

Youth Cultural Incubators Stabilization Initiative: Shifting from Resiliency to Sustainability

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METHOD
COLLECTIVE

*“Governments can’t create artworks and nor can they inspire audiences.
They can, however, create the conditions in which our culture thrives.”*

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EXECUTIVE SUMMARY

A sustainable arts ecosystem exists at the intersection of quality supply, market demand, curation, and nurturing. To build sustainability for nonprofit cultural incubators serving youth, a multi-pronged and multi-sectoral response will be required at the organizational level, City level, and other levels of government.

The COVID-19 pandemic and its damaging impact on Toronto’s art ecosystem further exacerbated the need for success metrics for artists, organizations, and the sector to be defined, re-evaluated, and in some instances, redefined. The grant-based funding system needs a similar overhaul, with revised definitions of who is eligible for funding, along with a deeper alignment of funding to the actual needs of artists and organizations. Flexibility around reporting and rigid line item requirements also needs to be addressed.

As a global arts hub, Toronto attracts the world’s top acts to perform for local audiences, while consistently producing some of the world’s leading artists across a wide range of genres. Toronto is also home to a rich array of local artistic talent. This talent is often incubated in foundational arts-focused organizations that provide many of these artists’ skills development and exposure to prepare them for careers in the creative sectors.

It has long been known that arts and culture are enormous contributors and drivers of the economy. Due to a lack of consistent tracking and measuring from all levels of government, the arts and culture sector has, and continues to be, grossly misunderstood in terms of its true economic contributions to the economy. Various institutions, from Artscape to the Toronto Arts Foundation have tried to leverage the limited available data to help shed light on this impact, but the numbers are inconsistent and underestimated.¹

While some artists may access training through traditional education or private training, many young and emerging artists are only able to access training, development, and mentorship opportunities through nonprofit cultural incubators serving youth. The organizations are foundational touchpoints for this talent. They foster and develop creative capabilities, providing access to employment pathways within the creative arts sectors.

The broader creative sector benefits immensely from this strong pool of talent. Yet, there is limited to no expectation that the broader sector provide support to these organizations. Nonprofit cultural incubators serving youth receive very little reward or recognition for their work. In fact, many of them are struggling to keep their doors open.

In 2019, the Youth Cultural Incubators Stabilization Initiative (YCISI) began as a 3-year pilot program with the goal to enhance the growth and long-term sustainability of Toronto’s small/mid-sized nonprofit cultural incubators serving youth whose mandates help move forward Economic Development and Culture’s strategic priorities including inclusion and equity, talent and innovation, and affordable space and access. Through this initiative, the cohort of six participating organizations received \$50,000 of funding per year to dedicate toward achieving goals related to organizational sustainability. At the outset, organizations completed an Organizational Capacity Assessment Tool, which helped to establish a set of goals and actions to complete annually. Goals varied between organizations and included strategic planning, human resources planning and development, financial planning, data collection, and alumni relations.

¹ https://www.artscape.ca/wp-content/uploads/2017/06/Arts-and-Culture-Statistics_Vol_2.pdf;
https://torontoartsfoundation.org/tac/media/taf/Research/Toronto%20Arts%20Facts/2016_Toronto-Arts-Facts.pdf

Organizations completed annual reports and applications to be part of the three-year cohort. In addition to funds, the City developed cohort learning sessions addressing interests expressed by the organizations.

The City of Toronto's Arts and Culture Services understood that cultural incubators serving youth with social development objectives were suffering from "boom-bust cycles" of funding that were mostly defined by responses to violence impacting youth, thus creating a highly unstable revenue stream. Further, the uniqueness of these youth cultural incubators working at the intersection of artistic, social, and economic development goals often made it difficult for them to qualify for operating grants from the usual peer-adjudicated arts funding groups focused on artists and practice given their priorities.

As part of the pilot program, the City engaged Method Collective, a boutique Toronto consultancy specializing in action and behaviour-oriented foresight, to help the City understand what it will take for these organizations to become sustainable. This included conducting interviews with stakeholders across the arts ecosystem in Toronto, a series of workshops with the cohort organizations, and secondary research to more deeply understand the organization's and arts ecosystem's needs and opportunities.

The cohort has big aspirations. In the year 2032, these cultural incubators will be exploring scale at various degrees. They range from international expansion to real estate acquisition and development. They will be building brand new markets and redefining old ones. They will be at the forefront of training talent with new technologies and will be engaging and supporting youth from many different communities across the city, and in some cases the world.

These visions have the potential to not only positively impact Toronto's cultural fabric directly, but through the secondary and tertiary impacts of having a culturally vibrant society. As the world shifts to a more creatively-driven economy, many of the capabilities

used in the creative sectors are also being sought in other sectors as well. ²

These organizations can only do that with the right supports in place. This includes exponential changes to the way these types of organizations are governed, specifically around policies and regulations that will enable their success.

The COVID-19 pandemic exacerbated many of the challenges these nonprofit cultural incubators are facing and put them in a great deal of precarity.... Without imminent change, these organizations are not likely to survive.

But there's hope.

Leveraging futures thinking and strategic foresight, a structured and systematic way of understanding the past and present to anticipate and better prepare for the future.

The cohort was taken through a set of exercises to imagine and begin to define their future. Several studies have examined how thinking about the future and understanding the many influences that shape the future, can guide our decision-making and prepare us for change.

Through a horizon scan, a set of key drivers of change and trends that are shaping the current arts ecosystem were identified. Identifying which trends are threats and which are opportunities helps in assessing preparedness for future changes emerging from both direct and indirect systemic factors. These trends span across social, technological, economic, environmental, political, and values (STEEP-V) and create a complex web of interconnected challenges to mitigate and access points where future strategies and momentum can be leveraged. The cohort also identified threats and opportunities in the ecosystem that are likely to affect them in both short-term and longer-term horizons. Developing strategies to support or mitigate these trends are fundamental in helping these organizations better prepare for the future.

² <https://pec.ac.uk/blog/a-new-r-d-centre-for-the-creative-industries-in-chile>

Primary Threats identified by the cohort:

01 Restricted Funding Burnout: With so few and limited amounts of operations-focused funds combined with the rapid growth of nonprofits, many small and mid-sized organizations are struggling to stay afloat.

02 Black Art is Undervalued: Entrenched century-old beliefs are visible and active in many sectors and levels of governance. Black artistic traditions are not valued and/or funded the same way as European art. This cycle has left a lack of much needed cultural infrastructure.

03 Exploitation of Creativity: Driven by the internet, art has never been more accessible – billions of hours of streamable music and video, and visual art in abundance. However, artists and creator incomes have not moved in the same direction. An oversaturation of on-demand art is leaving consumers feeling that the time, effort, and labour around creation are lower than reality.

04 Success to the Successful: Arts sector funding resources have and continue to be prioritized and re-invested in the same established large-scale organizations that have received them before. Since guaranteed and/or large-scale funding is accessible only to a select few, smaller and/or newer organizations are trapped in a conundrum of being perceived as too risky to invest or fund. This paradox leaves them unable to access the resources necessary to grow into higher eligibility grant tiers.

Secondary threats identified by the cohort:

- 05 Tech Gap Widening
- 06 Short-term Thinking
- 07 NFTs – New Models for Digital Art Sales & Ownership
- 08 Unaffordable Programming Space

“Don’t push growth; remove the factors limiting growth.”

Peter Senge
Systems Scientist and Author

Primary Opportunities identified by the cohort:

01 Holistic Educational Programming for Artists: While not always the norm, youth-serving organizations are modifying and/or expanding their programming to respond to emergent needs of artists – from mental health to how to diversify their incomes (e.g. providing business training, financial literacy, running digital venues) to help them be prepared with relevant tools and resources that support artist success.

02 Increasing Value of Collaboration: The value of multiple perspectives to drive results is being understood to better deal with the complexity of issues in society. Research shows that collaboration between multiple people and organizations can lead to stronger decisions, products, and outcomes. The hope is that cross-sector collaboration can also spur deeper investment into the creative sector.

03 Data as an Asset: There is a growing demand for organizations to use data to better understand participants, improve decision-making, understand impact, and identify gaps and opportunities to develop more effective programming and services. Developing this capability within organizations and government can open the opportunity to gain a deeper understanding of youth, their network of support, and how participants work and develop between different organizations.

04 Hip Hop Culture Is International: With the international success of hip-hop culture, there is growing demand at the programming level. However, it's still not enough to shift more funding into the art form as historic societal and philanthropic bias continues to prioritize European art forms. While Canada is full of talent, they are still very undersupported. Participants highlighted the importance and need for governments to recognize that hip-hop also contributes to music and culture, far beyond more traditionally supported arts such as opera and orchestra.

Secondary Opportunities identified by the cohort:

- 05 Valuing of Local Talent
- 06 Increasing Value of Creativity
- 07 DEI Awareness
- 08 The Enterprising Artist

The following recommendations are put forward for both the City and cultural incubators serving youth to consider in order to develop more sustainable organizations.

City-level recommendations:

Note: These recommendations are what the City needs to consider to support nonprofit cultural incubators to become sustainable.

01 Challenge definitions of success and definitions of artists: Funding bodies, venue operators, and the broader citizenry lack a true understanding of the work that goes into being an artist. Further, current archaic definitions of what it means to be an artist can be exclusionary, as they perpetuate bias and barriers for artists. Cohort participants noted that often definitions of what it means to be an artist and/or type of artist (ex. “Emerging artist” or “established artist”) is dictated by criteria from funding bodies, not by artists themselves. Similarly, success is often tied to seeing artists only as viable if they’re commercially successful.

02 Develop ongoing public education messaging to reinforce the holistic value of art in society: In times of austerity, the arts are often the first to get cut. Guided by persistent myths that are used to devalue artistic work as “non-essential” during times of economic crisis, the arts are often couched in the need for balanced budgets and fiscal discipline. The arts challenge us with different points of view, compel us to empathize with “others,” and give us the opportunity to reflect on the human condition. They can be a valuable engine of civic renewal, in nurturing social capital and trust by strengthening friendships, helping communities to understand and celebrate their heritage, and providing safe ways to engage with difficult social problems.

03 Provide arts organizations with flexible funding based on their unique needs: Between eligibility criteria, and usage requirements of funds, many nonprofit arts organizations are unable to qualify and fund what is actually needed to sustain and/or grow their organization. Funding for infrastructure, staff, and operations were identified by the cohort as the most crucial funding gaps that prevent them from scaling their impact. Eligibility criteria are either limited,

“Sustainability is perhaps best summarized as unified and disciplined commitment to both present and future populations.”

Ryan Elliot Drew
Culture Days (2021)

restrictive, or have a long list of requirements, leaving many organizations ineligible for grants and funding. This in turn has forced organizations to under-report, for fear of losing existing funding. Further, this underfunding of overhead costs associated with running the organization further entrenches them in the nonprofit “starvation cycle”.

04 Engage and incentivize corporate partnerships for early-stage youth cultural incubators: For-profit corporations benefit greatly from the arts ecosystem pathway, often drawing on the skills, imagination, and creativity fostered in development programs, but are not required to support the many organizations that play a foundational role in the pipeline of artistic development. Many early-stage cultural incubators tend to be less sought after for partnerships, widening the gap between artist development and employment. This has led to an extractive relationship that depletes nonprofit cultural incubators, making it tremendously hard to stay afloat.

05 Advocate for changes to operating boundaries of nonprofits and charities: Nonprofit organizations have become more creative and nimble in increasing revenue-generating business activities, however, the restrictions around revenue generation limit their ability to turn them into sustainable funding sources. Year-end surpluses are vital to building working capital and investment for overhead costs of running and growing the organization. Declining operational funding, restrictive revenue generation, and disincentives towards surplus accrual facilitate a chronic underfunding of overhead costs, often labeled as the nonprofit “starvation cycle”.

06 Challenge and change short-term reporting cycles:

Given that most nonprofit cultural incubators have to track and report metrics to multiple funders on a regular basis, valuable staff resources are wasted on collecting and reporting back on data that is not necessarily relevant to the organization's mission or intended impact. With so many things to do, nonprofits tend to be in a state of catch-up and just-in-time delivery with program delivery, reporting, and funding which ultimately has diminishing returns for all activities. Organizations are unable to take the time to plan and strategize other aspects of the organization that are crucial for scaling and measuring impact.

City and Organization level:

Note: These recommendations are what both the City and organizations can work on together to create more sustainability within the sector.

01 Advocate for federal government to update

definitions of R&D Investment: It has long been known that arts and culture provide tremendous contributions to innovation around the world, although the amount of that contribution is grossly misunderstood. Arts and culture organizations often receive little to no funding that supports the fundamental research and development (R&D) required to develop the skills, knowledge, and creativity that drive the creative sector.

R&D by definition is based on Science and Technology (S&T) origins, yet when it comes to innovation and R&D policy, creative industries are either not included or seen as much lower priorities than these traditional, science-driven sectors. Creating R&D funding access for youth cultural incubators can be essential in developing core skills for creative industries, as well as creative problem-solving skills that develop lateral thinking, used in STEM and innovation sectors. Similarly, artists are able to vicariously inspire other innovators through their artwork and/or creative processes. R&D grants and funding help to prompt experimentation and risk-taking, and can bolster creativity with art forms themselves.

02 Build strategic foresight capabilities: While the future cannot be predicted, being prepared for and aware of emergent possibilities can help prepare decision-makers to anticipate change more broadly across an ecosystem, particularly during times of rapid change, volatility, uncertainty, and complexity. Embedding strategic foresight throughout the organization can improve long-term institutional decision-making, policy development, and build and inform strategic solutions that seek to solve not just current barriers, but also prevent or solve future challenges. Shifting planning towards a strategic foresight process can help build resilience that can work in a range of possible futures, and be adaptable to uncertainty and emergent trends as they occur.

03 Collaboratively clarify and/or define key

terminology: When reading published strategic plans and reports, definitions of key terms, such as "sustainability", lack consistency and can be defined differently across initiatives and/or across stakeholder groups. Other examples include language such as "*Increased Capacity for Small and Medium-sized Organizations*" which does not clearly articulate what capacity means, limit the ability for targets to be set and/or met. Another example is "*making meaningful progress on equity and inclusion*", which fails to address who is meaningful progress made for and by when. This inconsistency and lack of clarity can affect continuity between projects and initiatives which negatively impact long-term systemic change.

04 Advocate for changing how we talk about

non-dominant groups "priority populations": Terms such as "BIPOC" or "priority populations" can further entrench biases and tokenizing language that perpetuates and reinforces stereotypes. They reduce cultures to monoliths and don't capture the diversity of human/personal needs and tastes. For example grouping such distinct identities as BIPOC, suggests an interchangeability in being Black or a person of colour (i.e. South Asian, Korean, Chinese, etc.). Creating ways to work with the communities being served can help to develop language that is representative of their circumstances and identities.

05 Build alignment with key stakeholders to identify, track and measure the impact of the creative sector / industry over time: It is difficult to speak clearly about, and locate relevant data related to the scale, impact of the artistic, cultural, and creative sector as it has historically been inconsistently defined and measured across all levels of government and organizations. Funders are often tracking data that is not relevant or insightful to the actual work being carried out on the frontline or to the sector more broadly. This has led to organizations spending more time reporting and tracking data that justify and validate appropriate use of funds rather than allocating resources for more impactful outcomes, such as tracking data that tracks longer-term, social, economic, cultural impact. Given their social purpose to create more inclusive opportunities for underserved emerging artists, they must be able to measure their work and understand which programs are most impactful and why and to be incentivized to share learnings with the sector more broadly.

06 Collaboratively define metrics of success with organizations and artists: When reading published strategic plans and reports, objectives and outcomes provide directionality for change, but generally are not defined by clear, quantifiable change metrics or descriptions to indicate the change being sought. This can make it challenging for both City staff and stakeholders to understand the effectiveness of their work and leaves impact and sector transformation vague and unclear between different projects and initiatives.

Organization level recommendations:

Note: These recommendations are what organizations need to consider to help them become sustainable.

01 Identify and cultivate the most engaged stakeholder segments: Identifying engaged segments and nurturing them to be fans can result in network effects and have a multiplier effect on expenditures. Fans are likely to bring in 1.7x the revenue of regular attendees at events. Fans of a brand are also more likely to donate and recommend it as an investment. Developing and leveraging philanthropy and fans alike can be key to increasing advocacy and building donor pathways.

02 Identify alternative revenue-generating streams: The total available pool of government funding for non-profit arts organizations is limited and the growth of the sector has outpaced public funding making grants smaller and more scarce, threatening the impact, longevity, and operations for youth cultural incubators. Focusing on diversifying streams of revenue generation can help organizations control and accrue unrestricted capital to invest in operations and infrastructure. The growth of arts-based social enterprises globally reflects this diversely motivated interest in how the arts can support social and economic development, and how new kinds of economic arrangements can support the art sector.

03 Get supporters excited about future goals and impact: Easily accessible online information about cultural incubators' purpose and impact is limited, and when it is accessible, it often looks only backwards to highlight impact and provides short-term strategic plans. It is often not clear what the long-term goals are and the theory of change for how your organization will achieve that impact. Being able to share stories about your organization, participants or the arts more broadly can be more effective in demonstrating your purpose and key messages which help your audiences, funders and participants develop a better understanding and convey the value of an organization, which helps cultivate social motivation to act.

“To remain resilient, new measures that ensure the visibility and impact of the sector must be continued in new innovative ways that ensure the safety and well-being of cultural organizations and cultural practitioners.”

Helvi Elago
UNESCO, 2020

These recommendations can help to foster and support the development of a healthier arts ecosystem in Toronto. The accompanying report provides a more detailed list of recommendations and can be requested from the City of Toronto's Economic Development & Culture Office.

This executive summary has been put together by [Method Collective](#) a Toronto based consultancy.