



An Organization Assessment

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Prepared for the



Dr. Stephen L. Cohen, PhD, CPT | Founder and
Principal

Contact Info: 952.942.7291 |

steve@StrategicLeadershipCollaborative.com

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Introduction

The Dr. Phillips Center for the Performing Arts (heretofore the Center), located in downtown Orlando, is Central Florida's preeminent cultural facility. Although it had its origins as far back as the mid-90s it achieved real traction until about 2003. For the next 11 years, through the efforts of many people continual progress was made until its current facility was opened in November of 2014. The design for the new venue was revealed in August of 2008 with groundbreaking taking place in June of 2011. The facility features a 2,700-seat amplified hall for Broadway theater-class play events and a 300-seat venue for smaller shows and events. A third theater, a 1,700-seat acoustic hall for ballet, operas and orchestral performances, will begin construction in 2016, with a completion date sometime in late 2018. The venue will cost \$514 million, with the completion of this third theater. Two-thirds of the funding comes from public funds with the other third coming from private donations, including a large grant from the Dr. P. Phillips Foundation, the philanthropic organization funded through the estate of Dr. Phillip Phillips, and revenue producing programming.

The challenge for the Center is that its original conception not only had the goal of creating ready access to cultural engagement for the community but also to be a force for economic development and enhance the downtown Orlando brand. With these three goals in mind, the Center's formulation and construction had to be more sophisticated than most performing arts centers in the nation. In addition, from the outset it was clear the Center, while chartered as a 501c non-profit enterprise, would need to rely on both earned revenue as well as significant contributed revenue to sustain itself in a community unaccustomed to a first class cultural enterprise and perhaps not even sure it was needed.

Several barriers were overcome to create the Center in the first place, not the least of which were relatively difficult economic conditions at its inception. Add to this the fact that the building was "delivered" just one week before its formal opening and it is no wonder that proper hiring and training needed for the opening were huge challenges. For example, many of the early hires not experienced in the mechanics and dynamics of a start-up organization, despite their background in the performing arts industry, were not fully prepared for the pace and demands required to operate quickly and smoothly. Yet, their departures were not well-received by the community at large as well as some of the Board members. Other positions have turned over more than normal as well. The quick growth of the Center and the high expectations around the community for a first class performance arts facility have put heightened pressure on its Board, the CEO and senior staff to move at a pace often difficult to manage. Despite these challenges, thus far the Center has performed remarkably well with a 93% customer experience satisfaction evaluation conducted by an independent third party survey firm.

Nonetheless, with a major fund raising campaign on the horizon for the second construction phase of the Center, the day-to-day operations must operate smoothly so efforts can be devoted to these fund raising needs. As a result, the CEO, in agreement with members of the Executive Committee, thought it would be important to better understand how the Center can be best structured to meet these needs. Therefore, they asked for a study of the current structure and leadership of the Center to determine their appropriateness for moving forward. This report highlights the findings of several interviews with key stakeholders of the organization and offers recommendations for moving forward.

It will offer its conclusions based on the relatively limited amount of data obtained with the hope it will provide enough information for the Board to take the necessary action to address the challenges facing the current and future status of the Center.

Objectives

The research conducted focused on four “high-level” objectives:

- Identify the critical strategic growth drivers of the operation that demand leadership excellence for its successful achievement.
- Determine the organizational capabilities required to successfully deliver on its short and long term goals.
- Determine the leadership capacity most likely to provide the organization with the capabilities it needs to achieve its growth plans.
- Recommend alterations and improvements to the organization’s structure and leadership representing best industry practices that will meet the needs of the Center.

Methodology

In addition to acquiring background information about the Center’s evolution and current mission, vision and programming, 15 hour-long interviews were conducted with key stakeholders of the organization. Four of these were with Executive Committee members of the Board, three with external consultants currently working with the Center, and eight with current senior staff members including the Center’s CEO.

An interview protocol was created and vetted with both the CEO and VP of People and Culture to make sure the appropriate questions were asked and to maintain consistency across the interviews. For the external consultants and Board members, certain questions were purposely not addressed since they had more to do with the internal workings of the Center, most

germane to the staff. The protocol was divided into five sections, each with several questions. These were: Strategy, Structure/Roles, Mission/Vision/Values/Culture, Change, and the Future.

Detailed notes were taken by the project lead and interviewer, Dr. Stephen Cohen, and then consolidated to represent various themes that surfaced. To maintain confidentiality, which was guaranteed, the results presented below do not identify any specific individuals or represent specific verbatim phrases or wording that might be readily associated with any of the individual interviewees.

Organizational Frameworks

Before discussing observations and results of this project, it is important to clarify some going in assumptions about how organizations operate, change and grow. Offered below are six overall frameworks with which to view almost all organizations and their best practices. These served as lenses through which the subsequent recommendations are made for the Center.

SWOT Analysis

The initial questions in the interview process, under the Strategy heading, identified people's perceptions of the Center's Strengths, Weaknesses, Threats and Opportunities. This is a common model for assessing where an organization is currently, i.e. Strengths and Weaknesses, and what it needs to understand about its future, i.e. Threats and Opportunities. It is important for highly effective organizations to not only understand these factors but to be relatively aligned across all stakeholders involved with the business. Alignment is necessary to efficiently and effectively move forward as a total team, collaborating at every step to optimize and leverage its collective wisdom.

7-S Approach

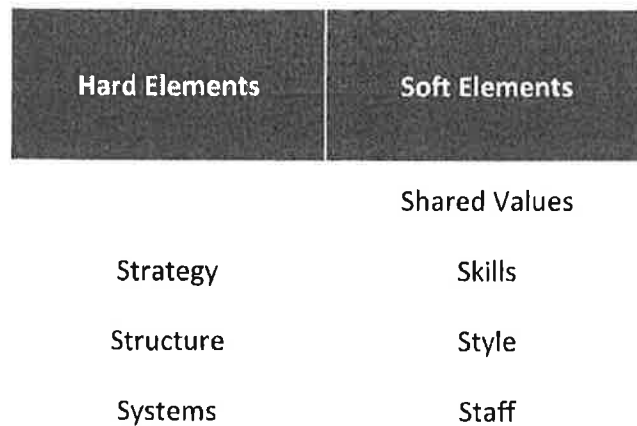
While the focus of this initiative was primarily on the overall structure of the Center, it is very tempting to regard an organization's structure as if it stood alone uninfluenced by the environment and culture surrounding it. The dynamics of any organization are interwoven and integrated so as to work, or not, together. This was the very premise of McKinsey & Company's, "7-S" approach to organizational effectiveness introduced in the 1980s and still today used as a tool to evaluate how organizations operate. The basic premise of the model is there are seven internal aspects of an organization that need to be aligned if it is to be successful, only one of which is structure. This framework was introduced to address the critical role of coordination in organizational effectiveness.

The 7-S model can be used in a wide variety of situations where an alignment perspective is useful, for example, to help an organization:

- improve its performance;

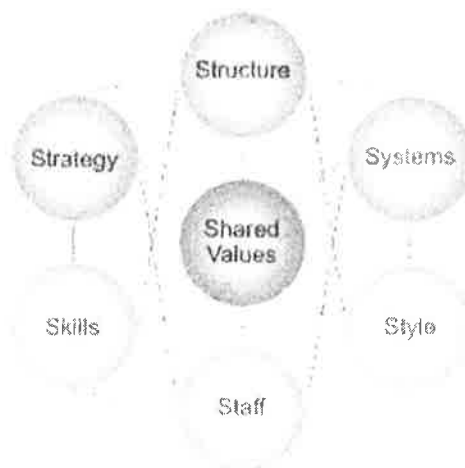
- examine the likely effects of future changes within a company;
- align departments and processes during a merger or acquisition;
- determine how best to implement a proposed strategy.

The 7-S model can be applied to elements of a team or a project as well, and involves seven interdependent factors which are categorized as either "hard" or "soft" elements:



"Hard" elements are easier to define or identify and management can directly influence them. These are strategy statements, organization charts and reporting lines, formal processes, and IT systems. "Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful. The model presented in Figure 1 below depicts the interdependency of the elements and indicates how a change in one affects all the others.

Figure 1: The McKinsey 7S Model



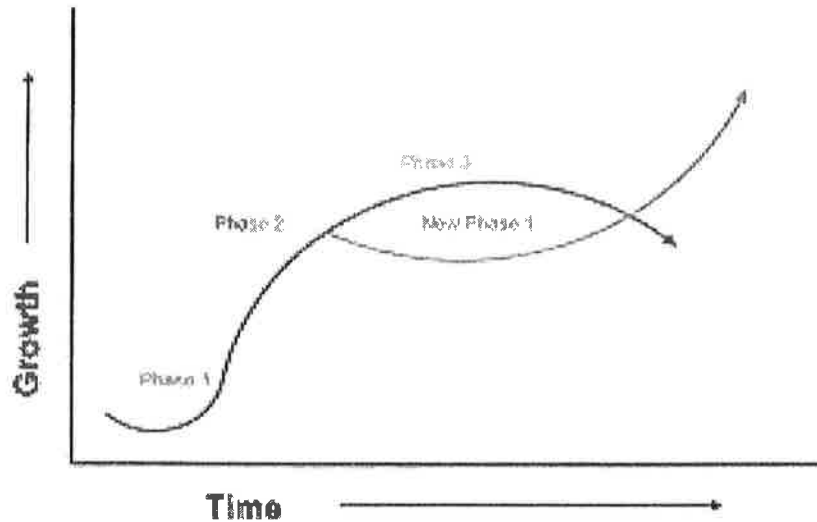
More specifically, these elements are defined in the following way:

- **Strategy:** the plan devised to maintain and build competitive advantage over the competition.
- **Structure:** the way the organization is organized and who reports to whom.
- **Systems:** the daily activities and procedures that staff members engage in to get the job done.
- **Shared Values:** called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** the style of leadership adopted.
- **Staff:** the employees and their general capabilities.
- **Skills:** the actual skills and competencies of the employees working for the company.

Placing Shared Values in the middle of the model emphasizes these values are central to the development of all the other critical elements. The company's structure, strategy, systems, style, staff and skills all stem from why the organization was originally created, and what it stands for. The original vision of any company has typically been formed from the values of its creators. As the values change, so do all the other elements. The 7-S framework is referenced to simply illustrate the complexity of organizations and that today, more than ever, structure alone doesn't define organizational effectiveness, no matter how well it is orchestrated.

Growth Curve

In 1973 philosopher and scientist George Ainsworth-Land wrote a Pulitzer prize nominated book entitled *Grow or Die*. In it, he posed the "theory of transformation" which has become a cornerstone in the strategic planning and organizational transformation efforts of companies throughout the world. The underpinning belief proposed is that growth is the most basic and universal of all drives, whether biological, psychological, chemical, physical or cultural. Furthermore, it has been a long standing intrinsic drive of our ancestors. Without getting into the theory's details, however intriguing, Ainsworth-Land suggests the application of this theory to the growth of organizations which, like nature, grow through a process of de- and re-construction of all its components in a pattern of formation, self-imitation, success, and then renewal by repeating this process. If renewal doesn't take place the organism simply dies. It is at this point that he addresses how change occurs as a series of interlocking Sigmoid curves (S-curves) each with two or three points when the rules of survival change if the entity is to continue growing. The Phases, depicted in the Figure below, are: *1. Formative 2. Normative; and 3. Transformative*. Phase 1 is characterized by experimentation during which the organization attempts to find a connection with its environment. In the Center's case it was, and to some extent still is, trying to determine if there is a connection between its offer and the marketplace. Some organizations can die at this point before finding that connection, true of many start-ups that never quite make it to market.



At this point, assuming this first phase is navigated successfully, the rules change requiring replication and creation of normative patterns responsible for how the business needs to conduct itself to be sustainably successful. Organizations successful in Phase 2 will continue on a path of continued growth limited only by the resources available to support it. But eventually these resources for success get consumed or become irrelevant for continued success as the market conditions change and/or get more demanding. Sometimes, this is caused by the “fat and happy” syndrome. Why change when everything else is going well? If it ain’t broke, don’t break it! But, in order to progress, keep pace, and jump over any resource barriers, something has to break. This is where innovation or reinvention and integration/transformation enter the picture and where some significant change must take place to avoid yet a fourth phase, Decline/Dying. Ainsworth-Land calls this a bifurcation, or division of something into two branches or parts. At the top of the S-Curve the business either moves forward through a plateau characterized by stagnant performance and then begins to decline rapidly, or gets re-invented and starts Phase 1 again, repeating the transition to Phase 2, and eventually bifurcating again before ever getting to true Decline. And, a new S-Curve is born.

The conclusion drawn from Ainsworth-Land’s theory is that growth is not only required for long term success, but must be considered realistic or it will die in all its temporary glory. The truth of the matter is growth can also be painful in so many ways if not managed effectively. While growth appears to be most desirable given the alternative, there is always the chance that highly accelerated and successful growth can come with downsides. That is, a business can be so successful and grow so fast that it hasn’t adequately prepared itself to deal with its growth pace and thus falls into that black hole of what is known as a “success-disaster.” The irony of success potentially breeding failure, or the success-disaster paradigm, makes building and sustaining a business a long and hard process, and not for those of faint heart. Sounds like one of those problems every business would like to address, but it will be a problem when the wherewithal, bandwidth or tools to manage the growth are not readily available. The result is as fast a fall from the top of the hill as the rise to it. The lesson is: growth needs to be managed

and planned just as any strategy might be laid out for the next year or so. Not doing so will likely result in the failure of success.

Leadership Style

Perhaps the single most paramount factor to successfully operating any organization and ultimately successfully growing, assuming its offer has found an attractive and responsive market, is the leadership of the business. There is little question the buck stops with the top of the house, i.e. the Boards and their CEOs. Since CEOs report to Boards they should reflect the long term strategy of the Board and be the primary person for communicating that strategy to the organization and ultimately overseeing how it gets effectively executed. As has been concluded from considerable research on organizational leadership, the way an organization operates and its success is almost always a one-to-one relationship with how the top leader thinks, acts and interacts. Therefore, the organization's culture and behavior is typically a direct mirror reflection of its CEO. To the extent these aren't aligned, the organization will become relatively dysfunctional.

We won't take the time to review the literature on leadership theory and practice other than to say it is relatively conclusive on a number of points: 1) there are recognized styles and approaches to how people lead; 2) these vary on a continuum of task-focused to relationship-focused; 3) ideal leadership combines elements of both styles that are situationally appropriate for not only each individual direct report but for the organization as a whole; 4) both visionary leadership and operational capability are simultaneously required to drive sustainable success; 5) some leaders are more effective at certain stages of an organization's growth than others; and 6) the most effective leaders, as measured by continually increasing stakeholder value, demonstrate expert listening skills, decisiveness, vulnerability and humility.

Talent Management

It is common knowledge today that people are an organization's most important asset. No matter what the vision, mission, values or strategy, an organization's human resources are responsible for executing on each, and in so doing behaving in a way consistent with achieving these. This is even more important for community-based non-profit organizations who by definition represent the face of the community.

There are many models on how to most effectively manage talent to optimize its capabilities. Clearly people must possess the necessary experience, expertise and competency to deliver on an organization's promise. This starts at the top of the organization and trickles down to every employee. To the extent they are all competent in their particular areas, an organization will run smoothly. But, talent management is a complicated endeavor as it involves many pieces of an integrated puzzle to achieve performance excellence. It, of course, all starts with a clear definition of on-job performance roles and expectations. Once these are clarified, they become the foundation

for selecting, appraising, developing and retaining talent within the organization. The more specialized the business, the more difficult it will be to find, develop and retain the right people at the right time for the right price. Without the systems in place to effectively and efficiently execute these phases of talent management, any organization is likely to fail both in the short and long term. In brief, people matter. They form the culture that either creates a high performing organization or readily undermines it. And, as management guru Peter Drucker once said: "culture eats strategy for breakfast."

Board Governance

Any assessment of the inner workings of an organization is likely to be complex because of the myriad of viewpoints from different types of stakeholders. This is particularly the case with relatively large Boards of some 25+ people, many of whom may not be very active participants. In general, it is typical that a significantly smaller sized Executive Committee runs the Board even though many other Board members provide active input. The common challenge often emerging, particularly with non-profit Boards, is the level of detail in which they operate. Boards, by definition, are assembled to help guide their organization's strategic future. But there is always the tendency for Board members to be drawn to engage in the day-to-day operations even though they aren't often privy to the details of these operations. Some defend these actions as justified by the very invitation to be on the Board in the first place, particularly for those who have made significant financial contributions. There is a fine balance between guiding at a high strategic level and working on the operations, but in general Boards should conduct themselves with a strategic rather than tactical mindset.

Leading corporate Board consultant Ram Charan and his colleagues have identified three overall Board responsibilities in their book *Boards That Lead* (Harvard Business School Publishing Corporation, Boston, MA, 2014): The Duty of Care, The Duty of Loyalty and The Duty of Leadership, defined below

- *The Duty of Care*: requiring directors to exercise reasonable caution in executing Board responsibilities that could harm others if not performed well.
- *The Duty of Loyalty*: requiring directors to exercise good fiduciary judgment on behalf of the stockholders/stakeholders.
- *The Duty of Leadership*: requiring directors to facilitate transformation by building on market trends and pioneering advances in other companies.

Within this framework, these authors offer advice on when and how the most effective Boards conduct themselves.

- When to Take Charge
 - ✓ Central idea
 - ✓ Selection of CEO

- ✓ Board competence, architecture and modus operandi
- ✓ Ethics and integrity
- ✓ Compensation architecture

- When to Partner
 - ✓ Strategy, capital allocation
 - ✓ Financial goals, shareholder value, stakeholder balance
 - ✓ Risk appetite
 - ✓ Resource allocation
 - ✓ Talent development
 - ✓ Culture of decisiveness

- When to Stay Out of the Way
 - ✓ Execution
 - ✓ Operations
 - ✓ Areas of delegated authority
 - ✓ Non-strategic decisions
 - ✓ Excluded by Board charter

As is readily noted, the recommendation for Boards is clearly to stay at a high strategic versus a low tactical level in conducting their business.

Observations

What follows are the observations, and subsequent recommendations, based on these six frameworks, each of which is particularly relevant to the long term success of the Center.

SWOT Analysis

The good news is that despite the three different constituency groups interviewed (i.e. Board members, internal staff and external consultants), there was significant strategic alignment on the Center's current strengths, weaknesses, threats and opportunities. Below is a brief synopsis of the common themes that emerged.

Strengths

Clearly the Center's physical facility is perhaps the strongest point. It appears little expense was spared and it is extremely attractive with multi-use capability. Customers thus far have been very satisfied with not only the facility but the programming as well, as demonstrated by the consistently high attendance since its opening. All in all, the customer experience is a significant strength of the Center. Furthermore, the community has embraced the Center and the good will it has provided. It is certainly a strong pride point in a community that has many other

competitive entertainment options, but the Center appears to be successfully complementing the Amway Center and the variety of local theme park industry stalwarts, even though none of them are performance arts centers, per se.

There is also a feeling a huge amount of top talent and expertise exists amongst the staff, most of whom have a strong passion for the arts and as a result are employed at the Center because they want to be there, and have a “can do” attitude believing they can make the Center a nationally competitive place for the arts. Finally, the vision for the Center has been achieved at least in this first phase and fundraising has been a very successful venture.

Weaknesses

Because of the heightened community expectations and the fast-paced nature required of the Center to meet these, it shouldn't be surprising that the workplace environment feels reactive and chaotic without the benefit of much planning, resulting in frequent and quick changes making it difficult to maintain accountability. As a result, people may be losing focus as they are asked to move on to new tasks before fully completing ones they have already been assigned. Many people realize this is a consequence of the Center's fast-paced growth but have been willing to live with it as a fact of life, despite the fact it can be particularly frustrating to work in such an environment.

Leading in such an environment is challenging to say the least. Job roles aren't always clear and the absence of formal talent management processes such as performance reviews make it difficult to manage the business. These factors have contributed to some sense of internal strife that has been difficult to manage out, despite the fact the organization is still relatively young and learning. Some people logically prefer not to work in such an environment which may be the reason for relatively high senior management turnover. Lastly, as noted, the Board hasn't yet fully figured out its strategic versus tactical role.

Threats

Amongst the most mentioned threats to the Center's future was of course financial risk and sustainability. Associated with this is the challenging community relations and media scrutiny. The concern is the potential impact on fundraising efforts and the ability to complete the next building phase. In addition, some concerns were voiced about the threat inherent in the fact that at some point the “newness” of the Center will wear off and the potential impact this will have on its future.

As noted above as a weakness, internal turmoil and strife is an obvious threat to the long term sustainability of the organization. This involves people's willingness to be and work as a team, clarity of job roles, better planning, and more effective leadership all of which will impact to overall stability of the business.

Opportunities

Finally, the opportunities for the future of the Center included words like “endless,” “all upside,” and “raising the arts bar,” but only if the leadership is in position, a healthy work environment is established, people work collaboratively, proper contingency planning take place, and people are rewarded, promoted and motivated. Once the organization gets better settled in opportunities such as the community education and arts program, an increased commitment to food and beverage service, and the successful completion of Phase 2 will continue to serve the community and region well.

7-S Framework

The three most relevant elements of the 7-S Framework for this initiative are “shared values,” “structure,” and “style,” representing culture/work ethic, reporting relationships, and leadership, respectively. Which influences or causes the other is less important than the fact they are very interdependent. In the case of the Center, however, it appears these three elements are intricately intertwined and in fact may be interfering with optimizing any of them individually. For example, there is a very strong work ethic at the Center largely centered around an incredibly strong commitment to the arts and to bringing them to a community relatively starving for such, but for whom the Center has become a major pride point for the city and region.

The employees interviewed all said they fully understood their roles and had enough resources to carry these out effectively. Most of the senior staff has some, if not a lot, of experience in the arts and entertainment industry and have been attracted to the Center for its vision of “arts for every life.” Since its opening the Center has received national kudos and accolades and more recently was included in a group of three other internationally recognized performing arts establishments: Lincoln Center, Kennedy Center and L.A. Music Center, to host a National Dance Day sponsored by the Dizzy Feet Foundation.

On the surface, at least, there appears to be significant shared values. Having said this, there also appears to be considerable discord within the senior leadership ranks on how to execute against this vision and complementary mission “to provide an inspirational, creative place to love to be and where people love to work.” Unfortunately, almost everyone interviewed agreed that the Center was definitely a place where people, i.e. customers, loved to be, but not necessarily where people liked to work, particularly because of its initial state of chaos. And while the culture at the Center was often characterized as “inspirational,” “fun,” “determined,” “challenging/not monotonous”, it was also described as “chaotic,” and “reactive.” Descriptions included frustrating, and lack of planning and documentation requiring re-work.

When asked what values the Center espoused the most frequently mentioned word was “kindness.” But, not everyone felt the Center was living this value as well as it could; perhaps

another sign of growing pains. Another word often mentioned was “accountability” as a value that also wasn’t felt to be as present as it could be. The good news is employees value customer centricity and feel everyone has good intentions. Most, if not everyone, agreed the Center would never be where it is today without the foresight, vision, brilliance and tenacity of its CEO. She has taken a vision of the city from 13 years ago and converted into a first class facility that is attracting national recognition. And, customer satisfaction evaluations are bearing this out along with attendance records. The community couldn’t be more pleased with the offer. So what is the root cause of such a generally uncontained chaos defined by significant turnover since the Center opened its doors? One explanation is the turnover may have been due to an initial poor selection process forced to fill slots with highly experienced people in the performing arts industry, who were unfortunately unaccustomed to the fast-paced nature of a brand new, but fast growing operation. Or, due to a chaotic, change as you go environment, and the inability for people to adapt, or want to adapt, as needed. Rather than point blame at any one person or group of people, we should instead look at both the leadership and organizational dynamics responsible for this ever revolving door. To the extent people and/or structure are largely at the center of the problem, they should be identified and helped through the situation.

Growth Curve

There has been some discussion of whether the Center is a “start-up” organization or not with the implication that this situation is largely responsible for the issues and challenges the Center is facing. But this is a relatively moot point since it is what it is, and must be evaluated as such. We can’t simply dismiss these issues and challenges by classifying the Center as a new or mature enterprise. Having said this, understanding where an organization lies in its journey does provide additional context for these observations. Historically, the Center was conceived in 2003 and employed five people seven years later, and 30 just three or four years ago. So, literally, it can’t be really considered a start-up at this point in its evolution. However, the Center opened its doors less than two years ago and as such feels very much like a start-up given the facility is what was needed to fulfill its mission. Now, with about 100+ full time employees, 500 volunteers and a nearly 30 million-dollar budget just a few years later, it is clearly in full mode of operation. So, “early stage” yes, “start-up” not necessarily, even though it may very well feel like the latter. This is why the Growth Curve illustrated earlier is so important in truly understanding where the organization is in its own growth cycle of maturity. This categorization can explain a lot of the growing pains witnessed by the business although doesn’t necessarily offer any immediate solutions. But, it is important to have a meeting of the minds on the evolution of the organization in order to be able to offer some suggestions for successfully moving it forward.

It appears the Center is in a unique and awkward stage of its development. Usually, organizations evolve in a relatively linear pattern from Phase 1 through Phase 2 (not to be confused with the Phase II construction of the Steinmetz Hall) and ultimately to Phase 3 of the Growth Curve, often learning as they mature. With many lessons gained along the way, they are enabled to correct inadvertent mistakes in the course of this growth. It appears, however, the Center is experiencing all three Phases simultaneously, and indeed this is causing significant strife and struggle in the business which may threaten its ultimate long term success when the luster of the new bright shiny community object wears off, which it will at some point unless the Center continues to transform itself.

Regarding Phase 1, the Center is still in the process of forming many of the back and front of the house operations. In fact, procedures and processes are changing quite frequently as the newness of the facility settles in. At the same time, senior staff and their respective departments are trying to establish some repeatable processes and systems to rely on as they build their groups to meet the needs of the ever demanding public for not only attendance but quality of programming and delivery. Indeed, one could argue if these processes do not get installed in a relatively short time, the Center will find itself right in the middle of its own "success-disaster." That is, it will become so overwhelmed by the community's extraordinary positive reaction to the offer that it crumbles under the weight of these demands in an effort to effectively respond but with inadequate systems in place to do so.

Finally, at the same time the Center is experiencing parts of Phases 1 and 2, winning at some and losing at others, it is in the process of a Phase 3 transformation of building a significant addition with the Steinmetz Hall which will in effect change the overall nature of the offer and its subsequent face to the community. This project alone will have a major impact on all the aspects of the unfinished elements of Phases 1 and 2 since according to the evolution of the Growth Curve, a new Phase 1 followed by another Phase 2 will be on the horizon. It is no wonder the current state of affairs is deemed as unplanned, chaotic, and frustrating. This is the point of an organization's maturity where the major solution lies in the Board's and senior leadership's capability to navigate and stabilize these turbulent waters. Unfortunately, some of the Vice Presidents do not appear to have the full array of experience and background to accomplish the totality of their roles. However, this is not for lack of interest or determination or even performance, but rather because of the way the organization has so rapidly evolved.

Leadership Style

The above offers a nice transition to the day-to-day leadership of the Center, largely falling to the current CEO and her senior leadership team. Where is her style working and where could there be improvements? To understand the dynamics here we first have to understand the personality of the CEO. On the positive side, as alluded to previously, she is considered

extremely smart, very relentless, on purpose, committed to and passionate about the cause of the Center, and a visionary for this project. Her determination to make the Center the very best in the country has resulted in an almost unrelenting work ethic with expectations for perfection difficult for almost anyone else to emulate. Her confidence in how and where she wants to bring the Center has resulted in a perceived "headstrong" approach, suggesting she doesn't listen to and accept others' ideas very well. Whether she is right or not isn't the question; indeed in most cases she may be. But this approach has resulted in a relatively un-empowered group of direct reports who don't tend to speak out to defend their points of view. Though it is reasonably clear the CEO is very well-intentioned to bring the very best art services to the public with the highest standards possible. This approach has resulted, inadvertently or not, in a relatively control-and-command micro-management style. This is a style with which some people she interacts with may not be comfortable, especially those who have vast experience in the performing arts and entertainment industry. Furthermore, while she definitely has her eye on the ultimate prize, she is perceived as frequently changing her mind even to the point of initially approving actions and then subsequently undoing them when they are executed.

Talent Management

It is clear that until a year or so ago, the Center did not have a viable talent management system in place, even to the extent that the very basics of written job descriptions were not available, for example, believing just hiring people who professed to have the requisite skills, experience and knowledge would address any performance demands. Unfortunately, this has not been the case and is the reason a VP of People and Culture was hired, given her extensive experience in both human resources and the performing arts industry. Having said this, these systems don't just happen overnight and putting them in place once the train has left the station is not a simple process. It requires backing up, chugging forward, and probably backing up again until all the needed pieces fit together. The good news is this process has begun. In the past, however, enough hiring mistakes were made that it has been difficult to recover quickly enough given the fast-paced growth of the Center. It appears, for example, that early senior Vice President hires were relatively ill-equipped to effectively perform at the Center. Perhaps they were the wrong fit, but also the Center must take responsibility for trying to quickly put people in their organizational boxes without strong due diligence or more likely total understanding of what was needed in these roles. Similarly, in order to cover all bases, current staff have had their roles expanded into areas for which they have relatively little experience or expertise. As a result, some of these people are naturally struggling. In other words, there are a number of square pegs trying to fit into round holes within the organization, both at the senior and junior levels. This situation has created considerable havoc and can simply be traced to not having an effective talent management system in place to accurately select the right people in the first place and then develop them to take on expanded roles.

Another element of talent management is team development. Collaboration was talked about but there didn't appear to be that much outright evidence of it in operation. While the VPs are talking more to each other, they are still pressed for time and faced with constant change. As a result, they are unable to get everyone's needed input in a timely fashion, therefore inadvertently sub-optimizing each other's performance. In many ways, though, this is a direct result of the inability of the CEO to bring her VPs together into alignment with one voice. Finally, the CEO must recognize her role and responsibility in initiating, supporting and protecting the creation of a sound talent management system for the Center.

Board Governance

Currently the Board is relatively large with some 40 people, although most are not active participants. In general, its Executive Committee of some eight or so people run the Board. Having said this, many other Board members do provide active input. The challenge that seems to have emerged, not uncommon for many Boards particularly those for non-profit organizations, is the level of detail in which it operates.

Observations of the Board's inner workings were not specifically a part of this research effort. Nonetheless, the topic surfaced frequently enough that it warrants some brief discussion. Four Board members were interviewed as was the CEO of the Center. In addition, all VPs were interviewed and they do sit in on every Board and Executive Committee meeting to provide periodic status reports on their functions. It is clear from the interview reports there are some differences on the Board in at least two main areas. First, not unlike many non-profit Boards, Board member participation varies considerably from those not very involved at all to extremely active members. However, those not particularly involved do have a say and often provide input. On the other hand, there are some extremely engaged Board members, particularly those on the Executive Committee, who are enthusiastically passionate about the future of the Center. What has been somewhat troublesome, however, is that some Board members don't appear to understand the boundaries of their role and have tended to inadvertently interfere in the Center's day-to-day operations, rather than maintain a more strategic approach. For example, in the past they have proactively engaged staff members in fact-finding conversations by going around the CEO, and they have not only suggested but insisted on certain senior staff hires. Obviously, this is an untenable situation which should be remedied by becoming clearer on the expectations of Board members' contributions, taking the time to develop valuable, yet relative inexperienced Board members, and removing those who are not acting in a productive manner. At the end of the day, Board alignment is critical if it is to fulfill its main purpose of strategically guiding the Center.

Inter-relationships

How are these observations and their explanations related? First, research on leadership styles suggests some leaders are more effective than others depending on the presenting organization situation. Indeed, a more command-and-control approach focused less on

relationships and more on accomplishing the task at hand is often needed in the formative stages of an organization's development where clear vision and direction to achieve it need to be well communicated. In the very early stages of Phase 1, a leader can take on more responsibility since there are less people to delegate to. However, as an organization matures and grows, getting more and more complicated and requiring a settling in of sorts, i.e. Phase 2, leaders can get overwhelmed with what needs to be done and thus must be willing and able to delegate to their direct reports, trust them to deliver, provide oversight and feedback, and refrain from over managing. This is the phase in an organization's growth cycle when empowerment is most required by a leader and when letting go is a necessity. Ironically, it is also the stage when visionary and dominant CEOs find it most difficult to let go and entrust the future of the business to others, regardless of either their own or others' experience and expertise.

As Phase 3 enters the cycle, the leader must once again set the vision for the new business, give clear direction and perhaps learning lessons from the past, begin the delegation process faster. Of course, unless the leader has the utmost confidence in her people to carry through without intervention, this process won't work. Once again, leaders must not only set goals and objectives, i.e. the what that needs to be done, but they also must establish very clear expectations for performance, i.e. the how it needs to be done. Unfortunately, the latter often go unstated. Leaders who want things done a specific way and/or have extremely high standards for performance, often become disappointed since they thought everything would be done to their satisfaction.

Overseeing these inter-relationships is the province of the Board. It needs to fully understand the complex dynamics taking place and not contribute to the complexity by operating too tactically. The Board must instead recognize its responsibility to ensuring the Center achieves its stated strategic goals and fulfills its vision and mission.

Recommendations

Based on the above observations and analysis, we believe the Center is at a crucial juncture in its existence. This is quite unusual for a relatively young business although one could argue this situation is likely to be more frequent the younger and faster growing the business. The reason for this conclusion is the Center needs to organize itself so it can effectively react to the proverbial metaphor of "changing the tires while the car is speeding along." It does not have the luxury of doing, or being, one or the other. This is not an either/or situation but rather one characterized by both/and. That is, the Center must get its current house in order while preparing to literally build another one. To do this, it will need the right leadership; a style and practice that can cater to both by operating effectively while looking ahead. It will take strong leadership with the experience and capability to successfully move the Center ahead to these

two goals simultaneously. Based on this analysis, several recommendations are provided below, each with its pros and cons and in *their order of most to least recommended*. Given there are a number of factors yet to be mentioned that must be taken into account in selecting one versus the other, not the least of which are: the associated costs, the community nature of the organization, the necessity for considerable continued fund raising, and the external community affairs that still need to be effectively managed, it may be somewhat presumptuous to suggest which one is “best.” Having said this, we feel there appears to be one option that, at least for now, is most appropriate given the current status of the Center.

Option # 1 - Add an Executive Vice President of Operations:

This option has been most discussed by the CEO and several executive committee members to this point and would take advantage of a number of issues and challenges. First and foremost, it would relieve the CEO of operational activities for which she isn't either inclined or well-suited. The EVP of Operations would take on the heavy administrative duties largely associated with the day-to-day operations of the organization. This could include those activities associated with: food and beverage, non-ticketing event management, guest operations, facilities, production, security, construction administration, building and system integration, and, perhaps even information systems to the extent it impacts these activities. It would leave such functions as finance, production/content development, earned and contributed income, human resources, marketing and branding, to the CEO to oversee. The advantage of this approach is it would allow the CEO to focus more on those duties that take advantage of her many strengths, and give her more time to manage the strategic parts of the business. However, this option can only work if the CEO truly empowers the EVP to manage his/her part of the organization.

Option # 2 - Add Two Executive Vice Presidents:

Another perhaps not as desirable and expensive, but still palatable option, is hiring two EVPs who would split up the front and back of the house duties. The front of the house duties would remain the same as delineated above for one EVP. Then, most of the back of the house duties mentioned above would fall to the second EVP, other than perhaps those involving branding and philanthropy. This would leave the CEO with even more time to raise funds for the new building as well as oversee the annual fund needed to keep the current building operating, although these activities could come under the philanthropy function which could report to her. She would be the face of the Center to the community and continue to work with the leaders of the City and County to obtain their appropriate involvement. Once again, the CEO would have to commit to empowering the EVPs and not interfering with how they are running their respective functions, other than to collaboratively set their objectives and expectations for performance, monitor and track them and of course give constructive feedback.

Option # 3 - Create Two Organizations with Co-CEO/Presidents:

This is a possible "out-of-the-box" option but may be reasonably feasible given the current situation. In this scenario, two separate operating organizations would be established. One would focus entirely on operating the Center as it now exists and be led by a CEO. The other would be focused entirely on bringing the new building into reality including all necessary fund raising, construction, design and opening. Both CEOs would report independently to the Board but be expected to work collaboratively in doing so. In this case, it would be more likely that the current CEO take on the new building activities since she is infinitely adept at this type of work having successfully done so for the first phase of the Center.

Option # 4 – Stay the Course, But with Significant Improvements:

This option would involve keeping the same structure in place but with one major alteration. The CEO would have to make significant strides to change her leadership style to be more accommodating of her senior staff, truly empower them to do their jobs and let go of the attention to detail. She will have to establish very clear expectations for performance and hold her people accountable for achieving them. And, she will have to act more like a coach to her direct reports than has taken place in the past. Likewise, her direct reports will have to accept responsibility and total accountability for their roles and actions, frequently stand up for their decisions confidently, and enable their respective staffs to effectively conduct their work. The VPs will also have to collaborate more and more as a team since they will be working more interdependently than ever before. This is by no means an easy task but there are CEOs who can effectively manage this type of role despite the complexity of the situation. It is not unusual for CEOs to have this many direct reports without an intermediary operating head. However, if this option is chosen it will require growth and personal development on the part of the current CEO and her senior staff direct reports. As such, it is suggested external professional personal leadership coaching (different from business coaching), often very effective in this kind of scenario, be employed for both the CEO and her senior staff.

It may be questioned why replacing the CEO isn't provided as a viable option at this time. After careful study of the Center's history and existing conditions, we feel such an option would be ill-advised and thus not at all appropriate. Given the value she has brought to the Center and her understanding of its operations and future needs, a replacement option would be a relatively draconian choice. We feel the CEO has extraordinary skills and experience that would be difficult to replace. A reallocation of duties, as noted above, that takes into account her relative strengths and weaknesses would be a much more prudent option.

Conclusions

The Strategic Leadership Collaborative is pleased to be able to offer this report and recommendations based on the research it has conducted. It fully understands it can in no way comprehend the total complexity of the inter-workings and current and past relationships that have brought the Center to this place. It offers only one-external viewpoint based on this limited research opportunity, plus its institutional knowledge and expertise on organizational effectiveness. Among other recommendations, we suggest this information be circulated to the appropriate stakeholders for discussion and validation before taking any action. As noted above, this is a very unusual and complex situation generating a wide range of reactions because of the many factors at play. Having said this, there appear to be a few important conclusions that can be drawn.

- 1) The Center is at a critical juncture in laying its path for the future. While it has successfully completed and operated the first phase of its plan, its going forward strategy must be carefully considered as it embarks on the building of its second phase facility.
- 2) There is little doubt that without the CEO's involvement, the first phase might never have been completed and furthermore, she is most critical to doing the same for the final building project of the Steinmetz Hall.
- 3) At many levels, the CEO has a staggering workload for which she has been made responsible but for which she neither has the time nor total capacity to oversee. She could be relieved of many of the operational imperatives to focus on fund raising, construction and opening for the new building, as well as perhaps for the annual costs associated with keeping the entire complex running. The addition of one or two senior level people with extensive operational experience in the arts and/or entertainment industries would well serve the Center's future.
- 4) The Center would benefit significantly from a senior staff team building intervention focused on instilling trust and collaboration between the VPs themselves and with the CEO.
- 5) On the one hand, the CEO is tenacious, determined and brilliant. On the other, she is sometimes seen as a micro-managing perfectionist. While there is no question she is a passionate and irreplaceable well-meaning advocate for the Center, becoming more inclusive and empowering would create a more productive work environment.

- 6) The Center is a community jewel, a large and colorful feather in the cap of all those who have brought it to fruition. However, when the luster of newness wears off, and it will, the Center will need to be operationally stabilized much more than currently is the case.
- 7) The local media has been critical of the CEO, perhaps unfairly. Nonetheless, better public relations must be obtained if the Center is going to remain the crown jewel in the Orlando and surrounding area.
- 8) The Board needs to better understand its most critical role as strategic advisors and refrain from getting involved in the day-to-day tactical operations of the Center. The Board must understand this role and how it can collectively assist the Center with its strategic imperatives. It would benefit from some Board "training" on how to operate most effectively for the mutual benefit of the Center.

It is hoped the information collected and presented in this report will inform the Board, CEO and organization as it makes a decision on how to more effectively manage the short and long term sustainability of the Dr. Phillips Center. No pretense is made that the information herein is complete or even totally accurate, but rather are best representations of what was discovered during the interview process. Undoubtedly, the more data collected and vetted, the more appropriate the current and future recommendations will be for the Center's growth. Any additional questions about this research effort may be addressed to Dr. Stephen L. Cohen, Founder and Principal of the Strategic Leadership Collaborative, Inc.