Value Creation and Evaluation in Arts Incubators: Case Studies and Cross Case Analysis

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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.

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.

The paper concludes with recommendations for entrepreneurs and policymakers considering developing an arts incubator program. These recommendations include: support for a strong entrepreneurial leader at the helm of the program, implementation of a process for graduation out of the incubator, and design and execution of formative and summative incubator evaluation, suggested metrics for which are discussed.
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Introduction

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 U.S. 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).

Operational Definition

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” (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

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1 The operational definition or arts incubators used here was published in Essig (2014a), “Arts Incubators: A Typology.”
produce successful firms that will leave the program financially viable and freestanding” (NBIA 2013).

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 Design**

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 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.

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 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.

**Sampling.** The universe of incubators consists of the inventory of arts incubators developed for my earlier typology research (Essig, 2014a). The original inventory of 43 incubators is a snapshot of arts incubator activity taken during May-August 2013. 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.

The directors of the 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 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
Essig – Arts Incubators (abridged)

(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 three 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 subset.

Primary data collection consisting of multi-day site visits and in-person interviews with stakeholders were conducted at each of the four sites May-December 2014. For each site, a minimum of executive director, one staff member, one client, and one supporter were conducted\(^2\). Multiple staff members were interviewed at most sites; representatives

\(^2\) With the exception of Intersection for the Arts, for which a funder or supporter was not interviewed.
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 were transcribed verbatim by Landmark Associates Inc. Secondary data sources include materials such as organizational websites, media coverage, and annual reports.

**The Arts Incubator Context**

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. Therefore, the review of literature 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 Tools

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 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.

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

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3 An early version of this section was presented at the Social Theory, Politics, and Arts conference in Ottawa in 2014. An expanded version is available on ResearchGate as the working paper Arts Incubators: Outputs, Outcomes, and Policy Targets (Essig, 2014c).
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).

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

**Arts Incubator Outputs**

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. 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. 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.

Facilities. Facilities have been a focus of business incubators, as described in the early incubator literature. 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, 2014a). 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. Shared services might include cooperative marketing, financial management, technology support, event management, administrative support, and more.

**Funding.** Grant funding is an output of several incubators sponsored by state or local arts agencies. 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).

**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, Chesbrough, Nohria, and 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). My own recent research (Flanagan and Essig, 2016) indicates that networking is one of the top three professional development needs of artists.

**Art.** The arts incubator typology research (Essig 2014a) indicates that over half of the incubators currently operating in the U.S. are primarily concerned with nurturing the production of art. Thus, the art produced by incubator clients can be considered a secondary output of the incubator. While not directly produced by the incubator, the art produced by the incubator clients is itself an output thereof.

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).

**Incubator Evaluation**

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 measuring the impact of arts incubators. There is a similar lacuna in the business incubation literature with regard to evaluation. 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, only 5 explicitly focus on incubator success and benchmarking.

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 the guide adds: equity capital attracted and grants received. 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, Matthyssens, and 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. 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.
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.

Case 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. 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. While several programs have come and gone since 1990 (more have “gone” than “come” since the Great Recession) the program that has remained most
consistent is 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)

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 in recent years 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 for the county 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 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 Run⁴. 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?”

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⁴ Four Mile Run is the road on which the shared Parks and Recreation/Cultural Affairs building is located.
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 broader 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. The 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, the incubation program 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 (e.g., 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 participates 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, typifying it as a “community serving” arts incubator.

**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 the recent leadership change. 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 fiscally sponsored members: eight percent of total revenue. Members also 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.

**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.

**Evaluation.** As was the case with several of the programs in the pilot study of university arts incubators (Essig, 2014b), evaluation 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,
Essig – Arts Incubators (abridged)

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.” (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 has been 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:
Essig – Arts Incubators (abridged)

- 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 in that the term “incubator” 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 its mission of community development and positive social impact central to 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.

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 coincident with 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. 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. According to a later CCI report “The Urban Institute study showed, and CCI’s field experience has affirmed, that artists have significant needs in multiple domains, including training and professional development, materials supports such as space, grants and health insurance, access to markets, public validation, information, and participation in larger communities and networks” (2008, p. 3) 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” and further explained that “Cora’s move to CCI reflected the larger zeitgeist among arts funders to serve individual artists more directly” (personal correspondence).

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 both 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 is to treat 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. Professional development grants to individual artists are small ($500-$1000) in dollar amount, while project grants may be quite a bit larger, up to $25,000. 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 notes, “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 2000, although a funder notes that the grant program was in development before 2008 and “the economic downturn of 2008 provided an opportunity to attract investors…who
Essig – Arts Incubators (abridged)

saw tremendous opportunity to reach many more people through small-sized grants” (personal correspondence).

**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 contributed income…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 future.** Despite the recent departure of its founding chief executive, 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 stepped into the role of interim president and CEO to provide continuity of programming and eventually accepted the position on a continuing basis. 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 – when they happen -- 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 a significant grant 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. 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

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5 Descriptive statistics in this section are sourced from American Community Survey 2013, accessed from census.gov
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 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. 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
Essig – Arts Incubators (abridged)

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 affiliated 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). Mighty Tieton produces a couple of events such as “Community Days” that its staff say are intended to bridge the two cultures.

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 project, “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 Mighty Tieton Warehouse, which can be considered the incubator space, Paper Hammer Studios, Mighty Tieton Construction, and Mighty 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 Graypants, 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)

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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 farmworker 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?”
Essig – Arts Incubators (abridged)

(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 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 Works\(^7\), has been added to the Mighty Tieton affiliates.

**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.

\(^7\) 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.
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 section 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 2 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
Table 2. Strategic priorities of four arts incubators as articulated by stakeholders.

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<tr>
<td>Community impact</td>
<td>Give back to the community</td>
<td>Focus our efforts on getting to know the community we serve and responding to their needs</td>
<td>We did not set out, and we still to this day are not setting out to be community developers</td>
</tr>
<tr>
<td>Performance</td>
<td>Hub for all sorts of exciting, different types of arts-focused</td>
<td>More programming and much less administrative work</td>
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<tr>
<td>Keep artists living and working in our community,</td>
<td>A sustainable arts community in the Bay Area.</td>
<td>How the city and Silicon Valley might become more artist talent-friendly</td>
<td>attract other people who could look at some of the other available spaces in town and replicate our model, creating businesses</td>
</tr>
<tr>
<td>Give people the opportunity for artistic expression</td>
<td></td>
<td>Make artists more sustainable and self-sufficient</td>
<td></td>
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<tr>
<td>Create a vibrant place to where people want to live, that feels full and engaging and exciting</td>
<td>Fiscal sponsorship</td>
<td>Incubator is where the standing programs have developed</td>
<td></td>
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<tr>
<td>Space and services ingrained in the culture</td>
<td>Organizational stability / incubator program itself as a revenue generator</td>
<td>Increase available sources of funding</td>
<td>Once the numbers make sense then you can achieve more faster; it’s not about making a bunch of money</td>
</tr>
<tr>
<td>Economic development</td>
<td>Job creation</td>
<td>Enterprise creation/world class arts institutions</td>
<td>Make the warehouses and the spaces that we have totally sustainable, financially healthy, productive...</td>
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Table 2. Strategic priorities of four arts incubators as articulated by stakeholders.
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 of work and such is core to their missions. Table 2 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, 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 precipitated a fiscal crisis due
to an unhealthy ratio of restricted endowment funding to operational funding. 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 lose 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 chief executive officer 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. There was no period during which CCI was without leadership. Whether or not such a smooth transition is replicable in other organizations is unknown, in part because of the unique experience of the individuals involved and their connections to funding partners.

**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 various theories of firm formation (cf., Essig, 2015) 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. 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 (1963) 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 (Grant, 1996; Cyert and March, 1963): “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. 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 1. Community members served is a function of number of incubator clients

Both CCI and, to a lesser extent, Mighty Tieton, look to client sustainability as evaluation metrics, whether this be the sustainability of client enterprises measured informally by Mighty Tieton or the sustainability of individual artists behaving entrepreneurially measured formally by CCI. In the latter case, client grant reports are the primary source of data used for evaluating the impact of programs on client sustainability.

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 it 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 and 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 rather than individual organizations. Despite the 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.

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 following section, I offer some recommendations for how to do just that.

**Recommendations and Conclusions**

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.

This research has opened the black box of incubator operations to find that they 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. 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.

**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 assessment**

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 3 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).

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

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

Table 3. Alignment of evaluation variables with incubator strategic priorities

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 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.

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