

TRANSITIONS AND EVOLUTIONS

AN INVESTIGATION OF FOUNDING ARTISTIC DIRECTOR SUCCESSION AT CORNERSTONE THEATER COMPANY AND LIZ LERMAN DANCE EXCHANGE

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Founding Artistic Director Transition. It's a subject of great interest for arts organizations large and small because of its inevitability. As the nonprofit arts field matures, the question of how to survive and embrace a significant change in the leadership of an organization becomes pressing for many more companies.

Cornerstone Theater Company and Liz Lerman Dance Exchange are both in the midst of founding artistic director transitions, although the nature of those processes differs. Over the course of ten months—from December 2006 to August 2007, key individuals from Cornerstone and Dance Exchange gathered for three facilitated conversations that investigated what a founder transition or evolution was and is like—primarily for the new leaders of the organizations, secondarily for the founders themselves.¹

Plenty of resources exist on how to conduct an “executive search.” Transition consultants are thick on the ground. The steps of transition are outlined in books and on websites, and considerable foundation funding has gone into increasing nonprofit organizations’ readiness and ability to weather a founder transition. But all the planning and guidance in the world won’t make the emotional journey, which was summed up as “mindful but messy,” any easier. Over the course of this investigation, the participants found that emotional fallout happens with the best of plans. These are organizations where emotions matter and people in all their complexity are valued, not organizations for which a corporate model of “old leader out on Friday, new leader in on Monday” can work.

Rather than draft another treatise on the process of searching for a new artistic director or transitioning a founder into an advisory role, the group chose to use questions and stories—two key creative elements for both companies—to illuminate the discoveries Dance Exchange and Cornerstone made about this kind of change. It hopes these discoveries are of use to the nonprofit arts field.

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Based on stories and questions that emerged from convening two performing arts innovators, some of the findings we drew from these conversations are, in brief:

- ◆ When knowledge is at the core of an organization, codifying artistic practices and methods becomes part of the transition process, in order to transmit the founders' learnings both to future practitioners within their companies and to the wider world.
- ◆ All parties potentially benefit when the founder's transition or evolution is the founder's choice and terms are negotiated with everyone's best interests taken into consideration.
- ◆ A founder's curiosity and interests change over the life of his/her organization; the nature of what an organization offers to its founder also shifts as institutions evolve and grow. How a founder deals with these changes is an individual decision.
- ◆ The mission and philosophy of an organization can remain constant even if a founder transitions out of the organization or to a new role; but an organization does have to articulate how its values exist independent of the founder.
- ◆ It is important to articulate individual and organizational desires early in a transition process, and to revisit them in cases where a transition is gradual.
- ◆ Leadership structure and personnel changes are nearly inevitable, and in fact may be desirable in supporting, balancing, and reflecting the essence of the founder transition.
- ◆ Founding artistic leaders are often generators of earned and contributed income; organizations struggle to find appropriate ways to leverage that for a departing founder.
- ◆ A negative financial impact from a founder's transition is likely.
- ◆ Serving the founder's and successor's needs simultaneously is challenging both artistically and financially.
- ◆ Orienting the new leader – especially one new to the company – takes time and is made easier when the founder and the new leader have an opportunity to collaborate on an artistic project.
- ◆ While acknowledging the founders' "charisma factor" succeeding leaders question the expectation of charisma that may be placed upon them.
- ◆ In founder-led and ensemble organizations, the sense of ownership is higher among the artists and staff than among board members; boards are participants in the transition process but not the primary drivers or sole decision-makers.
- ◆ Transitions and evolutions don't stop with the artistic leadership of the organization. Everyone is affected.

CONTEXT

Cornerstone and Dance Exchange are exemplars of a particular segment of the nonprofit arts field: mid-sized companies (\$1 to \$2 million annual budget) that are artist-driven (rather than board- or university-driven), focused on the creation of new work, deeply engaged in (and often making work out of) interactions with community, and decidedly risk-oriented. All of these factors impact the process of changing a founder's relationship to his or her company. They also

defy an executive search model that might apply to a regional theater or major ballet company. As one participant pointed out, “The regional theaters have a stable model, and the model continues regardless of who’s leading it. But small and mid-sized organizations are constantly shifting ground, re-addressing their mission, and changing shape.” Another said: “In many ways, this is a case study of perpetual transition.”

To understand the nature of perpetual transition, it’s important to understand a little about each of the two subjects of this investigation. Far more detailed information is available on both companies’ websites: www.cornerstonetheater.org and www.danceexchange.org.

Organizational Snapshots

Cornerstone Theater Company

Bill Rauch and Alison Carey founded Cornerstone Theater Company in 1986, with an ensemble of artists that included Lynn Jeffries and Peter Howard (who are still active members). From 1986 to 1991, the ensemble worked in rural communities, creating 12 productions in ten states. These shows were epic interactions between classic plays and specific American communities: Molière’s disintegrating and combative families in the Kansas farmland, Shakespeare’s civil strife in the streets of Mississippi, and Aeschylus’ ancient rituals on a modern Native American reservation. In 1992, Cornerstone settled in Los Angeles, California, to begin urban residency work such as the Faith-Based Cycle, which examined many different beliefs and traditions. In 2006 it launched *The Justice Cycle*, a series of five new plays exploring how laws shape and disrupt communities. The company is often commissioned to collaborate with other major arts organizations. In 2004, it created the Cornerstone Institute to teach the process of making a show with, about, and for the residents of a particular place.

During this investigation in 2007, Michael John Garcés served as Cornerstone’s artistic director, Shay Wafer as managing director, and Laurie Woolery as associate artistic director. Lynn Jeffries is the only original ensemble member who has been continuously employed by Cornerstone. Shay Wafer left Cornerstone in 2008 to work with the August Wilson Center for African American Culture in Pittsburgh.

Mission Statement

Cornerstone Theater Company is a multi-ethnic, ensemble-based theater company. We commission and produce new plays, both original works and contemporary adaptations of classics, which combine the artistry of professional and community collaborators. By making theater with and for people of many ages, cultures, and levels of theatrical experience, Cornerstone builds bridges between and within diverse communities in our home city of Los Angeles and nationwide.

Values Statement

- We believe society can flourish when its members know and respect one another, and we value theater made in that spirit.
- We value art that is contemporary, community-specific, responsive, multilingual, innovative, challenging, and joyful.
- We value theater that directly reflects the audience.
- We value the artist in everyone.

Liz Lerman Dance Exchange

Liz Lerman Dance Exchange was founded in 1976 following a production of *Woman of the Clear Vision*, which featured professional dancers and adults from a Washington, DC, senior residence. In the early years, the company functioned as an urban community-based school of dance that gathered dancers on an ad hoc basis for performance projects and community engagement at such sites as senior centers and hospitals. As performance opportunities increased, a regular ensemble coalesced and steadily built a reputation for innovative performance. Dance Exchange made its New York debut in 1983 with performances of *Docudance: Nine Short Dances About the Defense Budget and Other Military Matters*, a work whose up-to-the-minute topicality landed Liz Lerman and her company on the national media radar. Significant national recognition has continued, with *Hallelujah*—an investigation of what we are “in praise of”—taking place in cities around the U.S. from 1998 to 2002. In 1999, Dance Exchange was able to purchase its home base in Takoma Park, Maryland, and significant renovations were completed in 2006.

During this investigation, Liz Lerman served as founding artistic director, Peter DiMuro as producing artistic director, John Borstel as humanities director, and Jane Hirshberg as managing director. Elizabeth Johnson served as associate artistic director, but rehearsal and touring commitments made it impossible for her to participate in this process.

Mission Statement

Liz Lerman Dance Exchange is a professional company of dance artists that creates, performs, teaches, and engages people in making art.

Since its start in 1976, and in each encounter, Liz Lerman Dance Exchange asks four questions:

- Who gets to dance?
- Where is the dance happening?
- What is it about?
- Why does it matter?

Dance Exchange answers these questions with a range of interrelated activities:

- Groundbreaking new dance works performed by a cross-generational company on major stages internationally, throughout the U.S., and at home in the communities of Maryland, Washington, DC, and the Mid-Atlantic region;
- Classes, workshops, and institutes for people who dance to make a living, people who dance to make a better life, and people who have never danced before; and
- Local and national projects that engage individuals, institutions, and communities in making and performing dances.

Liz Lerman Dance Exchange pursues a broad definition of dance as a multi-disciplinary art form that encompasses movement, music, imagery, and the spoken word. Throughout its programs, Liz Lerman Dance Exchange builds an accessible body of knowledge and makes meaningful connections between people and art.

Similarities and Differences Between the Organizations

Cornerstone and Dance Exchange both work regularly with a set of artists and have clearly articulated artistic methodologies. As of December 2006, both had budgets of roughly \$1.4 million, staff of about 12 full time employees, and core companies of artists. Dance Exchange had seven core company members and 14 adjunct dancers, Cornerstone had 16 ensemble members, which included five full-time staff members, and a roster of 53 associate artists. Both companies create an average of three major shows each year, conduct performance and teaching residencies, and create educational shows and commissioned works. While once Liz Lerman and Bill Rauch were the dominant artistic voice of their companies, now multiple artists are choreographing and directing at their respective companies. Both have active boards of directors and strong local and national community connections, as well as excellent fundraising track records.

Significant differences between the companies are centered on leadership and governance. Cornerstone has a standard nonprofit theater structure of artistic director and managing director, but the ensemble—including the artistic, managing, and associate artistic directors—makes major artistic decisions about content and hiring using a formal consensus process. Dance Exchange is collaboratively led (major decisions are made together) by the producing artistic director, managing director, and humanities director, with the founding artistic director serving in a strong advisory capacity. Dance Exchange owns its space, while Cornerstone rents. For 2006, Dance Exchange had a higher earned income percentage than Cornerstone (40 percent versus 15 percent, an anomaly, since theaters usually have a higher earned income percentage than dance companies).

The Investigation Process

This project began when Cornerstone and Dance Exchange staff members realized at a convening of the Exemplar Program that they were both undergoing founding artistic director transitions. With Exemplar support, three meetings were convened from December 2006 to August 2007—in Takoma Park, Maryland, Los Angeles, California, and Sautee Nacoochee, Georgia—to further investigate the impact of these conditions.

The participants in the meetings remained consistent throughout the process. Cornerstone was represented by Michael John Garcés, Lynn Jeffries, Shay Wafer, and Laurie Woolery. Dance Exchange was represented by John Borstel, Peter DiMuro, and Jane Hirshberg. Lisa Mount facilitated the three gatherings and conducted telephone interviews with Bill Rauch and Liz Lerman, individually and together. Each meeting used a variety of artistic practices and facilitation techniques to build candid camaraderie and explore the topic of transition. Judging from regular opportunities for reflection on the sessions that were built into these encounters, the process was valuable for all involved, which speaks to the power of peer learning.

The first meeting was an opportunity to get to know one another and to begin discussions about individual and organizational experiences. The participants took an in-depth look at Liz Lerman Dance Exchange as a preface to the conversations. The second meeting continued the discussion with an in-depth look at Cornerstone's history. Participants attended rehearsals of work in progress during both of these meetings.

The final meeting was an opportunity for participants to synthesize the key findings they had learned throughout this process. Their experiences of these transitions had changed, in part because of this examination, in part because of continuing changes within these organizations and individuals, and in part because of the passage of time. The final meeting concluded with an

exercise in crafting questions for imaginary peer organizations that might be preparing for a change in their founding artistic director's relationship to the company. Those questions—built off of the key findings—form the spine of the next section of this report.

TELLING TRANSITION STORIES

Both Cornerstone and Dance Exchange are animated by their curiosity about the world, and both companies use questions to drive their work. Thus, using questions to navigate the stories of transitions is faithful to both organizations' artistic processes. (A list of these questions is included in Attachment A.)

Fundamental Questions

Key findings:

- ◆ When knowledge is at the core of an organization, codifying artistic practices and methods becomes part of the transition process in order to transmit the founders' learnings both to future practitioners within their companies and to the wider world.
- ◆ All parties potentially benefit when the founder's transition or evolution is the founder's choice and terms are negotiated with everyone's best interests taken into consideration.
- ◆ A founder's curiosity and interests change over the life of his/her organization; the nature of what an organization offers to its founder also shifts as institutions evolve and grow. How a founder deals with these changes is an individual decision.
- ◆ The mission and philosophy of an organization can remain constant even if a founder transitions out of the organization or to a new role; however, an organization does have to articulate how its values exist independent of the founder
- ◆ The depth of the staff's—and, to a certain extent, board's—understanding of the organizational culture at work will impact the experience of this transition.

Is an on-going founder relationship desired? Are all parties willing?

Even though the word *succession* is used in this document as a general label, the two organizations defined this idea in very different ways. Dance Exchange has an on-going, salaried relationship with Liz Lerman, while Cornerstone and Bill Rauch do not. In both cases, these were the decisions of the founders, and all parties were willing to accept those terms. Bill is now the artistic director of the Oregon Shakespeare Festival. Liz's title at Dance Exchange has gone from artistic director to founding artistic director. Bill remains supportive of Cornerstone, but from a distance; this was a choice made in order to give the organization room to grow in new directions without a visible shadow of the founder (although in discussions, we acknowledged that founders cast long shadows, whether they're in the room or not). Succession for Cornerstone involved outside recruitment, a search committee, and the introduction of a new personality into an established framework and community. In contrast, succession at the Dance Exchange took place from within, with a longstanding company member/associate artist assuming many of Liz's day-to-day administrative and programmatic functions, even while Liz remains an important force in the company's artistic vision and profile. Therefore, even though the word *succession* is used in this document as a general label, the two organizations defined this idea in very different ways.

The age of the two founders is another important contextual factor. In 2007, Liz turned 60, and Bill 44. Bill felt like he “probably had an Act 2 in my career that didn’t involve Cornerstone.” Liz, on the other hand, felt a strong pull to use this time to codify the processes she has developed for dance-making and human engagement, while continuing to use Dance Exchange to create the performance works that advance her ideas.

Bill: The step was collaborative, but it was done on my terms, I decided to step down. There’s such a dramatic difference when a founder chooses to step down or when they’re being asked to step down. I do think there’s that pretty clear point—is your curiosity about what might be outside the organization greater than your curiosity about what you can accomplish in it? That’s an important litmus test. I knew I would never find an artistic home with the same purity of mission. It’s as good as it gets—the ability to have your life shaped and to impact others’. Letting go of that is really scary. But ultimately, I couldn’t honestly say that every day I was bursting with new discoveries and new adventures and great unknowns. It’s not a question of is the organization worthwhile, beautiful, or important. It’s about your relationship to the organization. Are you holding it back? Inadvertently, accidentally, holding it back? If I’m not growing as much as I could, then I’m hurting the company.

Liz: I pushed the artistic director role as far as I could, and there are things that I lovingly did that I don’t want to do any more. It’s time for others to step into that role. I’m less interested in discovering myself in a different environment. Other environments don’t look to be anywhere near close to nurturing in the best sense of the word: challenging, striving to be better. I didn’t find them in academic dance programs, and I don’t want to start another dance company (that would be suicide). I have zero interest in running a huge arts organization, like Bill. I’ve got the best one around. The main thing is John [Borstel] and I have to do the writing. This is about a set of principles and ideas that exist beyond personality.

In some ways, Dance Exchange has been rehearsing this evolution for a very long time. Liz has worked to build a humane institution in which everyone gets to grow, not just the leaders, but felt that the time had come when she couldn’t do what the institution needed anymore. The endeavor now is to create an ongoing relationship between Liz and the company that enables Liz to stand without Dance Exchange, and Dance Exchange to stand without Liz, and all to stand together as needed.

Should you continue to exist as an organization? Why? What is core to your organization? Is your mission valid?

Both Dance Exchange and Cornerstone were able to answer the first of these questions with a resounding yes. The work of each is vital, supported, and innovative. Both companies feel strongly that their work is a necessary response to contemporary conditions, and both are actively, artistically curious about ideas and issues. For both companies, knowledge is a core asset, and both organizations are firm in their belief that their innovative methodologies will be the key to future artistic and financial success. They have both developed training programs to transmit this knowledge.

Cornerstone Institute’s Summer Residency and 2-Day Intensives offer training in hands-on creation of community-based theater. The Summer Residency is focused on professional training

for artists, with classroom training and production experience combining to provide a thorough understanding of the community collaboration process. The 2-Day Intensive is designed to reach individuals, organizations, and institutions unable to commit to a longer residency through a weekend or two-day program of workshops and discussions that condenses content from the Summer Residency curriculum.

Dance Exchange has offered institutes in weeklong and shorter formats since 1993. Building on a strategic planning process currently underway, the company is seeking to add and reconfigure programs toward a more pervasive definition of an institute. Its intent is to provide a rich set of training and other programs that deepen and extend Dance Exchange's impact beyond the arts community and the audiences attending its performances. Dance Exchange is focusing on developing new "knowledge products"—books and articles written by Liz, as well as other publications transmitted via video and Internet; formalized training for trans-domain dancers; and revenue- and impact-generating workshops, materials, tools, and new media.

Are your mission, philosophy, and methodology sustainable without your founder?

For Cornerstone, the answer to this question is revealing itself to be yes. For Dance Exchange, all believe this to be so, but expect that five to ten years will pass before it is put to the literal test. Each organization has made a deliberate choice to maintain its philosophical base with or without its founder.

For Dance Exchange, Liz is central to the development of knowledge products that can be sold to the field, other parts of the nonprofit sector, and the corporate and private sector marketplace. She and John Borstel have the primary responsibility for documenting Dance Exchanges processes. Much is already in place in the Toolbox section of the Dance Exchange website. The ability to teach these methods, however, is spread widely among core company members and extends to some adjunct dancers as well.

Bill Rauch was integral to the development of Cornerstone's Summer Institute, and Institute Director Paula Donnelly and others worked closely with him to document the process of teaching Cornerstone's process in small rural communities in California. The result of each Institute has been consistent: a full production of a new play, specific to that community.

What parts of your mission and company aesthetic must you keep? What might you change?

Neither company's mission has changed in the midst of this transition, although there are new perspectives at work. For Cornerstone, having a new artist in the mix, especially the artistic director, shifts the balance. Its work is getting slightly more political—though not radical. Whereas the company had been looking at issues through the lens of community, it is now looking at community through the lens of issues. It's a fresh approach that is more apparent internally than externally.

Dance Exchange is also exploring new artistic voices, encouraging and commissioning a significant quantity of new work from Liz Lerman, Peter DiMuro, Martha Wittman, Elizabeth Johnson, and Cassie Meador. This has engendered many discussions about the aesthetics associated with Dance Exchange's foundational four questions.

Aesthetics are more changeable items. While such features as intergenerational casting, use of nonfiction subject matter, and incorporation of the spoken word have typified past Dance Exchange work, the question remains as to whether any of these is essential to defining the company's artistic product. There has long been an internal debate at Cornerstone about the different experiences of making ensemble work (where the cast includes ensemble and professional actors) versus work based on community residencies that include community performers. Michael John Garcés doesn't "feel the dichotomy of community versus ensemble work that vexes others."

What are the essential qualities you want in an artistic director?

One quality can be conclusively named: For both companies, it is essential that the artistic director be an artist with experience and acknowledged excellence in process-oriented, community-engaged work. Lynn Jeffries, who was involved in Cornerstone's search process, was challenged in that process because she wasn't familiar with Michael's work as a director, and there was no real way for it to be a factor in the decision process. For Dance Exchange, Peter had spent 14 years working directly with Liz, and has a strong track record as a choreographer. The question remains in defining his role, however, as to the degree that choreographic work will ultimately be balanced with such other functions as curator, teacher, programmer, and facilitator.

Do you know your organizational culture?

There is no simple answer to this question, as organizational culture is a constantly evolving concept. Both companies have spent and continue to spend time examining their cultures, and both feel as if they could do more in this area but often must sacrifice introspection to the daily needs of producing and creating.

Because both organizations are nationally recognized for their work at the intersection of culture and community, there are a great many external expectations of internal culture. Cornerstone and Dance Exchange are often cited as "heroes" to many in the performing arts, with its concomitant hero worship, which—given the fallible nature of human beings—can lead to disappointments when organizational culture doesn't live up to outsized expectations. As John Borstel commented, "organizations can get encrusted in myth, which is both empowering and dangerous. Mythology is about truth rather than factuality."

There are also inherent contradictions here: artists are about possibilities, but organizations crave definitions. Both Cornerstone and Dance Exchange recognize the need for change and the need to be nimble. The staff and artists who thrive through a transition are the ones who are able to "jump off the deep end" and who appreciate complexity. These are rare individuals, working in opposition to societal systems that are structured with A-B-C grades and a right/wrong orientation. Peter mentioned that he appreciates "company members who can shift gears and work with either community members or professionals."

Cornerstone and Dance Exchange are often perceived as valuing process over product, in contrast to more traditional regional theaters or repertory dance companies where product appears to rule. It would be more accurate to say that these companies differ by virtue of making their processes public, and by valuing the impact on communities of engaging in the artistic process. However, it is precisely because they focus on products of high quality that they are able to sustain the community impact that they have achieved. Cornerstone and Dance

Exchange balance the organic with the linear, and give equal value to cyclical and progress-driven chronology. They are oriented toward *also/and* rather than *either/or*.

For Dance Exchange, administrative structures endeavor to mirror creative structures—for instance, their use of the Critical Response Process. Dance Exchange is very deliberate in its efforts to use its community processes internally as well—such as the ‘May I Borrow’ exercise that emerged from *Hallelujah* as a way for people to articulate what they appreciate about others in a room. Dance Exchange acknowledged that it has a pattern of talking about ideas, letting them go, then watching them emerge as part of the work, almost organically. This may be a description of perpetual transition, ebbing and flowing through a company with the founder still present.

For Cornerstone, a major element of its organizational culture is the ensemble’s sense of ownership. The ensemble has many codified processes, but also lots of unwritten rules. Laurie commented that “the ensemble culture enables an ability to turn difficulty around and make it positive; where an individual might abandon a conversation, the ensemble won’t let you. It opens up necessary conversations.” This is a challenging environment for a new artistic director to enter, understand, and affect.

Questions About the Future

Key findings:

- ◆ Transitions or evolutions are about managing change, which makes planning essential.
- ◆ It is important to articulate individual and organizational desires early in a transition process, and to revisit them in cases where a transition is gradual.
- ◆ Leadership structure and personnel changes are nearly inevitable, and in fact may be desirable in supporting, balancing, and reflecting the essence of the founder transition.

Where do you want to be and what do you want to look like in five years? In ten years?

In the future, both companies expect to have lots of art-makers—directors, writers, choreographers—with multiple perspectives and multiple media in which to work. Cornerstone expects a younger, newer ensemble, and more international and Latino influences. Dance Exchange looks to balance the composition of core, adjunct, and intern dancer/choreographers, sustaining diversified relationships with the artists who advance the company’s work.

Both companies expect to earn income from teaching their methodology in a variety of situations, and both have an expectation of controlling (more) real estate. Both companies reasonably expect staff changes, and recognize a need for increased board leadership and contributions. Both companies see a greater ease for new people to enter into relationships with these organizations—“it’s more about the organization than about the person leading it.” Cornerstone expects there to be a changed relationship of the ensemble to the full-time staff of the company.

Five years from now, Liz expects that she “would probably still be making a dance every three years, teaching in the summers, writing, and maybe Dance Exchange represents me as a speaker.” In ten years, she says, “it’s a distinct possibility that I would be more emeritus and just around occasionally, and the organization will have taken on whatever it’s becoming.”

What opportunities are ahead of you because of this moment?

A leadership transition offers the possibility of a greater distribution of responsibility. Whereas the founders did everything at one point or another in the company's history, that's not expected of their successors.

For both companies, this moment holds an opportunity for an increased focus on the work, rather than the individual who pioneered it. Both companies see earned income opportunities because of this shift in emphasis and a larger pool of people who are trained to teach these principles and techniques.

Both companies' board giving increased as part of the transition. For Cornerstone, "the board made a decision, and they feel more ownership of the company for that."

Will you change your leadership structure as part of this transition?

The fundamental structure of Cornerstone has not changed, but it may—a consensus-based ensemble is a difficult animal to manage at the \$1 million scale, even though it has many benefits for the organization and the art that is created. Leading a consensus-run ensemble is, in Michael's words, "inherently contradictory." One of the factors in Bill's decision to leave the company was his frustration with the consensus-run nature of the ensemble: "I believed in the beauty of consensus, but as a leader, I have lessons to learn that I wasn't able to get within the confines of that governmental set-up, where big picture policy decisions, like what communities to work with next, are made by consensus." As of early 2008, no decisions are imminent about the relationship of the ensemble to the organization, but questions about change are being considered.

The Dance Exchange structure has changed several times in the course of the preceding five years, going from a sole artistic director (Liz), to a structure of two co-artistic directors, to a plan for rotating the artistic director position as a three-year appointment, to the current leadership team structure. Creating a leadership structure that meets Dance Exchange demands is a perpetual work in progress.

Financial Implications

Key findings:

- ◆ Founding artistic leaders are often generators of earned and contributed income; organizations struggle to find appropriate ways to leverage that for a departing founder.
- ◆ A negative financial impact from a founder's transition or evolution is likely.

What are the costs and benefits of your founding artistic director staying or leaving?

Dance Exchange staff members often refer to Liz as "the rainmaker"—hers is the most recognized artistic name in the company, and most of the inquiries for commissions and touring Dance Exchange receives are about Liz's work. Thus there is a clear benefit to Liz staying with the company, although this is a complicated financial issue because she rightfully earns the largest salary in the organization and has the most significant need for a substantial retirement package. Though the monies accrued to Liz as an individual rather than to the company as an institution, her MacArthur "Genius Grant" Fellowship brought a prestige and visibility to the company that had a positive financial impact on it from 2002 to 2007.

While Bill had fulfilled a similar role in representing the face of the company for many years (including being the only artist to have received the inaugural *Leadership for a Changing World Award* from The Rockefeller Foundation), his sabbaticals and outside work in the several years before his departure had lessened his visibility somewhat.

The costs and benefits to the founder of changing their position must be acknowledged as well. Bill Rauch says he still has nightmares about Cornerstone's finances, even as he has 524 people on payroll to worry about at Oregon Shakespeare Festival. Liz recognizes the tension inherent in trying to diminish her "rainmaker" status. She finds herself at her peak earnings potential, and is considering accepting pay in addition to her salary for outside work that she once would have channeled through Dance Exchange to keep the organization solvent. (This is a common founder behavior.)

What will the financial impact of this transition be? How can you lessen the negative financial impacts?

Cornerstone set up a fund with Bill's name on it to honor his contributions to the company and lessen the expected financial hit by increasing the organization's endowment. This was an idea that has been less than fully realized. Bill found it embarrassing to ask for gifts to a fund with his name on it, and he "didn't feel like the company fully embraced it. I wish I had followed my impulse and not had my name on it, because then I could have been more of an engine. I actually enjoyed raising money and writing grants (even though I complained)."

Cornerstone's budget decreased since Bill's departure, necessitating difficult decisions. With 85 percent of its income coming from contributed sources, Cornerstone is particularly vulnerable to changes in philanthropic fashion, which seem to happen every five to seven years. Further, during the one-year period preparing for Bill's departure, the company delayed planning its next big cycle of plays until they had chosen the new artistic director. The unintended consequence of this was that Shay, Michael, and Laurie felt like the company was running to catch up and build up projects and programming. Community-based theater and dance projects can take three years to come to fruition.

Change is expensive, and Cornerstone had extraordinary expenses during its search and transition process, including an executive search firm contract and consultancy fees paid to Michael prior to becoming his a fulltime staff member and to Bill for a few weeks after his departure. The Durfee Foundation gave Cornerstone a surprise grant to help defray these expenses, and the board increased its giving. A positive side effect of the transition is the board has maintained that heightened level of donations, as well as becoming more invested in the organization overall.

At Dance Exchange, Liz is busier than ever, and finances have rebounded from a perilous state that was reached in late 2005. Board giving has also increased. The organization financially repositioned itself in 2006 by leveraging the Dance Exchange building to consolidate long-term debt. In addition, the company has been successful in attracting new funding from a variety of sources.

Legacy and Relationships

Key findings:

- ◆ Serving the needs of the founder and successor simultaneously is challenging both artistically and financially.
- ◆ Passing knowledge to the new leader—especially one new to the company—takes time and benefits from an opportunity to collaborate.
- ◆ While acknowledging the “charisma factor” of the founder, succeeding leaders question the expectation of charisma that may be placed upon them.
- ◆ Sustaining and retaining staff and artists beyond the founder may be a daunting task for mid-sized organizations of this size.

What are the current definitions of the founding artistic director’s legacy?

For both Cornerstone and Dance Exchange, this question has been thoroughly explored, in large measure because both companies have such well-developed methodologies. For many other performing arts organizations, this may be more challenging to articulate. Interestingly, Dance Exchange continues to nibble at the question of whether Liz’s name should remain on the company, near or long term. This reflects a dynamic that runs throughout this investigation—the push/pull of the power of the personality versus the work.

Bill: I so believe in the mission and so believe in the mission’s ability to attract great people to make it happen. Even over the long haul, with no founders left.

Liz: We’ve got to get all the tools in order and get a book out. Sooner rather than later, because the ideas of the Dance Exchange will morph as other people take them on. But there’s a tremendous amount of the material that’s mine—my synthesis or my initiative. I’d like to get some of that written before it morphs into somebody else’s—I support that, it’s the point, but before that happens it would be good that we collect ourselves and say this is what it was.

Organizational longevity is also part of a founder’s legacy.

Liz: I consider it an aspect of art and community life, it’s like running a family, and being part of where the world is. I’m able to have interesting conversations with business people because I have an organization. Look how diversified we are. We have a central goal and a central commitment, and everyone in the organization learns how to manage the diversity. And we expand the diversity based on individual strengths.

In many ways, Cornerstone’s ensemble holds the place of an ongoing founder relationship. While Lynn is the only ensemble member who has been with the company continuously since its beginning, collectively the ensemble holds the memory of the organization and has a substantial stake in quality control. This can sometimes slow down decisions about new directions, and the specter of “we’ve never done it that way” arises in moments of creative difficulty, but the ensemble also ensures that the organization will never stray far from its mission to build bridges

through collaborative artistic endeavors. The challenge of the ensemble as founder placeholder seems to play out the following dynamic: some ensemble members seem to feel ‘I’ve been here X years, and put in a lot of sweat equity. I deserve Y (recognition, opportunity, authority) that the founder gets.’ But feelings of entitlement, however justified, don’t match the economic realities of a mid-sized organization. For both Cornerstone and Dance Exchange, it’s a struggle to balance what people get out of the organization with what they put into it.

How will the founder be honored, acknowledged, and remembered?

As mentioned earlier, Cornerstone set up a fund with Bill’s name on it as one method of acknowledging his work as the organization’s cofounder. Bill’s profile remains on the Cornerstone ensemble Web page, and his contributions to the company’s methodologies are regularly acknowledged. Bill is also listed as the cofounder wherever the ensemble is listed. All parties are open to finding the right ongoing role for Bill in relation to Cornerstone, whether it’s supporting from a distance, making the occasional fundraising call, or returning in the future to create or direct a production.

For Liz, the question is one of appropriate financial compensation as well as authorship credit—“What is the founder owed?” When a founder stays with a company, especially as she nears the years traditionally considered for retirement, all present feel that there is an economic obligation to her. This is acute when an organization is small or culturally specific, because there are fewer opportunities for meaningful employment. It’s a question of both capacity and will. Is there a board commitment to sustaining a mature organization? This is an ongoing discussion for Dance Exchange board and staff. They have no precedent to follow that addresses how and whether 25 to 30 year-old organizations should be responsible to their founders.

How will you prepare and create tools for the new artistic leader?

This is one point on which the experiences of Cornerstone and Dance Exchange diverge. For Peter, his years as Liz’s associate—often working side by side with her in rehearsals—have made him an integral part of the company, well-known by all involved. Creating space for his individual vision is the challenge here. John asked: “When moving from an individual at the center of a company to a philosophy at the center of the company, what is the artistic director’s role? Is he caretaker? Interpreter of philosophy? A creator of work outside the company? He’s dealing with the expectations of being the replacement or successor.” There are fundraising challenges associated with this as well: In a multi-leader structure, the person who represents the company to the funders often changes, and that contradicts the funders’ expectations. This is an external education issue for Dance Exchange.

For Cornerstone, Michael found himself entering a culture, structure, and methodology that seemed “monolithic.” He thought he’d run it and change it, but came to find it’s dynamic and constantly in flux. He has the opportunity to shape each project and be a part of it, but it’s a role that’s always evolving. Most importantly, he inherited an ensemble that was not of his choosing. As one participant said, “Bill had chosen everyone who was working with him. Then everyone chose Michael.”

Michael had been a free-lance director for many years before coming to Cornerstone, and found that he went from “one kind of stress, responsibility, and busy-ness to another.” He had been seeking a change in his way of art-making, wanting a better balance between writing and directing, because “free-lance directing can suck the soul out of you.” However, Michael pointed

out the different time frames under which he's now working: "As a freelance director you are expected to build community in a month; at Cornerstone, you build community over years."

There are decisions a new artistic director can make that the predecessor couldn't, and the new person almost inevitably has to make changes. However, Michael felt that if he had been part of the ensemble before becoming artistic director, the changes he instigated would have happened sooner. For Peter, as a long-time company member, "there's something about loyalty"—he didn't know if he could make sweeping changes. Dance Exchange's methodology mitigates against them as well, being centered on "how do I grow from this" and "how do I make it work with whom I've got."

The story of Michael's integration into Cornerstone's methods is a powerful one. Bill had begun directing a Cornerstone production of *The Falls* at the Guthrie Theatre in Minneapolis when a sudden family illness took him away from the project. Michael was called in to take over rehearsals, and the two collaborated—primarily long distance—in realizing the production. They have very different working styles, which made for some tense moments, but it was an ideal—if inadvertent—way to make manifest the transition from one leader to the next. Fortunately, Bill was able to return to the production two days before it opened. What was most important about this moment was it allowed Bill and Michael to engage in deep conversation about an actual project and to share insights, perhaps the most important tool an incoming artistic director for Cornerstone can have.

How dependent are you on your founder's charisma? Are there ways to transfer that?

The first thing to acknowledge in this discussion is that Peter and Michael are both very charismatic individuals, but in different ways than their predecessors. Successors often endeavor to lead more by encouraging diversified leadership held by those in the room (ensemble, company, community members).

Both Michael and Peter feel some resistance to being inspirational—they can both do it, when called upon, but are wary of the emotional expectations inherent in being the "inspirer," and the feeling that they're faking it just to fulfill an obligation. Michael expressed his suspicion of 'the cult of personality' and his sense that a charisma-based organization is fragile. The two agreed that many times they want the company all to be leaders, together. John felt that "it nurtures codependence if you always turn on the inspiration speech when it's expected," while Jane asked if there was "a confusion between vision and inspiration." Lynn offered that "no one in the ensemble wanted group leadership, we want a designated leader. Someone needs to 'move the cart forward'." Shay felt an obligation as a leader to inspire the people working for her, even as she held a private attitude of "be an adult and do your job."

More important to an organization than a founder's charisma, however, is that its new artistic leader is able to make the right decision "in the moment." A lot of time was spent talking about a phenomenon where it looks like a leader or an artist is just making it up as they go along, but what is really happening is a genuine intersection of experience, craft, and inspiration. The actual moment of creativity can't be taught, and inspiration can't be defined in advance. Knowledge is used in the moment, as needed. Process is valuable, informed intuition is priceless.

In many ways, teaching the founder's knowledge of how to make split-second decisions is the work of the Cornerstone and Dance Exchange Institutes. This is also an essential trait for all members of an organization in transition: people with multiple abilities and diverse experiences will be able to adapt to a shifting environment.

How will you sustain those who remain?

Since this investigation took place primarily with “those who remain,” this was a topic of much discussion. The participants determined that “people want a formula and a linear process, but what this requires is accepting a certain amount of mess and failure.”

One of the great realizations at Cornerstone was the importance of the managing director and the administrative structure in the artistic director transition. Shay was the primary manager of the transition process, and didn’t realize until some time into Michael’s tenure how exhausting that process had been for her. Ensuring that an artistic transition doesn’t burn out a company’s administrative leader was a big lesson.

During the transition at Cornerstone, there was a great deal of insecurity for people about their place in the ensemble or staff. As it turned out, the anticipation was worse than the reality, but there was a lot of jockeying for position in the midst of this change, as people wondered if they were just placeholders or if they would continue to be employed by Cornerstone when the transition was complete. For both companies, the transition was an emotional time. They found that it’s often the little things that set off emotional responses—who parks where, who sits where. In these situations, feeling heard is essential for everyone.

In both companies, different leaders were and are emerging because of the transition process. Without the constant presence of the founding artistic director, the quantity of reliance on that person changes, and there’s less hero worship (with all its attendant difficulties). The transition process also often makes people reactive instead of responsive. It also forces people to question their loyalty—is it to the company or an individual?

For companies in the \$1 to 2 million range, the staff members who carry out the daily work have no real room for advancement—they are often one-person departments. So finding alternative ways to acknowledge growth and experience is important, and also a struggle.

At Dance Exchange, there has been a deliberate increase in transparency between the leadership team and the rest of the company. They are making use of residency practices in semi-annual two-day full company meetings: techniques like “weather reports” that forecast and report on current company health, and “parking lots”—a place to park issues and ideas that can’t be solved in a two-day meeting. The parking lots help get rid of the “I don’t know why we don’t do [X project]” syndrome. These meetings are opening up how decisions are made, and squelching the “they are behind closed doors manipulating our lives” feeling.

The Decision-Making Process

Key findings:

- ◆ Good decisions are grounded in reflection, implemented as policy, and communicated clearly.
- ◆ In founder-led and ensemble organizations, the sense of ownership is higher among the artists and staff than among board members; boards are participants in the transition process, but are not the primary drivers or sole decision-makers.
- ◆ Transitions and evolutions take more time than planned—even when the planning is for a long time.
- ◆ Transitions and evolutions don't stop with the artistic leadership of the organization. Everyone is affected.
- ◆ A strong communications plan—both internal and external—is crucial for success.

Are you willing and able to take the time to reflect?

As is evident by the substance of this report, both companies were willing and able to take the time to reflect on their transition processes—before, during, and after—although there was and is a desire for even more reflection. Answering the “what are the essential qualities you want in an artistic director” question with staff, board, and ensemble/company is a starting place for the kind of reflection a process like this demands. More profound questions about culture, structure, mission, and impact also come into consideration.

Throughout the three meetings, the participants emphasized that a transition process has its own cycle of emotions, including doubt, understanding, and integration. Participants were made to understand that it was okay for them to mourn, get angry, and be frustrated, and to recognize that transitions cause fear among many people.

Who makes the decision about who becomes the succeeding artistic director? Who participates in the decision-making process? How? In what order?

In a traditional nonprofit arts organization, this decision is made by the board of directors, which holds that fiduciary responsibility. But neither Cornerstone nor Dance Exchange can be called traditional. For Cornerstone, the board formed a search committee and had the final say, but the ensemble had a significant voice in the process and the staff was consulted as well. Cornerstone hired a search firm, but Shay found that the majority of the day-to-day work of managing the search fell to her. Bill was not part of the search committee, and was clear that it was not his decision to make: “I was consulted in a nice grandfatherly way. That allowed me to care a lot about the outcome, but also be detached from it.”

For Dance Exchange, the transition that is continually manifesting itself has been in process for a very long time, in multiple iterations. Because it has been a primarily internal process, the board's involvement in choosing Liz's successor has been limited. Still, there have been hours of discussions with the board over the last ten years, as the nature of leadership among the staff artists has changed. In 2007, the board struggled to understand that the leadership team was a shared leadership structure. This ultimately resulted in the board appending “& CEO” to Jane's managing director title so that it has a single point of accountability.

Who will determine the parameters of the process? What span of time do you want from the founder's decision through the succeeding artistic director's first anniversary?

What Cornerstone learned from its long process was to add a year of continued transition past the date of when the founding artistic director departed. In its case, this meant that the total transition process took close to three years. Bill announced his departure, in a carefully crafted way, two years before his last day. He felt this “allowed the company to be much more deliberative, and made the process gradual and organic. The intent was to make the transition safer for the ensemble, the staff, the board, our community partners, and, not insignificantly at all, our funders.” For Shay, however, the transition process was an additional job on top of her responsibilities for day-to-day management of the company, and three years yielded pretty substantial “transition fatigue.” Because of the long transition, the staff, ensemble, and board were always in flux, which left people more vulnerable when smaller (normal) transitions happen.

Time was spent discussing the “corporate model” of transitions that have limited overlap between preceding and succeeding leaders. Everyone in the Dance Exchange and Cornerstone camps agreed that this approach would have been a bad fit for the personal nature of their organizations, and the ways that the companies are typically affected by change. Transitions and evolutions have a huge impact because of the commitment needed from each individual in this size of organization.

For both Cornerstone and Dance Exchange, the founders, in negotiation with other staff members and the board, determined the parameters of the transition process.

How prepared are all your stakeholders for this process? Stakeholders include the founding artistic director, the search and transition process leader, the board, the staff, and the artists.

Cornerstone prepared for the transition by developing a strong communications plan (see below) and convening a series of meetings to re-affirm the organization's mission in the face of this change. Because the Dance Exchange process has been ongoing for nearly a decade, it's hard to know whether people were prepared for it before it began, or became accustomed to the experiments and changes along the way. Either way, there will be grief and joy as part of this process, for which all involved need to be as ready as human beings can be.

“Your founder...and who else?” Who else is likely to leave or change their relationship to the company because of this transition?

This question revealed itself to be surprisingly pivotal in these discussions. One of the early meetings focused on individuals' assumptions about the process. Shay expected to see attrition from the ensemble, but what she got was staff attrition instead. This was attributed to changes in funding cycles and some of the unfinished business a founder inevitably leaves behind.

For Dance Exchange, the most profound change in the organization was unexpected. It was not Liz who left but the previous executive director, whose tenure in the job ran from mid-2002 to the end of 2005. Jane, who previously was the company's partnerships director, became managing director. Since early 2006, she has endeavored to bring a new level of transparency to financial planning and reporting at Dance Exchange, engaging many more staff members in the creation and management of the budget.

Both of these experiences show that organizations entering a transition phase need to prepare for administrative as well as artistic changes as part of the process. An incoming artistic director may choose to shake up the existing staff—and is almost expected to do so, but the shake-up may be independent of the new artistic leader’s wishes and intent.

What will your internal and external communications plans be?

Both companies are expert at telling their stories, and emphasized the importance of this throughout the transition process. The internal communications plan is about keeping board, staff, and artists in the loop about the nature of the forthcoming change. The external communications plan is for funders and audiences, although the timing and messages for those two sets of recipients are quite different. The former artistic directors spoke about this during a joint interview.

Bill: Communication is the most important thing that we can do as leaders in transition. One thing we were very good about was coming up with the communication plan about who knew that I was stepping down, and when, making sure people felt involved in that decision, and they felt safe and excited about the future of the company.

Liz: One piece of this is how I talk about it and to whom do I speak and which story do I tell when I’m talking. I’m always positive about the artistic outcome of the change. And always underlining that this is about a set of principles and ideas that exist beyond personality, and the best way to understand that is to support other people’s work. I never miss a beat to talk about that. There’s a piece of that that’s internal and took five years of talking to get the board and dancers to understand.

Communications plans, like all other plans, are living documents and require consistent implementation in order to be effective. Dance Exchange, which gets questions from funders and potential presenters about its shifting organizational leadership structure, recognizes that this will be a long education process.

CONCLUSIONS

Laurie observed, “You only lose a founder once.” This is true for Cornerstone, until you factor in the role the ensemble plays in holding organizational memory the way a founder does. For Dance Exchange, the founder is not lost; in fact, she’s making more work than ever before, in part because of her freedom from some administrative responsibilities. Dance Exchange leaders found the opportunity to compare their circumstances to Cornerstone’s transition revelatory in many ways, and it strengthened their belief that their process—which they have written about as “gradual, evolutionary, and iterative”—defies the simple label of “founder transition” and is better described as a “redefinition of leadership structure.”

For both of these organizations, this change process has ushered in a new era, the next in the series of evolutions each company has undertaken. Cornerstone saw the end of an era when it moved to Los Angeles and stopped being a nomadic company, for example. In the discussions, it was much more useful to speak of eras in a company’s development, rather than generations of leadership. An individual’s experience within an organization is defined in part by the point in time when they enter the organization. Significant changes like moving or leadership departures

mark changes in eras. Adapting to a new era is a challenge for all involved, and requires innovative thinking on a par with artistic creation.

Change is hazardous, messy, gradual, and fast all at once, and always has at least one unexpected outcome. For both companies, the impact on their art making has been positive. Dance Exchange now has multiple creative voices instead of just one within the company. It is looking at microenterprise financing models to use in supporting an even greater diversity of artistry. Cornerstone has begun a new cycle and is making powerful new partnerships, as well as welcoming new staff members into the fold. People are learning to work together in new ways, with different distributions of authority.

More change is yet to come for both of these companies, as both recognize that a founder transition or leadership redefinition is just one kind of transition in the life of an arts organization. However, the profundity of the change causes—demands—a moment of reflection that, if handled well, can deepen the company’s commitment to its core principles and methodologies. That has certainly been the case for both Liz Lerman Dance Exchange and Cornerstone Theater Company: Their artistic and economic futures are predicated on leveraging their knowledge resources and finding new markets for what they have to teach.

In some ways, this increased orientation toward intellectual capital is the true hallmark of both of these transitions. As Cornerstone and Dance Exchange move into their next eras, knowledge will be at the center of their organizations, surrounded by a variety of charismatic personalities who are capable of interpreting that knowledge for diverse audiences. The people within these organizations have had the ability to be mindful in the midst of the inevitable mess that emotional situations generate. One result of this investigation is that the seven colleagues who participated in it now have peers to call upon for a reality check. It’s reasonable to expect that these relationships and this new knowledge will make future changes a little easier to wrangle.



April 3, 2007 meeting in Los Angeles. Standing, from left: Peter DiMuro, Shay Wafer, Laurie Woolery, Lisa Mount, Michael John Garcés; seated: John Borstel, Jane Hirshberg. Photo (and porch): Bill Pullman

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ATTACHMENT A: QUESTIONS TO CONSIDER WHEN ENTERING A FOUNDING ARTISTIC DIRECTOR TRANSITION

This set of questions was developed by the participants as they distilled what they had learned from one another during this investigation.

Fundamental Questions

- Is an ongoing founder relationship desired? Are all parties willing?
- Should you continue to exist as an organization? Why? What is core to your organization? Is your mission valid?
- Are your mission, philosophy, and methodology sustainable without your founder?
- What parts of your mission and company aesthetic must you keep? What might you change?
- What are the essential qualities you want in an artistic director?
- Do you know your organizational culture?

Questions about the Future

- Where do you want to be and what do you want to look like in five years? In ten years?
- What opportunities are ahead of you because of this moment?
- Will you change your leadership structure as part of this transition?

Financial Implications

- What are the costs and benefits of your founding artistic director staying or leaving?
- What will the financial impact of this transition be? How can you lessen the negative financial impacts?

Legacy and Relationships

- What are the current definitions of the founding artistic director's legacy?
- How will the founder be honored, acknowledged, and remembered?
- How will you prepare and create tools for the new artistic leader?
- How dependent are you on your founder's charisma? Are there ways to transfer that?
- How will you sustain those who remain?

The Decision-Making Process

- Are you willing and able to take the time to reflect?
- Who makes the decision about who becomes the succeeding artistic director? Who participates in the decision-making process? How? In what order?
- Who will determine the parameters of the process? What span of time do you want from the founder's decision to the succeeding artistic director's first anniversary?
- How prepared are all your stakeholders for this process? Stakeholders include the founding artistic director, the search and transition process leader, the board, the staff, and the artists.
- "Your founder...and who else?" Who else is likely to leave or change their relationship to the company because of this transition?
- What will your internal and external communications plans be?