The Plan

• Invocation (again)
• Invocation Two: The Four-Room Apartment
• Reading Feedback
• The Organization
• { Break }
• Class Logistics
• The “15 Questions,” reloaded
• Intro to the 501(c)3

Invocation:
What are we doing here?

• Intention
• Attention
• Emotion / Energy
  (Individual and Collective)
Reading Feedback

“Five-Minute Survey of Arts Management”
Chapters 1 & 3, Arts Management
Book 2, Section 2, Chapter 5, Democracy in America
Pages 1–18, The Advantage
“Contracts and Coalitions,” Andrew Taylor
“Institutions vs. Collaboration,” Clay Shirky
the arts organization

a coalition of individuals (and subcoalitions) with complex motivations and goals

a bundle of contracts related to people, resources, and common purpose
purpose:
Travel on a body of water.
Which is the “best” solution?

- cost to acquire?
- cost to operate?
- complexity?
- staff requirements?
- agility?
- risk-tolerance?
- potential output?
So, what *is* an organization?

“...most organizations are simply legal fictions which serve as a nexus for a set of contracting relationships among individuals.”

“Let us view the organization as a coalition. It is a coalition of individuals, some of them organized into subcoalitions.”


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**Theory of the Firm**

- **Existence**
  Why do firms emerge, why aren’t all transactions mediated by the market?
- **Boundaries**
  What determines the line between the firm and the market? What’s in and what’s out?
- **Organization**
  Why are firms structured the way they are? (hierarchical / decentralized, formal / informal)
So, why have an organization at all?

Transaction Costs  
*(finding, bargaining, policing)*

Coordination Costs

Agency Costs  Ownership

Longevity

**WWdTS?**

Alexis-Charles-Henri Clérel de Tocqueville (1805–1859)

*What Would de Tocqueville Say?*

“It has seemed to me that in the translation of the last book you have, without wanting it, following the instinct of your opinions...colored what was contrary to democracy and rather appeased what could do wrong to aristocracy.”

*Alexis de Tocqueville to translator Henry Reeve*
And what about Clay Shirky?

{ break }

Class Logistics

Reading Responses
Course Website & Assignments
Grade Tracking on Blackboard
Other issues, challenges, questions?
Reading Responses

"Arts Management" (chapters 1 and 3) and the "Five-Minute Survey of Arts Management" give a concise introduction to arts management, its many facets, and the three different business structures. "The Advantage," "Contracts and Coalitions," "Democracy in America," and Clay Shirky's TEDTalk examine the role (and significance) of an organization. "The Advantage" argues the importance of organizational health, "Contracts and Coalitions" comes to the conclusion that an organization is a continually changing partnership, and Clay Shirky examines cooperative systems, such as Wikipedia and Flickr, both of which replace planning with organization. In general, this week's assignments relate to arts and cultural management through the discussion of business management and what it means to be an organization.

Reading Responses

The readings and videos this week lay a broad foundation for understanding associations, societies, and organizations in general. The "Five-Minute Survey" paints a broad image of organizational formation and basic governance (with a great cameo by Clio, the muse of History). Alexis de Tocqueville, though a laborious read, makes several keen observations about the unique characteristics in American culture that have, historically, moved citizens to form associations, or societies. We are given explanation into the definition of Arts Management and look into how organizations function intelligently or healthily.

Class Logistics

Reading Responses
Course Website & Assignments
Grade Tracking on Blackboard
Other issues, challenges, questions?
the 15 questions reloaded

15 Questions for Cultural Enterprise

- What do you need?
  - Why would they join you?
  - How will you align their work to the goal?
  - What things or services do you need?
  - How will you get access to those things or services for your use?

- What do you want to do?
  - How will you define the value of what you do?
  - How will you capture resources?

- Who would find value in what you do?
  - What kinds of value might they find?
  - Where and how will they experience that value?
  - Where and how will they discover you?
  - How much will they or can they pay for what you do?

Cost

- Alternatives
  - Volunteer labor
  - Discounts and subsidies
  - "Fiscal privilege"
  - Deferred investment

Value

- Other "Customers"
  - Individual donors
  - Foundations
  - Corporations
  - Governments

- What do you want to do?
  - How will you define the value of what you do?
  - How will you capture resources?

- What does it look like when you do it well?
  - What people, things, or services do you need to do it?

- How will you deliver the value of what you do?

- How will you capture resources?

- What does it look like when you do it well?
  - What people, things, or services do you need to do it?
### 15 Questions for Cultural Enterprise

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<thead>
<tr>
<th>Cost Alternatives</th>
<th>Value Questions</th>
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<tr>
<td>Volunteer labor</td>
<td>What do you want to do?</td>
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<tr>
<td>Discounts and subsidies</td>
<td>How will you define the value of what you do?</td>
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- What people do you need?
- Why would they join you?
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- Other “Customers”
  - Individual Donors
  - Foundations
  - Corporations
  - Governments

E. Andrew Taylor | American University | Survey of Arts Management | 2015
15 Questions for Cultural Enterprise

What people do you need?
Why would they join you?
How will you align their work to the goal?
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How will you get access to these things or services for your use?

What do you want to do?
How will you define the value of what you do?
How will you capture resources?
What does it look like when you do it well?
What people, things, or services do you need to do it?

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Cost Alternatives
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Deferred investment

Other "Customers"
Individual Donors
Foundations
Corporations
Governments

E. Andrew Taylor | American University | Survey of Arts Management | 2014
what else defines organizational type?

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Public Sector | Private Sector | “Not Either of Those Sectors” Sector

Owner: Everybody | Somebody | Nobody

(Criminal Sector? ) No Comment
“Corporation”
from Latin *corporare*
‘combine in one body’

Publicly Traded Corporation
Private Corporation
Non-Stock Corporation
Limited Liability Company
Sole Proprietorship

Non-Stock Corporation
Next Week…

- See updated reading list (removed one reading)
- Send any questions or concerns about the class technology (or just email the assignment if things get weird)
- Be kind to yourselves