Navigating Uncertain Times: How to Use Scenario Planning to Chart a Course in New Environments

League of American Orchestras Webinar

January 27, 2021

League of American Orchestras

AEA Consulting

Agenda

1) Why scenario planning? Background & goals

2) AEA approach and process + Q&A

3) Trends to consider

4) Scenario planning in practice

   Q&A

About AEA Consulting

Since 1990, we have successfully delivered more than 1,000 assignments in 35 countries, helping clients around the world plan and realize vital and sustainable cultural projects

- Focus on strategy & planning for the cultural and creative sectors

- Known for candid and impartial advice that draws on our multidisciplinary team's deep knowledge of the cultural sector as well as robust research and analytical insight

- Team of 13, based in New York and London

Find out more at aeaconsulting.com

Selected Clients

American Symphony Orchestra

Banff Centre for Arts & Creativity

Barbican Centre

The Barnes Foundation

British Museum

Brooklyn Bridge Park

The Cleveland Orchestra

Georgia O'Keeffe Museum

Jacob's Pillow

Kennedy Center

National Museum of Australia

New York Philharmonic

Pittsburgh Symphony Orchestra

Sage Gateshead

The Shed

Stavros Niarchos Foundation

Theodore Roosevelt Presidential Library

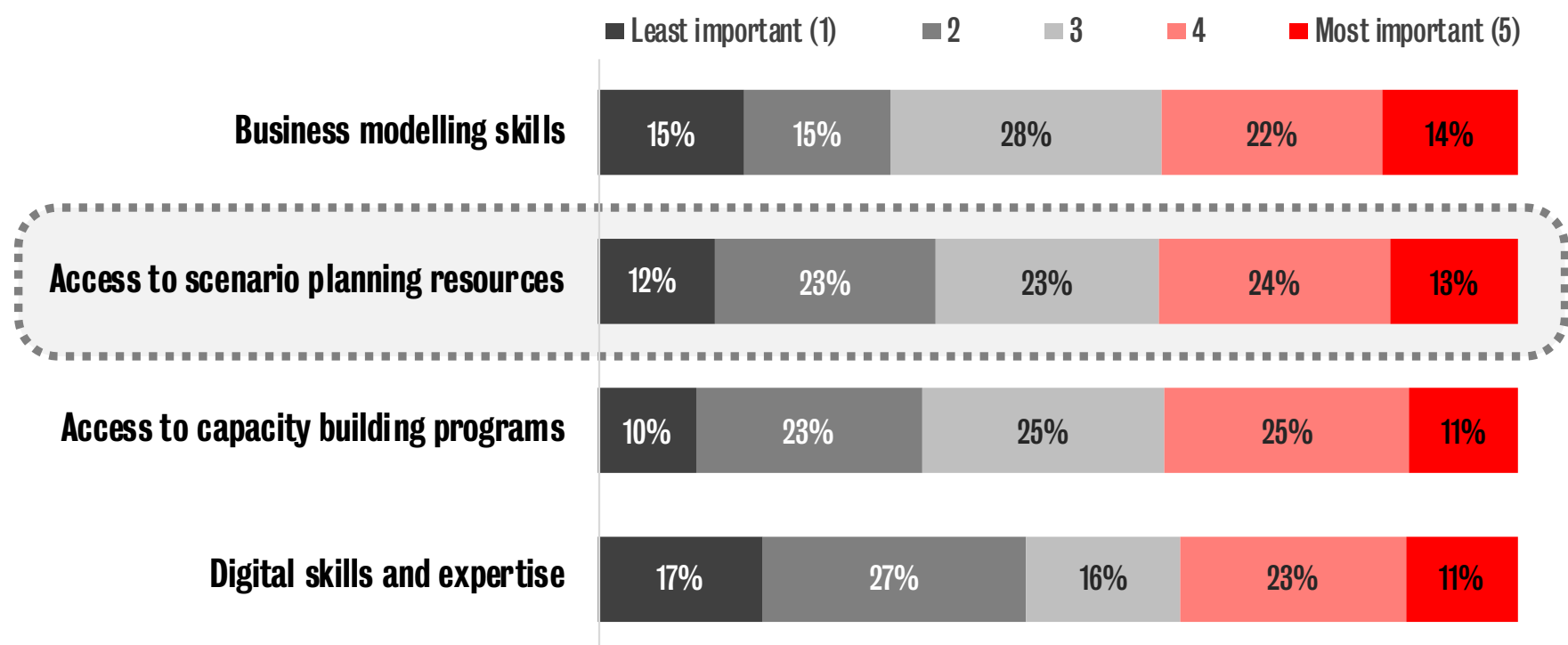University of Arizona

1.

Why scenario planning?

Background and goals

Arts Organizations' Early Response to COVID-19 Uncertainty
Insights from the Field

What skills, non-financial resources and data do you feel a lack of most acutely in responding to the impacts of the COVID-19 situation personally?

■ Least important (1)   ■ 2   ■ 3   ■ 4   ■ Most important (5)

	Least important (1)	2	3	4	Most important (5)
Business modelling skills	15%	15%	28%	22%	14%
Access to scenario planning resources	12%	23%	23%	24%	13%
Access to capacity building programs	10%	23%	25%	25%	11%
Digital skills and expertise	17%	27%	16%	23%	11%

Data excerpts from survey of arts leaders

Key tools to deal with the impacts of COVID-19 –

- Business modeling

- Access to reliable audience data and projections

- Leadership skills and capacity building

- Scenario planning tools

Scenario Planning Background

Mostly focused within the corporate / business sector, emerging in 1970s; more contemporary studies also include urban planning, transportation, or other public services

Key takeaways

Scenario planning makes leaders:

- **comfortable in uncertainty**
- **expand thinking**
- **confront change and possibilities**
- **prepare to adapt for futures "that might happen, rather than the future they would like to create"**

Scenario Planning Goals

- To provide a framework for planning in conditions of uncertainty

- To ensure that planning accounts for wider social, economic, and other exogenous forces that are likely to have significant impacts

- To guard against systemically optimistic or pessimistic thinking, and against "groupthink"

- To find commonalities within possible futures that can be planned for today, and to promote nimble response when outcomes are in doubt

- To identify how individuals and organizations can focus on their core purpose and be proactive "shapers" within and between potential futures

2.

Approach and process

Introduction to AEA process in developing the toolkit

Approach to Scenario Planning

Scan major forces

Identify current trends for CSTEEP framework

Map out critical future uncertainties to develop a 'scenario coordinate system'

Craft future scenarios

Develop potential set of scenarios for an agreed time horizon

Complete SWOT analysis for each scenario

Develop performance metrics and describe future state for each indicator and scenario

Plan future directions

Analyze impacts across scenarios

Make recommendations for preparedness

Scanning major forces + trend analysis

Framework	Forces
Creativity	Creative activity
Society	Demographics
	Social behavior / leisure
	Health & wellbeing
	Travel
Technology	Technology & digital
Economy	Economy
	Government spending
	Philanthropy
	Employment
Environment	Climate change
Political	Politics
	Civic engagement

Iteratively crafting scenarios

Process
Engaging the Advisory Group

Project Advisory Group

Kara Medoff Barnett *Executive Director, American Ballet Theatre*

Andrew Blau *Managing Director, Deloitte*

Betsey Brock *Executive Director, On The Boards*

Suzy Delvalle *President and Executive Director, Creative Capital*

Kristy Edmunds *Executive and Artistic Director, Center for the Art of Performance, UCLA*

Michael Fricklas *Chief Legal Officer, Advance Publications*

Anna Glover *Director of Theater Safety and Occupational Health, Yale Repertory Theatre*

Mark Leavitt *Chief Investment Officer, Union Square Hospitality Group*

María López De León *President & CEO, National Association of Latino Arts and Cultures*

Rick Lowe *Founder, Project Row Houses*

Marc A. Scorca *President/CEO, OPERA America*

Franklin Sirmans *Director, Pérez Art Museum Miami*

Holly Sidford *Co-Director, Helicon Collaborative*

Zannie Voss *Director, SMU DataArts*

Process
The Toolkit

Overview (core document)

Navigating Uncertain Times
A Scenario Planning Toolkit for
the Arts & Culture Sector

Overview

October 2020

Commissioned by
Wallace
AEA Consulting

Navigating Uncertain Times
A Scenario Planning Toolkit for
the Arts & Culture Sector

Detailed Scenarios

October 2020

Commissioned by
Wallace
AEA Consulting

Detailed Scenarios

Navigating Uncertain Times
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Planning Worksheets

October 2020

Commissioned by
Wallace
AEA Consulting

Planning Worksheets

Navigating Uncertain Times
A Scenario Planning Toolkit for the Arts & Culture Sector
Literature Review

+ Literature Review

Planning The Future

Long-Term Scenario Planning: Planning Worksheets

Mission & Purpose

What are the ways our mission/purpose is most relevant in this scenario?

Scenario 1	Scenario 2

Key Commonalities

Scenario 4	Scenario 3

4
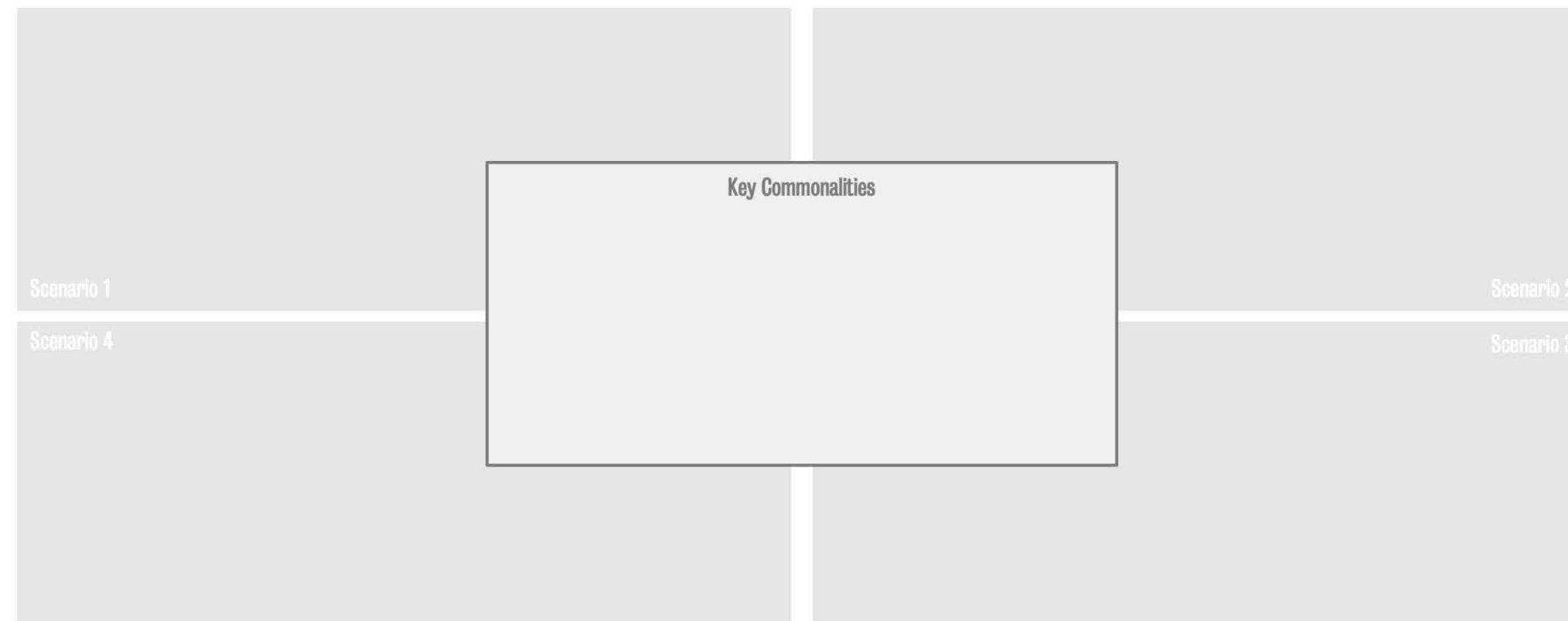
Long-Term Scenario Planning: Planning Worksheets

Key Organizational Change Summary

Carry forward the key commonalities and examine likely impacts on your team, skills, organizational processes, culture, and partnerships

Programs, Activities, and Functions (see Key Impacts section)

Required Staff Skillset and Roles	Organizational Culture and Processes	Partnerships

25

Future States of the World
Developing 4 scenarios...

1 Cooperative Living
The virus is largely controlled within 12-15 months and focus on social justice grows, creating a new sense of optimism and rush back to the social scene with vigor and enthusiasm

2 New Means of Gathering
A resurgent virus creates significant challenges but, ultimately, deeply ingrained social behaviors persevere in transformed ways

3 Digital Connection
While the COVID-19 pandemic is contained, the threat of future outbreaks leads to continued physical distancing and focus on digital interaction

4 Social Disintegration
Prolonged outbreak of COVID-19 and recurring pandemics from a mutated virus lead to the decline of social life and underlying support systems

HIGH PROPENSITY TO GATHER

LOW PROPENSITY TO GATHER

SOCIAL RESPONSE

Cooperative Living

New Means of Gathering

Digital Connection

Social Disintegration

UNCONTAINED / MULTIPLE WAVES

SEVERITY OF THE PANDEMIC

CONTAINED / LIMITED OUTBREAKS

Creating detailed scenarios

Each of the four scenarios is described in five pages

1. **Overview** – provides the introductory "story" of each scenario and lists potential critical implications the sector may need to consider in this future

2. **Macro Forces** – identifies the trends that are making the largest impact within each force in the the CSTEEP framework

3. **Arts & Culture Sector Indicators** – a directional look at ten metrics that show where the sector is headed

4. **Arts & Culture Sector SWOT Analysis** – a look at the strengths, weaknesses, opportunities, and threats for the sector

5. **Arts & Culture Sector Stakeholder Impacts** – a review of key developments for each of ten stakeholder groups in the sector
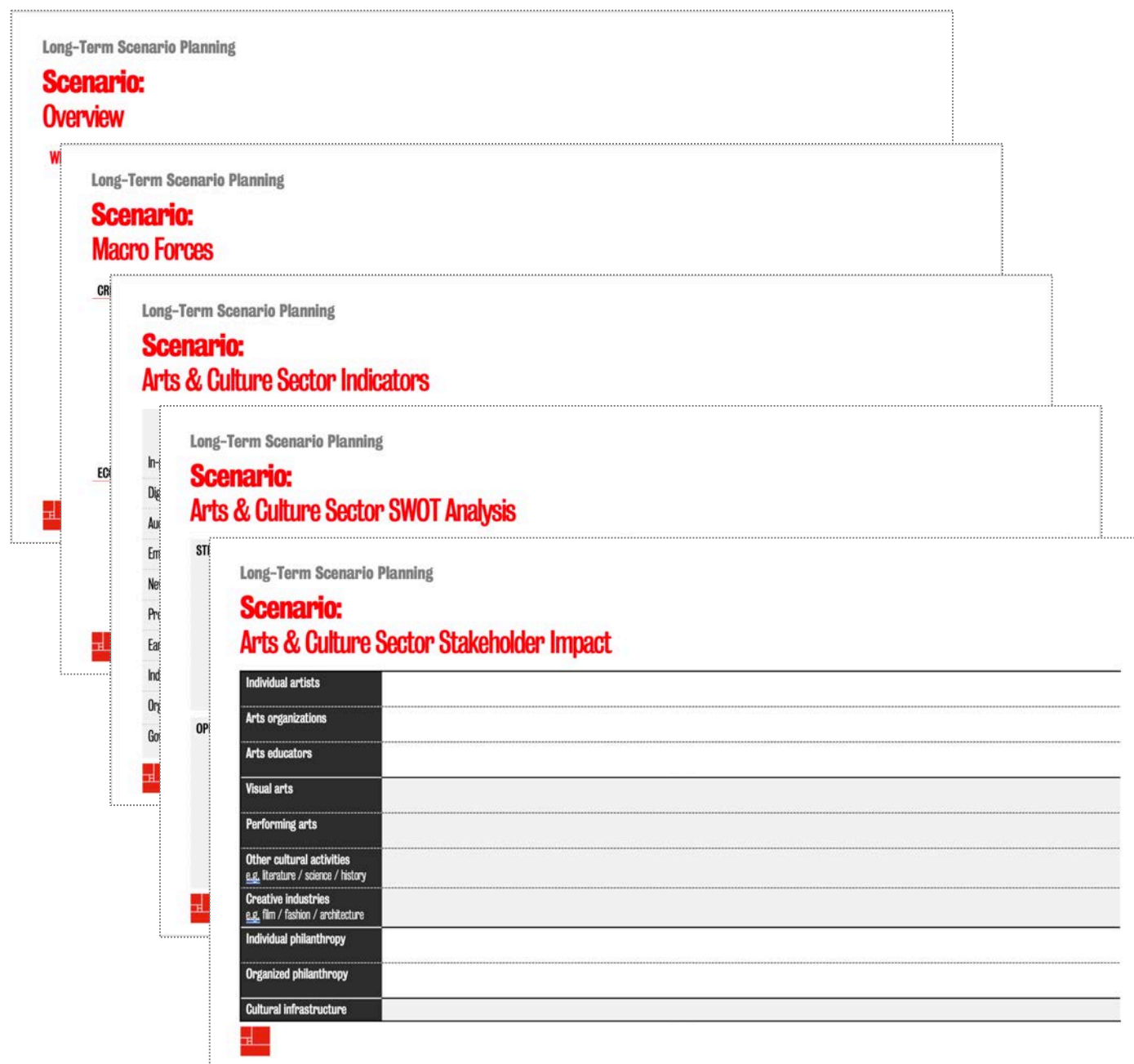
Scenario 1: Cooperative Living
Overview
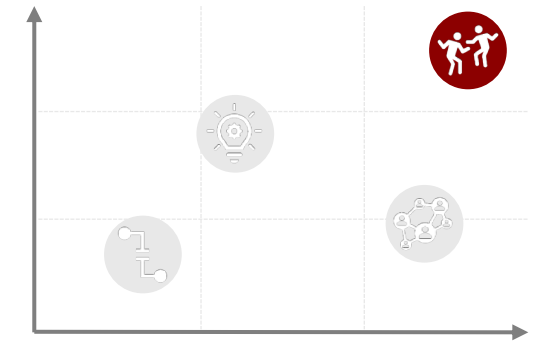
What Happens

The COVID-19 pandemic is controlled by late spring 2021 thanks to continued coordination between governments and the private sector, and the scientific community then leverages new technologies – genome sequencing, machine learning, advanced methods of production, etc. – to develop and deploy a broad vaccine against the virus, calming fears and creating a sense that we can "conquer" biology. Alongside early successes reforming institutions in the wake of the anti-racism protests in 2020, a new era of optimism emerges, with deep social engagement.

- The relatively quick defeat of the virus ushers in a new optimism and sense that the collective will of society can accomplish big things
- The cultural sector returns with a focus on new creation and participatory events

CREATIVITY	Arts Economy ⬆	Arts Participation ⬆
SOCIETY	Domestic & International Travel ⬌	
TECHNOLOGY	Daily Average Screen Time ⬇	
ECONOMY	Unemployment Rate ⬇	
ENVIRONMENT	CO2 Emissions ⬇	
POLITICS	Voter Turnout ⬆	

Critical Implications

- Mission-oriented engagement with large-scale social issues is important, as audiences are seeking out opportunities to deal with larger issues and build collective justice.
- In the wake of anti-racism protests, pressure builds for more representative Boards and institutional change. Culturally specific organizations take on new prominence and become a new funding focus.
- Participatory events are a focus, with audiences interested to join artists' journeys.
- Employment rebounds, and interest in workers' rights mean that pay is increasing for junior-level and less-skilled labor.
- A tech backlash means there is increased focus on privacy issues on digital platforms.
- Mental health is an increased focus.

Scenario 2: New Means of Gathering
Overview
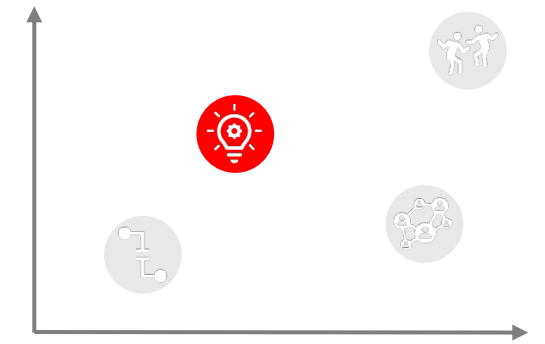
What Happens

The COVID-19 pandemic passes within eighteen months but resurges six months later as the initial vaccine is not as effective and less-available than forecast, causing new rounds of furloughed workers and the reintroduction of social distancing measures. U.S. governments at many levels are slow to respond, and the public is initially reluctant to comply with new containment measures. New outlets for public engagement emerge, particularly to progress social justice.

- The desire to gather in-person was in full effect during the six-month "all clear" period in 2021, with many focused on social engagement and restaurants and museums experiencing near capacity visitation numbers
- The cultural sector reopened with initial audience enthusiasm at a level not seen in years

CREATIVITY	Arts Economy ⬇	Arts Participation ⬆
SOCIETY	Domestic & International Travel ↔	
TECHNOLOGY	Daily Average Screen Time ⬆	
ECONOMY	Unemployment Rate ⬆	
ENVIRONMENT	CO2 Emissions ↔	
POLITICS	Voter Turnout ↔	

Critical Implications

- A "double dip" recession brought by a second virus wave increases unemployment.

- There is continued desire to gather as the pandemic increased loneliness and depression; arts organizations engage low-cost production models in physically distanced venues.

- Protests in support of Black Lives Matter and other social justice campaigns become primary locations for site-specific artworks.

- Creative production rises as artists seek new methods and distribution platforms for socially engaged content, with a good deal of creative activity moving to the digital space.

- Contact tracing and health monitoring are seen as critical, with government surveillance welcomed and taking hold in most states.

Scenario 3: Digital Connection
Overview

What Happens

The medical response to the COVID-19 pandemic proves successful and a vaccine is developed and broadly distributed before winter 2021 / 2022. This creates a sense of stability, and the economic impact is smaller than first anticipated. However, the psychological impact of a second wave of the virus that appeared once social distancing measures were lifted, combined with the threat of potential future outbreaks, causes lasting changes to our social behaviors.

- While the pandemic is eventually contained, vaccine distribution is slow and costly and a second wave causes lasting psychological impacts
- The arts sector is forced to adapt to these changes, with an urgent need to re-think programming and business models to suit the new normal

CREATIVITY	Arts Economy ⬇	Arts Participation ⬆
SOCIETY	Domestic & International Travel ⬇	
TECHNOLOGY	Daily Average Screen Time ⬆	
ECONOMY	Unemployment Rate ↔	
ENVIRONMENT	CO_2 Emissions ⬇	
POLITICS	Voter Turnout ⬇	

Critical Implications

- Professional and social lives shift increasingly into the digital world as people are reluctant to gather in-person and new technologies improve our ability to communicate remotely.
- A sharp decline of in-person attendance is coupled with rapid growth of new digital audiences, creating new opportunities for artistic creation and distribution.
- However, this leaves behind marginalized populations that lack high-speed internet and access to new technologies at home.
- Based on new audience behaviors, arts and culture producers and presenters shift their focus increasingly to digital and small-scale local formats.
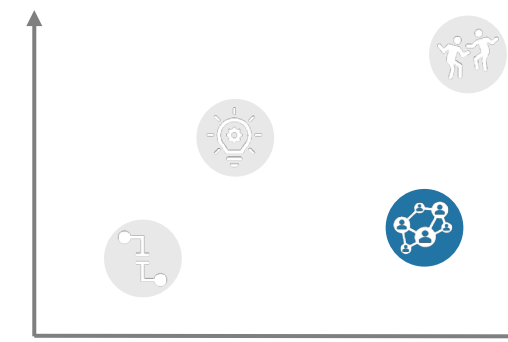
Scenario 4: Social Disintegration
Overview

What Happens

While a vaccine for COVID-19 is developed by mid-2021, it is costly to deploy, limiting widespread usage. Recurring instances of COVID-19 and other novel viruses continue to affect those with vulnerable health conditions, frontline workers, and their families – disrupting social and economic life. Meanwhile, civil unrest continues as politics are polarized and no trusted leaders emerge to bring together the fractures that have begun to show in society.

- Reluctance to participate in large gatherings leads people to limit socializing and entertainment to the comfort of their homes or the most familiar local venues and public places (pubs, bars, restaurants)
- The arts sector becomes fragmented

CREATIVITY	Arts Economy ⬇	Arts Participation ⬇
SOCIETY	Domestic & International Travel ⬇	
TECHNOLOGY	Daily Average Screen Time ⬆	
ECONOMY	Unemployment Rate ⬆	
ENVIRONMENT	CO2 Emissions ⬆	
POLITICS	Voter Turnout ⬇	

Critical Implications

- Society is further polarized by inequitable access to key resources and healthcare, making previously underserved groups particularly unlikely to engage in any arts activities.
- Creative production largely moves to the digital realm and new hyper-local formats, often driven by individual artists rather than organizations.
- Weakening ability to gather in public spaces moves cultural consumption to digital platform and small group activities and pursuits.
- Rise of economic and societal pressures leads to mental health crisis and arts organizations are encouraged to play their role and partner with healthcare and social services providers.
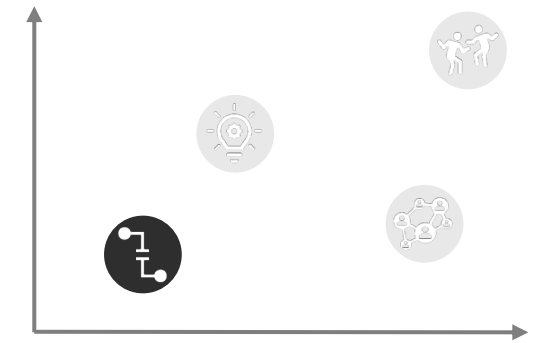
Questions?

3.

Trends to consider
Trends impacting orchestras / arts organizations

Trends Overview
CSTEEP Framework

Framework	Forces
Creativity	Creative activity
Society	Demographics
	Social behavior / leisure
	Health & wellbeing
	Travel
Technology	Technology & digital
Economy	Economy
	Government spending
	Philanthropy
	Employment
Environment	Climate change
Political	Politics
	Civic engagement

Trends Overview
CSTEEP Framework: Example Trends and Data Highlights

| Framework	Forces	Example Trends	Data highlights
Creativity	Creative activity	Arts Orgs = Media Orgs	Orchestras introducing streaming subscription services, producing music recordings and other content
Society	Demographics	Rural Urban Disparity	More than 82% of the US population lives in cities/urban areas
	Social behavior / leisure	Think globally, act locally	Focus on local activities as travel is banned and lockdowns extended
	Health & wellbeing	Rise of Wellbeing Apps	Top 10 meditation apps earned $195M in 2019, up 52% from prior year
	Travel	Solo Trips	58% of millennials travel alone
Technology	Technology & digital	Personalised Technology	Individual experiences facilitated by new technology (e.g. 'sound beaming')
Economy	Economy	Rent Economy	28% of 25-34 year-olds own a home in 2019 vs. 49% in 2002
	Government spending	Limited Federal Arts Funding	NEA funding in 2019 at .003% of US Federal budget, lowest since inception in 1966
	Philanthropy	Innovative Individual Giving	41% of charitable donors give through crowd-funding platforms; donor advised funds grew 8.3% in 2019 to $121.4 billion
	Employment	Gig Economy	More than 36% of the US workforce involved in the gig economy with creative workforce and artists at the forefront and advocating for improved employment terms and benefits for self-employed/freelance workers
Environment	Climate change	Sustainability Paradox	Decreased long-haul travel during and post-COVID-19
Political	Politics	The Immigration Seesaw	Decreasing number of visa approvals
	Civic engagement	Volunteering	More than 30% of Americans say they volunteer at least once per year

4. Scenario planning in practice
Applying the toolkit

Process
Testing the Tools
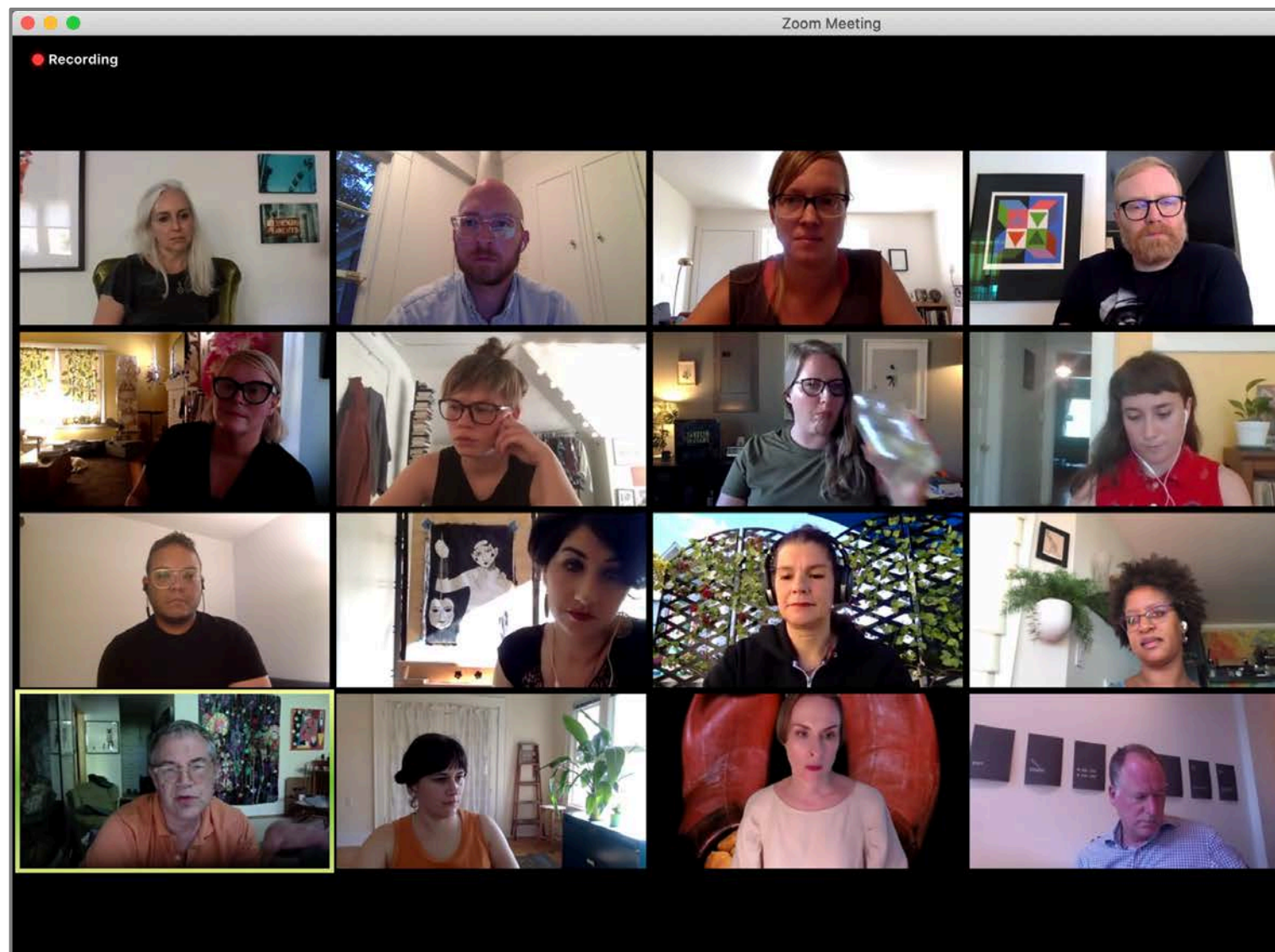
Thanks to our "Test Subjects"!

- On The Boards – Seattle, WA

- Yale Repertory Theatre – New Haven, CT

- OPERA America – New York, NY
  + *members*:
  Arizona Opera
  Cincinnati Opera
  Opera Birmingham
  Opera San Antonio
  Opera San Jose
  Portland Opera

Describing future states of the world

1

Cooperative Living

The virus is largely controlled within 12-15 months and focus on social justice grows, creating a new sense of optimism and rush back to the social scene with vigor and enthusiasm

2

New Means of Gathering

A resurgent virus creates significant challenges but, ultimately, deeply ingrained social behaviors persevere in transformed ways

3

Digital Connection

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UNCONTAINED / MULTIPLE WAVES

SEVERITY OF THE PANDEMIC

CONTAINED / LIMITED OUTBREAKS

Engaging in scenario planning

1) Clarify who is at the table & roles they may need to play

2) Provide a clear context to work in

3) Make it memorable

4) Focus on practical outcomes

Engaging in scenario planning

In each scenario ask yourself…

1. How is our mission / purpose relevant in this scenario?
2. What would the likely impact be on our:
   i. Communities and audiences?
   ii. Programming?
   iii. Revenue generation? (earned income, contributed income, and public funding)
   iv. Infrastructure / physical assets?
3. What are the best paths to remedy legacies of institutional racism and move towards equity and inclusion?
4. How do we respond to the climate crisis and create a sustainable future?
5. How can we support the creation of new experiences?
6. What strengths or assets do we have to help us accomplish these?
7. What weaknesses do we have that would hinder us?
8. What new opportunities would there be? How can we become an active "shaper" of the future?
9. What are the greatest threats to us?

Other questions to consider

- Which of your previous assumptions about the future need to be rethought? What prospects that seemed unlikely or years away could be accelerated?
- Which scenario best describes the world that you are currently preparing for? Is there a scenario that you are currently ignoring – but shouldn't be?
- How might your local market / context be different than other areas around the country? Will your community require a different response?
- Who can you reach and who can't you reach? Who is the market not serving otherwise?
- What new organizations, business models, and ecosystems might emerge in response to this future? How can you position yourself to take advantage of those?
- Which future would be most challenging? How can you mitigate those impacts?
- What capabilities, partnerships, and strategies do you need to learn more about?

Questions & Discussion

Thank you!

Contact

Daniel Payne
dpayne@aeaconsulting.com

Natalia Vartapetova
nvartapetova@aeaconsulting.com

+1 845 765 8100

AEA Consulting