefore, limit the potential impact of this art space role" (p. 80). Several incubator directors have indicated that the professional sustainability of individual artists, rather than the sustainability of arts firms is a desired outcome (in.cu.bate., 2014).

Arts Bridge, founded in 1986 and no longer in existence, is credited as being the first arts incubator (Gerl, 2000). Its founding was incentivized by a feasibility study conducted by the Chicago Department of Economic Development and other research conducted by the Chicago Department of Cultural Affairs. Although it sprouted from public policy research, Arts Bridge was initially founded and governed by private management consultants. The founding principles of Arts Bridge, “to strengthen the economic viability of the arts; second, to promote artistic and cultural diversity; and third, to enhance the role of the arts in the community” (Kahn, 1995, p. 3) are typical of incubators whose desired outcomes are arts oriented as opposed to economically oriented.

Grodach (2011) identifies two strands of literature related to economic development outcomes of support for artists generally. The first strand focuses on the direct economic benefits (skilled labor, specialized services, business attraction) of public investment in arts infrastructure and the second on the indirect effects of such investment “by enhancing interaction within and between communities, which in turn generates businesses, jobs, and tourism dollars” (p. 74). Montgomery, too, points to these less tangible outcomes: “the growth of the creative industries, wealth creation and the general benefits of image where cities come to be associated with creativity, innovation and style. Not all of these benefits are immediately tangible” (2007, p. 615).

Phillips (2004) asserts that arts incubators are one of four types of programs that are used to support arts-based community economic development, the others being artists’ cooperatives, development of tourism, and comprehensive approaches. Grodach (2011) includes arts incubators as one of five types of arts spaces that can be used toward achieving economic and community development outcomes. I note, however, that his

definition of arts incubators, “an art space that offers low-cost technical, administrative, and professional assistance and exhibition, rehearsal, and/or office space for arts organizations, arts-related business, or artists” (p. 77) differs from that employed here for its emphasis on physical facility (the subject of his study) and lack of emphasis on supporting early- or next-stage development of artists and arts organizations in favor of those that have already launched.

Montgomery (2007) identifies the potentially dichotomous axis to describe the policy outcomes of arts incubators:

In developing appropriate models locally, local authorities and agencies will need to be clear whether any proposed new facility is primarily an economic development initiative, that is a means of stimulating the growth of the mainly commercial creative industries, or whether the objective is more to do with artistic development. (p. 616)

In summary, when arts incubators are deployed as policy tools, the desired outcomes may be direct (e.g., jobs, business growth, re-use of abandoned buildings), or indirect (e.g., image, community vitality). Phillips (2004) delineates these:

Indirect effects of arts-based community development approaches are inherently acceptable: amenities and aesthetics of a community are increased to enhance its overall image and, consequently, attract additional growth and development (Phillips, 1998, p. 5). The more evident direct effects include increased economic activity in terms of jobs, sales and public revenues. (p. 112)

Grodach (2011) explains the limitations on achieving indirect outcomes: “The primary contribution of art spaces [of which arts incubators are one type] is that they serve as a

conduit for building the social networks and social capital that contribute to both community revitalization and artistic development” but that their community and economic development potential is limited (p. 75). Whether direct or indirect, desired outcomes may be focused on economic development or artistic development as delineated in Table 1. Strong interest in the indirect or “ripple” effects of arts incubators in the policy environment is derived, at least partially, from the immense popularity of Florida’s (2002) *Rise of the Creative Class*. Although his methodology, results, and the logic of his argument are widely disputed (see, for example, Richards & Wilson, 2006; Stern & Siefert, 2010), there is no doubt that Florida’s book has had a powerful impact on policy actors, who to this day employ his circular creative class argument to advocate for support for community economic development based on the arts and creative industries.

	Direct Outcomes	Indirect Outcomes
Economic Development	Jobs New enterprises Tourism dollars	Creative image In-migration of other new businesses Tourist and visitor traffic
Artistic Development	Stable arts organizations Artists with sustainable careers Increased cultural production	Community vitality

Table 1. Desirable policy outcomes of arts incubators as described in the literature

Incubator Policy Targets

Schneider and Ingram (1997) assert, “different kinds of target populations usually will be associated with particular kinds of goals, rules, tools, rationales, and assumptions” (p. 104). They delineate a typology of four families of socially constructed policy targets: advantaged, contenders, dependents, and deviants (p. 102). See Table 2.

Table 2. Social construction of policy target groups adapted from Schneider & Ingram 1997, p. 109.

The later 1980s to early 1990s marks a period when several of the first arts incubators were developed, as well as a major shift in federal arts and culture policy away from individual artist funding as a result of the “culture wars” of the late 1980s. Individual artists, who had previously been supported by the National Endowment for the

Arts funding were seen by some policy makers, most famously Jesse Helms, as being in the deviant category. The NEA, no longer allowed to provide individual artist support, instead provided support for organizations that targeted both artistic excellence and underserved populations, who are seen in Schneider and Ingram's construct as "dependents," that is lacking political power, but positively constructed. Some indirect policy tools, such as the tax exemption for contributions to nonprofit arts organizations target – or benefit – the "advantaged," that is the politically powerfully, positively constructed cultural elite.

The initiation of the first arts incubators in the late 1980s and early 1990s was coincident with the NEA's shift away from individual support toward support for "dependent" organizations; arts incubators can themselves be seen in that light. In a general sense, one can view the arts incubator as a means for shifting the policy burden out of the deviant category and into the dependent category where the politic risks are lighter. As Schneider and Ingram (1997) note, however, benefits in this category are costly, but burdens (e.g. poor working conditions, below-market salaries) are largely invisible. Thus, there is little political gain to be had by supporting the now dependent arts organizations (including incubators).

To cite one example of how this played out in the early arts incubator environment, one sees that it is in the context of the historical shift away from funding the "deviant" toward funding the "dependent" that San Jose's Multicultural Arts Incubation Program was founded with a significant grant from the NEA "to assist leading San Jose-based multicultural arts organizations with their administrative and organizational development and fundraising ability" (Kahn, 1995 p. 6). While a small

business incubator might target “start-ups,” the policy targets in San Jose were existing organizations (organizations had to have presented work in San Jose for at least two seasons prior to entering the incubation program) seeking increased organizational capacity.

More recently, arts incubators are viewed as a policy tool to improve communities. As noted earlier, Phillips (2004) includes arts incubators in a typology of four arts-based community development techniques. Although Phillips saw incubators as “an economic development tool designed to foster a community’s business development efforts,” (2004, p. 114) incubators have been used more recently in “creative placemaking” efforts that seek to “involve arts organizations, artists or designers working with national and local partners to drive increases in vibrancy and diversity in a place” (ArtPlace, 2013). Phillips, in a later paper, acknowledges this broader potential for arts incubation programs: “The arts incubators also often play a pivotal role in attracting other types of activity and changing perceptions in the area. Though this was initially viewed with some skepticism by many policy makers, it is now recognized as a key to the development of creative industry clusters” (Phillips, 2010, p. 285). Phillips and Shockley (2010) differentiate such endogenous asset-based community development initiatives from the exogenous flow of cultural capital described by Throsby (2010).

Creative placemaking, as described above, became a focus of public policy in 2011 with the National Endowment of the Arts “Our Town” initiative and its partnership with the ArtPlace funding consortium, as well as the Departments of Transportation and Housing and Urban Development. One highly publicized grant from these combined programs went to Arts Incubator of the Rockies. An NEA publication (Beete, 2013)

seems to indicate that the community development outcomes of the incubator had not yet been met – or perhaps measured -- two years after initiation. These outcomes include “strengthening the local economy by supporting and encouraging creative business to add to the economic engine of the region and employing the creative industry’s ability to attract business and improve quality of life” (Beete, 2013). Policy outcome measurement remains a challenge for arts incubators (as well as for creative placemaking more generally, (see Moss, 2012). Phillips explains that arts incubation, “results in a number of quantitatively measured benefits in terms of jobs and visitors. Other benefits from arts incubators may be more difficult to quantify such as the “buzz” or sense of excitement and place and indirect jobs and work opportunities that may arise” (2010, p. 285). My research will show, however, that few arts incubators measure this indirect outcome.

There is scant literature that addresses the impact of *individuals* as the target of arts incubation policy. Ann Markusen, however, notes that artists’ centers sometimes function as incubators, “artists’ centers are dedicated spaces for artists to convene, share equipment and space, and learn from each other, often in formal classroom settings that simultaneously generate income...They operate as inexpensive incubators of entrepreneurship, launching successful small firms and viable artist proprietorships” (2013, p. 5).

Incubator Evaluation⁴

Although there has been some recent research testing various methods for measuring the impact of arts participation (e.g. Lord 2012), there is little literature on

⁴ This section includes and significantly expands upon the literature review conducted for the pilot for the current research (Essig, 2014b). Some overlap is inevitable.

measuring the impact of arts incubators. There is a similar lacuna in the business incubation literature with regard to evaluation. Tavoletti (2012) points out that business incubators have been generally under-theorized. Mian's (2014) literature review of business incubation mechanisms indicates that most major studies of incubator evaluation focus on the assessments of firms in incubators rather than on the incubators themselves, despite Bearse's (1998) impassioned call for incubator evaluation that includes both an impact assessment and incubator performance assessment. Of the 31 studies evaluated by Mian (2014), only 5 explicitly focus on incubator success and benchmarking.

Bergekk and Norman (2008) point out, "no single evaluation framework [for business incubators] has been developed" (p. 20). Subsequently, however, Mian (2011) articulates just such a framework for at least one type of incubator, the university technology incubator, describing three families of variables that can be used in the evaluation of incubators: performance outcomes; management policies and their effectiveness; and services and value-added. Vanderstraeten, Matthyssens, and Van Witteloostuijn (2012) advocate for employing Kaplan and Norton's "balanced scorecard" to evaluate both financial and operational efficacy of business incubators.

Performance outcome measurement is prevalent in the literature and is the focus of the NBIA guidelines for incubator evaluation. The NBIA's guide to measuring economic impact (Erlewine, 2007) suggests that the following performance outcomes are a measure of incubator impact: jobs created, salaries paid, and revenues earned. The survey of graduated firms attendant to this guide adds equity capital attracted and grants received, indicating that these are also indicators of economic impact. Allen and McCloskey's (1990) influential study identified several other performance measures,

including graduation of incubated firms and local retention of graduated firms. More recently, Vanderstraeten et al (Vanderstraeten, Matthyssens, & Van Witteloostuijn, 2012) point to the development of innovative products and services as a performance indicator. This last is analogous in the arts incubator domain to the production of art itself.

Because most literature on business incubator evaluation focuses on impact evaluation rather than process evaluation, knowledge about incubator process evaluation is inferential or even mysterious. Hackett and Dilts (2008) describe incubator operations as a “black box.”

Allen and McCloskey (1990) focus on the third variable. They describe a “value-added” continuum, anchored on one end by the incubator’s real estate development function and on the other end by its enterprise-development program (p. 64). University based incubators, although included by Allen and McCloskey near the enterprise development end, do not fit neatly there because the educational components of a university-based incubator are not considered on their continuum. Instead, they consider three criteria that delineate the ends and middle of the value-added continuum: occupancy rates in the facility, jobs created, and firms graduated, all of which could also be considered as performance metrics, creating a kind of Mobius strip, rather than a clear framework for evaluation.

Business incubator evaluation frameworks

Most literature focuses on output and outcome measures with little attention to organizational performance of the incubator itself or to incubator goals and objectives. Policy objectives, which generally relate to economic development, are largely left to

short-term measures with little or no longitudinal analysis. What consensus there is on incubator evaluation is that incubator goals should be considered. In his pointed critique of the NBIA report on incubator evaluation (Tomatzky et al, 1996), Bearse (1998) notes, “The definition of a business incubator in terms of its goals and objectives provides the essential starting point for an evaluation” (p. 327).

Although the criteria employed by Allen and McCluskey (1990) are statistically measurable, Voisey, Jones, and Thomas (2006), in their case study of a single incubator, conclude, “the measurement of success needs to be broader than a set of statistical outputs” (p. 464). Bergekk and Norman (2008) identify the failure of controlling for incubator goals in previous studies so that evaluation has been outcome-based rather than performance-based. They add, “few studies have put these outcome indicators in relation to goals” (p.22).

Vanderstraeten et al (Vanderstraeten, Matthyssens, & Van Witteloostuijn, 2012), consider four potential evaluation frameworks comparatively, using Tangen’s (2004) prerequisites for a performance measurement system. Tangen’s prerequisites for an effective performance measurement system are:

- Support strategic objectives;
- Have an appropriate balance [between financial and other factors];
- Guard against sub-optimization [the act of measuring should not negatively affect performance];
- Have a limited number of performance measures;
- Be easily accessible; and

- Consist of performance measures that have comprehensible specifications. (2004, pp. 727-728)

Tangen (2004) is important to the current research because of his directive to creative evaluative frameworks that extend beyond financial performance.

Conclusion

Arts incubators have the potential to be used as policy tools, especially, perhaps in the implementation of creative placemaking efforts. They may provide, through facilities, training, fiscal sponsorship, and other services, all means by which individual artists and start-up arts enterprises can sustain their creative practices. The services that incubators provide can lower the barriers faced by such individuals and organizations as they begin their practice or enter new markets. Positive community development efforts may result from such efforts, although those results are often indirect. By focusing artist support on the (arts) entrepreneurial process rather than artistic production itself, the targets of incubators as a policy intervention shift from being constructed as deviant to dependent and, potentially, advantaged.

Policy outcome measurement remains a challenge for arts incubators, even more so than for business incubators. Policy actors may look toward incubated arts enterprises as drivers of community vitality and economic sustainability, but the measurement of their success at doing so is a subject of both discussion and controversy.

3. THEORETICAL FRAMING⁵

This chapter provides context for the conceptualization of arts entrepreneurship in the US, and by extension arts incubation activity, by exploring several areas of theory pertaining to entrepreneurial activity. In the absence of a body of theory about *arts* entrepreneurship specifically, the chapter explores the means/end relationship in general theories of entrepreneurship and applies them to the arts and culture sector in the US context and especially to the formation of arts enterprises, both firms and projects. The ability to recognize new means-end relationships is, according to Shane and Ventkataraman (2000), a prerequisite to entrepreneurial action. Schumpeter (1934, 1942) posited that the “means” of entrepreneurship are “new combinations” (1934, p. 72) that result in “creative destruction” that in turn throws a market into disequilibrium. The Austrian School economists, most especially Kirzner (1997), articulate a theory of entrepreneurship in which discovery is the means of entrepreneurship and profit maximization is the only possible “end.” Sarasvathy (2001) articulates a theory of entrepreneurial decision-making she calls “effectuation,” in which the ends are determined by the means as the process of entrepreneurship unfolds. Entrepreneurial “bricolage” connects means and ends in a resource-poor environment, making it a particularly useful construct for the *arts* entrepreneurship domain.

These general theories serve as context for discussion of entrepreneurial activity in the arts and culture sector, which sector has unique properties that distinguish it from

⁵ A version of this chapter was presented at the 2015 biennial conference of AIMAC in Aix-en-Provence under the title “Means and Ends: A Theory Framework for Understanding Entrepreneurship in the US Arts and Culture Sector” and subsequently revised and accepted for publication in the *Journal of Arts Management, Law and Society*.

what Caves (2000) calls “humdrum” business activities. He notes that “creative goods and services, the processes of their production, and the preferences or tastes of creative artists differ in substantial and systematic (if not universal) ways from their counterparts in the rest of the economy where creativity place a lesser (if seldom negligible) role” (p. 2). Some of these properties, most especially “Creative workers care about their products” (p. 3) and “differentiated” (or “unique”) products (p. 6), lead to economic choices that, while still rational, may not be rent-seeking. Abbing, too, notes that “the willingness to work for low incomes” in the arts and culture sector is high (2002, p. 113). Or, as Caves writes, “motivational factors depress wages relative to ‘humdrum’ occupations requiring similar amounts of training and skill” (2002, p. 78). This tendency at the individual level to forgo profit maximization translates upward to the organizational level where firms form “not to recoup our investment, but to recoup some corner of the universe for our understanding and enlargement” (Fichandler, 1959, qtd in Dower and Carl, 2011, p. 1). Preece echoes this sentiment, “In the absence of profits, entrepreneurs in the not-for-profit performing arts are necessarily motivated by self-fulfillment within the execution of an artistic organizational mission” (2011, p. 108). Thus, *arts* entrepreneurship may occur in extra-economic circumstances; arts incubators, likewise, may have extra-economic goals and objectives. Nevertheless, Schumpeter’s theory of entrepreneurship, because of its focus on the creation of something new and unique in the world, aligns with the activities - if not the motives - of arts entrepreneurs in the nonprofit and for-profit arts and culture sector in the US.

After examining a range of perspectives on the boundaries of “arts and culture sector” in the US, this chapter explores theories of entrepreneurial process and firm

formation generally and as potentially applied to the arts and culture sector. It then synthesizes an approach to arts entrepreneurship based on the relationship between means and ends in the sector.

The Arts and Culture Sector

Unlike in Europe and the Commonwealth countries where the “creative industries” are commonly understood to mean those economic sectors mapped originally by the UK Department of Media, Culture, and Sport in 1998, there is no such common understanding in the United States (Galloway & Dunlop, 2007; Wyszomirski, 2004). A number of scholars look to the creative process itself as the core of the creative industries construct, as its “input,” and intellectual property as its output (see e.g., Potts & Cunningham, 2008). Caves, however, notes that there is more than just creativity involved, “Artists of all types engage in creative processes and tasks that come to completion only through the collaboration of ‘humdrum’ (or ‘ordinary’) partners” (2000, p. 1). Galloway and Dunlop point to the problem of defining the sector solely based on creativity, “Any innovation – including scientific and technical innovations – of any sort in any industry is creative, and, in such terms, any industry is, therefore, potentially a ‘creative industry’” (p. 19). Critiques of Florida’s “creative class” construct also point to the problem of basing a sectoral definition on a universal action such as creativity. Stern and Siefert, for example, point to the in-migration of these broadly defined “creative class” workers as “exacerbating inequality and exclusion” (2008, p. 1).

In contrast, McCarthy, Ondaatje, and Novak (2007, p. 15) take a different approach, describing the sector as an “ecology” inclusive of arts, culture, and entertainment. For the purposes of this research, “arts and culture sector” are seen not a

set of NAICS industry codes, as might be the case in defining “creative industries,” but rather that sector of economic and *social* activity that places artistic production at its center and from which *culture* results. Galloway and Dunlop (2007) distinguish *cultural* industries from *creative* industries across five criteria: creativity, intellectual property, symbolic meaning, use value, and methods of production. It is the latter three that are particularly distinctive to the sector. Products of the arts and culture sector convey symbolic meaning, have a use value first in the communication of ideas and only secondarily in their functional capacity (see Bilton & Leary 2004, and Martin, 2004), and may be produced by industrial or artisan means. However, drawing on Caves (2000) list of economic properties, regardless of the method of production, the creative products are differentiated by what he calls the “infinite variety property” (p. 6). Thus, the arts and culture sector is distinguished from the larger “creative economy” as defined by Howkins (2002), which he defines as inclusive of the copyright, patent, trademark, and design industries. An important distinction, for the purposes of this essay, is made by Williams (1981) “between the corporate ownership of the means of cultural production associated with the development of mass reproductive technologies, and the survival of older artisanal methods of production, typically the non-market area of cultural production supported by public subsidy” (Galloway and Dunlop 2007, p. 24). The control of the means of production by the artist and/or artistic producer is, as we will see, a desirable intermediary for arts and culture entrepreneurs.

In the following sections, various theories of entrepreneurial process and firm formation are discussed to provide context for an analysis of several examples of entrepreneurial activity in the arts and culture sector. The question that arises from this

research is “Why do artists undertake entrepreneurial action?” While the empirical evidence is scant, one theory that emerges from the examples provided is a simple one: that artists form firms or otherwise undertake entrepreneurial action as means toward the end of creating art sustainably.

Theories of Entrepreneurship

Two seemingly contradictory economic theories of entrepreneurial process are those of Joseph Schumpeter (e.g. 1934), who espouses a theory of “creative destruction” of a market in equilibrium as the underlying condition for entrepreneurial activity, and Austrian School economist Ira Kirzner (e.g. 1969, 1973) who sees entrepreneurship as a reaction to conditions of market *disequilibrium* (Kirzner, 1999). Both theories, explained following, have implications for and examples within the nonprofit or for-profit arts sector. (I note, tangentially, that although Schumpeter is himself Austrian, he and others disassociate his theories from those of the neoclassical “Austrian School” economists such as Kirzner, Hayek and von Mises.). As companions to these, two additional theories of entrepreneurial process, “effectual entrepreneurship” (Sarasvathy 2001; Gartner, 1990; Sarasvathy, 2008) and bricolage (e.g., Baker & Nelson, 2005), have implications for both individual artists and arts organizations.

With a nod to Gartner (1990), what do we mean when we talk about entrepreneurial process? All of the theorists mentioned above and following explain entrepreneurship as an action, although Schumpeter and Kirzner explain that action within the context of the larger economic system while theorists of effectuation and bricolage look at the economic actions of individuals (McMullen & Shepherd, 2006). Many people consider new venture creation, the application of resources to opportunities,

and innovation, to be at the core of entrepreneurial activity (see Gartner, 1990, p. 20). Koppl and Minniti (2008) argue, however, that entrepreneurship is a “universal form of human action” in which entrepreneurs “can act, and their actions are aimed precisely at changing the future” (p. 17). While they derive this statement from Kirzner’s writings as explained following, the concept of impactful action, that is, action that changes the future, is fundamental to all theories of entrepreneurship, including entrepreneurship in the arts and culture sector. Scherdin and Zander (2011) characterize this particular form of entrepreneurship, what they term “art entrepreneurship,” as having “a particularly pronounced focus on creativity and the production of novelty...is concerned with the introduction of novel ideas and concepts de-coupled from immediate utility or profit motives...and efforts must rest on other means than proof of practical usefulness or profit potential” (p. 4). Thus, the success (or failure) of actions in the arena of arts entrepreneurship is not necessarily measured by wealth creation, but rather by the exercise of creativity to develop, implement, and “sell” the novel idea and make it accessible to the intended audience” (p. 1).

Schumpeter: Equilibrium and Creative Destruction

Parallels can be drawn between the entrepreneur as described in business literature and the artist: “The entrepreneur has the capacity to trigger a series of phenomena *ex nihilo* or, in other words, to be at the origin of a complete series of events. This is also true of the artist” (Bonnafeus-Boucher, Cuir, and Partouche, 2011, p. 31). This notion of entrepreneurial action triggering a series of phenomena seems to derive from, or at least align with, one of the major economic theories of entrepreneurship, Schumpeter’s theory of “creative destruction.” Schumpeter most famously articulated

the “process of creative destruction” in his 1942 book *Capitalism, Socialism, and Democracy*. However, to understand the cyclical process of destruction he describes as the essence of capitalism, one must go back to his 1934 *Theory of Economic Development*. Schumpeter described stable economic life as a “circular flow” such that

...somewhere in the economic system a demand is, so to say, ready awaiting every supply, and nowhere in the system are there commodities without complements, that is other commodities in the possession of people who will exchange them under empirically determined conditions for the former goods. It follows, again from the fact that all goods find a market, that the circular flow of economic life is closed...

(p. 8)

For economic development to occur, “new combinations” (p. 72) must be created. “The carrying out of new combinations we call ‘enterprise’; the individuals whose function it is to carry them out we call ‘entrepreneurs’” (p. 74). Schumpeter calls the entrepreneurial creation of these new combinations “creative destruction” (1942/1950, p. 81). Schumpeter notes that the “fundamental impulse that sets and keeps the capitalist engine in motion” is derived from five possible cases, delineated in slightly different wording in both the 1934 (p. 66) and 1942/1950 (pp. 81-83) volumes:

1. Introduction of a new good
2. Introduction of a new method of production
3. Opening of a new market
4. Conquest of a new source of raw materials⁶ and

⁶ The term “conquest of a new source of supply” was left out of the 1942 list of sources of creative destruction, perhaps (and I only speculate) because of the coincident attempt

5. New forms of industrial organization

Each type of these creatively destructive new combinations have applicability to and examples to be drawn from the nonprofit or for-profit arts and culture sectors.

Schumpeter himself likened entrepreneurs to artists (painters) both of whom are dynamic agents of change (Swedberg, 2006). Some examples of the forces of creative destruction originating in the arts or enabling the forces of creative destruction there are:

1. Introduction of a new good. Schumpeter himself draws on an example from the arts to illustrate this concept: “The creation of a new good which more adequately satisfies existing and previously satisfied needs is a somewhat different case. The production of an improved musical instrument is an example. In this case the possibility of profit rests upon the fact that the higher price received for the better commodity surpasses its costs, which are likewise higher in most cases” (1934, p. 135).
2. Introduction of a new method of production. Digital music production is an example of a new method of production (in this case, a technology) that caused the destruction of the circular flow from artist, through recording label, to wholesaler and retailer, to consumer back to artist via the record label and licensing. Digital music production enabled digital distribution and a disruption of the previously existing industry structure. However, the digital mass production of music is problematic for our definition of the arts and culture sector. To maintain its position therein, as opposed to the larger, the music must maintain its purpose

at the conquest of Europe by a non-capitalist state. Instead, in the later treatise Schumpeter includes “new methods ... of transportation” (1942/1950, p 83).

as the conveyance of symbolic meaning and its means of production in the hands of the artist, rather than the marketer.

3. Opening of a new market. The regional (nonprofit) theatre movement of the 1940s and 1950s, incentivized in part by McNeil Lowry at the Ford Foundation and exemplified by the opening of professional theatres in Houston, Minneapolis, Washington, Milwaukee, and elsewhere is credited with opening the market for professional theatre beyond the confines of New York City (see, for example, Ziegler, 1973).
4. New methods of transportation. While new methods of transportation may not originate within the arts and culture sector (although there have been some very clever designs for road cases), such changes do enable entrepreneurial action there. With the market for professional theatrical production opened by the nonprofit theatre movement, improved methods of transportation, including an improved interstate highway system and declining costs of air travel, tours of *commercial* theatrical production beyond the radius of New York City where such productions originated also became a possibility.
5. New forms of industrial organization. The inclusion of much arts activity as a charitable purpose under the education clause of 26 USC § 501 (c) 3 incentivized the organization of nonprofit arts organizations, leading to many new enterprises, new artworks, and new funding mechanisms for the arts.

Phillips (R. J. Phillips, 2010) describes the potential for motives other than entrepreneurial profit to be ascribed to the entrepreneur in the arts sector. She differentiates “arts entrepreneurship” from entrepreneurship more generally as “the

process whereby tangible *cultural* capital is created” (p. 259, emphasis mine). The possibility to focus on art’s symbolic meanings over profit is articulated by Zelda Fichandler, founder of Arena Stage in Washington DC, “We made the choice not to recoup our investment, but to recoup some corner of the universe for our understanding and enlargement” (Fichandler, 1959, qtd in Dower and Carl, 2011, p. 1). Preece points to another non-economic motivation, “In the absence of profits, entrepreneurs in the not-for-profit performing arts are necessarily motivated by self-fulfillment within the execution of an artistic organizational mission” (2011, p. 108). Thus, *arts* entrepreneurship may occur in extra-economic circumstances. Nevertheless, Schumpeter’s theory, because of its focus on the creation of something new and unique in the world, aligns with the activities, if not the motives, of entrepreneurial activity in the nonprofit and for-profit arts and culture sectors. For some economists, however, profit seeking is the only motive for entrepreneurial activity.

Kirzner: A System in *Disequilibrium*

Schumpeter viewed entrepreneurship as occurring within and disrupting a system in equilibrium – the “circular flow of economic life.” Kirzner (1979, 1997, 1999) offers an opposing perspective. Kirzner, along with his colleagues from the school of Austrian economics, contend that entrepreneurship is an act of “discovery” that takes place in an economy in an inherent state of disequilibrium in which there are always unknown (but discoverable) opportunities for gain. He himself articulates the key difference between his theory of entrepreneurship and Schumpeter’s, “Schumpeter’s entrepreneur, I pointed out, was essentially disruptive, destroying the pre-existing state of equilibrium. My entrepreneur, on the other hand, was responsible for the tendency through which initial

conditions of disequilibrium come systematically to be displaced by equilibrative market competition” (1999, p. 5). As part of a larger critique of neoclassical market equilibrium theory, Kirzner notes, “in equilibrium there is no scope for pure profit: there is simply nothing for the entrepreneur to do” (1997, p. 69). For Kirzner and his colleagues, the motive for undertaking an entrepreneurial process is wealth creation via entrepreneurial profit: “The Austrian concept of the entrepreneurial role emphasizes profit as being the prime objective of the market process....[E]ntrepreneurial alertness is stimulated by the lure of profits” (1979, p. 11; see also 1982, p. 150). Koppl and Minniti (2011) offer a more universal application of Kirzner’s theory, arguing that each act of entrepreneurship creates the possibility of more entrepreneurship: “the entrepreneur is a catalyst for activity for the community as a whole” (p. 17).

Kirzner derives his theory of entrepreneurship largely from his senior colleague von Mises’ theory of freedom and individual action. “Misesian theory of human action conceives of the individual as having his eyes and ears open to opportunities ‘that are just around the corner’” (Kirzner, 1979, p. 7). Entrepreneurial discovery is seen as “gradually but systematically pushing back the boundaries of sheer ignorance, in this way increasing mutual awareness among market participants and thus, in turn, driving prices, output and input quantities and qualities, toward the values consistent with equilibrium” (1997, p. 62)

One could view the discovery or unearthing of latent demand as one way to enact Kirzner’s approach to entrepreneurship. Frumkin explains “that the creation of new enterprises of any kind, far from occurring in a vacuum, actually creates new markets and demand for new services...entrepreneurs create projects for which there may be only

latent demand” (2002, p. 143). Frumkin attributes this supply side perspective to J.B. Say, the nineteenth century French economist widely credited with first coining the term “entrepreneur.” Say’s conception of the entrepreneur as one who “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” is also descriptive of the entrepreneur’s prerequisite state of disequilibrium that Kirzner asserts is necessary (n.d. quoted in Dees 1998, p. 2).

There are multiple examples of arts and culture organizations exploiting (or attempting to exploit) latent demand that is “discovered” in the Kirznerian sense. In the arts services sector, for example, Brown Paper Tickets was founded when William Jordan realized that a basic ticketing application on his website was of use to many small event producers; he “discovered” the demand for this service in a market that had not reached an equilibrium point (Lang Jones, 2012). On an individual level, Jim Henson offers an interesting case of alertness to opportunity leading to entrepreneurial action that netted substantial profit, although he seemingly was not *motivated* by that profit. Throughout his career, Henson needed a steady source of revenue to finance what he considered to be his creative art. Early in his career, this revenue stream was provided by work in commercial advertising. Henson was alert to the opportunities for merchandising as an alternative revenue stream shortly after *Sesame Street* debuted. His agent, Bernie Brillstein, motivated Henson to exploit that opportunity not through the profit itself but by what it would provide, “you will make enough money to have artistic freedom for the rest of your life” (in Stevens, 2013, p. 19).

The uncertainty of demand is one of the basic economic properties of creative activity as articulated by Caves. He notes, “research and pretesting are largely ineffective,

however, because a creative product's success can seldom be explained even ex post by the satisfaction of some pre-existing need" (2000, p. 3). Willingness to produce a cultural product in the absence of an identified market is antithetical, however, to Steve Blank's proscription for entrepreneurs to "get out of the building" (Blank, 2012). On the contrary, engagement with *potential* audience during the development phase of a firm or a project can excite the inchoate demand in a community of potential audience members. Nytch, in his case study of the Pittsburgh New Music Ensemble explains,

[Artistic] directors used their own knowledge and experience in the field of contemporary music to guide the redefining of its artistic product in such a way as to satisfy the desire of their audiences for a more compelling and engaging experience ... It is important to note that the entrepreneurial impulse was not a new venture; rather, the entrepreneurial impulse was the art itself, a new artistic product (and a new organizational identity) designed to better connect with its market/audience. (Nytch, 2012)

Something from Nothing: Bricolage

Entrepreneurial bricolage can be defined as "making do by applying combinations of the resources at hand to new problems and opportunities" (Baker & Nelson, 2005). Bricolage bears some distinct similarities to effectuation described following, but it differs in two fundamental ways. First, it is a theory based on an economic state of resource constraint. Entrepreneurial bricolage occurs in a resource-poor environment and is, in that sense, a process of last resort. Effectuation, as a process of decision-making, may happen in resource environments of scarcity or richness. Further, entrepreneurial bricolage begins with an end in mind and thus is more similar to

Kirznerian entrepreneurship than to effectuation. The constrained resource environment is mined for “whatever is at hand” (see Levi-Strauss, 1967) to achieve a forecasted end product. “Bricolage capabilities may help firms explore and exploit new opportunities that might appear too expensive to pursue through other means” (Baker and Nelson, p. 357). Entrepreneurial bricolage also bears some relationship to Schumpeter’s concept of entrepreneurship as “new combinations,” for its theme of combining resources for new purposes. Schumpeter, however, viewed “new combinations” as the product of the entrepreneurial action rather than its means.

Garud and Karnoe (2003) look at entrepreneurial bricolage through a sociological rather than economic lens. “We use the term bricolage to connote resourcefulness and improvisation on the part of involved actors” (p. 278). Because artists and arts entrepreneurs often work in environments of severely constrained resources and are acculturated to improvisational activity (sometimes through formal training), it is not surprising that there are multiple examples of entrepreneurial bricolage in both the for-profit and nonprofit arts sectors. Preece (2013) describes how he employed a process of bricolage to found the Grand River Jazz Society (GRJS), explaining how the entrepreneurial activity of launching the GRJS illustrates each of the three elements of bricolage delineated by Di Dimenico et al. (2010): making do, a refusal to be constrained by limitations, and improvisation. I can cite several additional examples from my experience with the Pave Program in Arts Entrepreneurship. Perhaps most apt for an example of bricolage is the launch of Rising Youth Theatre, an Arizona nonprofit tax-exempt corporation started by two ASU alumnae. One recently explained the launch of the company to an arts entrepreneurship class in this way, “We knew while we were still

students that we wanted to start a theatre company for young people in the community but we really started from nothing.” They subsequently put together their first season of programming by scrounging (begging, borrowing) both physical and human resources from among their network of collaborators as well as other small arts organizations. Currently in its fourth season, RYT still operates on a shoestring, but they have seemingly created something from nothing more than the founders’ passion and community interest.

Neither Equilibrium nor Disequilibrium: Effectuation

Both Kirzner’s and Schumpeter’s theories of entrepreneurship are conceived of for a market economy already in existence. The theory of effectual entrepreneurship, or effectual thinking more generally, begins not from market equilibrium or market disequilibrium, but from market *non-existence*. Effectuation or effectual entrepreneurship “involves understanding how to make decisions in the absence of preexistent goals” (Sarasvathy, 2001, p. 244). Sarasvathy’s definition is clear:

Causation processes take a particular effect as given and focus on selecting between means to create that effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means. (2001, p. 245)

Although at first reading the theory of effectuation could be interpreted to be, like Kirzner’s, a theory focused on opportunity discovery, it is better understood as an up-ending of his concept of means and ends. (Shane & Venkataraman, 2000) contend that the means-end relationship is central to Kirzner’s theory of entrepreneurship in that entrepreneurship is the *discovery* of new means-end relationships. Sarasvathy’s (2001)

concept of effectuation differs from Kirzner's theory in that the means are known and the ends unknown. Kirzner's theory is that the entrepreneur "discovers" previously unknown means for achieving a known end (profit maximization). Conversely, the means for effectual entrepreneurship originate with the entrepreneur herself: who she is, what she knows, and whom she knows, rather than with opportunities. To her credit, Sarasvathy does not view effectuation as the one right way to do entrepreneurship but rather one of two toolboxes at the disposal of the entrepreneur: the causal and the effectual (Sarasvathy, 2001; Sarasvathy, 2008).

There are many examples of effectual entrepreneurship in the arts and culture sector. In some ways, effectuation is the *modus operandi* of much art practice. Devised theatre offers a clear example of effectuation applied to the *creative* process:

Devised theatre can start from anything...A devised theatrical performance originates with the group while making the performance, rather than starting from a play text that someone else has written to be interpreted. A devised theatre product is work that has emerged from and been generated by a group of people working in collaboration. (Oddey, 2013)

An effectual process can be applied in an arts entrepreneurial context as well, as exemplified by a recent graduate student project. After inventorying who they are, what they know, and who they know, five graduate students in theatre and dance generated ideas for approximately 40 arts enterprises. Multiple iterations later, the group launched SAM: Student Art Market, capitalizing on their knowledge of marketing, organizational skills, and partnerships with both student artists and a host venue. Faced "with a wall of post-it notes and endless possibilities," the group "agreed upon a set of criteria that would

be used to help narrow the plethora of ideas” from 40 to 4 (Maticic, 2014). The decision calculus applied means criteria around the notion of “do-ability,” rather than adherence to a path leading to a specific (arts entrepreneurial) goal.

In her essay “Please Don’t Start a Theatre Company,” Rebecca Nowick (2011), without ever citing theories of entrepreneurial process, drives home the distinction between the causation model of entrepreneurship that begins with the end in mind and the effectual model that keeps open all possible outcomes from a given set of means. She notes that upon arriving in San Francisco at 23, “I founded Crowded Fire Theater Company, full of plans for it to quickly become the next major regional theater” (p. 65), but after struggling to keep the company (or “artifact,” to use Sarasvathy’s term) afloat, the company failed and she joined many of her contemporaries, whom she interviews for the article, in “experimenting with hybrid art forms and hybrid income models, with new methods for community engagement, and a new balance between money for the art and money for administration” (p. 67). In a clear example of effectual entrepreneurship, she quotes Aaron Landsman of the experimental theatre troupe Elevator Repair Service, “We looked around and saw that the artists in the work had [administrative] skills already. So we worked with people who already had committed to ERS artistically. That keeps us all more employed, and keeps the integrity of the work front and center” (p. 68). This approach, of building organizational structure from existing resources without a fixed end in mind goes to the heart of the definition of effectuation.

Fisher (2012) provides a very useful comparison between effectuation, bricolage, and traditional approaches to entrepreneurship such as Kirzner’s that focus on entrepreneurship as the recognition or exploitation of (economic) opportunity (see also

Shane & Venkataraman, 2000). Using an alternate template research design to explain the process of entrepreneurship, Fisher examined six tech start-ups using 2006 data. In all cases, some combination of effectuation and bricolage were used to start the businesses. Two also used some causation processes. Although it is not mentioned in the article, I observe that only the two firms that employed actions explained by *all three* theories of entrepreneurial process are still in existence. As mentioned previously, Sarasvathy (2008) values the “toolboxes” of both effectuation and causation. And Kirzner himself reconsidered the supremacy of his theory over others, writing, “The reconsideration here undertaken indeed permits us to see how both the Schumpeterian view of the entrepreneurial role and my own view can both be simultaneously accepted” (1999, p. 16).

Firms and Individuals

Entrepreneurship is a field of action that can be explained by several different theories; a state of affairs that Bull and Willard (1993) contend has inhibited academic study of it. The end result or “artifact” (Sarasvathy, 2001) of entrepreneurship as it is understood in the business context is the formation of a firm. Firms are a mediating structure that connect the means of the entrepreneur with their desired ends. Scherdin and Zander explain: “In the context of art, entrepreneurship is about the discovery and pursuit of new ideas, using a multitude of artistic expressions and organizational forms as vehicles by which to express and convey these ideas to the public” (2011, p. 3). The firm is one vehicle, one organizational form, through which the artist conveys meaning to the public. In the US arts and culture sector in which public funding for individual artists is scant, the individual artist must behave as a firm in order to do make that connection.

Thus, theories of the firm inform our understanding of such mediating structures. The US arts and culture sector is inclusive of nonprofit organizations, for-profit creative enterprises, and artists working sustainably as sole proprietors, each of which may organize to reduce transaction costs, make more effective decisions, share knowledge, or convert capital from one form to another.

Firm Formation

Coase (1937) asserts that firms exist to coordinate production within a market economy that is not centrally coordinated but rather coordinated by the price mechanism. His theory contends that firms form when the costs of transactions and contracts are reduced by coordination of production within firms rather than directly in the marketplace. In essence, Coase articulates a transaction cost theory of the firm, “the operation of a market costs something and by forming an organization, and allowing some authority (an ‘entrepreneur’) to direct the resources, certain marketing costs are saved” (p. 392). Although this is not the sole reason Coase uses to explain firm formation, it is foundational to the concept of transaction cost economics (as further developed by Oliver Williamson and others), a concept that did not receive much traction in economics until 30 years after Coase’s essay was first published (Coase, 1988). Examples of arts and culture firms forming for this reason, transaction cost savings, abound. In the for-profit sector, firms that offer tours of commercial productions such as “Broadway Across America” form to most efficiently bring individual productions to national markets, the cost of which would be prohibitive to individual producers. Nonprofit arts organizations similarly exist to connect art with its audience in ways that would be cost prohibitive for individual artists or independent producers (see Chong,

2011). By entering an arts venture incubator, a client firm's transaction costs – and the cost of doing business more generally – are reduced. Shared space, centralized office operations such as photocopying, and participation in joint marketing efforts are services offered by arts incubators to reduce the start-up transaction costs of the emerging arts organizations (see Kahn, 1995; Gerl, 2000).

These resident firms are small; indeed, in half of the arts incubators in the US, the “firm” is an artist operating as a sole proprietorship or individual (Essig, 2014a). In such cases, the entrepreneur (the founder) and manager are one and the same. As firms develop and the systems of contracts that defines them is established (Fama, 1980), the functions of the creator/innovator and the manager may become more separate. Gartner (Gartner, 1990) argues that the action of entrepreneurship ends with firm formation when management evolves to take precedence. This perspective aligns with Schumpeter's, who views entrepreneurship and management as two opposing “types of conduct” (1934, p. 83). The arts incubator (or small business incubators more generally) may provide *both* shared business services and “management guidance” (NBIA, 2009a).

Cyert and March (1963) offer a behavioral theory of the firm that builds on Simon's (1945) foundational work on bounded rationality. In asserting that firms are decision-making networks, they argue against two core assumptions of the classical theory of the firm (that which pre-dates Coase): that firms exist solely to maximize profit and that they exist in an environment of perfect knowledge (see the discussion of knowledge-based theory of the firm following). They make a simple attack on the profit maximization theory stating, “We can argue that entrepreneurs, like anyone else, have a host of personal motives” and that organizational behavior results from the interaction of

its individual members (p. 9). They substitute “satisfactory” profits for maximum profits.

Denhardt effectively summarizes the behavioral approach:

This view sees the organization as less interested in attaining specific goals or objectives than in operating within the framework of a set of constraints negotiated through the various components of the organization. Operating with these constraints, the organization attempts to reduce uncertainty in its environment and to seek out those alternatives that are immediate, available, and related to the problem at hand. (2008, p. 82)

In this description we see a clear contrast between a model of a firm based on goal attainment, and one based on behavior in reaction to constraint. Such a distinction is helpful in understanding the differences between small business incubators and arts incubators. The National Business Incubator Association (NBIA) notes that a small business incubator “aspires to have a positive impact on its community's economic health by *maximizing* the success of emerging companies” (2009b, emphasis mine). The success of such incubators is measured by jobs created and capital attracted, reflecting the specific incubator goals. The goals of arts incubators are both more diverse and less concrete, ranging from support for individual artists through the more quantifiable economic growth maximization goals of the small business incubator (Essig, 2014a). This distinction parallels that between for-profit and nonprofit enterprises generally.

This range or continuum of objectives is analogous to Dees’s (1996) social enterprise spectrum, at one end of which “money is not the primary medium of exchange nor the primary measure of value creation” and at the other end of which is a profit-maximizing commercial enterprise. Dees notes that the two extremes are theoretical and

rarely exist in their pure form. Nevertheless, the spectrum is a useful analog to the range both of arts incubator types and client types within the arts incubators. Incubators, when viewed as firms, range from the commercial, returning profit to an owner who invests in client companies, to firms that are organized not only as nonprofit organizations, but whose aims are solely to produce *art*, absent any explicit profit motive. Arts and culture organizations resident in incubators can be placed on a similar continuum from commercial enterprises such as a graphic design firm to nonprofit organizations with exclusively charitable social purposes (e.g. a company that provides arts education programs to foster children).

Grant (1996) develops a theory of the firm based on coordination of knowledge rather than minimization of costs or decision-making structures, which theory also has applicability to entrepreneurial action in the arts and culture sector and specifically to the activities of arts incubators. He divides knowledge into two broad categories, “knowing how” (tacit knowledge) and “knowing about” (explicit knowledge) (p. 111). Grant argues that firms exist “because they can create conditions under which individuals can integrate their specialist knowledge” (p. 112). This statement can be used to explain both firm formation within incubators (e.g. a dance company forms so that specialized knowledge of choreographer, dancer, designer, and stage manager can be shared) and the organization of arts incubators themselves, which are often designed to facilitate the transfer of specialist knowledge (e.g. knowledge of budgeting and accounting practices) to client firms. Further, firms can be understood “as a social community specializing in the speed and efficiency in the creation and transfer of knowledge” (Kogut & Zander, 1996). The firm is the locus for tacit knowledge, which Grant notes is not easily

transferrable, “it can be appropriated only through its application to productive activity” (1996, p. 111). Emergent arts organizations may be resident *in* an incubator where they can practice the application of tacit knowledge in an environment in which some of the inherent risks of the open market are reduced. Raffo et al contend that business knowledge is most effectively gained in a situated context and by doing, “Cultural entrepreneurs seemed more concerned with concentrating on the doing: on developing grounded ‘authentic’ experience, rather than talking about doing” (Raffo, O'Connor, Lovatt, & Banks, 2000, p. 227). In other words, in a somewhat tautological relationship between firm formation and knowledge, cultural entrepreneurs gain knowledge by launching firms so that they can effectively launch their firms.

DiMaggio (1991) traces the emergence of firm formation in the US arts and culture sector to the second half of the nineteenth century, “out of the efforts of urban elites to build organizational forms that, first, isolated high culture and, second, differentiated it from popular culture” (p. 374). This returns us to the definitional problem at the beginning of the chapter, that of “creative industries” versus “arts and culture sector.” If one defines an entrepreneur in terms of investment of capital, these Boston Brahmin captains of industry fit that bill, but their “creative destruction” in the arts and culture sector was organizational rather than production-oriented. “The form that the distribution of high culture would take was the non-profit corporation, governed by a self-perpetuating board of trustees who, eventually, would delegate most artistic decisions to professional artists or art historians” (p. 380-381). During the period DiMaggio describes, there was a market opening in the Kirznerian sense because “The lines dividing non-profit, co-operative, for-profit and public enterprise were not as strong

in the nineteenth century as they would become in the twentieth” (DiMaggio, 1991 p. 379). One could argue that such investment by the “cultural capitalists” described by DiMaggio reached its apogee in McNeil Lowry’s stewardship of the Ford Foundation’s arts program, which culminated in the establishment of so many of the nonprofit arts and culture organizations that are his legacy today. Yet, there is nothing Kirznerian about the end result of such investment; investment was made in *nonprofit* arts and culture organization, perhaps to maximize culture capital, but most assuredly not to facilitate financial return on investment.

Means and Ends: Understanding Arts and Culture Entrepreneurship

Although DiMaggio (1991) identified the earliest US cultural entrepreneurs as the cultural elite, contemporary arts and culture entrepreneurs are often doing just the opposite, forming firms or establishing individual creative practices *outside* of the now-established system of nonprofit legacy arts organizations that began with the establishment of the Boston Symphony and Boston Museum of Art. The conceptualization of entrepreneurship in the arts and culture sector aligns with Shane and Venkataraman's construction of entrepreneurial action in which an opportunity must be recognized or created, evaluated, and exploited to create new (i.e. “future”) goods, either in a new firm, within an existing firm, or through individual market entry. In the arts and culture sector, those goods or services are “aesthetic goods” and/or “cultural goods,” where such are understood to meet criteria discussed earlier for their conveyance of symbolic meaning (cf. Galloway & Dunlop, 2007) and differentiation (per Caves, 2000) or that express of “cultural uniqueness and foster cultural diversity” (Hogeschool voor de Kunsten Utrecht, 2010, p. 26). Shane and Venkataraman’s contention that entrepreneurial

opportunities arise from disequilibrium may, according to (Bonin-Rodriguez, 2014) “resonate with many artists accustomed to fickle audiences” (p. 103). They further contend, “An entrepreneurial discovery occurs when someone makes the conjecture that a set of resources is not [yet] put to its ‘best use’” (p. 220). What then are the resources – the means – exploited by the arts and culture entrepreneur to create new goods?

Based on theories of entrepreneurial process and firm formation discussed previously, the “means” of arts and culture entrepreneurship are:

- alertness to opportunity (Kirzner)
- financial capital (Kirzner, Schumpeter)
- new combinations, also known as “creativity” (Schumpeter)
- specialized knowledge (Sarasvathy; Grant)
- social capital (Sarasvathy; Preece)

And its ends, potentially, are:

- wealth creation
- value creation through creative destruction
- cultural capital via the production of aesthetic and cultural product/service
- sustained creative practice

If *entrepreneurial* opportunity differs from other types of opportunity because they “require the discovery of new means-ends relationships” (Shane and Venkataraman, 2000, p. 220), then what are the mediating channels that the arts and culture entrepreneur can exploit to connect the former with the latter? The “creative industries” construct, inclusive of advertising, fashion, architecture, and the like, may support the formation of a for-profit firm as the most effective way to exploit specialized knowledge and financial

capital to generate wealth; the cultural elite profiled by Dimaggio (1991) created – and continue to create - new opportunities to convert financial capital into cultural capital through nonprofit corporations; groups of artists may discover opportunity to gather specialized knowledge through an artists collective to produce value; and individual artists, by controlling their own means of production may be able to combine specialized knowledge with social capital to “create something out of nothing” through a bricolage process. The boundaries between each of these types of entrepreneurial activity in the arts and culture sector may be diffuse, but their relationship, as illustrated in Figure 1 provides a framing logic for consideration of the field.

Figure 1. Framing an understanding of entrepreneurial action in the US arts and culture sector.

In a recent review of the definitions of arts entrepreneurship in the literature of arts and culture management and cultural policy studies, Chang and Wyszomirski suggest, “‘arts entrepreneurship’ is a management process through which cultural workers seek to support their creativity and autonomy, advance their capacity for adaptability, and create artistic as well as economic and social value” (2015, p. 24). A different definition may result from a review of literature generated from within the disciplines of artistic practice, as does the one that arises here. While arts entrepreneurship is indeed a process, it would seem from the theories and exemplars previously discussed (as well as the earlier writings of Schumpeter (1942) and Gartner (e.g. 1990)), that arts entrepreneurship in the U.S. arts and culture sector is a process of discovery and creation rather than management. While the means available and the desirable ends may differ from artist to artist, arts entrepreneurship can be understood to be the process of connecting those means with those ends through an appropriate mediating structure. That structure requires “management,” and perhaps it is management of these constructs (individual practices, collectives, and firms of different types) to which Chang and Wyszomirski allude. Their definitional work is groundbreaking and opens up important avenues of research around five categories of managerial concepts that they identify from the literature as strategies, tactics, competencies, mindset, and context. I suggest, however, that the start of the process of arts entrepreneurship precedes these categories in the act of creation and/or discovery of ways to connect means with ends.

I have earlier written that arts entrepreneurship exists on a continuum from individual artists enacting entrepreneurial habits of mind in their creative practice at one

end to new venture creation at the other (Beckman & Essig, 2012). The means and ends framework described here expands that continuum into the three-dimensional space of the arts and culture sector. As a growing number of scholars interrogate the activities of arts entrepreneurs, broadly understood as people who undertake entrepreneurial action within the arts and culture sector, the means-end framework can be employed to understand the process of intermediation – the entrepreneurial action – that connects them.

What the intermediating structures have in common is that they can empower the artist, artist collective, or arts and culture organization to continue to produce work sustainably (when combined with sound management practices). The artist takes the creative risk to make significant unique work of symbolic meaning. The arts entrepreneur minimizes risk by surrounding that work with a structure that enables them to connect their means (who they are, what they know, who they know, and what they have) with the end product of a repeatable, and potentially scalable, creative enterprise.

4. METHODS FOR DATA GATHERING AND ANALYSIS

This research design implements Bergek and Norman's (2008) suggestion that to identify incubator best practice, the "black box" of the incubator must be opened. Thus, the questions, "How do arts incubators of various types create value for their stakeholder communities? How do arts incubators evaluate their success at creating that value? What is the relationship between their evaluation methods and their strategic priorities?" are explored descriptively and qualitatively using a multiple case-study approach. This mixed-methods approach to surveying and analyzing arts incubators was successfully piloted in my 2014 study of university-based arts venture incubators (Essig, 2014b). The case studies and analysis that follow are both instrumental (per Stake, 2010) and interpretive (per Merriam, 1988). These case studies provide practical models for arts incubation activity and result in a framework for arts incubator evaluation. Data includes interviews with incubator stakeholders (staff, clients, and supporters), existing published documents, evaluation plans and reports where available, and a national survey of incubator directors.

The multicase method itself was chosen for this project because case study research is interested in "insight, discovery, and interpretation" (Merriman, 2009, p. 42). As Stake describes, "Previously unknown relationships and variables can be expected to emerge from case studies leading to a rethinking of the phenomenon being studied. Insights into how things get to be the way they are can be expected to result from the case studies" (1981, p. 47, qtd in Merriam). Multicase analysis will provide the means to generalize and theorize on the broader topic, or what Stake (2006) refers to as a

“quintain,” a metaphorical post around which the broadly construed question of interest (“How do arts incubators work?”) revolves.

Sampling: The arts incubator universe

The universe of incubators consists of the inventory of arts incubators developed for my earlier typology research (Essig, 2014a) and five additional incubators that were subsequently brought to my attention by scholars and practitioners in the field. To develop the initial inventory, I gathered the names of as many incubators as possible from multiple sources over a period of months and then researched each incubator individually. The inventory is therefore a snapshot of arts incubator activity taken during May-August 2013 that was developed in several stages. A preliminary list was developed from a key word search on Google and on LexisNexis using the terms “art incubator” and “arts incubator.” This was followed by a database search of scholarly literature. Arts incubators cited by the 1995 National Association of Local Arts Agencies descriptive study on the topic (Kahn 1995), the Gerl (2000) monograph, and others were added to the list. I made direct inquiries of the research directors of the National Business Incubation Association, Americans for the Arts, and National Association of State Arts Agencies, none of which organizations have or maintain lists of arts incubators. Finally, an open call went out to the Cultural Research Network (CRN) for the names of arts incubators that may have been missed in the other searches.

This initial search yielded a list of sixty-five entities. Five incubators were outside of the US and eliminated from the study. Nine more were eliminated because they were in the planning stages only, had been planned or never opened, or otherwise had ceased operations. Another eight were eliminated because they did not “provide developmental

assistance to artists, arts organizations, or creative enterprises.” Among those eliminated, for example, are programs such as “Flourish Studios,” which is a counseling center, or a local arts agency that does not provide incubation beyond the granting programs one normally expects from such entities, and small business incubators that do not specifically target the arts or creative industries. Programs or organizations that only provide space without the training, mentoring, and business services of an incubator (eg, the Greenpoint Manufacturing and Design Center in Brooklyn, NY suggested for inclusion by a CRN member) are likewise not included. Such facilities are considered to be a “hotel.” Similarly, I excluded co-working spaces that do not provide services or do not focus on the arts, even though I acknowledge that all of these are important components of the arts development infrastructure.

Subsequent to the presentation of the typology research and its publication in the *Journal of Arts Management, Law, and Society*, five additional incubators were added to create an inventory of 48 incubators whose directors were surveyed.

Survey and selection of case study subjects

The directors of 48 arts incubators were surveyed to confirm and clarify organizational mission, value proposition, and willingness to participate in the case study research. Of the 48 programs surveyed, 27 responses were received, a return rate of over 56 percent. Of those 27 respondents, 15 explicitly indicated a willingness to be contacted for further research; 2 of these had participated in the pilot study of university-based arts incubators, leaving 13 from which to choose for in-depth analysis.

The survey consisted of 8 questions (see Appendix) including ‘What is the organizational form of the incubator?’ ‘What type of client does the incubator serve most

frequently?’ and ‘The incubator provides which of the following services?’ each of which was to be answered through a drop-down menu of choices. The survey also included the open-ended question ‘What is the arts incubator’s value proposition?’ Twenty-one of the 27 respondents answered the open-ended question. Responses were coded and themed. The survey was delivered via a Survey Monkey link emailed to the directors of each of arts incubators. A reminder email was sent two weeks following the initial inquiry to those directors who had not responded and a final reminder email sent a week thereafter. Given the small number of organizations in the arts incubator universe, anonymity was not guaranteed.

Sampling the case study subjects

The earlier research posits a typology of arts incubators based on stakeholder theory, identifying six claimant stakeholder groups (see Kaler, 2002) that serve as proxies for strategic objectives: individual artists, nonprofit arts organizations, creative industries entrepreneurs, communities, owners, and students. The six stakeholder groups are condensed into four incubator types characterized by their shared objectives:

- art incubators (incubators that focus on the development of art by individual artists and/or organizations)
- community development incubators (incubators that use the development of art toward community development ends)
- creative industry entrepreneur incubators (small business incubators focused on the creative industries)
- student incubators (incubators that exist primarily to educate students) (Essig, 2014b).

The four case study subject organizations are Center for Cultural Innovation, Mighty Tieton, Arlington Arts Incubator, and Intersection for the Arts. The subjects were chosen based on their fit with one of the four instances delineated in the research design (an artist serving incubator, a creative entrepreneur serving incubator, an arts organization serving incubator, and a community serving incubator), willingness to participate, and articulation of value proposition. Sites were also chosen so that when taken together, the four organizations would represent a variety of both incubator types and business forms. Geographic diversity was also a desirable characteristic. Convenience factors such as scheduling availability for onsite interviews were also considered, but only secondarily. Thus, the sample was chosen purposively. There was only one of the 13 eligible respondents that could be considered a “creative entrepreneur incubator” type (Mighty Tieton) and one other that, based on its published materials and survey responses could be considered a “community development incubator” (Intersection for the Arts). The Arlington Arts Incubator was selected as an “art incubator” (organization serving) from among 3 incubators that serve *only* arts organizations for two reasons: it is a county government agency program and thus would diversify the organizational forms being considered and second, it had surfaced in my research early on because of its awards for innovation. There are four options for “art incubator” that serve *only* individual artists. Center for Cultural Innovation was chosen from this group based on convenience sampling in order to minimize travel costs associated with the on-site interviews and observations.

Primary data collection was conducted May-December 2014 with the support of a grant from the Herberger Institute for Design and the Arts. Multi-day site visits and in-

person interviews with stakeholders were conducted at each of the four sites. For each site, a minimum of executive director, one staff member, one client, and one supporter were conducted⁷. Multiple staff members were interviewed at most sites; representatives of partnering organizations were also interviewed. Several interviews were conducted via phone rather than onsite due to scheduling exigencies. In all cases, on-site interviews were conducted first and phone interviews conducted as follow-ups. Observational notes taken while on site are also included in this primary data. The interviews are transcribed verbatim by Landmark Associates Inc. and such transcriptions comprise a significant source of data for the study. Secondary data sources include materials such as organizational websites, media coverage, and annual reports.

Data Coding and Analysis

Analysis of primary data (interview transcripts) and existing documents began with a two-pronged approach to coding the qualitative data. The dual coding methodology was employed successfully in the pilot project (Essig, 2014b). MaxQDA software was used to track and cross-reference different sources and code types. In order to facilitate the storytelling at the core of the case studies, Labovian narrative coding was employed. By highlighting the abstract, orientation, complicating action, evaluation, and result segments of the stories told to me by the interview subjects and found in the other documents, I am able to triangulate the information included therein and “retell” their stories in a way that is both truthful and reflective of the subjects own responses.

⁷ With the exception of Intersection for the Arts, for which a funder or supporter was not interviewed.

To address the specific questions of interest related to value creation and evaluation, I began first with a short list of categorical codes derived from the interview questions and prior research on incubators, both general and arts-specific. This initial list of categories included value proposition, stakeholders, and evaluation, with several subcodes of each. Other initial categories were organizational form, strategic priorities, and organizational values. During the coding process, many additional codes were added to the code system, mostly in vivo. Examples of such in vivo codes include “seal of approval” and “safe place to take risks” as sub-codes of value proposition. The final coding system can be found in the appendix.

Material related to these initially categorical codes were used to theme the data around value proposition, evaluation, and claimant and influencer stakeholders. The narratives thus include both the story of how the incubator started and developed, and how each incubator has evolved to deliver value to their stakeholders. By analyzing interview transcripts from leaders, staff, funders, and clients, I am able to convey a 360 degree perspective on each incubator. Published materials are used to verify information in the interviews.

The cross-case analysis that follows the descriptive case studies addresses the similarities and differences across each incubator and resulting themes. This analysis of the data seeks to find commonalities across all four case subjects that, by inference (see Stake, 1995), may be attributed to the universe of incubators writ large. Differences between incubators are also noted and potential explanations for those differences mined from the interview transcripts. For example, Center for Cultural Innovation and Intersection for the Arts both provide value to individuals – and are even partially co-

located -- but the former provides that value through re-granting and education and the latter through space and services. The analysis looks across the categories, such as organizational values, stakeholder groups, and strategic priorities, to assess why the organizations deliver value in different ways and how their differing value propositions are manifest in their evaluation processes.

5. CASES STUDIES

Case 1: Arlington County Arts Incubator

In 1996, The Arlington County Arts Incubator won the Ford Foundation's "Innovations in American Government Award" for "nurturing its arts community without a significant increase in funding" (Arlington Cultural Affairs, 1996). A program of Arlington Cultural Affairs, Arts Incubator was officially launched in 1990 through the adoption of a new county policy for the support of arts organizations and artists. Arlington Cultural Affairs is not a discreet department of county government. It was originally an office in the Parks and Recreation Department that resides now in the Department of Economic Development.

The Incubator's Beginnings

Norma Kaplan joined Arlington County government in the mid 1980s. Shortly thereafter, she observed the closing of several schools due to demographic decline in the student population. One of them, Gunston Middle School, was converted to a performance venue for use by Arlington performing arts groups. "The main auditorium, which we now call Theatre I, was upgraded with professional level sound and lighting" (Staff 2). While it continues to serve that function to this day, the building reopened as a school after several years and another demographic shift. The performance facilities of Gunston School are a constituent part of the Arts Incubator's value proposition as described following. Kaplan and the current staff of the Arts Incubator all had theatre and performing arts backgrounds. In the intervening years the office also had staff and programming with specialties in folklore and heritage preservation but the programs related to heritage preservation did not survive the economic downturn of 2008.

Likewise, the office's cultural programming at The Rosslyn Spectrum Theatre renovated for use for both Cultural Affairs programming and incubated arts groups did not survive the recession. What did was the granting of space and services described in the 1990 policy document and for which the Arts Incubator received the Ford Foundation Innovation Award.

The goals of that policy are articulated as follows:

1. To create a climate within the County that is conducive to the growth and development of Arlington's artists and arts organizations through public and private support
 2. To foster development of excellence and diversity in the arts insuring that a varied program of cultural activities is available to satisfy the interests of Arlington's citizens.
 3. To guarantee to all artists and arts organizations an open and fair policy which assures equal access to County arts resources
 4. To encourage development of public/private partnership in support of the arts.
- (Arlington County, 1990)

Since 1990, there have been upgrades to the performance facilities at Gunston Middle School, including a 2001 renovation of Theatre II, what was once the school library, to make the performance spaces more isolated from school operations (Pressley, 2001).

Arlington Cultural Affairs moved from the Parks and Recreation Department to Economic Development in 2012. The staff seems to feel this is a better fit: "I won't say that we have the most comfortable relationship in Parks and Recreation, in that I don't

think when they started Cultural Affairs there was the expectation that it was going to be this, at one point, internationally successful model that it turned into; that really had a life of its own” (Staff 2). Another staff member described the transition as a “period of shifting” during which “Economic Development got to understand the arts more. We got to understand them more” (Staff 1).

Value Proposition

In its response to the initial survey of incubators, the Arlington Arts Incubator described its value position thus: “To provide free space and services to arts organizations so that they can focus on organizational development and programming excellence.” While the space isn’t exactly “free” (client organizations return a portion of their ticket sales back to the incubator and pay rent on the office space) the stakeholders I interviewed were consistent in their description of the value proposition of Arlington Arts Incubator as “space and services.” “Space and services” is the mantra – or as one staff member called it, the “golden ticket” -- of the incubator.

As a local arts agency, Arlington Cultural Affairs also provides grants of money, but their grant pool has been decreasing and is now only \$200,000 per year. The granting of space and services is the primary activity of the incubator and the means by which the program delivers value to its client organizations and the wider community of Arlington. In the whole, “Arlington Cultural Affairs provides programs and services that build community and transform lives by enhancing enjoyment and understanding of, and participation in, the arts” (Arlington Cultural Affairs, 2014).

Essentially, the Arts Incubator provides performing space for small arts organizations as well as production support. The latter support is somewhat unique:

costume shop facilities, scene shop facilities, and technical support staff are provided as part of the space use grant afforded the organizations. "...there's a full scene shop with all sorts of tools that are granted to the arts groups to build their sets in; a wonderful facility with top-grade equipment that they would have to find, rent, buy, do something in order to make happen" (Staff 2). Another staff member described the value to organizations: "we probably shaved about five years off of the trajectory, because ... groups like this, they didn't have to scrounge around for \$5,000 to pay for a theater for eight weeks or whatever" (Staff 1). A staff member describes the impact of costume shop and construction services:

We have a huge costume collection. And also, they would apply for myself and the manager of the costume shop to make costumes for their different programs. So, it would've been that they made the costumes. They also did the wardrobe for the shows. So, it really was an incredible amount of help for newer groups coming in. And leaving that part to professionals. And then, being able to concentrate on the rest of the production. (Staff 2)

One client noted that the space and services are more important than the general operating support received from the county: "we also receive the cash grant from Arlington County... around \$10,000.00. But I'll trade that gladly to have access to amazing facilities—you know, way beyond what the scope ... budget size of our organization" (Client 1). Another, however, expressed the importance of small county grants of \$4000-\$5000 in the life of a young arts organization: "But, you know, for a company that's making just over 50 [thousand], that's 10 percent. I mean, that's a great start" (Client 2). The use of the scene shop reduces opportunity costs for the client

organizations, enabling them to focus on core mission: “I know the shop is going to be there and I can sign up for a time and that works out and we can build our sets. So it definitely allows us to use our time and our resources on the kids” (Client 1). Another client notes, “The idea that a young organization looking to get up and running doesn’t have to commit to a rent for performance space is utterly revolutionary” (Client 2). A staff member likewise noted that money grants are not the primary value provided: “it’s not really all about money. I mean, it’s really about being able to be there; and to bring the community together” (Staff 1). Thus, community cohesion is impacted by the incubator space-and-services program.

There is a value “echo effect” for the client organizations that occurs as a result of being affiliated with the incubator program. One client referred to this as a “seal of approval,” a kind of reputational capital, that could be used to approach other potential funders such as foundations and corporations. The director of another arts organization in Arlington also noted the value of providing this seal of approval, noting that membership is, “also kind of legitimizing the work that they’re doing; saying that we really want to make a space for you here in our county” (Ally 1).

Another invisible value provided through the granting of space and services is that with space and services secured, small organizations have a safe place to take artistic risks and focus on programming. A staff member described a particularly memorable production of a stage version of *Moby Dick* by one incubator client: “I think the value to both the artist and the community is the ability to allow for taking chances.” A client feels that due to the provision of space and services “I’m able to focus on, you know, the people I’m programming for more.” She continues: “I really appreciate that because if

my show tanks, say it doesn't sell that well, I'm not on the hook for thousands and thousands of dollars” (Client 1). The risk minimization of being under the Arts Incubator umbrella is not only financial. The 1990 policy assures that support would not be granted based on the artistic content of the work produced. This policy is very important to Client 2: “We feel like we have the ability to take a lot more risk because we know that the county has a very forward-thinking position on issues of censorship.” A staff member also described the importance of the censorship policy: “Arlington had and has a ‘no censorship’ clause. So it wasn’t that companies could only do very pedestrian work. They could stretch out, and it allowed for the reputation to grow for Arlington as a very innovative, chance-taking place to be for the arts in the region.” At its inception, the Arts Incubator not only made efficient use of underutilized public facilities, it was also “recruiting [professional performing arts organizations] to come to Arlington so that our spaces could be better utilized with the idea that the community theatre scene itself would benefit from some interaction with professional theatre troupes” (Staff 3). The intention, then was that the “echo effect” extend beyond the client organizations to the community as a whole.

Although not articulated as a primary value provided by the incubator, the program also provides support for development of early stage organizations. As described later, however, these organizations do not necessarily leave the incubator program even after organizational development goals are achieved. Some of this organizational development training is delivered through the Department of Economic Development, which runs a business launch program. Access to this resource was enabled by the move from Parks and Recreation to Economic Development.

Incubator form and funding

The move from Parks and Recreation to Economic Development is viewed positively by all involved, but the transition has not been easy. One staff member described the program as “being in a period of upheaval for a while” but that “things are kind of now coming full circle. And we’re able to much more concentrate on the groups and on the program” (Staff 1).

As a program in an office of a county department, the lion’s share of the Arts Incubator’s funding comes directly from county government. There was discussion in 2003 and then again in 2011 of making Cultural Affairs its own independent agency. Concerns over the reliability of funding and the prohibitive cost of infrastructure led that option to be discarded. However, the program also earns some revenue from the incubator resident clients. Ten percent of box office proceeds are returned to the county’s general fund (not the Arts Incubator directly). One client characterized the space and services her organization receives for that ten percent as “an amazing deal.” The organizations that have office space in the Arlington Cultural Affairs facility (a county building shared with the Department of Parks and Recreation) pay rent to the county for those offices, albeit at below market subsidized rates.

What is success?

Repeatedly, in interviews and published materials, two evidences of success were widely proclaimed: the Ford Foundation Innovations in American Government Award in 1996 and the launch of Signature Theatre. Signature Theatre began in the Gunston Middle School space and moved to its own space in 1993. Today, Signature has an

operating budget approaching \$8 million and assets, including a new theatre building over \$10 million. The Innovations award was received in 1996.

Some arts groups have remained resident in the incubator program throughout the entirety of the intervening decades. In a traditional business incubator, one measure of incubator success is the number of graduated firms. A staff member commented that graduation was a goal initially, stating: “the hope would be that with some financial help, they could start. It would be a general operating. And then they would be able to graduate out.” Another views the length of time some organizations remain in the program as problematic: “I think one of the holes that was identified long ago with the incubator was a system of attrition or time limits. I think that is one way in which at least the incubator as it was practiced here did not succeed as well as it could have” (Staff 2). The staff recognizes that the lack of a graduation or time limit policy requires examination during the current period of transition:

We have yet to get to the point of graduating people out. That was kind of a plan that...many things happened over the years. And the money started to build as far as the grant program. And more groups started to come in. Now, we’re going into kind of incubator 201. And trying to figure out how we’re going to start graduating people.

Yet, some clients see the very longevity of the resident organizations as a hallmark of success: “The Washington Shakespeare has been around for 20 years. I would venture to say that they wouldn’t be around without the Incubator Program” (Client 2). Another client expressed her satisfaction with the program despite not ever leaving it: “I mean, our goal would be ...we want to be the top Northern Virginia

children's theater. You know, that's what we aspire to be. So I think Arlington has set us up to do that" (Client 1). In the sense that the Arts Incubator has helped the client organization achieve their strategic goals, it is has been successful, as has been the client organization itself.

Now that they are under the supervision of Department of Economic Development, the program communicates their successes in those terms:

We always speak about their [the resident organization's] success in terms the economic benefits: the draw in terms of restaurant spending, and transportation and all that kind of stuff. And we talk about it in terms of community amenities and with development and stuff. It is sort of taking out that whole other realm of programming, and community involvement and participation in the arts. So, I'm understanding it as a way to sort of circumvent maybe more ... meaningful programming. (Staff 3)

One of the incubator clients also takes a county-wide view of success, but focuses on aesthetic value rather than economic value: "I do see the value of creating an arts environment where small, interesting things happen. And that's what I think should be the metric of success for the county. It's not just the super success stories, but the whole picture" (Client 2).

Evaluation

If Arlington Arts Incubator does not measure its success based on graduated arts organizations, what are its metrics for evaluation? And what form does evaluation take? The staff, while acknowledging the importance of evaluation ("evaluation and assessment

is so key”) also admitted, “we have not evaluated in a long time...we’re doing it piecemeal. But an overall evaluation has not been done.” Despite the lack of overall incubator program assessment, the staff have a good sense from their data of how each of the arts organizations is doing in terms of attendance and finances and how well they weathered the financial downturn. The staff member responsible for tracing financial transactions shared:

I do all the money transactions. So, with being part of the supported groups, all the tickets that are sold and any income that comes in from classes, Arlington County government gets ten percent. So, I can show graphs and all of the other things about how much money we have made throughout the years...and it has been incredible. So, with that [evaluation], we - we do it by tickets sales. We do final reports every year on exactly what the groups did. How many audience members came. You know, it breaks down into seniors, children. You know, just what their whole structure is and how they base it with subscriptions, ticket sales, class sales, whatever the case may be. There’s just a lot of data like that. So, whether that is necessarily compared year-to-year, it is, but not as much as it could be. I have all the data. It’s a matter of pulling all that data together. And we have done it. We’ve done different studies. We’ve looked at it, because we do a bit of a show for the county board once a year to, push to try to get more money for the grant program. So, in that regard, there is some way of kind of seeing whether we have grown. One thing that - that did happen is everybody seemed to be doing really well. There seemed to be a lot of growth. Not only financially, but as far as their proposals were much better written. They were going out and

getting other grants from other funding areas. ... then, we had the downturn.

(Staff 1)

There are several metrics in addition to ticket sales that the staff examine in their review of the client organizations:

have they filled the theatre seats? Are they—have they gotten some critical acclaim? I think that's pretty good: getting some notice. And, whether or not they're being successful in their fundraising. So I think that the criteria for evaluating is a little bit loose. And I don't think it's very well aligned right now with our stated or unstated goals for the incubator program. (Staff 3)

The alignment, or lack thereof, between evaluation criteria and programmatic goals will be discussed in more depth in the next chapter but appears at the client level as well.

“Artistic excellence,” for example, has been a contested topic in the review of arts organizations for grants for years. How is artistic “excellence” measured and who decides? In establishing the National Endowment for the Arts:

Congress believed that any government control over the content of art outside the criteria of artistic excellence would result in the production of mediocre art.

Admitting that artistic excellence was "an abstract and subjective standard, the Senate, through its statutory language, made clear its intent that artistic excellence should not, however nebulous, be defined by government officials outside the agency. (DeGrazia, 1994, p. 137-138)

The panel review process used by federal, state, and local agencies, including Arlington, is designed to let experts and, in some cases, a member of the general public, decide the

“excellence” criteria. However, the application of the excellence criteria is viewed by Arlington Arts Incubator clients who work with children as problematic. Client 1 explains the problem in this way:

I have heard the commissioners, you know, wonder where does children's programming... how does children's programming reflect the idea of artistic excellence. And, you know, that's a tough question for—you know, that's something we struggle with. Like, I think what we do is really great, but I don't know that you could hold it up next to a professional theater production and say, ... rank us equally. But you don't want to ghettoize children's programming either—

Client 2 shares this concern:

The commission as a whole does not see arts education on par with... performance. So in my eligible income calculation, one of the reasons my grants shrunk was... I'm not allowed to count any tuition in my eligible income. You have—it's income that's only produced in Arlington, and it has to be non-tuition. So they're basically looking at box office.

The process of formal evaluation, when it occurs, occurs at the client level as part of the grant-making process. This formal evaluation of the client organization is undertaken by the arts commission rather than the staff of the incubator. One staff member indicated that the commission “is a whole new crew of people; there's great energy there now.” Informal input into the grant review process regarding client space

use is provided by “staff who interact with companies day-to-day, staff who may know that X company is amazingly professional in how they deal with space, versus X company who is sloppy and leaves thousands of dollars of damage each season, or something like that” (Staff 2). Another staff member articulated what could or even should be done in the future to evaluate the impact of the space and services grants on the client groups:

I think we should—really need to introduce some things like why—how will office space help your group? And at the end of the year, let’s see if you give us some specifics and at the end of the year let’s see how that really happened; or what happened. And I think that we need to use this information ourselves to put it back into the incubator program so we can continually revamp it and tweak it so that it’s better—so that we’re providing the kind of support that’s actually needed by the groups. (Staff 3)

The future

Arlington Cultural Affairs, including the Arlington Arts Incubator, is in a period of transition at the time of this writing. Shortly after the site visit, Economic Development hired a new director of Cultural Affairs who is leading the office through a period of self-examination and planning. As the office and its programs move forward, there will be more of an emphasis on individual artists than in the past and on breaking down the barriers between nonprofit and for-profit work in the arts. The new director indicated that the incubator will continue to deliver space and services, as “those have become really ingrained in the culture here of how we support the arts.” However, she speaks adamantly of the need to have time limits on incubator residencies. Long term

residencies have negative effects on the existing organization and the potential for development of new organizations:

You need to have a limited time in an incubator. It's called an incubator for a reason. What has happened here with a vacuum of leadership is—it's really interesting phenomenon, actually -- with the groups, the six organizations that are located at the space on Four Mile Run⁸. It's almost like they feel ownership of the space, and that, I feel, is very dangerous. It's dangerous to them as organizations for their own growth and also for other organizations that have a need for this type of space.

Due in part to her own background in creative industries (the new director headed a county film office in another state) and the strategic priorities of the Department of Economic Development, "growth" will be both a goal and an evaluation metric moving forward along the axes of revenue and funding, audience, and artistic practice. Incubator clients, whether organizations or individuals will need to have growth oriented goals: "when you come into an incubator, you should have an idea. What is your goal for this year? What is your long-term goal?"

As the Arlington Arts Incubator undergoes a process of redesigning, it will be challenged to change. There are some indications that members of the arts commissions are a bit recalcitrant to change or, conveyed more positively, are committed to sustaining relationships with existing incubator clients. To achieve economic development outcomes, echoing Schumpeter, the Arlington Arts Incubator will need to support the

⁸ Four Mile Run is the road on which the shared Parks and Recreation/Cultural Affairs building is located.

development of new combinations, rather than merely keeping the existing flow of the Arlington cultural economy circulating.

Case 2: Intersection for the Arts

Like Arlington Cultural Affairs, Intersection for the Arts is in a period of organizational transition. Also like Arlington, it is Intersection's incubation program that is anchoring the transition of the larger entity of which it is part. Intersection for the Arts is, according to its website, "a pioneering arts and community development organization that brings people together across boundaries to instigate break-through change" (Intersection, 2014a). Because of the weight in its published materials given to its role in community development ("our work has always kept ever-evolving notions of 'community' at its core" (Intersection, 2015a)) the incubator program was classified in my typology research (Essig, 2014a) as a community-serving incubator. The community that Intersection's incubator serves most directly is the arts and culture community of San Francisco. However, one criterion for being accepted into the current incubator program is that the artists be working in or with a specific community so Intersection's community impact, like arguably that of any incubator, is delivered indirectly. In its reorganization (see "The Future," following), such organizations are considered part of the "Intersection CORE" program.

Intersection for the Arts is a resident partner in the 5M (5th and Mission) Project. It relocated to the 5M Project's San Francisco Chronicle Building in 2009 along with Impact Hub ("The Hub"), a co-working space for social venture and tech start-ups. Visitors enter through the Impact Hub space to find Intersection's meeting, performance, and gallery spaces. The current executive director of Intersection is Randy Rollison.

Originally the head of the incubator program, Rollison had been serving as interim director since the departure of long-serving director Deborah Cullinan in 2013. This departure caused organizational instability that some see as the catalyst for a 2014 fiscal crisis in the organization that almost forced its closure (Spaner, 2015). At the time, much of Intersection's assets were in restricted funds. A crisis ensued when the organization almost ran out of cash just a few weeks after Cullinan's departure. Several local foundations provided bridge support and funded a consultant's report that was used to help Intersection through this difficult period and strategize for the future. The incubator program continues to operate as both a fiscal sponsor and, in the organization's re-design, an expanded accelerator. The case focuses on the incubator program as it existed in 2014, the period of the site visit.

The incubator's beginnings

Intersection for the Arts was founded in 1965 as an offshoot of a program of Glide, a liberal church in San Francisco's Tenderloin District. The original program was for artists who were conscientious objectors to do community service as an alternative to serving in the Vietnam War. The organization's 50th anniversary website describes the program's inception:

Intersection began as a merger of several faith-based experiments in the Tenderloin. The arts were used as an alternative approach to reach disenfranchised neighborhood youth while also providing artists who were conscientious objectors an alternative to serving in the Vietnam War. From the beginning, Intersection's founders understood how powerful a tool art could be in providing alternative solutions to immediate community and larger world concerns. (Intersection, 2015)

Twelve years after its inception in 1965 as an arts-based community service organization, the fiscal sponsorship program, the core of Intersection's incubation activities, was launched. Since 1977, it has been a self-sustaining project of Intersection, which grew to include performance and gallery space, the latter of which was closed as part of the 2014-15 restructuring.

Value proposition

According to its own description, "Intersection's programs emphasize relationships, collaboration, and process. Intersection works with hundreds of artists through residencies, commissions, fellowships, fiscal sponsorship and incubation, performances, exhibitions, workshops and public art projects" (Intersection, 2014a). The director describes the incubator program as "a platform with many planks" (ED). These "planks," the services offered by the incubator program from its inception in 1977 through 2014, include: space for the development and production of artistic/creative products; space for the exhibition, performance, or sale of artistic products; cooperative marketing; centralized business services (eg. shipping, reception, billing, accounting); business classes or business training; arts business informational resources; and, most significantly, fiscal sponsorship (Survey response). Intersection creates value "By investing the organization's resources - fiscal, physical and human - we create a vibrant, sustainable local arts community" (Survey response).

Rather than "clients," Intersection has "members," who receive a resource package of space, technical equipment and a technical director for nominal annual fee plus a share of box office revenue. A subset of members participate in the incubation program, which includes fiscal sponsorship, coaching, and mentoring (and for which

members pay back eight percent of total revenue). One client described the value of the incubation program primarily through the lens of reducing transaction costs through fiscal sponsorship:

It's a bigger umbrella organization that brings in smaller projects or programs that don't want or need, for whatever reasons, to go through the whole bureaucratic rigmarole of getting your own 501(c)3 number, but they serve as that organization, where we use their 501(c)3 number, and we're able to operate pretty independently but use some of the resources like access to e-mails and their banking, and, you know, they do our bookkeeping for the most part. (Client 1)

Another client also noted that the bookkeeping service is the primary value delivered by the incubator program and that the eight percent fee paid back to Intersection for the fiscal sponsorship and bookkeeping is fair. By taking the bookkeeping out of the scope of duties of the organization itself, "it really helps us focus more on building the organization than worrying about that part of it" (Client 2). The business services extend to payroll, with Intersection processing payment to staff, vendors, and artists on behalf of the member organizations. Intersection receives donations of its member organizations and can provide donor reports back to them.

The executive director classifies the value provided by fiscal sponsorship and bookkeeping services as transactional but notes that there is also transformative value created for their members through coaching:

It provides that empowerment; like I said, if you understand that underlying any of the practices, the artistic practices, if you're going to be sustainable, it's a business...It's providing a level of empowerment that artists don't necessarily feel

that they have, or don't know how to acquire And if you own that, then you can find some empowerment, and you're not a victim (ED).

In a focus group facilitated by Emerging Arts Leaders Bay Area coincident with my own research, the director emphasized the need the programs meet in the arts community:

A lot of the artists have buried their heads in the sand about things like finance and anything to do with numbers, so really kind of working with them through all of the basic tools you need in order to be able to have a practice that will serve the community, which all of our projects are focused on, and create a life for yourself that is sustainable.

This “double bottom line” of community service and artist sustainability drives mission delivery throughout the organization. The coaching services, primarily provided by the executive director are especially valued as organizations plan for growth. One topic that arises with member groups is when it necessary to hire an administrator, “we help them through the anxiety of that” (ED). A member described how Intersection helps “sort things out that don't work” (Client 2).

Entrepreneurship involves an inherent amount of risk. By providing space and technical services for experimental or potentially controversial performance work and then sharing in the revenue after the fact, Intersection cushions the risk for some of its artist members. Artists are able to use their contributed revenue to “activate the project” (ED) rather than rent space. “They gain the money on the backend and we take the risk with them” (ED).

In addition to the direct effects, both the members and staff spoke of the sense of “validation” or the “seal of approval” that comes with membership in Intersection. One

member relayed that this validation or “credibility” was of great value to his organization:

I would say other things would be being affiliated with them—and having pretty much their stamp of approval. That's helped us, I know. I can remember talking to people in different nonprofits in the city. For instance, we did a collaborative effort with the East Bay Center for Performing Arts and I said, "Well, we're a member of...Intersection for the Arts is our fiscal sponsor." And they were saying, "Oh. Oh, great. You know, we know them. They've been around." So it gave some credibility. (Client 2)

The “seal of approval” has a networking effect as well, which the members find beneficial: “I feel connected in a different way with the arts community, getting notification about shows or being a part of events that happen here, and you’re just around creative people as-is very exciting and a huge, huge benefit” (Client 1).

Networking is facilitated formally at several meetings per year for the fiscally sponsored projects. These are primarily social events, but ones that the ED feels are an important part of Intersection’s value proposition: “Having started my own organizations, I felt very much alone, and bringing people together in community, knowing that there’s someone else they can talk to, is a really valuable part of what we offer. To be able to provide that social networking for them so that they don’t feel so alone” (ED). One member commented on the value of *informal* networking opportunities provided by Intersection: “I make it a point of taking my requests for payments and deposits and stuff into Intersection and just kind of hanging out a little bit and talking. I think you get more out of something when you do it that way” (Client 2). Although this client finds value in

the accidental meetings in the Intersection space, the executive director has not observed this effect: “The colocation space thing didn’t really take off. Artists don’t value things the way that Hub members do” (ED).

In the interviews and my own observations, the two-pronged value proposition of positive social impact for communities and sustainable artistic production was paramount. The social impact imperative required of member organizations is a differentiating characteristic of Intersection’s incubator program and each of its member organizations from arts incubators and arts organizations more generally.

Incubator form and funding

Intersection for the Arts is a small organization with one full time executive director, a half-time program manager, a part-time bookkeeper, and a technical director to support its 110 members. The board of directors is likewise small, with nine members plus the executive director. The most recent IRS 990 form available, from 2012, indicates an overall budget of approximately \$2M, inclusive of the funds that pass through the organization to its members through fiscal sponsorship. These figures predate Cullinan’s departure. A recent media report (Hurwitt, 2015) indicates that the operating budget is currently \$540,000, down from \$800,000 in 2013.

Unlike Intersection’s gallery and performance space, the incubator program is self-sustaining, primarily through the fees it charges to its members: eight percent of total revenue. Members pay a modest \$50 annual fee. Revenue is also generated through rental of the central performance/meeting space to members of the adjacent Hub co-working space and other community members. The space rentals generate approximately \$80,000 annually, which almost covers the cost of the space itself according to the executive

director. Local foundations provide the bulk of Intersection's contributed income, which normally would go to support the non-incubator programming (the incubator itself being self-sustaining) but during the 2014-15 fiscal year was earmarked for bailout and planning for the future.

Member clients indicate that they receive good value for their eight percent fee although one indicated that as her organization has grown, she has reservations: "As we've grown incrementally over the years and now the lump—that eight percent is way bigger than it was, you know, nine years ago" (Client 1).

What is success?

The success of the incubator is made visible through the work of its member organizations and through the longevity of the program itself. The number of people impacted by member organizations is one quantitative measure of success, according to the executive director:

I look at how much are we impacting the Bay Area, and other places, in terms of people we reach. You look at the range of projects working all over the Bay Area, some outside in places like Haiti and El Salvador, we're impacting through the projects, around ½ million people a year. That's pretty substantial. So that's a success.

Because each of the members have different goals, their own measurements of success differ. For some, incorporating as a 501(c)3 organization is a benchmark of the success of both the member organization and the incubator program, but for others, incorporating is not necessarily appropriate. The ED explains, "So I know when a project is ready to go for a 501c3 and that's great when they graduate... You have to define

success individually. The program as a whole is going to be made up of the sum of its parts, in terms of evaluating success.”

Evaluation

As was the case with several of the programs in the pilot study of university arts incubators (Essig, 2014b), evaluation currently occurs at the client level and begins with application to the program; there are no evaluation metrics for Intersection itself: “It’s tended just to be a machine that just is self-perpetuated, with never any analysis of the parts” (ED). Criteria for acceptance into the program include, “artistic excellence, ability to partner with Intersection and help us live out our mission, and fiscal solvency” (Emerging Arts Leaders). Once accepted, the individual organizations are evaluated on “whether or not a project achieves the goals stated in their application; progress toward goals; [and] productivity” (Emerging Arts Leaders). As is the case with the Arlington Arts Incubator, once accepted, organizations can remain in the program for decades: “They’re just functioning, and they do their thing, and, you know, we take in the money” (ED).

As Intersection undertakes a period of re-organization and self-reflection, it is beginning to look at the meta-level metrics that will enable it to measure its own success and not just that of its client orgs. For example, as part of the re-organization process, the executive director was asked to look at annual rates of income generated by the incubator clients through fiscal sponsorship. This analysis found that in the 2013-14 fiscal year, there was \$394,000 generated. Another developing metric is geographic scope of services: “we need to start tracking...we should be doing a mapping of all the communities in the Bay Area that are served through the work of these projects, because

it's not just San Francisco; it's Oakland; it's Richmond; it's all around the Bay Area” (ED).

With no formal evaluation plan in place, much of the evaluation that occurred prior to 2015 relied on the intuition of the skilled and experience executive director: “I really look at it as: when I’m sitting in the room with each of those project directors, and we’re talking through what’s going on with them, I can feel the success project by project” (Emerging Arts Leaders).

The Future

The ongoing reorganization by Intersection is described in detail in the media: This is a smaller Intersection, with a budget of about \$540,000 for this year, down from about \$800,000 before its fiscal crisis, and a four-person staff, only two of whom are full time: Rollison and technical director/facility manager Alejandro Acosta. Artist resources manager Emma Spertus and new finance director Yesenio Sanchez are part time. The organization’s enhanced stability is reflected in having doubled its earned income percentage from 24 to 49 percent.

Though it will continue to present some performances and exhibitions, as it has sporadically since May, “we are shifting our focus so it is less on the product and more on the producer,” Rollison says. Based on its many meetings and discussions through the fall, he explains, Intersection’s most vital roles are its longstanding work as a fiscal sponsor and “helping artists to have sustainable careers. So we want to provide them the necessary professional development and the technical assistance and training they need on the business side in a changing environment.” (Hurwitt, 2015)

The incubator program specifically, while maintaining its fiscal sponsorship services, is building out its training program on a business accelerator model. Doing so will address an unmet need articulated by one of the core fiscal sponsorship clients (“there can be more training and workshops” (Client 1)). The ED described the developing accelerator program as “based on what they do in the Hub, with social entrepreneurs and everything, where you give the projects a certain amount of professional development and a learning suite that’s very intensive” (ED).

According to a February 2015 announcement, Intersection’s re-designed business model will be based on this more focused platform consisting of three planks:

- The Incubator: Fiscal sponsorship open to all artists and arts organizations who may not meet Intersections’ Core Tenets, but whose work is not-for-profit in nature and is of artistic merit.
- The Intersection CORE: Fiscal sponsorship plus hands-on coaching, mentorship and access to technical assistance and professional learning opportunities.
- The Accelerator: Access to an organized suite of education and tools to create viable business plans, and provide support over the course of one-year. A new pilot Accelerator program is launching this month with \$15,000 funding from the Sam Mazza Foundation. (Intersection 2015b)

These planks appear to be so named to provide some continuity for Intersection and its members. The term “incubation” has referred to the fiscal sponsorship services. By defining it as such publicly, and limiting it to fiscal sponsorship only, Intersection will be able to generate income from a broader range of artists and arts organizations. The

“Core” program is reserved for those arts organizations that help Intersection fulfill the mission of community development and positive social impact central in its long history of service to the Bay Area and thus includes those organizations that had been part of the incubator program previously. Finally, the accelerator program, which is time-bound like business accelerator programs, will provide needed training in a more formal setting than was available to clients previously while generating a new stream of earned revenue.

Case 3: Center for Cultural Innovation

The Center for Cultural Innovation (CCI) serves individual artists throughout California from their offices in Los Angeles and San Francisco. The current CEO describes it as “a California-based knowledge and financial services incubator for individual artists” (CCI, 2015a). In addition to its individual artist incubation activities, CCI runs a “project incubator,” a research and development unit to commission research and design new programs to support artists based on empirical research of artists’ needs within the arts ecology as described in an influential Urban Institute report that incentivized CCI’s founding.

The mission of CCI is to “promote knowledge sharing, networking and financial independence for individual artists and creative entrepreneurs by providing business training, grants, and incubating innovative projects that create new program knowledge, tools and practices for artists in the field” (CCI, 2015b).

The incubator’s beginnings

According to its own website, “The Center for Cultural Innovation (CCI) was founded in 2001 as a California 501(c)(3) nonprofit corporation” (CCI, 2015b). The founding of the organization was incentivized, in part, by an influential study from the

Urban Institute conducted 2000-2003 (Jackson et al., 2003). *Investing in Creativity: A Study of the Support Structure for U.S. Artists* provided a framework for understanding the needs of individual artists that has six dimensions: validation, demand/market, material support, training and professional development, communities and networks, and information. Although the final report was not published until two years after CCI's incorporation, its findings were disseminated to funders and other stakeholders throughout the research period. Interest grew among funders to implement the policy recommendations in the report, which include among its eight recommendations "strengthen artist-focused organizations.... establish broad-based networks of stakeholders.... strengthen the capacity of artists to advocate on their own behalf.... encourage changes in artists' training and professional development.... strengthen the awards and grants system" (Jackson, 2003, pp. 85-87). One of those funders, Cora Mirikitani, served as senior program director at The James Irvine Foundation in charge of the arts and left the foundation to become the CEO of Center for Cultural Innovation. Another funder remarked that "it was a big deal to have Cora say, 'Okay, out of everything that I could possibly want to do for arts organizations, of which she knew pretty much the whole landscape as a statewide funder of the arts, she was really choosing to make this the focus area'" (CCI Funder).

In response to the Urban Institute recommendations, CCI launched its first product in 2002, with support from the Small Business Administration. This was a professional development workshop descriptively titled, "Only For Artists Who Are Serious About The Business of Art." As described below, CCI continues to provide arts business training, including publication of a book, *The Business of Art*, and has added to

its programming based on research results from the original Urban Institute report and more recent research commissioned by CCI and others.

Value proposition

The Center for Cultural Innovation delivers its mission to individual artists in ways that create value systemically: “training, financial support and networking tools for artists throughout California, and nationally, that we believe enhance their self-sufficiency and, collectively, address a real market need” (CCI, 2015b). But CCI also creates value directly for its funders by partnering with them to deliver their missions: “one of the major value propositions of CCI's very existence is [they] are a conduit for foundations to flow their resources directly to artists” (CCI Funder).

Beyond these transactional relationships, CCI is unique among the incubators in this study (and rare among them more generally) in its commitment to creating value for the arts ecosystem as whole both by supporting artist self sufficiency and through bi-directional partnerships with funders:

So we give them an outlet and we also give them innovation capital in terms of being a thought partner and figuring how could something like a CCI not only just funnel resources directly to artists, but also be a partner with funders in thinking about, “Well, let's look at the entirety of that ecosystem. How could support for artists really bolster the entirety of that system?” So that's one proposition.

(Funder)

CCI's ecosystem support and funder mission delivery is accomplished not only through the direct support of artists but also through commissioned research. The purpose of this research is “in really evaluating and analyzing the field and identifying need”

(Program Director). As noted in the “Evaluation” section following, CCI uses their research reports in the same way they use program evaluation, to build more effective and efficient programs for their funding partners and the artists they serve. The research program is officially branded as the “CCI Project Incubator” and is described as follows:

The CCI Project Incubator is designed to serve as the “staging ground” to investigate, test or build early-phase project ideas in California that could yield information, tools and practices that address gaps in the current support system for individual artists, and may also have broader applicability to address the needs of artists nationally. (CCI, 2007)

CCI’s philosophy toward helping artists build self-sufficiency is not unlike the successful and highly publicized efforts of Muhammad Yunus in its support for small business. The organization treats each artist client as a small business. They “apply a micro-enterprise lens to every artist that comes in the door” (Funder). An artist client explains, “I think a lot of graduate programs in the past have been designed around a focus on crafts, and haven’t really provided the tools or the knowledge for artists to become successful in their careers in terms of the business side of things.”

Training, therefore, is an important component in supporting artist self-sufficiency: “training was also very important because there is this idea of self-empowerment, self-sufficiency really is about your own empowerment” (ED). The training was originally modeled on that provided by the Small Business Administration (SBA). Although CCI considers the artist clients to be small businesses, that SBA training “does not track well with the needs of artists because artists have the sort of crossover portfolio career in a way of working” (ED). After that initial foray, CCI set out

to build training materials from scratch that would specifically meet the needs of artists. An artist client explained why it is important to make available business training that is specifically for artists:

I think it's less intimidating. I think when you're—at least for me walking in and not having a background in with numbers—walking into an accounting class, I was a little bit behind and it was a bit intimidating. And so an incubator like CCI knows who its audience is going to be and designed programs that they know will be able to learn in a better or more conducive environment. (Client)

The training programs include the “Business of Art” series of seven workshops “that provides business training to individual artists covering topics such as legal issues, marketing and promotion, business planning” (Program Director) and the “Business of Art Bootcamp,” which compresses that program into an intensive two-day weekend. CCI also offers stand-alone workshops on topics such as negotiating contracts and time management. These workshops serve many more individual artists than do the full series. They also publish a book, *Business of Art: Artist's Guide to Profitable Self-Employment*.

Training is one direct service to artists: re-granting is another. CCI offers a variety of grant programs, most of which are quite small (\$500-\$1000) in dollar amount. The grant programs include: Investing in Arts, which provides direct grants to support artistic production or for the purchase of equipment or tools; Next Gen Arts, which provides “professional development funding to emerging arts leaders in California to enroll in workshops, attend conferences, to work with consultants or coaches, or pursue alternative career enrichment activities in order to enhance the administrative skills and program experience needed to lead the nonprofit arts sector of tomorrow” (CCI, 2013); and Quick

Grants, which are small dollar grants to Los Angeles and Bay Area artists for professional development. The program director noted that “by providing these small grant programs, \$500 to \$1,000 to individuals, a small investment has very long legs.” She added that these programs were developed in part in response to the economic downturn of 2008.

Incubator form and funding

The Center for Cultural Innovation is a 501c3 nonprofit organization governed by a small board of directors and with a staff of six in two offices. Unlike most other incubators, CCI’s business model is not membership or facility based. Rather, the “whole business model is predominately by being supported through private foundations...with a very little bit coming from earned income from our trainings, workshops, those kinds of contracts with schools... sales from our book, *Business of Art*” (Funder). Because of its role as a re-grantor, some refer to CCI as an “intermediary organization.” The executive director explained the benefits of CCI’s structure: “I think because we're not a union, we're not discipline-[specific], that allows us to be a little bit more nimble and more responsive in a way that artists recognize and benefit from more - more quickly and more directly” (ED). However, requirements of the grant makers, primarily geographic, have, according to the perceptions of one client, limited the reach of the organization’s services.

CCI has both a governing board of directors and an advisory board. The governing board includes people from the philanthropic community, social venture investing, business development, and commercial broadcasting. The larger advisory

board includes several well-known artists (e.g., Bill Viola, Peter Sellars), presidents of arts conservatories, and arts consultants.

What is success?

Success, for CCI, is viewed at a program and project level, believing that if individual programs are successful, artists as a group will be more successful:

CCI believes that by linking the natural creativity and tolerance for risk of artists and creative entrepreneurs to the latest business tools and practices, and by helping to connect them to new financial resources and to one another, CCI can give artists the knowledge and economic independence needed to bring their work and ideas into the marketplace, and establish a new voice for artists based on their collective clout. (CCI, 2013b)

For the project incubator, success is more clearly defined as having found an appropriate “long term home or ‘owner-operator’” for the experimental program or incubated product (CCI, 2007).

Evaluation

Given its commitment to evidence-based program development, it is not surprising the CCI adopts a rigorous approach to evaluation. They regularly commission third party evaluation of their programs based on the theory of change at the program’s core. CCI staff use the evaluation reports for both program improvement and overall organizational learning. As one staff member put it, “it’s always interesting to read through them, because you realize how much something that may seem very obvious to you is, is not very obvious to some people” (Program Director). In addition to the formal

reporting done by evaluation consultants, CCI also invites its advisory committee members to provide feedback on an informal, but regular, basis (Survey response).

Internal evaluations as well as those commissioned from third parties look beyond outputs to regional outcomes and national impact. A funder praised the reporting of the executive director: “[her] reporting was always that, which is that output level, but also framing it within a larger context of what's going on in the field, both in California, both in the region and in California, as well as contextualize with what she knew nationally” (Funder).

It is often difficult for arts service organizations of any type to get past the output level of numbers of artists served to really look for positive outcomes in their clients or the larger community. CCI attempts to assess beyond the output level to the outcome and impact levels. For example, in evaluating the professional development programs, the evaluation measures the numbers of artists served (output), knowledge gained (outcome), and the tangible consequences or changed behaviors of the artists (impact). The program director provides examples: “some of the tangible impacts were people securing book deals; somebody got a solo show in New York; another got a distribution deal for their film.”

For the training programs produced by CCI itself, an onsite survey is used: We provide evaluations to all of the students at the end of each class. They’re written evaluations; pretty brief. They should take ten minutes, and we ask the students to basically evaluate the trainer’s presentation, the usefulness of the information, and then tell us any holes, or gaps, or strengths of the program so that we can kind of focus on those. (Program Director)

CCI uses participant surveys, grant reports, focus groups, and convenings in their evaluations, combining quantitative data with qualitative feedback. The program director described the data gathering method used in the NextGen and CCI's other professional development grant programs:

We are fastidious about tracking and capturing data of our applicants in a very robust, rich backend that was custom built for CCI. So, we have an online application, and that application allows us to track and report the discipline, the geography, the types of activities people are applying for. We categorize the topics and the types of activities their price, location, things like that. And so we're able to fairly quickly and accurately report on that data to our funders, which has been a great, useful tool.

Consultant Harder and Company used this data to produce an extremely thorough evaluation for the Irvine and Hewlett foundations, which funded the "Next Generation Leadership Initiative" of which two of CCI's re-granting programs are part. The goal of the umbrella program, which includes a networking initiative in addition to the two grant programs facilitated by CCI, is "to promote the leadership development of younger arts professionals (aged 20 to 35) in California's arts community" (Harder & Co, 2011). The theory of change exemplifies the sector-wide perspective taken by CCI and its funding partners:

Figure 2. Next Gen Theory of Change. (Harder & Co, 2011, p. 4)

The future

Despite the recent retirement of its founding executive director, CCI maintains strong and stable relationships with its funding partners. This is due, in part, to the fact that a former funder and board chair has stepped into the role of interim executive director to provide continuity of programming. Thus, there are no wholesale organizational changes on the horizon for CCI. Given its organizational focus on research and evaluation, changes to the organization and its programs are likely to be research-driven and evidence-based. As the program director noted, “because research is such an important part of our practice, I’m sure it [data] will be utilized in the future in some way that benefits the fields.”

Case 4: Mighty Tieton

Mighty Tieton is a loose affiliation of business entities located in the small rural community of Tieton, Washington each of which is connected through Mighty Tieton LLC, owner of a renovated fruit warehouse that is home to several creative businesses and gallery space. It is one of the few commercial (that is, for-profit) incubator enterprises identified in the original typology research although it is aligned with at least two non-profit entities, one of which has received significant support from the National Endowment for the Arts.

The City of Tieton is located in the Yakima Valley of Washington where fruit, both picking and packing, is the major economic driver. In a 2009 planning meeting, one community member described Tieton’s location as “the end of the line; it’s not on the way to anywhere” (USDA, 2009, p. 8). Tieton is a community of approximately 1100

people, two thirds of whom identify as Hispanic/Latino.⁹ Twenty percent have incomes that fall below the poverty line, higher than the national rate of 14.5% during the same period. With a total of only 340 households and 20 miles from the nearest population center (Yakima, WA), Tieton seems an unlikely place to launch an arts incubation effort.

The Incubator's Beginnings

The story of Mighty Tieton's beginning has been recounted many times by its founder, Ed Marquand, and others in both published materials and the interviews I conducted. Marquand and his partner, attorney Michael Longyear, consider their "main business and home" to be in Seattle where Marquand is an art book publisher. For some time they also owned a cabin within a long bike's ride of Tieton, a detail that impacts the location of the Mighty Tieton Warehouse and attendant programs. Marquand was on such a long bike ride when he followed a road sign to Tieton. Behind what is now Tieton Lofts, Marquand got entangled in some goathead thorns behind one of two unused fruit warehouses and spent the afternoon in Tieton repairing the damage. He recounts what happened next:

I just thought, "Gee, I wonder what artisan designer friends could do with this space." My designer and artist friends who came over with me would sit in the park. We'd look at the spaces. We'd try to imagine the possibilities. Essentially we played like a little game of monopoly every time we got together, if we could buy this storefront and that warehouse or that church and this former grocery store, what could be done with those properties. By the end of the summer of 2005 we had

⁹ Descriptive statistics in this section are sourced from American Community Survey 2013, accessed from census.gov

decided, okay, let's actually make a move on some of these properties, with the idea that we would create an incubator for artisan businesses. So, 2005 we bought two of the warehouses. We [also] bought this space, which is now my studio, Paper Hammer Studio. We then decided that we would take one of the—one of the two warehouses and convert it into condominium lofts. (Founder)

From this excerpt, the impetus for founding Mighty Tieton as a real estate enterprise rather than an arts incubator emerges; the impetus is Kirznerian in both its motivations and materialization as an act of discovery. Marquand and Longyear bought a total of nine properties in the City of Tieton. Kerry Quint, who had attended art school with Marquand, was recruited to manage the renovation and construction of what would become Tieton Lofts. He eventually permanently relocated from Seattle to Tieton with his wife, Karen Quint, founder of Goat Head Press, now one of the Mighty Tieton Warehouse (the “incubator”) resident enterprises. Kerry Quint went on to chair the Tieton Economic Development Commission.

The second warehouse was more lightly renovated and is the home of several artisan businesses (including at least two owned by Marquand and Longyear). If “Mighty Tieton Arts Incubator” has a physical locus, it is in this second building, the Mighty Tieton Warehouse. However, several businesses that are not located there, including El Nido Cabins and Tieton Ciderworks, are considered to have been “birthed” in part through their Mighty Tieton affiliation.

My observation during a two-day visit to the City of Tieton is that there are two separate and distinct “cultures.” The first, which existed before 2005, is grounded in the

largely Hispanic working class population. The second was largely imported from Seattle by the incubator founder who shared his rationale: “my idea of coming here was in a way similar to the way that artisan designers move into distressed neighborhoods in urban areas, revitalize them and turn them around so they become more viable economic... neighborhoods” (Founder).

On my second night in Tieton, after spending a full day with the founder and several loft and incubator residents, attending an opening in the gallery space, and eating a communal meal with the mostly Seattle-based artists who were visiting for the opening, I heard Mariachi music playing as I walked back to my cabin. Half a block away, there was a large party in the backyard of a home. A fully costumed Mariachi band was playing and people were dancing. I later asked the city’s mayor to comment on the contrast between the two parties and whether or not there was a connection between the cultural events I observed at the warehouse and the backyard. “Not really,” he responded. He continued, “No, they have their own culture; they’re big on family.” Mighty Tieton produces a couple of events that its staff say are intended to bridge the two cultures, specifically “Community Days” and a poetry festival but the mayor’s comments affirmed my own observation, that the Hispanic and non-Hispanic cultures do not mix, except during the Community Days event:

There are locals that are pretty well off, so they – they go to a lot of these events [art events at the Mighty Tieton Warehouse]. You know, because you have a lot of orchard owners and some of the older citizens. They enjoy these events.

Do you see the more the working class population, the significantly Latino population attending these events?

Not too much. You do get a few, but not all that many. So it's most of them are working class and they have 12 hour days, so... Seven days a week. So they just don't get that involved in what's going on. Because they're big on family, and that's where free time – that's pretty much where they spend their free time.

(Mayor)

It would be too much of a digression here to address the inherent inequity implied by the mayor's comments between the value placed on the imported urban cultural events and the endogenous cultural events exemplified by the Mariachi performance, but I could not let it go unnoted.

The cultural division is noteworthy for the current research because it provides some context for establishment of Tieton Mosaic, a subsidiary of the nonprofit Tieton Arts and Humanities, affiliated with Mighty Tieton through its founder, Michael Longyear (Ed Marquand's partner and co-owner of Mighty Tieton Warehouse). Tieton Mosaic was the recipient of a creative placemaking grant from the National Endowment for the Arts "Our Town" program. Through this program, "Local residents will be selected and trained as apprentices to produce and install mosaic signs and designs on public buildings and civic spaces. The project will establish a bold visual identity for the city and an artisan training program for residents to acquire skills in mosaic making" (NEA, 2013). While not part of the commercial Mighty Tieton Warehouse, the founding of Tieton Arts and Humanities and Tieton Mosaic illustrate the complex, multi-entity presence that Marquand and Longyear have established in this small rural community.

Value Proposition

Mighty Tieton's value proposition may be best expressed by the founder's own summary: "They would not have started without Mighty Tieton." Mighty Tieton does not provide business services, formal training, or subsidized rent in the warehouse space to new ventures but has provided the opportunity for artisan enterprises (e.g., Goat Head Press) or artist-owned businesses (e.g., El Nido Cabins) to locate in Tieton.

Although delivered informally, Mighty Tieton's founders do provide business-planning advice to the other entities in the town. Using Osterwalder, Pigneur and Clark's (2010) business model canvas, the founder works with the artisan entrepreneurs to "suss out whether something is going to make sense or not." They also use business planning as a means to screen potential enterprise partners:

The filter that we have applied to other entrepreneurs isn't formal or rigorous, but it's the most effective way that we've screened out people who have come to us with business ideas that just didn't work out: asking them to write a one-page description of their business plan. Too high a barrier. If they can't do that, I'm not gonna have coffee with them.

Another element of the value proposition is "Mighty Tieton" as a brand. The founder indicated that his endorsement under the "Mighty Tieton" label has had some weight and subsequently a positive impact on enterprises such as Tieton Ciderworks. The founder likened the work he does through Mighty Tieton to a Chamber of Commerce, connecting businesses to other businesses for the benefit of all. An affiliated enterprise owner characterized this activity as "they are just really good at talking to all different

kinds of people” (Enterprise partner). The economic development chair also mentioned the founder’s marketing communication skills as being of value across the network of affiliated entities: “Ed’s a salesman. He sells. That’s what he does, and so he sells this idea to people” (EDC chair). That idea, according to the founder is “that here are successful businesses that have established themselves here collectively in the most informal way” (Founder).

Despite the observed demographic divisions in the community, Mighty Tieton does provide some value to the community as a whole. Several of the people involved with Mighty Tieton used “symbiotic” or “symbiosis” to describe the relationship between the business entities as well as between Mighty Tieton and the larger community. These relationships have yielded some measurable economic development impacts: “by creating new businesses in the area and employing local people, they improve the economy. And they create these income sources for local people” (MT Staff). Among these new jobs are employees of Paper Hammer Studio (owned by Marquand), employees of the production and fulfillment company housed in the warehouse, Tieton Productions (owned by Marquand and Longyear), and employees of Tieton Ciderworks, one of the loosely affiliated entities. Paper Hammer and the production company together employ eight to ten people full time. As the production facility grows, Marquand anticipates being able to employ one or two more local residents.

The Economic Development Committee chair, an incubator tenant, and an affiliated enterprise owner all discussed the way in which the events sponsored by Mighty Tieton create value by bringing people and potential customers to the small town: “People come from all over the place” (tenant); “They send business to us” (partner). The

EDC chair considers such customer development to be a goal of the enterprise: “their main goal was to get people over here doing things so that this idea would catch on and more people would invest themselves into coming over here and doing things, creative things.” The founder denies that community economic development is or was a goal of their endeavors, but acknowledges that it is a byproduct of them:

We did not set out, and we still to this day are not setting out to be community developers. This is about helping creative entrepreneurs realize their dreams.

However, it’s also... totally evident that community development grows out of that activity. But I don’t want it to drive that activity. I want it to be a natural byproduct of that activity, because I think it’s more sustainable. You know, it’s-it is-it’s jobs, you know, this is jobs. (Founder)

Ultimately, as is the case with all four of the incubators under study, the incubator realizes those dreams of creative entrepreneurs by lowering barriers, whether through the chamber-of-commerce-like networking, or a perception of reduced risk:

Just encouraging the leaders of the city to take risks that they had neglected to take for 80 years. So, really huge, huge changes in - in what people were willing to do, because they had this leadership that stepped in and offered them kinds of support and said, “Hey, this could work,” or, “This is a risk that we want to take. This is a smart risk to take.” Whereas I think that Tieton’s general understanding of the world is, “Don’t take risks. Just stay where you’re at. And at least tomorrow will be okay.” (Staff)

Incubator Form and Funding

As noted earlier, Mighty Tieton is a “loose affiliation” of entities. Many of the enterprises are owned by Ed Marquand and Michael Longyear (separately or together). These include Might Tieton Warehouse, which can be considered the incubator space, Paper Hammer Studios, Mighty Tieton Construction, and Might Tieton Production, the fulfillment service. Mighty Tieton Lofts is the residential condominium facility adjacent to the warehouse/incubator.

Mighty Tieton Production is the main financial driver of the network. The company provides production services (i.e., light manufacturing) for start-up creative enterprises based in Seattle. At the time of my visit, the company was producing hand-made luminaires for Graypants¹⁰, a product design firm. The founder described the business idea thus:

The Seattle maker spaces are full of people who are coming up with really interesting products; some of them are going to catch. Those are the ones who are going to run out of production space. Transfer that production here. We'll set it up. You can spend as much time—you can set it up or we can set it up. But let's do that. And bang....After much thrashing around, the formula that is snapping into place now is clearly our future: Which is reaching out to these production companies that really can't grow as fast as they could grow without our support. And to the core I believe there are many of those businesses out there, and through Gray Pants and through some of the other entities, they're accessible. (Founder)

¹⁰ See graypants.com

Although most arts incubators – most business incubators – are nonprofit organizations or government or university affiliates, Mighty Tieton’s founder had no intention of setting up a nonprofit arts organization:

We wanted to be for-profit, as much as anything because we didn’t have a very clear mission of the end result. We needed to be very nimble. We were outsiders and we wanted people in the area to feel that we were business colleagues, not carpet-bagging, nonprofit, arty types from Seattle. We wanted to be seen as colleagues rather than be viewed as people who are trying to take money away from the cultural institutions that were already here. (Founder)

In addition to the revenue generated by Mighty Tieton Production, the warehouse tenants, most notably Goat Head Press, pay rent to Mighty Tieton Warehouse and contribute to the upkeep and maintenance of the facility. Theirs is not below-market subsidized rent that one might find in a nonprofit arts or business incubator, but market-value rent that generates revenue for the facility. In turn, the tenant provides artistic opportunities for printmakers throughout the region, operating on a business model of membership and program fees. Mighty Tieton Events is another separate for-profit entity that generates revenue back to its owners, Marquand and Longyear. Founder Marquand was quick to point out that none of the Tieton enterprises were his main source of income, however: “it’s not what I depend on for my main income. Fortunately, you know, I have the other business, but it is generating revenue for me to gradually fix up and turn that building into an even better facility and an even more attractive space for light manufacturing.”

What is Success?

The for-profit model understandably shifts the goals and the success metrics of the incubator away from artistic production and toward capital production or wealth generation. Success markers include breaking even (if not making a profit), longevity of the enterprises and, seemingly, the ability for everyone to get along amicably – including the two “halves” of Tieton: the influx of creative enterprisers and the long-term farm worker residents. A staff member indicated that the enterprise(s) have been very successful, but not in a traditional way: “I think that they’re very successful in everything that they create. But what they create doesn’t have a focus that a normal business model would. You know, it [a singular goal] would just be a given in a normal business model” (MT Staff).

The mayor feels that the influx of new people is a marker of a kind of success, especially as there has also been an increase in involvement by local community members. He noted that an echo effect is starting to be felt with several new businesses moving into the town (Nolan and Sons, a fruit packing equipment manufacturer, and Bootleggers, a café). My observation, however, is that there are still many vacant buildings along the town’s main square.

Evaluation

Given Mighty Tieton’s structure as a loose affiliation of enterprises, it is not surprising that there is no formal means of evaluation in place. A staff member noted that tax filing requirements have created a de facto evaluation of the fiscal health of the enterprises. The founder described the fiscal review in less formal terms: “It really comes down to do we squirm when we get the bills at the end of the month? How much do we

have to defer payment or kind of fiddle faddle the money around to pay everybody on time and to keep the insurance bills paid and the water bill paid and all that stuff” (Founder). Marquand and Longyear hired a consultant in 2011 to assess the business strengths and weaknesses of the various entities. This assessment was not shared with me or with the staff or enterprise partners, but it was shortly thereafter that Might Tieton Production began its current growth trajectory.

Both the Mayor and the EDC chair look at job growth as a means of evaluating the success of the various endeavors. That too is done informally, a method made possible by the small size of the town.

The last informal evaluation metric that seems to be notable to the key incubator stakeholders is recognition. A former staff member noted, “we’re generating so much interest and participation in the few short years that we’ve been running our events, it’s pretty remarkable” (MT staff). She went on to explain, “other ways that Mighty Tieton more broadly assesses itself would be sort of the glitz and glamour. Like, how many - how many Seattle-based arts groups are interested in working with us? How many national groups are coming to visit us?”

Overall, the stakeholders implied that if the books are balanced on the various entities, people show up for the community events, and a handful of new jobs are created then a more formal evaluation is unnecessary. In the absence of over-arching economic, artistic, or community development goals, formal evaluation of the overall endeavor would be difficult, although evaluation of its various pieces and programs would be possible.

The Future

Mighty Tieton Production is continuing to grow. Marquand expressed an interest in attracting an artisan culinary business (restaurant or shop) to the town that would help make it more attractive as a destination. The nonprofit Tieton Arts and Humanities was slated to spinoff Tieton Mosaic as a for-profit enterprise, and that may still happen. At the time of this writing, Tieton Mosaic was still operating on a workforce development model in which a small number of people could receive on-the-job training in artisan mosaic sign production. Since my site visit, one new enterprise, Tieton Works¹¹, has been added to the Mighty Tieton affiliates.

¹¹ According to its website, Tieton Works “creates t-shirts, posters and other products to promote a connection between art and the outdoors,” with production facilities at the Mighty Tieton Warehouse.

6. CROSS CASE ANALYSIS

Arts incubators provide services to artists, arts organizations, and creative enterprises. The value the incubators create is not in the services delivered per se, but rather in the effect such services have to lower barriers, convey legitimacy, cushion risk, and, in some cases, enhance self-sufficiency. Given the range of their client and community stakeholders, organizational structures, geography, and strategic priorities, the four incubators under consideration typify such organizations and programs nationwide. These incubators share some common characteristics. In all cases, incubators play some part in lowering barriers to entrepreneurial action, helping their clients directly or indirectly to connect their means with desirable ends. Differences are observed in strategic priorities and organizational culture. These differences are evidenced in the ways the organizations evaluate their success and that of their clients, although there are also similarities there, especially in that, for the most part, evaluation occurs at the client level, rather than the program or organization level.

Themes and characteristics that arise from a look across all four cases include: arts incubators are in a state of change; arts incubator affiliation provides a “stamp of approval”; arts incubators provide a risk safety net; arts incubators strive to support self-sufficiency of artists or client groups; success is defined and measured locally; and evaluation is considered to be important but implemented inconsistently. This chapter looks across these four cases to draw conclusions about arts incubators as organizations, how they create value, and whether and how they evaluate their success at doing so.

Organizational implications

Strategic priorities

Table 3 provides a snapshot of strategic priorities across the four organizations drawn verbatim from the interviews conducted and other primary documents, organized thematically. The three nonprofit organizations share several priorities: positive community impact; a commitment to artists living and working in the community; and a focus on their programming, whether the core programming be space and services, fiscal sponsorship, or program development. Mighty Tieton is somewhat of an outlier for its focus on job creation and business development, but it is an outlier in the universe of arts incubators generally for being a for-profit hybrid enterprise in an overwhelmingly nonprofit area of activity. I note that Arlington's incoming director shares some of Mighty Tieton's economic development and job creation priorities. Her view is *prospective* and will drive the organization's decision making in the future; such priorities did not influence program activities significantly up until this time. Securing funding is a priority for all of the organizations, but even for the for-profit Mighty Tieton, it is a means to the organization's larger ends, not an end in itself.

The three nonprofit incubators share an interest in supporting the arts "ecology" in their communities, an interest in creating an environment where artists will want to both work and live. Mighty Tieton's goals are less altruistic, but it is still interested in building a community where creative small businesses (which may or may not be artist-owned) may want to locate. The three facility-oriented incubators (Arlington, Intersection, and Mighty Tieton) share an interest in the production and/or exhibition

1. Arlington	2. Intersection	3. CCI	4. Mighty Tieton
Community impact	Give back to the community	Focus our efforts on getting to know the community we serve and responding to their needs	We did not set out, and we still to this day are not setting out to be community developers
Performance [artistic production]	Hub for all sorts of exciting, different types of arts-focused w		More programming and much less administrative work
Keep artists living and working in our community,	A sustainable arts community in the Bay Area.	How the city and Silicon Valley might become more artist talent-friendly	attract other people who could look at some of the other available spaces in town and replicate our model, creating businesses
Give people the opportunity for artistic expression		Make artists more sustainable and self-sufficient	
Create a vibrant place to where people want to live, that feels full and engaging and exciting			
Space and services ingrained in the culture	Fiscal sponsorship	Incubator is where the standing programs have developed	
	Organizational stability / incubator program itself as a revenue generator	Increase available sources of - of funding	Once the numbers make sense then you can achieve more faster; it's not about making a bunch of money
Economic development			Make the warehouses and the spaces that we have totally sustainable, financially healthy, productive...
Job creation			This is jobs
Enterprise creation/world class arts institutions	Program growth		This is about helping creative entrepreneurs realize their dreams

Table 3. Strategic priorities of four arts incubators as articulated by stakeholders.

of work and such is core to their missions. Table 3 provides a summary of these strategic priorities.

Leadership and organizational change

Three of the four incubators are in the midst of a leadership transition and period of organizational change at the time of this writing. An examination of the launch of the four programs indicates that having a strong visionary leader at the helm supported the early success of the programs and their sustainability, but a leadership vacuum can result in tumult within the organization, as both Arlington and Intersection experience differing negative consequences following the departure of a long-serving leader. In Arlington's case, Norma Caplan's departure left the program in a static situation in which the dedicated staff maintained programs but did not grow or evolve them. This led to what the new agency director described as a "leadership vacuum" in which the six resident client organizations began to feel "ownership" over the space, making change even more challenging than it might otherwise be. In the case of Intersection for the Arts, the long-time leader's departure led to the company's fiscal crisis because she had seemingly prioritized restricted endowment funding over funding for operations. The new ED (and former program director for the incubator program) explained the situation: "there was one point ... where I went into the bookkeeper, and there was only \$50.00 operating cash. We had millions in the bank, none of which we could touch."

The loose affiliation that is Mighty Tieton has a strong visionary leader at its center. While much of the incubation and business development activities of Mighty Tieton are accomplished informally, they all circulate around founder Ed Marquand

and, to a lesser extent, his partner Michael Longyear. If Marquand were to depart the area, the enterprises in the affiliation may not choose to remain affiliated with one another, as the value created for them flows through the one specific person without an organizational structure or organizational culture to sustain their relationship.

Center for Cultural Innovation serves as a counter example to the other three programs both for its execution of a smooth leadership transition and the development of an organizational culture built on organizational learning. Cora Mirakitani was the founding director of CCI, an organization launched in response to evidence-based policy recommendations and perceived need. When she decided to step down 13 years later, a member of the organization's board of directors, who herself has a long resume of arts funding experience, stepped in as interim director. There was no period during which CCI was without leadership; the interim leader, having been a long-serving board member and intimately familiar with the California arts ecology, was able to ease into the position. She has subsequently accepted the position on a permanent rather than interim basis.

Organizational learning culture

As described in the individual case, CCI designs its programs based on evidence of current need and past impact. The organization is responsive to evaluation undertaken internally, by consultants, and by its funders in a process of ongoing organizational learning. In their classic work on the subject, Levitt and March assert, "organizations are seen as learning by encoding inferences from history into routines that guide behavior." They go on to explain, "Routines are independent of the individual actors who execute them and are capable of surviving considerable

turnover in individual actors” (1988, p. 320). What is routine at CCI is the use not only of the “inferences” of history, but the formal evaluation of that history being used to inform new routines. At Arlington, conversely, the routines themselves have become embedded, but those routines have not “adapt[ed] to experience incrementally in response to feedback about outcomes,” (Levitt and March, 1988, p. 320) at least not yet in a substantive way.

Mighty Tieton seems to possess a culture of organizational learning, although it is learning derived from a different source: direct experience. The strategic decision to focus on production services for small creative businesses exemplifies a way in which the organization adapted its routines based on learning from direct experience -- by doing. Simultaneously, the telling and re-telling of Marquand’s “discovery” of Tieton while on a bike ride supports organizational memory and creates a mythic frame that will influence future learning.

Value Creation: Why Firms Form in Incubators

Looking across the four cases, we begin to see the actualization to greater or lesser degrees of the various theories of firm formation discussed in Chapter 3 as small enterprises and individual artists behaving like small enterprises enter and develop within the incubator programs. Reduction in transaction costs, per Coase (e.g., 1937), and Grant’s (1996) knowledge-based theory of the firm are most obviously evidenced across the various ways that value is created by the incubators for their clients.

Lowering barriers

Barriers to both market entry and market sustainability are lowered most obviously and directly by the granting or re-granting of financial resources, space, and services. The services provided by Intersection's bookkeeping or Arlington's production support are at costs to the client organizations that are significantly reduced by the incubator, costs that would be insurmountable to a new organization entering the market independently. A client sums it up: "we couldn't have made it without Arlington's support . . . the idea that a young organization looking to get up and running doesn't have to commit to a rent for performance space is utterly revolutionary " (Arlington Client 2).

Reducing the transaction costs of doing business is another important means by which barriers are lowered. One of Intersection's clients, for example, noted that the fiscal sponsorship program, which eliminates the cost of having to incorporate as an independent 501c3 organization, provides the client organizations with time at the beginning of their development to find out what organizational structures and programming will work or not work for the organization at the time of market entry. Another of their clients also puts a high value on the elimination of the cost of incorporating: "every time I think about getting our own 501c3, which we certainly are in line to probably be doing, I'm like...—it's worth 8 percent to me" (Intersection Client 1). An Arlington client has a similar appreciation, "there's this whole level of bureaucracy that they help facilitate" (Arlington Client 2).

For individual artists, a client of CCI explained that the Creative Capacity Grant he received is what enabled him to attend a professional development workshop on

learning skills to become an entrepreneurial artist, lowering the barrier to a workshop that will in turn provide the knowledge needed to enter the market effectively as a sole proprietor. Such dissemination of knowledge to the incubator clients is another way in which barriers to entry are lowered. This is particularly true for CCI's individual artist clients working as sole proprietors. A client explained, "their goal is to really provide knowledge to artists, on how they can be more successful on the business side of things" (CCI Client 1). By gaining both explicit and tacit knowledge from CCI's programs, the artists overcome the barrier of unawareness to move from being an artist to being an artist/entrepreneur.

"Seal of approval"

Although there is a body of research showing that public support may have both a crowding in and a crowding out effect on other funding (e.g., Brooks 2000; LeClair and Watts, 2013), incubator clients *perceive* the echo affect of incubator support as positive, as another means to lower barriers. An Arlington client notes that the incubator affiliation provides a "seal of approval for foundation money and other corporate corporations" (Arlington Client 2).

The Mighty Tieton affiliation (or "seal of approval") has reduced marketing transaction costs for affiliated organizations. One enterprise partner put it bluntly: "they send business to us" while a tenant notes, "we had a great response from people in Yakima. When we have workshops, people come from all over the place" (MT Tenant).

The incubator “seal of approval” also facilitates knowledge sharing via the networking opportunities it provides: “They could learn from me, and I could learn from them [other incubator clients] in totally different ways” (Intersection Client 1).

Risk “safety net” and organizational sustainability

Incubators cushion risk (financial or otherwise) at a specific point in time, often at the point of market entry. One client explains, “it really helps us focus more on building the organization [rather] than worrying about that part of it” (Intersection Client 2). However, in some cases (Arlington Arts and to a lesser extent Intersection) the incubator does not just reduce risk, but removes it, making the subsequent actions on the part of individuals or organizations less entrepreneurial and more managerial.

As noted earlier, by absorbing some of the financial risk, the incubator clients have greater capacity to take artistic risks. To put this in the theoretical framework delineated in Chapter 3, incubator affiliation enables client organizations to more efficiently convert their existing means into cultural capital and aesthetic products that form the basis for a sustainable culture. We see this phenomenon across all four incubators under study. In some cases, the incubator enables organizations not just to enact this process of converting means to ends more efficiently, but to do so at all.

Self-sufficiency and sustainability

In the cases of both Intersection and CCI, knowledge is viewed as a means toward self-sufficiency and sustainability. Intersection’s ED explains, “we work with them on the underlying basic business principles that are needed to have a sustainable art practice.” In both the Arlington and Intersection incubators, the space and services provided have enabled the sustainability of its client organizations over time. While

this has been good for the individual clients, the space limitations of the ongoing relationship has limited program access for new arts organizations, most acutely in the Arlington program.

Enhanced knowledge has the potential to enable individual artists and arts organizations to make more productive decisions artistically and organizationally, realizing in part Cyert and March's behavioral theory of firm formation. One Intersection client explains, "he [the staff mentor] had some very helpful suggestions on what to do and how to make it a little more effective" (Intersection Client 2). Only one interviewee explicitly addressed organizational decision-making and she did so in a way that implied that the regulatory environment made decision-making a slow, if not ineffective, process. Incubators may be able to play a role in helping its member organizations navigate the regulatory landscape to help them make decisions. Although it does not meet the definition of an "arts incubator" used in this study, Revolve Detroit publishes a guidebook that does just that. Their resource provides "checklists, flow-charts, contact lists, permits. . . to help stakeholders work together and take action" (Revolve Detroit, 2015).

The CCI Program Director speaks about the impact of the program in terms that reflect both the knowledge and behavior theories of the firm: "based on the knowledge that they gained to then see the actual tangible consequences of their changed behaviors within their practice to support their careers." In this case, knowledge leads to changed behaviors that support the advancement and sustainability of artist sole proprietors. She continues, "they can use that knowledge to leverage new opportunities; that's theirs now."

Evaluation

Business incubator evaluation tends to focus on the assessment of firms within incubators rather than on the incubators themselves (see Mian, 2014). The same appears to be true of arts incubators. In general, evaluation processes occur at the client level, where the success of the incubator is measured by the success of its clients rather than at the level of the incubator programs or in relation to their strategic goals. This aligns with the findings of the pilot study of university-based arts venture incubators, in which most study participants focused on evaluation as a process for admitting student clients into the program and assessing individual student learning rather than on broader outcomes (see Essig, 2014c). At least one incubator director recognizes that output evaluation without process evaluation is potentially problematic: “It’s tended just to be a machine that just is self-perpetuated, with never any analysis of the parts” (Intersection ED).

Metrics

Business incubation evaluation tends to focus on performance outcome measures such as revenue earned and jobs created by client firms. Both of these metrics play some part in the evaluation of arts incubator clients as well. The business models of Arlington Arts and Intersection rely on a percentage of revenue earned by client organizations, so there is a very direct relationship between client revenue earned and incubator success.

Earned revenue is affected by the “numbers served,” one output measure that is employed at both the client and the incubator level. The three nonprofit incubators each look at the number of clients served as a measure of their reach, if not their

impact, and from there, both Arlington and Intersection look at the numbers of community members served by each of the clients as a measure of incubator impact, in a relationship illustrated in Figure 3. Given this relationship, the intention of the incoming Arlington Director of Cultural Affairs to foster a “growth mindset” may lead not only to a positive business trajectory for client firms, but also to greater community impact.

Figure 3. Community members served is a function of number of incubator clients

Both CCI and, to a lesser extent, Mighty Tieton, look to client enterprise sustainability as evaluation metrics, whether measured informally as in the case of Mighty Tieton, or formally at CCI. In the latter case, client grant reports are the primary source of data used for evaluating the impact of programs on client sustainability. For Mighty Tieton, enterprise longevity, both of those enterprises

owned by the founders and those in the affiliation, are metrics for informal evaluation.

Local versus global success

Each of the incubators seem to define success at different geographic or sector-wide levels. Arlington Incubator, being a program of a county agency is understandably the most locally-focused of the four programs under study. One client explained the perspective: “I do see the value of creating an arts environment where small, interesting things happen. And that’s what I think should be the metric of success for the county” (Arlington Client 2). Even under the new agency director, the focus of the programs, even if they grow, is likely to remain geographically local, especially given the county-level economic development focus of the parent agency. Intersection likewise defines success locally via its clients: “you have to define success individually. The program as a whole is going to be made up of the sum of its parts, in terms of evaluating success” (Intersection ED). Although Intersection’s success is viewed through the lens of its clients, a few of those clients serve communities that are international, extending the influence of the work.

Mighty Tieton looks to regional or even national recognition as a measure of success, even for activities that occur at a local level: “How many national groups are coming to visit us, like the Kresge Foundation or the Educational Foundation of America.” (MT Staff). Finally, CCI defines its success in terms of the arts sector as a whole: “Cora’s reporting was always that output level but also framing it within a larger context of what’s going on in the field, both in California, both in the region

and in California, as well as [to] contextualize it with what she knew nationally” (CCI Funder).

Aligning evaluation with strategic goals

All four organizations of interest have articulated, to a greater or lesser degree, goals related to creating a supportive environment for artists and a vibrant community (cf. Table 3). In their evaluation processes, however, assessment occurs at the individual client level rather than at the community level or even, in most cases, the organizational level. Client interviews conducted as part of this research indicate that the incubator programs do have a positive effect on the climate for artist or artist-owned business, often through some version of “we wouldn’t be here without them,” or “they make it possible to....” However, the incubators themselves are not assessing that outcome directly.

“Community vibrancy” is likewise under-measured, but the difficulty of measuring the effects of art organizations on community vibrancy is a challenge across the entire sector in this age of creative placemaking as it is an outcome that is malleable and open to interpretation (Gadwa Nicodemus, 2013, p. 214). Thus, the measurement of community vibrancy – or even the development of methodology to measure it -- may be better undertaken by funders or other stakeholders in the larger arts ecology, such as the Urban Institute, rather than individual organizations. Despite the sector’s inability to show a causal link between arts incubators and community vibrancy, in recommending that Washington County, MD develop an arts incubator in downtown Hagerstown, Sage Policy Group asserts “Sage found that arts incubators are often very successful at attracting and assisting artists. The presence of artists not

only attracts visitors, but also leads to business formation, greater demand for real estate and a general sense of *community vibrancy*” (2012, p. 34). They base their recommendations on ten-year-old materials published by the two examples they cite, one of which is Arlington Arts Incubator, rather than any causal evidence. Ironically, perhaps, it is the staff of Mighty Tieton, the only commercial incubator and the only one *not* to avow a community development goal, that articulated evidence of an incubator’s impact on community vibrancy, in their case via media interest and growing attendance at community-wide events, that is, not the numbers served but rather the change in participation over time.

Situating evaluation in a policy framework

In Chapter 3, Schneider and Ingram’s (1997) model of the social construction of policy targets was used to show how artists had been viewed as potentially “deviant” in the years following the culture wars. By constructing artists as creative entrepreneurs – as individuals forming firms in order to produce their work, they move into the positively constructed area between the powerful and the powerless, as indicated in Figure 4.

Table 4. Social construction of creative entrepreneurs as policy targets

Schneider and Ingram assert that policies that focus on targets in this group are designed to build capacity or provide inducement to action. The capacity building tools they cite as commonly used include “free information, training, and technical assistance” (p. 129), the very services most frequently provided by arts incubators, including the four incubators considered here. Interestingly, they note “Evaluations to determine the actual effectiveness of providing beneficial policy to advantaged groups are almost never stipulated” in the authorization. Thus, there is little *external* motivation for undertaking evaluation of the effectiveness of these policy tools; such motivations are generated internally, if at all.

Using evaluation for organizational learning

David Grant asserts, “The primary purpose of assessment is to improve performance” (2015, p. 27). I would add, “to improve performance *in relation to strategic goals*.” CCI seems to be the only incubator in the sample that uses formative assessment to support organizational learning and improve decision-making. Describing the formative comments she receives, the CCI Program Director noted, “it’s great feedback for us, and it really helps us make better decisions.” She also thoughtfully described how they implement evaluative recommendations from their clients into their programs. None of the other three have been implementing either formative evaluations or process evaluations. However, given Intersection’s recent restructuring and commitment to change and the new leadership at Arlington Cultural Affairs – combined with staff dedication to strategic planning and organizational improvement – such evaluation and assessment processes may be implemented in the near future. In the concluding chapter, I offer some recommendations for how to do just that.

7. CONCLUSIONS AND RECOMMENDATIONS

When this research began as the financial crisis was waning in 2012, it appeared as though arts incubators were on the verge of becoming a national phenomenon that could meet both artistic and economic development goals simultaneously. Policymakers expressed strong interest in the phenomenon: during those years I presented on the topic to the Western State Arts Federation and twice briefed senior staff of the National Endowment for the Arts on it. However, the post-recession surge in incubator activity appears to have plateaued as new programs face the same challenges of revenue generation faced by their clients and, perhaps, because arts incubator impacts, especially indirect community development impacts, are as yet unproven.

The questions that drive the research (Given observed differences across organizational forms and foci, how do arts incubators of various types create value for their stakeholder communities? How do arts incubators evaluate their success at creating that value? What is the relationship between their evaluation methods and their strategic priorities?) have been answered by talking with the very people who create, consume, and support the process of value creation in and by incubators. This research has opened the black box of incubator operations by peering deeply into four arts incubators of different types.

By surveying 27 arts incubators and subsequently interviewing multiple stakeholders and analyzing both published materials and internal reports of four of these, I have shown that arts incubators create value for client artists and arts organizations both through direct service provision and indirect echo effects but that the provision of value to communities or systems is attenuated and largely undocumented.

Previous research purports arts incubators to be modeled after and function similarly to small business incubators. This does not hold true for most of the incubators surveyed and all four more closely examined in this study. Center for Cultural Innovation, for example, discovered early in the life of the organization that the incubation practices of the Small Business Administration do not translate directly to the arts context and have adapted their practices accordingly. Others, such as Arlington Arts Incubator, have not focused on producing the output of most business incubators, graduated firms. These examples evidence the unique character of the US arts and culture sector as differentiated from other sectors of the entrepreneurial economy in that the motivation for artists to undertake entrepreneurial action by entering an arts incubation program may be extra-economic. Arts incubators facilitate connections between artist or arts organization means and their ends, the creation of aesthetic products.

Arts incubators, like many small arts organizations, tend to look retrospectively at outputs rather than at the processes that convert inputs to tangible impacts, or means into ends. This is not an issue relegated only to the arts and culture sector; business incubators share some of these tendencies. Only one organization studied (Center for Cultural Innovation) has a formal and ongoing program of evaluation of its incubator and it does not address process specifically. Forty percent of the incubators surveyed (11 of 27) do not have a formal evaluation plan in place at all. Overall, there is less alignment between organizational priorities and evaluation of either processes or outcomes than is ideal. Often working in an external environment of economic scarcity and internal environment of organizational strain, evaluation may be pushed aside in favor of artistic production and direct client services.

Despite their inconsistently documented results, arts incubators remain a potentially impactful tool of cultural policy if their processes and activities align with their strategic goals and those processes and activities are assessed formatively and summatively. The recommendations that follow are designed to support arts incubator development in the future.

General Recommendations

Leadership and planning

Looking across the four incubators in this study, it becomes obvious that strong leadership is an important asset. Mighty Tieton and CCI, with strong leaders providing strategic direction, have been consistently innovating and adapting to changing circumstances in order to advance their missions. One observation of interest is that there is not one particular leadership *style* that seems to benefit these organizations. Instead, what is important for furthering the organization's trajectory is the leader's ability to think strategically, communicate effectively with both staff and external constituencies, and synthesize feedback (internal and external, formal and informal) into the planning or change process. The need for such strategic leadership was clearly articulated by an Arlington Arts staff member:

I just feel as though Arlington County's kind of all over the place. We need to have some central plan. And I'm hoping that with a new director coming in that we will do short-term [and] long-range planning and strategic planning on exactly where we're going to go. And that's what we've lacked for a long time.

(Arlington Staff 1)

The appointment of new leadership to both Intersection for the Arts and Arlington Arts positions those organizations to stabilize in the former case or grow in the latter. Interviews with the new leaders indicate that they have both the willingness and capacity to undertake the change management necessary. In order to empower these leaders to, paraphrasing Kotter (1996), set a change direction and align and motivate people, their boards should nurture their leadership capacity and support their efforts to move their organizations in potentially new directions that will better enable them to meet organizational goals. Unfortunately, there is an observed entrenchment at Arlington Arts on the part of resident companies and the commissioners who advocate for them that may be an obstacle to advancement, at least in the short term. Conversely, Intersection for the Arts has undertaken a period of self-study, the results of which are already being synthesized into new structures for the incubator program and its parent organization.

Graduation

If we are to understand arts incubators to be organizations or programs that provide *developmental* assistance to artists, arts organizations, or creative enterprises in early stages of development or change, then that assistance, by definition, is time-bound. Clients should graduate from the incubator when they have progressed beyond early stage development or change. “Graduation,” as the term implies, can be gradual; support need not be cut off abruptly. Rather, support can be delivered on a timeline that enables organizations or individual artists to develop according to pre-established and periodically modified benchmarks culminating in sustainable independent operation. Establishing a system that increases and then gradually decreases support provides an on-ramp for the new (or changing) organization while also alleviating the problem identified

by Grodach (2011) of companies becoming “residents” rather than incubator “clients.”

Overall impact decreases when space in a facility does not turn over periodically as firms graduate and move into their own spaces.

Formative and summative assessment¹²

My primary recommendation is that arts incubators adopt an ongoing program of formative and summative assessment that can be used to foster organizational learning and lead to evidence-based decision-making. Adapting the families of variables advocated by Mian (2011) for the evaluation of university technology incubators, I suggest that arts incubators evaluate their processes, their output performance, and the impact of the value created in the context of their strategic priorities and organizational goals. Table 4 following suggests the variables that could be evaluated at the process level, output level, and value-added level across the strategic priorities articulated by the incubator stakeholders (see Table 3 in the preceding chapter).

¹² An excerpt of this subsection was published on creativeinfrastructure.org on September 4, 2015

	Community development	Sustainable arts ecology (geographically defined)	Artistic production	Client independent sustainability	Economic development
Process variables	Entry criteria include client focus on community development; training and support provided for community engaged activities	Learning outcomes from training provided to artists and organizational leaders; partnerships with other organizations	Barriers to artistic production are lowered by provision of facilities, services, and funding	Training to support independent operation; benchmarks set for clients	Opportunities provided to link clients with investors
Output performance variables	Growth in community participation;	Number of artists or arts organizations receiving capacity building support	Art is created and/or presented;	Revenue earned and/or granted; capital attracted by clients	Jobs created
Value-added variables	Increased foot traffic; reduction in vacancies	Number of artists remains stable or grows; artists build tangible assets over time	Media coverage and other public recognition of art produced within program;	Client sustains operations over 1, 3- and 5-year periods	Enterprises launched and self-sustaining

Table 5. Alignment of evaluation variables with incubator strategic priorities

Process evaluation is not formally undertaken by any of the arts incubators in the study sample. By doing so, the organizations can assess if and how well their processes reflect their values in a way that will lead to desirable strategic outcomes. For example, CCI may want to evaluate their application processes to assess if they are equally open to artists of all genres, ethnicities, and California geographies. Arlington Arts can (and should) evaluate not only its application processes, but also the efficacy of its training for financial independence and sustainability, a prerequisite to a desirable outcome of graduating self-sustaining non-profit enterprises. All of the incubator programs can look to the ways in which their processes may encourage or inhibit artistic production.

The output variables are the easiest to measure. Several of the arts incubators in the sample currently measure output variables formally and all do informally. As these organizations and the incubator types they represent advance, setting achievable strategic benchmarks for these variables will support the sustainability of both the incubators and their client artists and organizations.

Finally, the only way to really know if the incubator is creating lasting value is to track the value-added (or “impact”) variables over time. This requires commitment on the part of the organization to build evaluation processes into their operations, to gather data on a regular basis, subsequently analyze that data, and synthesize results. CCI’s success in this regard is due in part to the strong partnerships they have built with their funder stakeholders to support evidence-based decision making. My recommendation is that incubator programs – and arts services programs more generally – partner with one another *and with funding stakeholders* to track system level impacts over time. Doing so will most efficiently deploy the sector’s scarce resources and most effectively surface the impact of arts incubators on the wider arts ecology.

Limitations of the Research

As is the case with all qualitative research, this study relies significantly on the researcher’s interpretation of the stories told to her. Although there are “facts” in each case derived from triangulating these stories with each other and with other documents, their telling is influenced not only by the teller but also by the researcher. In some cases, access to interview subjects also presented a limitation. For example, despite repeated requests and the support of the executive director, I was not able to gain access to interview a supporter of Intersection for the Arts. This may have been because of the

period of organizational turmoil that was occurring contemporaneously with my research or may have been due to factors completely unrelated to the organization. Fortunately, media coverage of the situation, which included material from such supporters, provided some perspective from that stakeholder group, albeit mediated.

The four arts incubators discussed here were purposively sampled from the self-selected group of incubators whose directors responded to the survey of all known incubators to represent incubators of different types. While I endeavored to identify case study subjects that exemplify a range of stakeholder groups, organizational forms, and geographic settings, I cannot assert with certainty that the findings here are generalizable to the universe of arts incubators nationally. Yet, given their diversity, there are likely to be at least some commonalities to be found in each of the cases with other similar arts incubation programs.

Future Research

Given that this research concludes with recommendations, future research can focus on the implementation of the recommendations and their efficacy in improving arts incubator outputs and impacts. Another question of interest that arises from a scan of changes to the arts incubator universe over the last several years is, “Why did these organizations fail?” or “Why did this organization become something other than an ‘arts incubator?’” In essence, “What are the internal and external forces that prevent an arts incubator from achieving the mission it set for itself at its founding?”

These questions are of interest to me as someone who has been looking deeply into arts incubators as organizations. However, the research surfaces some themes that are of broader interest, most especially the role of arts service organizations in

community and economic development. While *direct* impacts of incubators on these areas may as yet be unproven, I hope to have offered a window on how such organizations *may* do so, now and in the future.

References

- Abbing, H. (2002) *Why are artists poor? The exceptional economy of the arts*. Amsterdam: Amsterdam University Press.
- Allen, D. N., & Weinberg, M. L. (1988). State investment in business incubators. *Public Administration Quarterly*, 196-215.
- Arlington County (1990). Appendix B. *Arts 2030*. Internal document.
- Arlington Cultural Affairs (1996). *Arts incubator: Arlington, Virginia's award winning model to create a vital arts presence in your community*. Arlington: Arlington Cultural Affairs Division.
- Arlington Cultural Affairs (2014). About. Webpage retrieved December 30, 2014 from <http://www.arlingtonarts.org/cultural-affairs/about.aspx>
- Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly*, 50(3), 329-366.
- Bearse, P. (1998). A question of evaluation: NBIA's impact assessment of business incubators. *Economic Development Quarterly*, 12(4), 322-333.
- Beckman, G. and Essig, L. (2012). Arts entrepreneurship: A conversation. *Artivate: A Journal of Entrepreneurship in the Arts*, 1(1), 1-8.
- Bergek, A., & Norrman, C. (2008). Incubator best practice: A framework. *Technovation*, 28(1), 20-28.
- Bilton, C., & Leary, R. (2002). What can managers do for creativity? Brokering creativity in the creative industries. *International journal of cultural policy*, 8(1), 49-64.
- Blank, S. G., & Dorf, B. (2012). *The startup owner's manual: The step-by-step guide for building a great company*. Palo Alto, CA: K&S Ranch
- Bonin-Rodriguez, P. (2014). *Performing policy: How contemporary politics and cultural programs redefined US artists for the twenty-first century*. London: Palgrave Macmillan.
- Bonnafeous-Boucher, M., Cuir, R, and Partouche, M. (2011). The new and the challenge of the market or the non-instrumental function of creation. In M. Scherдин and I. Zander (eds.) *Art entrepreneurship* (23-49). Cheltenham UK: Edward Elgar.

- Brooks, A. C. (2000). Is there a dark side to government support for nonprofits?. *Public Administration Review*, 211-218.
- Bull, I. and Willard, G.E. (1993). Towards a theory of entrepreneurship. *Journal of Business Venturing* 8, 183-195.
- Carayannis, E. G., & Von Zedtwitz, M. (2005). Architecting gloCal (global–local), real-virtual incubator networks (G-RVINS) as catalysts and accelerators of entrepreneurship in transitioning and developing economies: Lessons learned and best practices from current development and business incubation practices. *Technovation*, 25(2), 95-110.
- Caves, R. E. (2000). *Creative industries: Contracts between art and commerce*. Cambridge, MA: Harvard University Press.
- CCI (2007). CCI Project Incubator: Overview. Internal document.
- CCI (2013a). Next Gen Arts Grant Program. Accessed July 29, 2015 from http://www.cciarts.org/_Library/docs/NextGen_Guidelines_and_Appl_Prompts_October_2013.pdf
- CCI (2013b). *The Center for Cultural Innovation Annual Report 2013*.
- CCI (2015a). Angie Kim. Webpage accessed July 20, 2015 from http://www.cciarts.org/Angie_Kim.html
- CCI (2015b). Mission and History. Webpage accessed July 20, 2015 from http://www.cciarts.org/mission_history.html
- Cherbo, J. M., Vogel, H. L., & Wyszomirski, M. J. (2008). Toward an arts and creative sector. In Cherbo, Stewart, and Wyszomirski (eds), *Understanding the Arts and Creative Sector in the United States*, 9-27.
- Chong, D. (2009). *Arts management*. London: Routledge.
- Coase, R. H. (1937). The nature of the firm. *Economica*, 4(16), 386-405.
- Coase, R. H. (1988). The nature of the firm: Influence. *Journal of Law, Economics, & Organization*, 4(1), 33-47.
- Cobb, C. (2006). From fiasco to social change: The evolution of a collective for teaching artists. *Teaching Artist Journal*, 4(2), 84-91.
- Cyert, R. M., & March, J. G. (1963). *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice Hall.

- Dees, J. G. (1996). *Social enterprise spectrum: Philanthropy to commerce*. Boston: Harvard Business School, Publishing Division.
- Dees, J.G. (1998) The meaning of "Social Entrepreneurship." *Comments and suggestions contributed from the Social Entrepreneurship Funders Working Group*, 6. Ewing Marion Kauffman Foundation.
- DeGrazia, E. E. (1994). In search of artistic excellence: Structural reform of the national endowment for the arts. *Cardozo Arts & Ent.LJ*, 12, 133.
- Denhardt, R. (2008). *Theories of public organization*, 5e. Belmont, CA: Thomson Wadsworth.
- Di Dominico, M., Haugh, H. and Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice* 34(4), 681-703.
- DiMaggio, Paul. (1982). Cultural entrepreneurship in nineteenth-century Boston. *Media, Culture and Society*, 4, 33-50
- Dower, D. and Carl, P. (2011). Introduction. In D. Ragsdale *In the intersection: Partnerships in the new play sector. A report on a meeting of US nonprofit and commercial theatre producers* (1-2). Center for the Theater Commons, Washington DC.
- Emerging Arts Leaders, San Francisco Bay Area (2014). "in.cu.bate." Unpublished transcript of focus group of arts incubator directors.
- Essig, L. (2014a). Arts incubators: A typology. *The Journal of Arts Management, Law, and Society*, 44(3), 169-180.
- Essig, L. (2014b). Ownership, failure, and experience: Goals and evaluation metrics of university-based arts venture incubators. *Entrepreneurship Research Journal*, 4(1), 117-135.
- Essig, L. (2014c). Arts incubators as tools of public policy: Outputs, outcomes, and impact. Paper presented at the Social Theory, Politics, and Arts conference, Ottawa.
- Fama, E. F. (1980). Agency problems and the theory of the firm. *The Journal of Political Economy*, 288-307.
- Fichandler, Z. (1959) A permanent classical repertory theatre in the nation's capital. Unpublished report.

- Fisher, G. (2012). Effectuation, causation, and bricolage: A behavioral comparison of emerging theories in entrepreneurship research. *Entrepreneurship Theory and Practice*, 36(5), 1019-1051.
- Frumkin, P. (2002). *On being nonprofit: A conceptual and policy primer*. Cambridge MA: Harvard University Press.
- Gadwa Nicodemus, A. (2013). Fuzzy vibrancy: Creative placemaking as ascendant US cultural policy. *Cultural Trends*, 22 (3-4), 213-222.
- Galloway, S., & Dunlop, S. (2007). A critique of definitions of the cultural and creative industries in public policy. *International Journal of Cultural Policy*, 13(1), 17-31.
- Gartner, W. B. (1990). What are we talking about when we talk about entrepreneurship? *Journal of Business Venturing*, 5(1), 15-28.
- Garud, R., & Karnøe, P. (2003). Bricolage versus breakthrough: Distributed and embedded agency in technology entrepreneurship. *Research Policy*, 32(2), 277-300.
- Gerl, E. (2000) *Incubating the arts: Establishing a program to help artists and arts organizations become viable businesses*. Athens, OH: NBIA Publications.
- Grant, D. (2015). *The social profit handbook*. White River Junction, VT: Chelsea Green Publishers.
- Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management Journal*, 17, 109-122.
- Grimaldi, R., & Grandi, A. (2005). Business incubators and new venture creation: An assessment of incubating models. *Technovation*, 25(2), 111-121.
- Grodach, C. (2011). Art spaces in community and economic development: Connections to neighborhoods, artists, and the cultural economy. *Journal of Planning Education and Research*, 31(1), 74-85.
- Hackett, S. M., & Dilts, D. M. (2004). A systematic review of business incubation research. *The Journal of Technology Transfer*, 29(1), 55-82.
- Hansen, M. T., Chesbrough, H. W., Nohria, N., & Sull, D. N. (2000). Networked incubators. *Harvard Business Review*, 78(5), 74-84.
- HKU (2010). *The entrepreneurial dimension of the cultural and creative industries*. Utrecht: Hogeschool voor de Kunsten Utrecht,

- Howkins, J. (2002). *The creative economy: How people make money from ideas* Penguin UK.
- Hurwitt, B. (2015, February 15). S.F.'s Intersection for the Arts sets out on new road. SF Gate. Accessed July 10, 2015 from <http://www.sfgate.com/performance/article/S-F-s-Intersection-for-the-Arts-sets-out-on-a-6082987.php>
- Intersection (2014a). About Intersection for the Arts. Webpage accessed October 13, 2014 from <http://theintersection.org/about-intersection>
- Intersection (2014b). This is Intersection. Webpage accessed October 13, 2014 from <http://theintersection.org/about-intersection/vision-statement/>
- Intersection (2015a). Intersection for the Arts 50/50 Campaign. Webpage accessed July 14, 2015 from <http://theintersection.org/2015/05/intersection-for-the-arts-5050-campaign/>
- Intersection (2015b). Intersection for the Arts Unveils Plans to Strengthen its Ability to Support Bay Area Arts. Webpage accessed July 20, 2015 from <http://theintersection.org/2015/02/intersection-for-the-arts-unveils-plans-to-strengthen-its-ability-to-support-bay-area-arts/>
- Jackson, R-M., et al. (2015). *Investing in Creativity: A Study of the Support Structure for U.S. Artists*. Washington, DC: The Urban Institute.
- Kahn, M. (1995). An introduction to arts incubators. *National Assembly of Local Arts Agencies Monographs*, (4) 3, 1-15.
- Kaler, J. (2002). Morality and strategy in stakeholder identification. *Journal of Business Ethics*, 39(1-2), 91-100.
- Kirzner, I.M. (1969). Entrepreneurship and the market approach to development. Reprinted in Kirzner, *Perception, opportunity, and profit*. Chicago IL: University of Chicago Press.
- Kirzner, I.M. (1973). *Competition and entrepreneurship*. Chicago IL: University of Chicago Press.
- Kirzner, I.M. (1979). *Perception, opportunity, and profit*. Chicago IL: University of Chicago Press.
- Kirzner, I.M. (1982). Uncertainty, discovery, and human action: A study of the entrepreneurial profile in the Misesian system. In I.M. Kirzner (ed) *Method, process, and Austrian economics* (139-160). Lexington MA: Lexington Books.

- Kirzner, I.M. (1997). Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach. *Journal of Economic Literature*, 35 (1), 60-85.
- Kirzner, I.M. (1999) Creativity and/or alertness: A reconsideration of the Schumpeterian entrepreneur. *Journal of Austrian Economics*, 11, 5-17.
- Kogut, B., & Zander, U. (1996). What firms do? Coordination, identity, and learning. *Organization Science*, 7(5), 502-518.
- Koppl, R. and Minniti, M. (2008). Entrepreneurship and human action. In G.E. Shockley and P.M. Frank (eds) *Non-market entrepreneurship: Interdisciplinary approaches* (10-27). Cheltenham, UK: Edward Elgar.
- Kotter, J.(1996). *Leading change*. Cambridge, MA: Harvard Business Press
- Lang Jones, J. (2012). Brown Paper Tickets gains popularity around world by taking on events of almost any size. *Puget Sound Business Journal October 12, 2012*. accessed November 22, 2013 from <http://www.bizjournals.com/seattle/print-edition/2012/10/12/brown-paper-tickets-gains-popularity.html>
- LeClair, M. S., & Watts, A. (2013). Charitable Contributions, Government Spending, and Crowding Out: A Cross-National Analysis. *Proceedings of the Northeast Business & Economics Association*.
- Lévi-Strauss, C. (1969). *The savage mind*. Chicago IL: University of Chicago Press.
- Levitt, B., & March, J. G. (1988a). Organizational learning. *Annual Review of Sociology*, 14, 319-340.
- Martin, C. (2004) Defining culture and communication for the purpose of national and international statistics program. Paper presented to the third international conference on Cultural Policy Research, 25–28 August, HEC Montreal, Montreal, Canada, accessed from http://neumann.hec.ca/iccpr/PDF_Texts/Martin_Claude.pdf
- Maticic, S. (2014). Is it worth doing? Retrieved from <https://thp552.wordpress.com/2014/09/30/is-it-worth-doing/>
- McCarthy, K.F., Ondaatje, E.H., and Novak, J.L. (2007) *Arts and culture in the metropolis: Strategies for sustainability*. Santa Monica, CA: RAND Corporation,
- McMullen, J. S., & Shepherd, D. A. (2006). Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. *Academy of Management Review*, 31(1), 132-152.

- Mian, S. (2014). 15 business incubation and incubator mechanisms. *Handbook of Research on Entrepreneurship: What we Know and what we Need to Know*, 335.
- Mian, S. A. (2011). University's involvement in technology business incubation: What theory and practice tell us? *International Journal of Entrepreneurship and Innovation Management*, 13(2), 113-121.
- Montgomery, J. (2007). Creative industry business incubators and managed workspaces: A review of best practice. *Planning, Practice & Research*, 22(4), 601-617.
- National Business Incubator Association (2009). *What is business incubation*. Webpage accessed December 3, 2013 from https://www.nbia.org/resource_library/what_is/
- National Endowment for the Arts (2013). Tieton Arts and Humanities. Accessed June 4, 2105 from <http://arts.gov/national/our-town/grantee/2013/tieton-arts-humanities>.
- Nowick, R. (2011). Please don't start a theatre company! In E.P. Clapp (ed) *20 Under 40: Reinventing the arts and arts education for the 21st century* (65-80). Bloomington IN: AuthorHouse.
- Nytch, J. (2012) The case of the pittsburgh new music ensemble: An illustration of entrepreneurial theory in an artistic setting. *Artivate: A Journal of Entrepreneurship in the Arts* 1,(1) 25-34.
- Oddey, A. (2013). *Devising theatre: A practical and theoretical handbook* Routledge.
- Perdomo, G., Alvarez, C., & Urbano, D. (2014). Analyzing a successful incubator business model: The case of barcelona activa. *Strategies in E-business* (pp. 39-54) Springer.
- Peters, L., Rice, M., & Sundararajan, M. (2004). The role of incubators in the entrepreneurial process. *The Journal of Technology Transfer*, 29(1), 83-91.
- Phillips, R. (2004). Artful business: Using the arts for community economic development. *Community Development Journal*, 39(2), 112.
- Phillips, R., & Shockley, G. (2010). Linking cultural capital conceptions to asset-based community development. *Mobilizing Communities: Asset Building as a Community Development Strategy*, , 92-111.
- Phillips, R. J. (2010). Arts entrepreneurship and economic development: Can every city be "austintatious"? towards a psychology of entrepreneurship: An action theory perspective. *Foundations and Trends® in Entrepreneurship*, 6(4), 239-313.

- Potts, J., & Cunningham, S. (2008). Four models of the creative industries. *International Journal of Cultural Policy*, 14(3), 233-247.
- Preece, S.B. (2011). Performing arts entrepreneurship: Toward a research agenda. *Journal of Arts Management, Law, and Society* 41, 103-120.
- Preece, S.B. (2013). Social bricolage in arts entrepreneurship: Building a jazz society from scratch. *Artivate: A Journal of Entrepreneurship in the Arts*, 3 (1), 23-34.
- Pressley, N. (September 9, 2001). Among Theaters, a Building Interest; Lost Leases Prompt Local Companies to Pursue Permanent Homes. *Washington Post*.
- Raffo, C., O'Connor, J., Lovatt, A., & Banks, M. (2000). Attitudes to formal business training and learning amongst entrepreneurs in the cultural industries: Situated business learning through 'doing with others'. *Journal of Education and Work*, 13(2), 215-230.
- Revolve Detroit (2015). Revolve Guidebook. Webpage. Retrieved August 16, 2015 from <http://revolvedetroit.com/resources>
- Sage Policy Group (2012). *Developing an arts, entertainment and education cluster in Washington County, Maryland*. Retrieved from <http://hagerstownedc.org/sites/default/files/SAGE%20Policy%20Group%20%20FINAL.pdf>
- Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review*, 26(2), 243-263.
- Sarasvathy, S. D. (2008). *Effectuation: Elements of entrepreneurial expertise* Edward Elgar Publishing.
- Scherdin, M. and Zander, I. (2011). Art entrepreneurship: An introduction. In M. Scherdin and I. Zander (eds) *Art entrepreneurship* (1-9). Cheltenham UK: Edward Elgar.
- Schumpeter, J.A. (1934). *The theory of economic development*. Cambridge, MA: Harvard University Press.
- Schumpeter, J.A. (1942/1950). *Capitalism, socialism, and democracy*, 3e. New York, NY: Harper Perennial.
- Scillitoe, J. L., & Chakrabarti, A. K. (2010). The role of incubator interactions in assisting new ventures. *Technovation*, 30(3), 155-167.

- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
- Simon, H. A. (1947). *Administrative behavior; a study of decision-making processes in administrative organization*. Cambridge, MA: Harvard University Press.
- Spaner, W. (2015, January 27). Intersection for the arts board to vote on new direction. SF Gate. Accessed July 10, 2015 from <http://www.sfgate.com/entertainment/article/Intersection-for-the-Arts-board-to-vote-on-new-6043763.php>
- Stern, M. J. & Siefert S.C. (2008). From creative economy to creative society. *Creativity & Change*.
- Swedberg, R. (2006). The cultural entrepreneur and the creative industries: Beginning in Vienna. *Journal of Cultural Economics*, 30, 243-261.
- Stevens, E.H. (2013). *Make art make money: Lessons from Jim Henson on fueling your creative career*. Seattle, WA: Lake Union Publishing.
- Tavoletti, E. (2012). Business incubators: Effective infrastructures or waste of public money? looking for a theoretical framework, guidelines and criteria. *Journal of the Knowledge Economy*, , 1-21.
- Thom, M. (2014). Incubating the fine arts: An option for fine artists to become prepared for success? Paper presented at IDC 2014, University of Pécs, Hungary, At Pécs, Hungary.
- Throsby, D. (2010). *The economics of cultural policy* Cambridge University Press.
- US Department of Agriculture (2014). City of Tieton Report of Community Revitalization Effort.
- Vanderstraeten, J., Matthyssens, P., & Van Witteloostuijn, A. (2012). *Measuring the Performance of Business Incubators*,
- Voisey, P., Gornall, L., Jones, P., & Thomas, B. (2006). The measurement of success in a business incubation project. *Journal of Small Business and Enterprise Development*, 13(3), 454-468.
- Wachhaus, T. A. (2011). Governance as a framework to support informatics. *Innov J*, 16(1), 1-14.
- Williams, R. (1981). *The sociology of culture*. University of Chicago Press.

Wyszomirski, M. J. (2004). Defining and developing creative sector initiatives. *Creative Industries, A Measure for Urban Development*,

Ziegler, J.W. (1973). *Regional theatre: The revolutionary stage*. Minneapolis, MN: University of Minnesota Press

APPENDIX A
SURVEY OF ARTS INCUBATORS

Value Creation and Assessment in Arts Incubators

Survey questions

1. What is the official name of the arts incubator or incubator program?
2. When was the arts incubator founded (year)?
3. Has it been in continuous operation? (If not, please provide a brief explanation)
4. What is the organizational form of the arts incubator (choose only one)?
 - 501c3 corporation
 - 501c3 Community development or economic development corporation
 - Program of a larger 501c3 corporation
 - Program of a city, county, or state arts agency
 - LLC or other for-profit corporation
 - University extension program
 - University curricular program
 - Other (please specify)
5. Which type of client do you serve most frequently (choose the *one* that most accurately reflects the majority of your incubator service recipients):
 - Individual artists
 - Arts organizations (nonprofit)
 - Both individual artists and nonprofit arts organizations
 - Creative sector entrepreneurs
 - Community groups
 - Students or youth
 - Other (please specify)
6. The incubator provides the following services (check all that apply)
 - Space for the development and production of artistic/creative products
 - Space for the exhibition, performance, or sale of artistic products
 - Cooperative marketing
 - Centralized business services (eg. shipping, reception, billing, accounting)
 - Business classes or business training for artists, arts organizations, or creative sector entrepreneurs
 - Arts business informational resources
 - Grant funding
 - Loan funding
 - Equity investment funding
 - Fiscal sponsorship
 - Other (please specify)
7. Please indicate the percentage of incubator revenue from each of the following sources:
 - Grants and gifts
 - a. Foundations
 - b. Individual gifts
 - c. Government: local

- d. Government: state
 - e. Government: federal
 - Earned Income
 - a. Earned income from mission-based programming
 - b. Earned income from auxiliary enterprises
 - c. Earned income from space rental not included in the previous
 - Private investment
8. What is the arts incubator's value proposition? (You can understand "value proposition" in this context to mean the ways in which the incubator serves the needs of its clients, community, and other stakeholders.)
 9. How does the arts incubator evaluate its success?
 10. Are you willing to be contacted for a follow-up interview?

APPENDIX B

INTERVIEW QUESTIONS

Value Creation and Assessment in Arts Incubators

Semi-structured Interview Questions

1. How did this incubator start?
2. From your perspective, what is the incubator's value proposition?
3. What is the governance structure of the incubator?
4. What are the primary activities of the incubator?
5. Whom does the incubator serve?
6. How is the incubator financed?
7. From your perspective, what are the goals of the incubator?
8. How is the incubator meeting those goals?
9. What effect has the incubator had on your work as an artist, administrator and/or community member?
10. How does the incubator evaluate its programs and services?
11. Have you participated in that evaluation and if so, how?
12. Have the results of that evaluation been shared with you?

APPENDIX C
CODES FOR ANALYSIS

Needs identification	
Value Proposition	
	Business planning
	Political alignment
	Fiscal sponsorship
	Empowerment
	Opportunity
	Seal of approval
	Grants
	Marketing
	Safe place to take risks
	Research
	Environment for innovation
	Financial independence
	Investment or funding
	Organizational development
	Services
	Training
	Networking
	Facility
	Sustainability
	Community
	Cultural development
	Belongingness
	Community enrichment
	Community education
	Economic development
	Community events
	Customers
	Producing art
	Arts programming
	Information resource
Background info	
Eco-system	
Stakeholders	
	Arts workers/leaders
	Government
	Advisory committee
	Creative entrepreneurs
	Community
	Arts community

	Funders
	Staff
	Arts organizations
	Artists
	Organizational form
	Incubator funding
	Organizational values
	Partnerships
	Strategic priorities
	Evaluation
	Failure and success
	Evaluation Metrics
	Uniqueness
	Jobs created
	Increased capacity
	Media mentions
	Increased confidence
	Tangible impacts
	Awards
	Numbers served
	Community involvement
	Artistic excellence
	Diversity
	Launches
	Learning outcomes
	Productivity
	Client goals met
	Profitability
	Sustainability
	Growth
	Evaluation methods
	Financial review
	Consultant
	Media content
	No formal methods
	Client self-reflection
	Stakeholder feedback
	Client reports
	Participant surveys
	LABOVIAN NARRATIVE CODES
	ABSTRACT
	ORIENTATION
	COMPLICATING ACTION

	EVALUATION
	RESULT/CODA