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BUSINESS MODEL INNOVATION IN DANCE COMPANIES:
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Abstract

This research will support existing and emerging dance companies to develop long-lasting and sustainable strategies by merging and implementing innovative business models exemplified by two innovative and impactful art companies, namely Akram Khan Company and Cirque du Soleil. The culmination of this research will provide a framework titled "The Dymond Process" to assist dance companies to build, orient, and reorient their activities as their own strategies based on Design Thinking methodologies that drive them in their quest toward sustainability, bridging the gap in the dance literature that is at the crossroads of dance entrepreneurship, business strategy, and digital transformation. The inspiration for this thesis arises from my lived experiences as a dancer, instructor, and choreographer as well as my observations of dance companies' lack of economic resources, organizational strategies, and audience attendance, in conjunction with the difficulties that a dancer faces when not receiving sufficient remuneration to make a living.

Keywords: Dance Companies, Artists Entrepreneurs, Design Thinking, Business Model Innovation, Audience, Customer-Centric, For-Profit, Nonprofit.

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1. Introduction

The objective of this document is to support existing and emerging dance companies that are looking for alternative ways to organize and build a stronger internal functionality. This will be accomplished first by understanding how business and business models work, intending to give them resources that could make them capable of creating their own path to economic and artistic accomplishment. The two case studies, Akram Khan Company and Cirque du Soleil who apply business and business innovation strategies in their company organization are analyzed while overlapping their relationship between vision towards business model innovation and their for-profit perspective.

As a dancer, instructor, and choreographer I have experienced the economic hurdles that a substantial part of the dance community encounters which is why I feel the need to try new dynamics and ways of thinking when it comes to dance, art, and the way we manage and deliver it. Thus, the main question I aim to answer is: How could dance companies follow a clearer path to artistic and financial success? In other words, how can they streamline their operations implementing fresh and out-of-the-box business models instead of being held back.

To answer this question, I start with a multi-faceted literature review to better understand the background and the current situation of dance companies, as well as the role of innovative models from the business world and how they could intersect and support economic and artistic growth. The section “Nonprofit Organizations & Dance Companies” approaches the advantages and disadvantages that most dance companies and nonprofit organizations (NPOs) experience. Currently, the vast majority of dance companies are registered as NPOs. Arts managers are concerned

about their organization's financial solvency, dependence on grants and donations, impact on artistic integrity, and audience development. When poorly implemented, these are some of the factors that prevent dance companies from achieving sustainability, as evidenced by the financial struggle of Dance NYC and the State of Dance study. The aforementioned challenges have led some dance companies and many arts organizations to seek alternative income streams that can provide more financial sustainability while maintaining artistic integrity, focusing on internal functionality, and on access to the marketplace (Shoichet, 1998; del Barrio-Tellado et al., 2020).

Next, the section on "Nonprofit & The Digital Transformation" provides the reader with strategies that may yield increased audience connection and community recognition, resulting in a positive economic outcome and social impact (del Barrio-Tellado et al., 2020). The digital tools discussed are part of the Digital Transformation (DT), a term that is described as a process in which digital technologies play a key role in the production and strengthening of disruptors at the societal and industrial levels (Vial, 2019). DT can represent a challenge for enterprises and NPOs, including dance companies, as they must adapt and change dramatically (McAfee & Brynjolfsson, 2017; Rogers, 2016; Venkatraman, 2017). The resources can be limited, causing a delay in the adaptive process, and thus, distancing organizations from their communities (McAfee & Brynjolfsson, 2017; Rogers, 2016; Venkatraman, 2017). In contrast, when DT is successfully implemented, arts organizations remain at the forefront of their field, competitive, and able to engage their audiences. Furthermore, arts organizations that benefit from better project management applications and solutions increase their efficiency (Klimenko, 2021).

In addition, DT facilitates access to information regarding the operations of arts organizations, which has influenced the implementation of solutions based on for-profit models that are being applied in the NPO sector. It opens a path for many artists to apply entrepreneurial skills to their work, thus realizing their economic potential. The section "For-profit and Creative Entrepreneurs" together with the Akram Khan and Cirque du Soleil case studies support this argument. According to Manish & Sutter (2015), entrepreneurs are often identified as individuals motivated by the desire to flourish against others. Even in complex economic circumstances, entrepreneurship fosters social mobility by allowing other entrepreneurs to grow at a faster rate than non-entrepreneurs (Quadrini, 2000; Sørensen & Sharkey, 2014). Artists who implement entrepreneurial skills can expand their artistic output, while producing their work more efficiently (Renard et al., 2013).

The "Art & Business" section, links the two concepts of commerce and aesthetics (McNicholas, 2004), which according to Evrard & Colbert (2000), has garnered much interest in the past 20 years. However, currently dance companies struggle to expand their visibility and brand recall - institutional marketing - at the same time as they attempt to implement business practices that could give them a competitive edge.

The "Business Model" section provides strategic implications such as key partners, key activities, key resources, value proposition, customer relationship, cost structure, customer segments, channels, and core competence that can be activated by dance companies. Indeed, a business model can be a fundamental tool to develop, grow, and sustain a dance company as it has done for many successful enterprises (Rodríguez, 2016).

Next, the “Business Model Innovation” section serves as an extension to the “Business Model” entry and addresses "the discovery of fundamentally different business models in existing businesses" (Markides, 2006). Innovative business models have the potential to assist organizations in analyzing, planning, and transforming. It is a revolutionary tool that can enhance the performance in any type of organization as illustrated in the outcomes of a study made by the Boston Consulting Group pulling from the work of Gassmann et al. (2014) and their article "The Business Model Navigator". Of note, they discuss how rules can constantly change, allowing strategies that have been adapted from an old business model into cutting-edge strategies. Business model innovation can be used to develop sustainable and competitive strategies that may assist dance companies the opportunity to reinvent themselves.

The chapter “Art and Business Model Innovation” situates arts organizations and the benefits they extract from applying innovative business models. In addition, the necessary tools and characteristics to achieve success are discussed, including how sponsors and donors can collaborate successfully, leading to long-term development gains, and thus positive economic growth (Bakhshi & Throsby, 2010; Kaplan, 2011).

Regarding audience development and growth (Carlucci, 2018), the section “Customer-Centric Approach” illustrates the noteworthiness of a customer-centric strategy in the arts. The article "The Path to Customer Centricity" by Shah et al. (2006), serves as an anchor to this section. A "Customer-centric" organization has a “strategy and a culture of doing business that focuses on creating the best experience for the customer” (Frankenfield, 2021). According to research by Marcus & Collins (2003), when organizations understand their customers, clients, or their

audience, the chances of a successful outcome increases. Thus, the more a company invests in a customer-centric approach, the more it is likely to remain relevant to its audience.

Next, the section “The Design Thinking Process” endeavors to encourage dance managers to develop alternative solutions with value for the audience. It allows companies to modify services, processes, and strategies (Brown, 2008), and thus, successfully manage the ever-moving challenges that the global community will eventually experience (Wright & Wrigley, 2017; Wright & Davis, 2014).

In the “Case Studies” chapter you will find how Akram Khan Company and Cirque du Soleil were developed, how they applied business model innovation in their strategy, and how this has influenced their internal process and artistic work. After analyzing how these companies work, key elements from their strategies as well as takeaways from their failures are captured and discussed. Then the framework known as “The Dymond Process” is proposed. Its goal is to provide new tactics and/or ways of thinking when creating, managing, and expanding the funding and creative capacities of dance companies.

2. Literature Review

This chapter offers a multi-faceted literature review about nonprofit organizations, dance artists and dance companies, arts organizations, and business-centric concepts. The goal of the literature review is to prepare the reader for the “Case Studies” chapter. Furthermore, the review chapter gives a strong foundation that may address the central questions of this thesis. How could dance companies follow a clearer path to artistic and financial success? And how can they streamline their operations implementing innovative business models to re-imagine their *modus operandi*?

A gap in the literature is identified at the intersection of business models, innovation, and how both can be applied to dance companies. Thus, to better situate the reader and due to the divergence of definitions, the word "business" will be used to refer to ventures and companies, while the term "business model" will be used to refer to the way that organizations operate regardless of whether it is intentional or not.

2.1. Nonprofit & Art Organizations

75% of dance companies in the United States are incorporated as nonprofit organizations. The following chapter explains how nonprofits operate and their roots in American society so that the reader may better understand why dance companies have predominantly chosen this form of structure.

Although scholarly definitions and usages of the term "philanthropy" can be diverse and even contradictory at times, they all share enough in common to be synthesized into a larger framework of meaning (Polybius, 1698). The more one

travels back in time, the less philanthropy can be viewed as a simple act of compassion within a charitable society. Indeed, during the Enlightenment, philanthropy referred to qualities of rational consciousness, ideals, and human tendencies that did yield outward acts of generosity (Polybius, 1698). In 1612, Bacon (1985) defined philanthropy as "goodness, affecting the well-being of man". Bacon's views continue to impact certain prominent modern academic definitions of the term, according to Sulek (2010). Meanwhile, Payton's (1988) definition of philanthropy revolves around volunteering for the public benefit. Most students of philanthropy currently accept Salamon's definition that asserts that "private giving for public purposes" is fundamentally identical to charitable gifts (Salamon, 1999). More recently, the charitable movement that has surged since the early 2000s embraces practical charity; monetary donations to beneficial causes (Sulek, 2010).

The birth of Nonprofit Organizations (NPOs) was instigated by a handful of wealthy individuals who decided to take responsibility for the welfare of others (Carnegie, 1901; Hall, 2010; Worth, 2020). The nature of these organizations is to foster social causes and provide a public benefit (Carnegie, 1901; Kenton, 2022). Nonprofit organizations have a long history in the United States, dating back to the Revolutionary War. The American peace/resistance movement originated around the time of the revolution in 1776, and it is often recognized as the country's first nonprofit organization. Later, a pattern emerged, with an increase in the number of nonprofit organizations created following wars (Valcik et al., 2015). This was true after the Second World War, when health and religious experts founded groups to support families who had lost fathers and sons in the conflict. They also helped soldiers who were traumatized by the battle. During the Vietnam War, there was also a noticeable increase in the number of nonprofit organizations founded. As the

conflict progressed, American people organized a slew of anti-war nonprofit groups. In America, there were several protests. The conflict highlighted the hardships that people in poor nations endure (Valcik et al., 2015).

As a result, various nonprofit organizations in the United States were formed with the goal of improving the living conditions of people in Africa and Asia by improving health and education. Although philanthropic organizations have existed for centuries, nonprofit organizations were not formally recognized until the 1970s. More than 90% of the officially designated nonprofit organizations in the United States were founded since 1950. In the 1970s, the number of nonprofit organizations reached its peak as Americans tried to support a variety of causes (Valcik et al., 2015). At first, individuals, governments, and foundations were the primary sources of funding for the nonprofit groups. This has recently changed, and nonprofit organizations have begun to engage in commercial operations managed by experts. The profits from these initiatives are never dispersed, as required by the exemption, but are instead utilized to further the organization's mission (Valcik et al., 2015).

Nonprofit arts companies or institutions are distinct organizations that do not have owners and are voluntarily overseen by a board of directors. Indeed, a board of directors, also known as a nonprofit board, is the governing body of a nonprofit (Widmer, 1993). The members of a nonprofit board, who are usually expected to participate as volunteers (IRS, 2008), do not necessarily need to have expertise in the area of field supported by the nonprofit organization they serve. Individuals with a wide range of expertise and the capacity to give are regularly chosen as board members (Hopkins, 2017). They focus on high-level strategy, oversight, and accountability of the organization. This contrasts with employees or managers who oversee the day-to-day operations of the nonprofit arts organizations (Widmer,

1993). In addition, such organizations do not have an owner, and the distribution of revenue between board members is not allowed (Hopkins, 2017).

In 2007 nonprofit organizations suffered the effects of the recession more severely than for-profit enterprises since they had to deal with, not just decreased resources - including funding, but also rising community needs (Bridgeland et al., 2009). Consequently, arts organizations' funds and audience attendance decreased since artistic activities were not considered essential needs in society. The downturn arrived at a time when philanthropic giving had reached an all-time high of \$306 billion in 2007, up from \$295 billion in 2006 (Bridgeland et al., 2009), before dropping to 3.6% in 2009, the sharpest drop in charitable giving since records began in 1956 (The Center on Philanthropy at Indiana University, 2010). Individual contributions declined, and corporate funding decreased (Arik, 2016). 83% of NPOs experienced financial difficulty, with over 40% experiencing "severe" or "extremely severe" financial stress, and nearly half (51%) seeing decreased income (Salamon et al., 2009). Since 2010, the economy has been on the mend, but NPOs in 2012 were still experiencing the consequences of the downturn in the economy (Pettijohn et al., 2014).

Despite the instability of the economic turmoil, many nonprofits survived and many others were formed in the midst of this adversity. The price for the product or service provided by nonprofits is constantly lower than the investment required to develop the service, "sometimes becoming an article of faith." Indeed, average nonprofit organizations are built to remain in constant financial disaster (Baumol & Bowen, 1965). Economists Baumol & Bowen (1965) concluded that "financial emergency seems to have become a way of living for performing arts organizations of all kinds." Besides, nonprofits work within many constraints, since they must follow

their mission, serving those in need (artists included), and supporting the community (Hull & Lio, 2006). Since nonprofits work to increase services, the result of revenue growth will result in an increment of services (Rhoades-Catanach, 2000).

Currently, NPOs provide social services, goods, or both in areas such as art, science, education, charity, religion, literature, public safety, or cruelty-prevention causes or purposes (Kenton, 2022). They receive donations and engage in fundraising activities to maintain their operations (Baumol & Bowen, 1965). Earned revenues are tax-exempt and are tax-deductible to donors (Kenton, 2022). Tax exemptions are fundamental for many nonprofits to maintain their operations (Hopkins, 2017).

Arts organizations and dance companies receive donations and are interconnected with those who are willing to pay for them. The most effective fundraising activities involve cultivating donor relations. Donors are the financial backbones of dance companies as well as other arts nonprofits. They are the most loyal patrons and supporters. Cultivating these relationships can expand and deepen over time, resulting in greater donations from a number of donors (Kaiser, 2015). Most mega-donors to dance companies do not start with a large gift; instead, they make a small initial gift, enjoy their affiliation, build friendships with the board, personnel, and other patrons, learn more about the company, and gradually increase their level of giving. However, this might take months or even years, and it necessitates frequent participation in performances, exhibits, special events, meetings, and conversations (Kaiser, 2015). Donations are also commonly made by board members as is expected of them (IRS, 2008). However, dance companies ought to diversify their revenue streams since individual donors may stop

contributing at any moment. This is a predominant issue that has plagued dance companies and nonprofit institutions (Kenton, 2022).

Regrettably for dance companies and arts organizations, several of the most generous benefactors are in their golden years. Younger generations are not mirroring their parents as large supporters as frequently as dance companies and arts organizations would want or demand. In the past, new contributors often replaced older ones, which is why overall arts donations continued to climb from decade to decade (Kaiser, 2015). Nonprofits depend constantly on public and private donations (Kenton, 2022). Furthermore, private donations may be influenced by government subsidies. However, it is not clear if it positively or negatively influences the potential financial breakdown of nonprofit artistic institutions (Brooks, 2000; Brooks 2003; Dokko 2009).

2.2. Nonprofit Dance Companies

As mentioned at the beginning of the previous section, dance companies are often incorporated as nonprofit organizations. Some dance companies occasionally receive grants from the U. S. government, more specifically the National Endowment for the Arts (NEA) (Cummings & Schuster, 1989). Besides The NEA, several foundations as other granting organizations support dancers, choreographers, as well as dance companies (i.e., New England Foundation for the Arts, New York Foundation for the Arts, USArtists International, among others). The logistics of operating a nonprofit dance company are demanding to say the least. The financial benefits are inconsistent and its highest value is regularly on the artistic satisfaction of its members and collaborators. The activity involved cannot be lowered and the

production cannot be accelerated (Brooks, 2000). The performing arts are increasingly struggling with rising production costs thus contributing to the ever-growing income gap (the difference between their expenditures and revenues) (Brooks, 2000; Kaiser, 2015) (Cf. **Figure 1**).

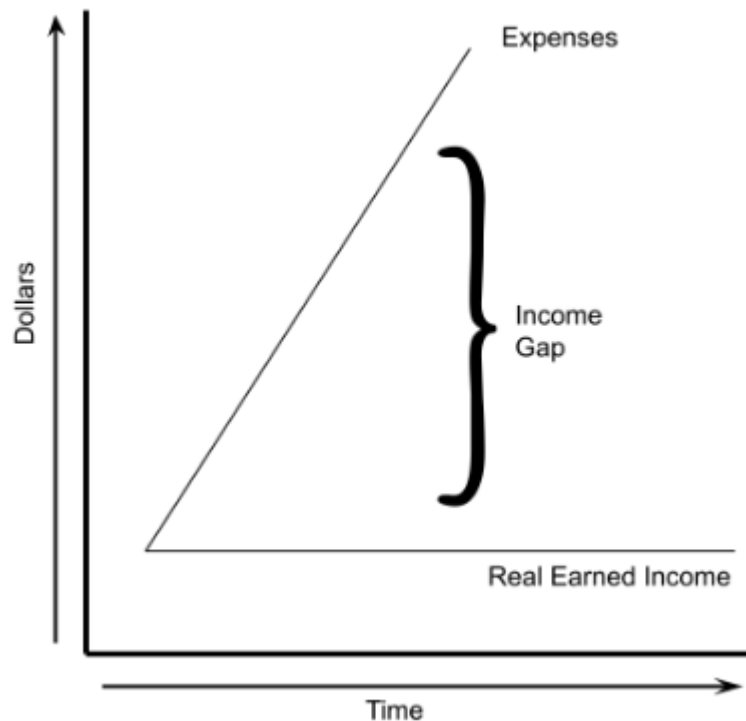


Figure 1. Income Gap Model.
Source: Kaiser (2015).

A theory for the income gap has been proposed by economists, known as "Baumol's cost disease" (Baumol & Bowen, 1965; Baumol, 1997; Tiongson, 1997). According to this idea, arts enterprises' expenses rise quicker than the broader economy's prices, therefore their product prices (and thus revenues) rise more slowly than the salaries they pay out to dancers, choreographers, and dance staff. Cost disease leads to falling profits or expanding deficits over time as expenses rise faster than revenues. The incapacity of performing arts enterprises to

benefit from productivity increases in comparison to the rest of the market may be the cause of cost disease (Brooks, 2000). The arts face challenges when it comes to increasing worker productivity. Every year, musicians do not play Beethoven's Fifth Symphony quicker, and Serenade does not require any fewer dancers than when George Balanchine initially conceived it in 1934. In addition, we cannot expect composers to produce a piece in less time every year (Kaiser, 2015). However, I have seen choreographers being asked to produce choreographies in a compressed period of time. While this could increase productivity, it decreases quality. Meanwhile, in other sections of the economy, the advancement of technology has resulted in a massive boost in worker productivity nearly 500 percent since the turn of the century (Council of Economic Advisers, 1965; Council of Economic Advisers 1998).

There is a typical supply-side solution for the income gap. If expenses rise faster than income, government subsidies may be used to bridge the gap. However, according to this idea, disparity will continue to increase over time, implying that subsidies will have to grow indefinitely. Whether this is the case or not is a point of contention among economists. But there is one thing we can be certain of: the amount of money required to close the gap will not decrease with time (Brooks, 2000).

The visual and performing arts have never been self-sustaining. Dancers, dance companies, artists, and arts organizations, unlike most other businesses, have never been able to continuously increase worker productivity. Indeed, a dancer may only perform so many shows in a row before sustaining an injury similarly to any athlete. In other words, dancers are not scalable as performers. Whereas, quarter after quarter, employees in practically every other prosperous business become

more productive, e.g. making a vehicle or a blender today requires fewer person-hours. This crucial factor has an impact on every organization; if employees become more productive, the cost of producing a good or delivering a service is lower than if worker productivity remained constant (Kaiser, 2015). Consequently, the performing arts and dance nonprofits in particular, have not been able to increase their production per working hour as costs of production keep rising faster than real earned income (i.e., ticket sales). Thus, activities with the same type of production combat this difference by raising their prices, while in the performing arts, especially dance productions, this solution is not implemented due to the existing policy of fixed prices for long seasons, which was implemented by the fear of decreased audience attendance (Smith, 2003). As a result, more pressure is imposed on donors and the development staff of those performing arts organizations (Baumol & Bowen, 1965). Thus, running a dance company is an expensive proposition, while funding may be uncertain and unpredictable (Sims, 2005a).

Audiences have not increased since 1980, and they are rapidly aging. While expenses have risen (Kaiser, 2015). Many individuals nowadays consider that the arts are irrelevant to their life. The arts have been defunded from public schools, turning off current generations away from dance, visual arts, and theater. Arts advocacy matters and conducting new studies to support advocacy efforts are essential to support how impactful dancing is on the human condition.

Meanwhile, the surge of ticket prices has driven audiences to look for alternative sources of entertainment, less costly ways to be amused as they have been priced out of the market (Kaiser, 2015). However, attendance is strong on Broadway shows such as “Hamilton” selling tickets at the average cost of \$200. This demonstrates that there is an audience for live performances, capable of filling

theaters for long periods of time with production costs being covered by ticket sales in a for-profit model. The question is how can we adapt this model to dance companies? Why do dance companies not achieve the same result? Apparently audiences are more attracted to musical theater works as they tell stories that the audience feels a connection with, while at the same time they present other characteristics such as live music, elaborate scenery, dancers, among others. I believe choreographers could think of this same kind of connection. Indeed, a dance piece can be created with the public in mind, while it is being choreographed or before the choreographic process starts. While it is not a defined answer, it could be the beginning of a series of innovations that would have to be tested to assess their impact on dance companies.

Simultaneously, technological advancements have brought a plethora of new and fascinating ways to be entertained, at absolutely no expense (Kaiser, 2015). Some dance companies consider technology an obstacle, while others consider it an advantage. Technological advances such as projections and mapping can be an extra component to create more engaging dance pieces, while social media can facilitate digital marketing, and live streaming can broadcast dance pieces anywhere in the world.

Most dance companies do not sell products per se, but they strive to market their purpose, programs, and services to their patrons, donors, volunteers, and staff. With a competitive advantage, an arts nonprofit should differentiate its services from the rest of the nonprofit industry (Spelhaug & Woodman, 2017). Movie theaters have found a way to attract more customers by improving their services with food being delivered to each patron. Uber grew rapidly by offering better customer service (i.e. personalized service, it arrives where the customer is, it is possible to choose car

size or style). How could dance companies offer a better experience for their audience/patrons? (e.g. immersive activities related with the company, appetizers, giveaways, bundles, merchandise, etc.)

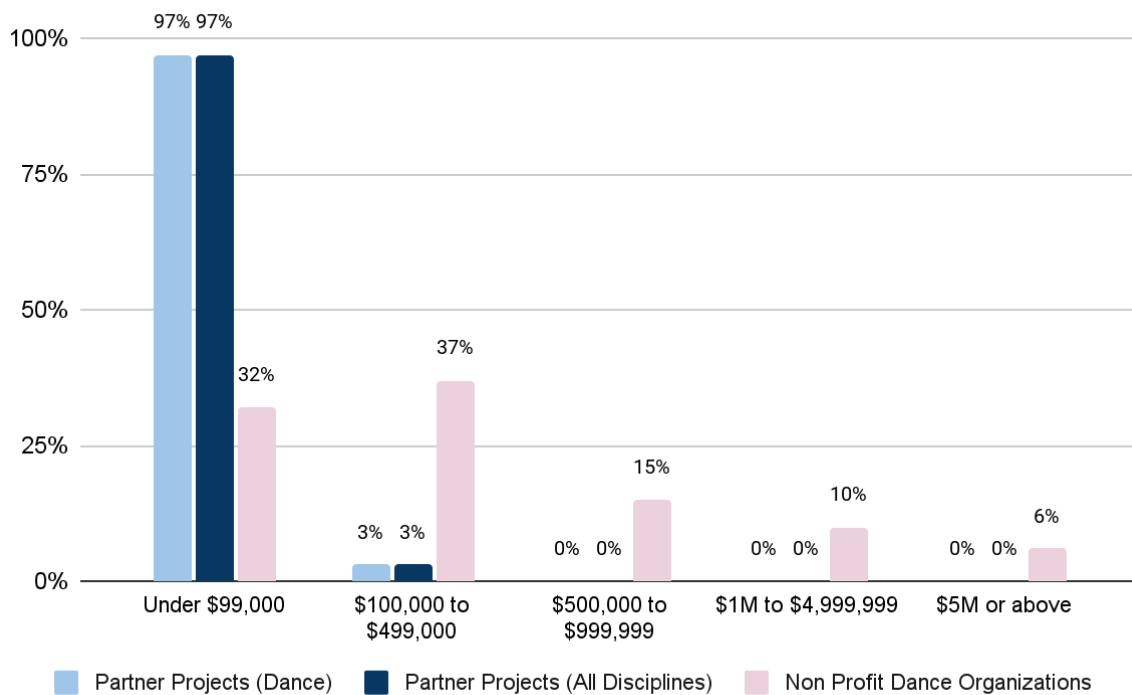
“When you compare the amount of money it costs to rent a theater and pay for lighting, costumes, and advertising to the number of seats that a small theater has, keeping in mind that you can’t charge \$50 a seat in a small theater, you realize it’s almost impossible to make money.”

— Jennifer Weber of Decadance Theater,
New York City.

To understand dance companies and dance projects' circumstances, New York City serves as an example (see **Figure 2**). According to Dance NYC and the State of Dance in 2016, there were approximately 460 active dance projects. Most were fiscally sponsored, while 115 are legally registered 501(c)(3) organizations, and 11 dance projects were supported by three additional sponsors (Dance/NYC, 2016). The average annual budget for the studied dance projects is \$18,431 with a median budget size of \$5,500. Approximately 446 (97%) dance projects have budgets under \$100,000, finding a lower percentage among 501(c)(3) registered dance groups with 36 (32%) (DataArts', NYC Dance & Workforce Demographics, 2016) (Dance/NYC, 2016).

The most alarming needs for dance workers are living wages, rehearsal space, and health insurance, followed by affordable accommodations, supplies, and dance training. Only 8% of dance workers have access to these necessary resources. Furthermore, more than a third of the individuals fiscally

sponsored struggled to make ends meet (Dance/NYC, 2016). It is most concerning that 33% of sponsored dance workers do not receive compensation for their work, while only 28% obtain government revenue, 52% get foundation grants, and 93% acquire funding from individuals. To further expand inequities in the arts, data shows that those sources of support are predominantly offered to dance artists who identify as white non-Hispanic and nondisabled, further alienating underrepresented dance workers (Dance/NYC, 2016).



“Alt text: The bar chart displays the percentage of sponsored projects and nonprofit dance organizations in each budget category based on a sample size of 331 partner projects in dance, 1,742 partner projects in all disciplines, and 172 nonprofit dance organizations. Under \$99,999: partner projects in dance (97%), partner projects in all disciplines (97%), nonprofit dance organizations, (32%); \$100,000–\$499,999: partner projects in dance (3%), partner projects in all disciplines (3%), nonprofit dance organizations (37%); \$500,000–\$999,999: partner projects in dance (0%), partner project in all disciplines (0%), nonprofit dance organizations (15%); \$1 million to \$4,999,999: partner projects in dance (0%), partner projects in all disciplines (0%), nonprofit dance organizations (10%); \$5 million or above: project partners in dance (0%), partner projects in all disciplines (0%), nonprofit dance organizations (6%)” (Dance/NYC, 2016).

Figure 2. Budget Category.
Source: Dance/NYC (2016).

Even with grants, private funding, and a 100% guaranteed income from ticket sales, a majority of nonprofit dance entities do not generate enough contributed income to cover their expenses (Felton, 1994; Ostrower & Calabrese, 2021; Smith, 2003). According to Toepler & Wyszomirski (2012), in the United States, the creative production side of the dance market is mostly structured as nonprofit dance organizations, which account for 75% of all current dance companies accounting for 85% of the dance sector's revenue.

Furthermore, dancers, art managers in nonprofit organizations, and dance companies, stay in the field because they are passionate about dance and cannot imagine doing anything else. It is common for dancers and arts managers to have other sources of income to pay for their living expenses as is the case with dance workers who base their income on a portfolio career (multiple revenue streams) (Hessenius, 2009). As aforementioned, most dance companies run as nonprofit organizations but incorporating as a nonprofit is only one possible mode of operation, while other models exist and are noteworthy (i.e. for-profit such a B-corp and hybrid that can be setup as an L3C). A dance company's incorporation model is dependent on its mission, vision as well as projected earnings, framework, and objectives (Sims, 2005a). In addition, they ought to combine artistic mission with administrative responsibilities (del Barrio-Tellado et al., 2020). Concurrently, nonprofit organizations experience effective stakeholder management that results in successful market orientation and thus, focus on internal functionality while accessing the marketplace (Shoichet, 1998). In addition, obtaining resources while adopting a successful strategy towards audience development and entity recognition leveraging digital tools yields positive economic return and social impact (del Barrio-Tellado et al., 2020). These elements and strategies are increasingly available and

assist to achieve solvency within a dance company. Dance companies could pay more attention to these possibilities, allowing new ideas and thoughts to flourish, incorporating themselves into a new era.

2.3. Nonprofit & The Digital Transformation

As discussed in the previous two sections, nonprofit organizations play an essential role in civil society contributing to the economy, thus creating jobs (Powers, 2019). Furthermore, the value of individuals working in nonprofits as volunteers is sometimes underestimated (Tooley & Hooks, 2020). But how can technology further expand the impact on the economy that arts organizations and dance companies have?

This is where digital transformation (DT) comes in. Can organizations and especially nonprofits use DT as a solution to solve organizational difficulties and thus, increase efficiency and effectiveness? DT might be perceived differently in dance companies that have varied levels of digital maturity, distinct values, stakeholders, and overall visions. However, the most common theme is using technology to improve operations and strategic business differentiation (Andersson et al., 2018), or to dramatically boost organizational performance, business transactions, and marketing campaigns (Westerman et al., 2014). As a result, DT may be characterized as a fundamental reimagining of how technology can be used to change strategy, revenue streams, operations, and business models, with substantial implications for patrons, partners, and staff/employees (Boulton, 2021).

Aside from the technology, DT entails transforming three major elements of an organization: customer experience, operational procedures, and business models

(Westerman et al., 2014). Companies in any industry confront a variety of obstacles when it comes to implementing and managing DT. Those may include organizational, strategic, cultural, and management problems that need solving to name a few. Hurdles are not only operational- or technological-centric. DT also requires a cultural transformation to be effective (Nahrkhalaji et al., 2018). The obstacles of effectively operationalizing a revolutionary DT strategy in nonprofit dance companies have received little attention so far (Mergel et al., 2019). The allocation of funds, the creation of new skill sets, company culture, identifying the correct leadership, employee satisfaction, economic uncertainty, the difficulties of organizational obstacles, competitive conditions and partnership patterns, modifying existing customer conduct, and creating a vision are just a few of the challenges (Nahrkhalaji et al., 2018).

In addition to digitalization, it is necessary to adopt well-thought-out digital strategies that link people, processes, and technology that may help to achieve the objective and expedite the social effect (Spelhaug & Woodman, 2017). DT has resulted in new consumer engagement methods (e.g. the highly dynamic and visually striking website of the Alvin Alley American Dance Company with many pop-up windows engaging visitors), which has resulted in changes in business models. They should focus on building relationships rather than be purely transactional, which necessitates the creation of new competencies such as creating innovative entry points for patrons via targeted marketing and expert salesmanship (Andersson et al., 2018). The digital journeys and behaviors of patrons, contributors, volunteers, and employees, should be equally examined and how to best digitally interact with your stakeholders. This necessitates the use of a variety of innovative digital marketing technology, methods, and solutions. These new marketing technologies

may be used to design fresh developing marketing platforms, allowing dance companies to communicate with its digital customers. The duration and velocity of reactions to, and replies from, customer activities might be one of the problems of digitalization for marketing operations in nonprofits and dance companies.

Continuous engagement procedures, as well as a thorough and ongoing understanding of client journeys, may have a substantial impact on marketing planning. This, in turn, poses a challenge to dance companies and NPOs' overall strategies (Westerman et al., 2014; Andersson et al., 2018).

Dance companies may have a restricted promotional and advertising budget. The capacity to generate greater audience relationships is sometimes hampered due to lack of funding. Advertising is a costly marketing tactic that only a few dance companies can afford to employ on a regular basis (Keller, 2001). Sponsorships, in conjunction with other marketing relations tools such as advertising, sales promotion, personal selling, public relations, and direct marketing (Crompton, 2004), could provide useful means for achieving a company's concrete objectives and lead to increased ticket sales and increased contributed support (Seguin & O'Reilly, 2008). Some dance companies have their own WebPages (search engines, links, hubs and banner ads on other sites). The website of a dance company is one of the most significant digital tools in the toolbox, serving as a source of information and access point for audiences as well as a place for them to participate in programs, buy tickets, and donate. Technology tools, such as online ticket sales and donor databases (e.g. Salesforces, Blackbaud, WolfBrown, and TicketTailor) can assist dance companies reach new audiences and expand their reach and impact (NPower, 2006).

These web-based technologies enable users to easily create and share content on the Internet, such as filming dance and uploading it to YouTube, interactive items on the website (e.g. slide show presentations), podcasts, behind-the-scenes blogs for each show, rehearsal blogs, monthly e-newsletters, and virtual interviews with dancers, directors, and choreographers (Petrova, 2011). Digital marketing offers dance companies' alternative but also targeted means to connect with their audiences. Increasingly cost-effective those tools can open a line of communication between audiences and dance companies (managing this can be time-consuming), while allowing for hyper targeted marketing. The area of audience growth is critical to the art of dance. Effective marketing strategies are focused on actions that are most suited for getting a product to the market (e.g. selling tickets or merchandise) improving the company's financial status (e.g. increased revenues while lowering expenses such as expensive marketing tactics), and building a strong brand image (Kriemadis & Terzoudis, 2007; Nwakanma et al., 2011). Public relations (PR) tactics are used to promote the latter.

PR focuses on how a company communicates with the general public. Indeed, individuals who work in public relations help raise product visibility (e.g. institutional marketing or the brand of dance companies) and public interest (McDonald & Harrison, 2002). If a product has a positive image, but the marketing or promotion of the product is inadequate, financial problems may occur. Similarly, if a company promotes a performance successfully but does not project a positive image to its audience, ticket sales may suffer (Melillo, 1983). These two complement one another and play a significant role in the "performance life cycle." A company does not have to rely solely on performance quality. While the outcome and quality of the performance are essential, the memories generated by going and experiencing the

event will be treasured. As a result, event marketing may concentrate on variables other than the event itself (Martensen & Grønholdt, 2008). Depending on the ties built with the company, the performing arts audience has distinct behavioral characteristics (Gronroos, 1995; Rentschler et al., 2002).

In summary, within the framework of dance companies, DT has the potential to demystify customer interaction complexity and alter customer interactions. The process is linked to changes in the value proposition. Furthermore, new collaborations and infrastructures must be formed. Last but not least, when referring to the financial and economic matters, various business model elements must be (re)designed and implemented (Nahrkhalaji et al., 2018).

DT strategies for the sake of DT is not a solution on its own without a clear plan and vision for how to implement it. This being said, institutions striving to increase their DT competence could streamline their decision-making process, re-imagine their leadership model, create lean processes, and alleviate ambiguity within the organization's communication protocols. Those organizations may become more competitive, while fostering increased collaboration between employees and the artists they serve (Nahrkhalaji et al., 2018). Keeping up with the DT may be difficult for dance companies and nonprofit organizations with minimal resources. For instance, addressing DT issues with a small group of volunteers and a few paid personnel may be a stretch. Furthermore, DT's outputs are still uncertain, while competitive benefits may be gained from both digital value generation and digitally enhanced consumer communication (Saidoun & Bodea, 2021).

Dance companies may handle their problems with a clear DT vision and by creating new roles. In the spheres of action for DT in nonprofits highlighted and addressed by Brink et al. (2020) and Phills (2005), some examples are given below:

- Enable dance companies' members and audiences to communicate more quickly, openly, and flexibly. Audiences can provide online feedback or send online messages to the dancers; dancers can use social media to be better known by the audience; dancers can provide internal feedback to company managers and other dancers.
- Create digital collaborative platforms in general to collect data from members and audiences to provide decentralized access while maintaining central data administration. This eliminates multiple entries, improves data management and analytics efficiency, and ultimately lowers costs.
- Enhance product and service sales using digital platforms and social media, i.e. website ads, online sales promotions, performance teaser, and others.
- Training and performances may be delivered using digital means (e.g. creating audio and video conferencing, podcasts, interactive learning platform).
- Implement branding, communication, public relations, and marketing strategies based on a well-defined global and local approach, which can only be effective if a solid International Project Management community collaborates on diverse needs and added value, e.g. if the target audience are children between 7-12 years old, activities can be done in elementary schools, organizing children's festivals, YouTube kids, and more.

In the context of a project, DT may include “the support of project management, a better use of data which in turn allows for better decision making in the project and therefore increase the project efficiency”, suggesting the development of a long-term sector vision and strategic legal framework (Saidoun &

Bodea, 2021). Whereas many in the field believe that the expanded focus on financial performance is impacting the execution of their activities and the achievement of their mission, arts and cultural organizations could increase their efforts in pursuing revenue generation while achieving their primary mission (Rodríguez, 2016).

2.4. For-profit and Creative Entrepreneurs

Recently, there has been an increase in for-profit enterprises solving classic "nonprofit" concerns in new, long-term ways based on a for-profit or hybrid model as dance companies and nonprofits organizations could adapt to rising competition and a growing demand for greater accountability (Salamon, 2010). The major difference between nonprofit and for-profit organizations, economically speaking, is what they do with the excess revenue they earn. While nonprofits are required to use their surplus revenues within the organization's goal and activities, for-profit businesses have the option to divide profits among owners and shareholders (Rodríguez, 2016). Unlike nonprofit organizations that are mission driven, the main goal of for-profits is income generation (McNamara, 2006; Ariyani et al., 2018). Although new generations of for-profit companies are increasingly dedicated to staying loyal to their mission and their desire to offer exceptional products and services, they maintain a balance between their purpose and their profits. The same is happening with some dance companies that are starting to pay more attention to their profits while sticking to their mission.

For-profits can be constituted for one or more owners. Generally, this type of business focuses on their customer to offer a good product or service, as they aim

for a return on investment (ROI) from their activity as a business and thus, compensate their investors (Heaslip, 2021). Also, the autonomy of for-profits on decision making is advantageous (Hull & Lio, 2006; Manish & Sutter, 2015; McNamara, 2006). Corporations decide what markets to enter, which strategies to pursue, how to best allocate their financial resources with the aim to maximize profit potential (Hull & Lio, 2006; Manish & Sutter, 2015).

"Appeal to the American spirit of conquest in my men, the spirit of doing things better than anyone has ever done them before."

— Charles Schwab

Entrepreneurs are often identified as individuals motivated by the desire to flourish (Manish & Sutter, 2015), for entrepreneurs customer choice in markets represents approbation of having the best product (Hull & Lio, 2006). Most of those great leaders who have added to the economy's development appear to have been inspired not only by money, but also by market and commercial competitiveness. After acquiring vast fortunes, many have continued to construct enterprises and develop new goods and services (Manish & Sutter, 2015).

Entrepreneurship promotes social mobility by allowing entrepreneurs to advance at a quicker pace than other employees, even under difficult economic conditions (Quadrini, 2000; Sørensen & Sharkey, 2014). Furthermore, artist entrepreneurs serve as role models who help to transfer entrepreneurial culture through time, which has an impact on economic growth over extended periods of time and after numerous structural changes (Fritsch & Wyrwich, 2013), e.g. the Martha Graham Dance Company has stood and been passed down through

generations and evolved for over 90 years. Dance members of a dance company can decide to found their own company while dance teachers could be inspired by other studios to open their own dance studio.

Despite this, many artists do not consider themselves as entrepreneurs and thus, fail to reach their economic potential since there is a dissociation between commercial and artistic activity. This is unfortunate as the digital economy more than ever enables artists to easily expand their creative production, lowering the barrier to generating capital. For instance some choreographers license their choreographic work, they receive income for granting permission to another company or group of dancers to present their work without the need for the choreographer to be present in the process since they are restaged through videos. Indeed, both live performances and digital content creation are essential in the cultural industry (Renard et al., 2013).

2.5. Art & Business

Popular culture has traditionally considered art and business as diametrically opposed areas (McNicholas, 2004). Some consider themselves to be organizations that are primarily concerned with social issues instead of following a neoliberal agenda. In general, arts and cultural organizations are hesitant to think of themselves as business organizations or as organizations that engage in some type of business (Kaplan, 2011). As a result, most arts and cultural organizations believe that business principles or conceptions such as the business model should never be used in art or cultural work (Kaplan, 2011). However, other artistic and cultural organizations, particularly those that operate as nonprofits, feel an ever growing

pressure to become more business-minded and accomplish economic sustainability (Rodríguez, 2016).

According to Kaplan (2011), it makes no difference whether the organization is public or private, for-profit or nonprofit. Every organization, including dance companies and arts organizations, have a business model. Currently, nonprofit dance companies are required to present a business plan in order to get specific grants. In nonprofits it is known as a long-range plan, both for-profit and nonprofit create projection to 3 to 5 years, the main difference is that nonprofits have to adhere to their mission statement or concept that sometimes is foreign to for-profits. Both the business plan and long-range plans identify goals, milestones, and tactics. Moving forward, the term "business model" will be used for both concepts aforementioned. "If an organization has a viable way to create, deliver, and capture value, it has a business model". Thus, "business models" and associated terminology, which are often used in the corporate sector, are increasingly being employed in the nonprofit sector (Rodríguez, 2016). Nonprofit organizations may not provide a financial return to its founders or stakeholders, but they may capture value in the form of contributions, grants, and service income to fund their operations (Kaplan, 2011). Many artists fear that increased focus on financial success will have a negative impact on the execution of creative activities (Rodríguez, 2016). If artists and arts nonprofits are only concerned with financial success it might come as a detriment of artistic integrity. However, arts and cultural organizations aim to strike a balance between creating value and fulfilling their purpose (Rodríguez, 2016). Social businesses may be mission-driven, with a focus on social impact rather than an economic ROI, but they still require a long-term plan to be sustainable (Kaplan, 2011).

Art and business are creating a rapidly changing world with new forms of communication in which each partner gets involved in the development of a long-lasting connection. The two partners can blend core values, interests, and culture through a union which creates a stronger effect on business marketing and public relations (McNicholas, 2004), e.g. Cirque du Soleil, is an artistic entertainment company considered the most prominent modern circus on Earth. It obtained, through partnership, infrastructure to perform and produce shows in a hotel while Cirque provided its artistic services to the hotel. Subsequently, dance companies are investing in creative and cultural events to invigorate their organizational structure or brand strategy (e.g. dance festivals, artistic residencies) (Evrard & Colbert, 2000). Simultaneously, the postmodern impact of globalization (McNicholas, 2004), have dampened physical touring, thus promoting digital communication as a means to connect with artists and dancers within and across borders. The digital revolution and transformation in arts will continue to be leveraged to promote collaboration amongst artists.

With the evolution of the industry, there has also been a drive toward increased professionalism in arts administration, including an increase in the adoption of management techniques (McNicholas, 2004), i.e. hiring the right people, maintaining open communication, providing feedback frequently, and more. Consequently, when governments at any level, whether local, regional, national, or international, decide to shift their funding priorities and withdraw financial assistance to the cultural sector, organizations would be more prepared to find methods to adapt to the new situation. As a result of budget reduction, many cultural groups have a business model that has to be reformed if they want to continue their operations (Rodríguez, 2016).

A project called "The Arts and the Public Purpose," in 1997, brought together artists, executives, critics, foundation officers, academics, and policymakers from across the country, representing for-profit, nonprofit, and "unincorporated" (or volunteer) arts, as well as the left, center, and right of politics. The assembly discovered that the arts represent a vast, omnipresent, economically and socially significant sector in American public life, and that for-profit and nonprofit arts organizations are intertwined. Participants actively advocated for the formation and growth of partnerships between for-profit and nonprofit arts companies (Arthurs et al., 1999). Dance companies could partner with private companies more often. Just as Cirque du Soleil partnered with a hotel, a dance company could offer or exchange services with private corporations.

As previously stated, every company that provides value has a business model, whether it is visible or not. A well executed business model gives structure to an arts organization that facilitates financial support through turning ideas into revenue streams and other forms of value for an organization in order for it to continue operating (Rodríguez, 2016). The notion that business models are only for business is false. Any company that wishes to remain relevant, create value, and stay afloat has to define and improve its business model. And if a company does not have a long-term business model, it is doomed to fail (Kaplan, 2011). The Cedar Lake Contemporary Ballet company closed its doors after Nancy Laurie, the only founder and benefactor, was not able to continue to afford the expenses of the company (Cooper, 2015). Apparently, Nancy did not create a system to improve their revenue. By the time she tried to engage other donors, besides herself, it was too late (Cooper, 2015). Such a situation is an example of the vulnerability a dance

company faces when depending on a single donor or even investor. This also strengthens the idea that collaborations and partnerships make a company stronger.

2.6. Business Model

As seen before, the business model is applied in every field. However, there is a lack of connection between the world of dance and business due to the cultural environment created around nonprofit dance companies, as they tend to be more focused on artistic creations, as well as a lack of articles and studies related to this topic, which have begun to emerge in recent years. Therefore, before relating these two worlds directly, an immersion into the world of business models will be made during this and the following chapter named "Business Model Innovation," providing a knowledge base before integrating them with dance and dance companies.

The term "business model" can be traced to Carnegie (1886), using the words "business method" to describe the operation of businesses at the time. For more than 70 years, the phrase "business model" has been used in academic literature. According to Markides (2013), it first appeared in the literature in 1947, while Osterwalder et al. (2005) discovered that it first appeared in an academic paper in 1957 and in the title and abstract of a paper in 1960. However, at first, the phrase was used in a fairly broad sense, implying a simplification and simulation of reality in order to educate future managers on technology (DaSilva & Trkman, 2014). Since the 1970s, the business model has been often connected with information technology, and is most commonly employed in the context of business modeling (Wirtz et al., 2016). This emphasized the operational and functional components of the system that are required for system modeling. Despite this, the phrase was only

used seldom until the 1990s. With the introduction of the Internet in the business world, the term "business model" gained popularity (Amit & Zott, 2001; Magretta, 2002), with so-called "dot-com" companies selling business models to raise funds (Shafer et al., 2005).

Simultaneously, academics sought for further generic perspectives in their study and the business model evolved into an overall presentation of the business organization that improves management decision-making (Wirtz et al., 2016). Many authors have confirmed the term's upsurge by searching the title, abstract, or full text of articles for the term "business model" (DaSilva & Trkman, 2014; Ghaziani & Ventresca, 2005; Klang et al., 2014; Kujala et al., 2010; Mäkinen & Seppänen, 2007; Morris et al., 2005; Nenonen & Storbacka, 2010; Onetti et al., 2012; Osterwalder et al., 2005; Richardson, 2005; Shafer et al., 2005; Wirtz et al., 2016; Zott et al., 2011). Their findings imply that in the previous 50 years, the number of articles published in peer-reviewed journals has increased from a single digit to several hundred every year. The tremendous development of references to the business model in the literature has undoubtedly aided efforts to clarify this notion theoretically and practically. Despite the fact that business model research has progressed throughout time, the literature on business models remains fragmented and varied. This could be emulated when referring to dance and business. A new relationship is emerging between arts, business, and entrepreneurship and although dance has become less related to the business field, this could change during the next 50 years.

Business model can be defined as the strategic planning frameworks and analytical techniques that are employed in a company (Hague, 2019). It can represent how a company operates (Magretta, 2002), and communicate a company's strategy for generating revenue through profit operations (Vik, 2013).

Some authors employed a wider definition, describing business models as “the synthesis and the integration of all the strategic, organizational, managerial, and economic components that any organizations -explicitly or implicitly- design, implement, manage, assess and eventually change and radically transform to guarantee uniqueness, performance, value creation and sustainability” (Magretta, 2002; Osterwalder & Pigneur, 2010; Spieth et al., 2014; Teece, 2010).

Business Models are employed on a regular basis. The following questions assist in its comprehension and creation within any field, including dance companies. "Where are we now?" to stipulate the problem and the cause of it. "Where are we going?" to focus on developing goals to tackle the situation. Finally, the question "How are we going to get there?" assists with the what to do, who will do it, what resources are needed, and how long it will take. The intention is to create a map depicting where the company is and how it can get to the other side, building a strategy to solve artistic and economic challenges (Hague, 2019).

As part of this strategy, a business model incorporates four components that produce and deliver value. Customer Value Proposition (CVP), Profit Formula, Key Resources, and Key Processes (Johnson et al., 2008). It answers some questions such as: Who is the audience/customer? How the company earn income? How the company delivers value to the audience/customer at a good value? (Magretta, 2002). It is important to understand each component to start building values. What is known as the customer in business, in dance it is equivalent to the audience.

The **Table 1** below shows business model components defined by different publishers. They have used different components and names. However, they have the same goal in common.

Authors	Components	Description
Johnson et al., (2008)	Customer Value Proposition	A successful company is one that has discovered how to generate value to its consumers or audience.
	Profit Formula	The profit formula is a plan that outlines how a company generates value for itself while also offering value to the audience.
	Key Resources	People, technology, goods, buildings, equipment, channels, and brand. Necessary to offer the value proposition to the intended audience.
	Key Processes	Operational and management procedures that enable companies to create value in a repeatable and scalable manner.
Gassmann et al., (2014)	Audience/ Customer	Who are the people you want to reach? It is imperative that you clearly understand which audience groups are significant to you and which ones to address with your business strategy.
	Value Proposition	What services are provided? How to attend the demands of your target audience by establishing your company's offers (products and services).
	Value Chain	How to produce offerings? Going through a number of procedures and activities in order to put the value proposition into action, as well as related resources and competencies, and their coordination along the company's value chain.
	Profit Mechanism	What makes it profitable? What makes a company model financially feasible, including cost structures and revenue-generating systems. It answers a question that any company wants to consider: how to create value for shareholders and stakeholders? Or, to put it another way, why does the business model make money?
Rodríguez (2016)	Audience/User Segments	Audience/users are defined as groups of individuals who a company wants to contact and service. These groups may be created based on a variety of characteristics such as needs, interests, behaviors, lifestyle, and so on. This critical group of stakeholders is better known as the audience in the case of arts organizations. Traditionally, audiences have three basic objectives for attending the arts: amusement, personal satisfaction and learning, and/or social involvement. Whatever the audience's motivator is (if not a combination of the three), it is clear that no performing arts business or venue can thrive for long without them.
	Value Proposition	The key reasons why the audience or users pay for or utilize a service or attend a live performance are summarized in a value proposition. It describes why and how services or goods help audiences in specific ways, and why they choose you over alternative possibilities. A value proposition is a collection of

		significant characteristics or advantages that explain why what is provided is vital to the individuals who, for example, buy your tickets or attend your open-air concerts; or why a public funding agency has decided to sponsor one of your initiatives. It is not a slogan or a clever term. In some ways, the value proposition is a promise of what value will be given to and experienced by the stakeholders.
	Infrastructure (Resources and Processes)	People, expertise and information, technology, goods, equipment, partners, money, branding, and other resources that the company has or can access to offer the value proposition to the audience or user. The procedures through which a company generates and delivers its value offer, such as design, development, sourcing, production, marketing, hiring, and training.
	Viable Revenue Model	It is the mechanism through which a company generates revenue from the value proposition that it provides to its audience or users. It solves one of the most important issues concerning the business model in a simplified way: How will the company generate revenue or value so that it can continue to fulfill its mission? Based on the type of activity and stakeholders, each industry has its own revenue model. Traditionally, the arts and culture sector has had its own method of obtaining funds. Public financing, donations, volunteering, patronage, bartering, crowd-sourcing, and time banking are some of the most frequent. However, arts and cultural organizations are increasingly adopting income strategies from the business sector.

Table 1. Business Model Components.

The most significant feature of an excellent business model is that it is affordable and sustainable (Rodríguez, 2016). Many businesses world-wide, create high-quality, technologically advanced products, yet not all survive. Why do some successful enterprises enjoy a long period of sustained growth, while others lose their competitive edge so quickly? (Gassmann et al., 2014). The truth is that business models are not as long-lasting as they formerly were. New players appear constantly as a result of new inexpensive technologies, and in many cases, they

dramatically refuse to play by the same old norms of the industrial period (Kaplan, 2011).

After decades of prosperity, firms like Agfa, AEG, American Airlines, Lehman Brothers, DEC, Grundig, Loewe, Nakamichi, Nixdorf Computer, Motorola, Nokia, Takefuji, Triumph, and Kodak abruptly fade from prominence. What went wrong, exactly? The solution is clear, although unpleasant. For all sorts of corporations, institutions, and dance companies, today's social, economic, and technologically hyper-quick developments create an extremely uncertain and incalculable environment (Rodríguez, 2016). These corporations were unable to adapt their business models to the changing climate. They have been resting on their previous achievements, confirming that companies' revenues from their existing business models are no longer a guarantee of survival (Gassmann et al., 2014). This is also seen in dance companies, especially when they stop receiving donations or government support, as seen in the Cedar Lake Ballet example previously. Dance companies need to be able to implement changes and adapt to new environments, this will provide them higher possibilities of being successful.

In addition, both nonprofit and for-profit companies are more likely to survive when they provide useful services and goods to their audiences. They are held accountable to their supporters, whether they are governments, foundations, or individual benefactors so it is unquestionably beneficial to have a well-functioning business model. (Rodríguez, 2016). Thus, businesses' capacity to innovate, particularly in the developed world, is vital to their long-term success. (Gassmann et al., 2014). As a result, business model innovation has become a new strategic objective for all businesses and for some dance companies recently (Rodríguez, 2016).

2.7. Business Model Innovation

"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change." — Charles Darwin

Business Model Innovation, is known as "the discovery of a fundamentally different business model in an existing business" (Markides, 2006, p. 20), along with "the search for new business logics of the firm and new ways to create and capture value for its stakeholders" (Casadesus-Masanell & Zhu, 2013, p. 464). According to Osterwalder & Pigneur (2010, p. 136), "business model innovation is about challenging orthodoxies to design original models that meet unsatisfied, new, or hidden customer needs".

The main goal of business model innovation is to find techniques and methodologies that will assist with change management and everyday activities to get better long-term results (Enev & Liao, 2014). Dance companies could be proactive in managing their business models to thrive in the volatile ecosystems of today (Bouwman et al., 2008), by taking a management perspective, a transformational view that considers business models as tools to assist in analyzing, planning, and transforming organizations as well as changing business models themselves (Morris et al., 2005). In fact, business model management consists of all the activities that relate to the design, implementation, modification, and adaptation of a business model, along with its control, in order to realize the primordial goal of creating and securing competitive advantage (Wirtz, 2011). As a result, business model innovation tries to understand how to revolutionize the way companies

function and generate value, in addition to product, service, process innovation and continual company performance improvement (Enev & Liao, 2014).

When two or more of a business model's features are recreated, it is considered innovative. This can lead to new ways of delivering value, moving beyond single-function models, and changing how technology is used (Frankenberger et al., 2013). According to the Boston Consulting Group (BCG) in 2009 empirical research has conclusively established that business model innovation has a higher chance of success than product or process innovation (see **Figure 3**), business model innovators are 6% more profitable than their contemporaries who innovate goods and processes over a five-year period. Similarly, business model inventors make up 14 of the top 25 most innovative companies in the world (BCG, 2009). These findings are consistent with the International Business Machine Corporation (IBM) research in 2012, finding that outperformers reinvent their business model twice as often as underperformers. Furthermore, according to a 2013 research done by BCG and the Massachusetts Institute of Technology (MIT) Sloan, business model innovation is a critical driver for effective sustainability-related developments. More than 60% of enterprises that have embraced this type of innovation have seen a rise in profitability (Gassmann et al., 2014). Phenomenon that will be also reflected in the arts during the 'Case Studies' chapter.

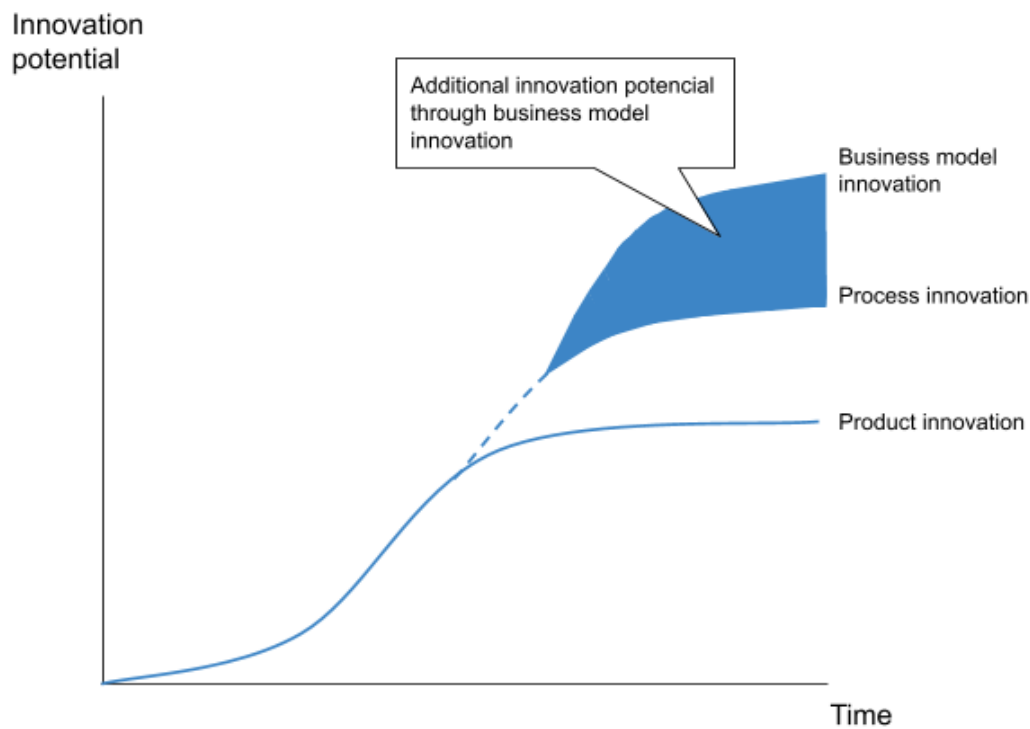


Figure 3. New business models allow for even more innovation.
 Source: Gassmann et al. (2014).

Many legendary success stories, in fact, may be traced back to an inventive company strategy rather than a spectacular particular product (Gassmann et al., 2014):

- Despite the fact that Amazon does not own a single physical shop, it has become the world's largest bookstore.
- Despite the fact that Apple does not sell CDs, it is the largest music store.
- In 10 years, Pixar has won eleven Academy Awards without using a single human actor in any of its films.
- Netflix revolutionized video renting without having a single physical store,
- Skype is the largest telecoms service in the world without owning any network infrastructure.

- Starbucks is the largest coffeehouse chain in the world, selling standardized coffee items at a premium price.
- Despite the fact that Cirque du Soleil does not have animals, it is the largest circus in the world.

Although there are no examples of dance companies in this list, this does not mean that they cannot be part of it in the near future.

The old norms no longer apply in the modern world. We hear about large corporations being challenged by little start-ups, which force them out of the game every day. What remains crucial in responding to future problems, are the qualities of innovation and resilience, which should now be inherent traits of any company. (Rodríguez, 2016). Quality goods and procedures will continue to be important in the future, but they will not determine a company's success or failure.

The era of business model innovation has started, in which a company's ability to adopt the suitable inventive business model that separates it from its humdrum competitors increasingly determines its destiny (Gassmann et al., 2014). In dance companies, Akram Khan and Pilobolus have achieved this result. Technology and digitalization have steered modern cultures toward a more collaborative socioeconomic model, with cooperation being one of the new economy's most significant virtues. Surprisingly, as collaboration grows, rivalry becomes more fierce than ever. To survive in today's hyper-competitive market, companies of all types can constantly reinvent themselves (Rodríguez, 2016).

To apply new methods, a regular business model was taken “Who, What, How, and Why” - In summary, it establishes who the audience is, what it is offered, how a dance piece is produced, and why a company is lucrative. Who-what-how-why is a business model in which the first two dimensions (who and what) handle the

exterior elements of the company, while the second two (how and why) address the internal dimensions. (Johnson et al., 2008)

The goal of this diagram (**Figure 4**) is to get a clearer picture of a company's audience segmentation, value proposition, value chain, and profit mechanism. It helps to flesh out and understand the business model while also building the groundwork for future innovation. This constellation is known as the "magic triangle," since adjusting one corner (for example, increasing income generation at the bottom left) involves adjusting the other two corners as well (Gassmann et al., 2014). As a result, business model innovation entails finding new and inventive methods to create value for both companies and audiences by replacing obsolete business models (Müller & Hundahl, 2018).

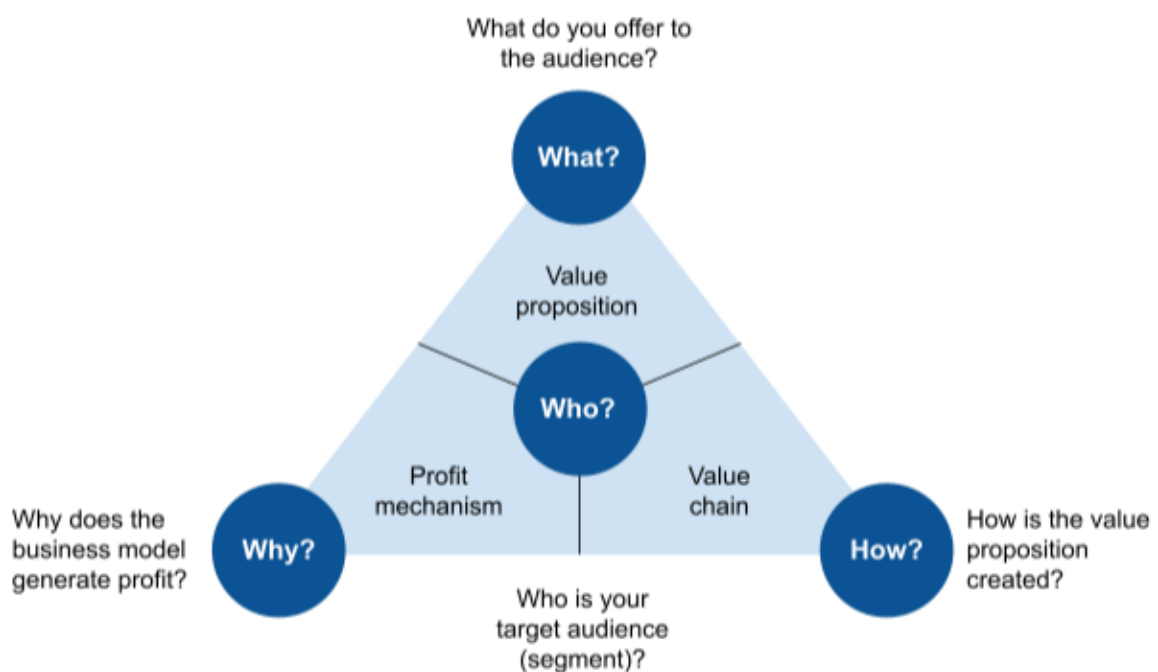


Figure 4. Business model innovation diagram.
Source: Gassmann et al. (2014).

At least two of these four dimensions must be changed in order to innovate a business model. The endeavor of only inventing the value proposition, for example,

would only result in product innovation. The **Table 2** below shows three instances and how companies have reinvented two or more aspects of their business model, either in response to industry logic or in comparison to their previous business model:

Instances			
	Dell	Rolls-Royce	Zopa
What?	Dell may provide customized goods at reduced prices.	This British aircraft engine firm pioneered the 'power by the hour' business model, in which airlines pay for flying hours rather than buying plane engines altogether.	It allows private persons to lend to one another.
How?	Unlike competitors such as Hewlett-Packard or Acer, there are no intermediaries involved. Dell receives vital information about real demand by receiving orders directly from consumers, allowing it to better manage its inventory and network of partners.	Previously, one-time payments with a cost-based pricing plan were the only means of doing business. In contrast, Rolls-Royce retains ownership of the engines and is responsible for their maintenance and repair. As a result, the firm has a consistent income stream and has cut expenses by enhancing the efficiency of maintenance. Because the company's primary purpose is to manufacture low-maintenance engines, the Performance-based Contracting business model has also transformed employees' views, because in the past, engine repairs were a direct source of cash, which led to confusing growth goals.	The organization links prospective creditors with potential borrowers who specify the loan size and terms they are ready to accept in advance. This allows loans to be granted without the intervention of a bank, which benefits both borrowers and creditors by allowing them to profit from lower interest rates.
Why?	Customers can pick extra components to match the main product and therefore design their own customized computer, which produces more income for the corporation. In contrast to the industry's dominant business model, Dell has altered all three sides of the triangle and developed a new logic for	In this case "Why?" is the same as "What?".	Zopa makes money by charging debtors fees, while creditors are exempt from such fees. In comparison to typical banking and financial enterprises, Zopa has transformed the profit mechanisms and value chain structures in addition to establishing new value propositions (for example,

	creating and capturing value.		private persons may take on the role of a bank, allowing for more competitive interest rates).
Who?	-	-	-

Table 2. Business model aspects reinvented by three companies.

Innovation in business models is becoming the new strategic imperative for companies (Kaplan, 2011). When compared to other companies in the same field, innovative companies have a distinct advantage (Rodríguez, 2016). "Stop looking at what your rivals are doing if you want to establish a fresh business model" (Gassmann et al., 2014). The ideal business innovates and the purpose of business is to create a customer, addressing dissatisfied or hidden customer desires (Drucker, 1955; Osterwalder & Pigneur, 2010). The purpose of a dance company is to perform to an audience, pleasing them with outstanding and interesting performances.

In today's world, business model innovation is seen as a particularly helpful tool for dealing with uncertainty. It can, in fact, help companies break free from fierce competition, in dance companies such competition might not exist. However, as stated before, business model innovation could define new paths to sustainability.

2.8. Art and Business Model Innovation

Many arts and cultural organizations face the challenge of how to survive, achieve financial sustainability, and build efficient business models without

jeopardizing artistic integrity, mission and vision values. (Schiuma et al., 2015). As a strategy to lessen their reliance on public funds, board members began to encourage cultural groups to adopt certain corporate notions and practices. This is where the business model notion enters the picture, bringing the apparently forbidden term "business" into the cultural sphere (Rodríguez, 2016). Individuals who continue to act in the same way they always have, will find difficulties to change (Enev & Liao, 2014). However, during times of shifting and falling of cultural funding, artists and cultural groups need to find new methods to survive and evolve (Schiuma et al., 2015). Demographic transitions and alterations (aging populations, migration, etc.) are increasingly confronting arts and cultural institutions, as is the quickly expanding digital transformation that impacts people's behavior, preferences, and cultural consumption patterns (Carlucci, 2018; Carlucci & Schiuma, 2018).

The contemporary social and economic environment is forcing the arts and cultural sector, among others, to alter and adapt to a paradigm shift led by technology and globalization. In this environment, innovation – especially, business model innovation – may be critical in assisting companies in continuing to provide value to society (Rodríguez, 2016). Academics and managers have largely discussed how to improve management and innovation skills of arts and cultural organizations so they can become more economically sustainable, less reliant on public funding, and able to improve society's overall impact in a significant and accountable way (Royce, 2011).

These macroeconomic pressures have a significant impact on the arts and cultural industries, as they do on all other sectors. Everything becomes increasingly intricate and interconnected as the world changes quickly. Thus, dance companies will probably need to implement operational changes (Rodríguez, 2016). When

altering an old business model or replacing it with a new one that needs more fundamental adjustments, companies will confront inertia as an obstacle. It means that companies' capacity to make structural adjustments in response to environmental challenges will be constrained (Cavalcante et al., 2011; Zott et al., 2011; Doz & Kosonen, 2010). The inertia of current structure, procedures, and beliefs across the company would result in an increase of rigidity, making innovation extremely challenging (Doz & Kosonen, 2010). To maintain the company running under the present business model while transitioning to a new business model that is still being developed, transition management necessitates a high degree of leadership and management abilities (Rodríguez, 2016).

It is important to increase the capability of arts and cultural organizations to effectively manage their business models (Anheier, 2009; Royce, 2011; Harvey, 2016). Thus, the understanding of how to renew the current company's functioning mechanisms, as well as how to manage and modify business models to make value generation potential more sustainable and effective, continues to flourish (Harvey, 2016), altogether with the need to define objectives and economically support their artistic, cultural and social programs (Schiuma & Lerro, 2017). From this perspective, new business models are becoming increasingly important for arts and cultural institutions, including those that execute innovative tactics (Bakhshi & Throsby, 2010; Munoz-Seca & Riverola, 2010; Munoz-Seca, 2011; Schiuma et al., 2015).

"In order to change an existing paradigm you do not struggle to try and change the problematic model. You create a new model and make the old one obsolete."

— Richard Buckminster Fuller

As innovation and creativity have become essential success elements for 21st-century enterprise, there is a different use of knowledge management of intangible assets, as well as a different manner of valuing and assessing "arts," "culture," and "creativity" (Drucker, 1999; Lawson, 2003). The need to test new business models demands new funding sources, both private and public, that are willing to take risks (Bakhshi & Throsby, 2010). Experiments with new business models could also assist to entice the private sector. Funding study trials relevant to the entire sector could be a fruitful new model of engagement for philanthropists and businesses; funding trials that provide full learning to the sector rather than focusing on individual projects may be a good way for sponsors and donors to contribute long-term to the arts (Bakhshi & Throsby, 2010), i.e. providing professional producers or management services who understand the arts.

To transform social systems (such as arts, education, health care, and entrepreneurship) across public, private, nonprofit, and for-profit sectors, there is a need to develop a common business model language that requires a cross-sectoral network of business models (Kaplan, 2011). New hybrid models are required that do not neatly fit into today's industrial categories. For-profit social businesses, nonprofits with for-profit divisions, and for-profit firms with social agendas are already on the rise (as it will be seen in the Akram Khan section). Traditional sector boundaries are becoming increasingly hazy as every possible combination is seen, and will have to get used to greater experimentation and uncertainty (Kaplan, 2011). Both nonprofit and for-profit enterprises could provide outstanding services and goods to their audiences and customers. They also have to answer to their donors or investors, whether they are governments, foundations, or individual benefactors. It is beneficial for dance companies to have a well-functioning business model (Rodríguez, 2016).

Business model innovation across industries is required for economic growth and answers to major social system concerns (Kaplan, 2011). All company executives could understand how to conduct research and development for new business models, including leaders of nonprofits, social enterprises, schools, and governments (Kaplan, 2011). This could be beneficial for dance companies' economic growth. However, this theory will only be confirmed when a larger number of dance companies implement these strategies.

According to existing literature, a company's culture determines the level of innovation, and without cultural transformation, all other attempts to put in place a revised business model may be a waste of time, or at the very least would be considerably more difficult (Chesbrough, 2010). As a result, Chesbrough (2010) continues by arguing that an organization's culture must both embody and support the new business model.

It is worth noting that in the sphere of performing arts, the term "customer" is perplexing. Customers, like audiences, may remain an ephemeral idea until a performance is eventually offered to the public, or until a venue has conducted significant audience surveys and research. Furthermore, the value given by arts and cultural organizations affects a bigger set of stakeholders, including the local community, a larger section of society, internet audiences, and so on, in addition to their (paying) audiences (or, to some extent, "customers") (Rodríguez, 2016).

Audience/user growth is seen as the most important task for arts and cultural organizations to perform in order to survive. Its goal is to increase not only the number of people who attend or participate in cultural events, but also the type of people who are connected and involved in such events. For these organizations, audience growth entails meeting the demands of current and future audiences as

well as maintaining long-term connections with them. These connections must become increasingly intense, a focus group said: "People want to go explore and learn for themselves, not be taught what to do." They are becoming more curious at the same time. This necessitates a growing number of opportunities for co-creation between artists, the cultural sector, and the general public (Carlucci, 2018).

The creation of a customer-driven strategy demands the CEO to make difficult decisions about what customers the corporation aims to serve, how to satisfy them profitably, why the consumer would choose to do business with the organization over its competitors, and how to integrate and perform operations accordingly when developing a customer-driven strategy (Parniangtong, 2017). In dance, an audience-driven strategy will demand the Artistic Director and sometimes the choreographer to think about what type of audience they are serving or approaching, how to connect with them, and why the audience would choose to watch a specific performance. In order to develop an audience-driven strategy, four key elements could be established:

- Audience selection: audience segmentation entails deciding which audience categories to target and how to succeed in each one.
- Audience-value proposition: the higher value that audiences may anticipate from the company's performance or service is stated in the audience-value proposition.
- Business model: Defining the efficient management logic required to achieve desired profitability.
- Operational scope and execution: defining the extent and bounds of company activities, as well as developing a plan for providing higher value profitably.

Audiences would anticipate increasingly audience-centric tactics on the demand side. On the supply side, new technologies are transforming how cultural organizations identify their audiences and the kind of services and experiences they provide (Bakhshi & Throsby, 2010). Adopting an audience-centric mindset necessitates epistemic and behavioral changes (Dunne, 2011). As a consequence, in order to accomplish audience-centered innovation, organizational transformation is also necessary (Buchanan, 2015; Elsbach & Stigliani, 2018).

3. Theory

After analyzing the research carried out during the literature and my years of experience in the dance environment, I have been struck by the lack of audience attendance at dance performances, especially in contemporary dance. This factor is extremely important because from the commercial and economic point of view, a positive response from the customer, or in this case the audience, is needed to survive.

In order to engage the audience in an innovative manner, the research points out how enterprises achieve customer engagement along with the significance of applying customer-centric strategies. Dance companies do not necessarily create work that considers the audience. Even though performances are created for an audience, my experience as a dancer, choreographer, and audience member have shown me that dance companies and choreographers focus mainly on the production and final result of a dance performance, which would be the equivalent of the product in business. This practice can exclude the opportunity to understand the experience of the audience, or what is known as audience-centric and customer-centric approach.

The two following sections explain the customer-centric approach, its beginnings, evolution, and its conversion into audience engagement. "The Design Thinking Process" section shows one way to understand customers and innovate processes within a company. These theories will be adapted to "The Dymond Process" chapter, thought and elaborated to innovate operations of a dance company.

3.1. Customer-Centric and its transformation to Audience-Centric Approach

For more than 50 years, people have debated about the notion of customer centricity and its advantages (Shah et al., 2006). According to Drucker (1955), “it is the customer who determines what a business is, what it produces, and whether it will prosper.” Six years later Levitt (1960) advocated that enterprises should focus on meeting consumer needs rather than selling items. However, it was more than 40 years later that the corporate sector recognized the necessity of customer centricity. Even though as early as the 1950s, the importance of customer focus in the marketing functions was recognized by several researchers (Drucker, 1955; Kotler, 1967; Levitt, 1960), it was until the 1990s that customer centricity research and customer satisfaction began to gain traction (Oliver, 1999). When referring to the audience in dance, engaging the audience can be more complicated since dance is something ephemeral and ethereal (it is not possible to take it home). In turn, the strategies to increase and maintain the audience have not been thoroughly developed.

Recent research has highlighted the effectiveness of a company's financial success when marketing spending is focused on the consumer (Rust et al., 2004; Venkatesan & Kumar, 2004), which could also be applied towards the dance audience. Market orientation and the market-driven organization (Kohli & Jaworski, 1990; Narver & Slater, 1990; Vorhies & Morgan, 2005). Three aspects that, in dance are translated into audience orientation and audience-driven company. These can help companies to better understand their audiences, resulting in superior audience performance. This is not a common practice in dance companies, therefore statistics are not yet available in this regard.

- Market/Audience Orientation: It is crucial to have a good understanding of the current and future audience. This necessitates a thorough understanding of the public attending and developing demands and reception (Uncles, 2000).
- Market/Audience-Driven Company: creating exceptional audience or customer value is a primary priority (Narver & Slater, 1990). Market/Audience-driven companies are defined by a set of cultural values and attitudes that prioritize audience needs (Deshpandé et al., 1993). To accomplish so, audience-driven companies create an audience orientation, which aids in the development, dissemination, and use of audience data (Kohli & Jaworski, 1990), as well as the coordinated deployment of resources aimed at providing higher audience value (Narver & Slater, 1990).

Enterprises that dedicated no less than 50% of their time to customer-centric marketing achieved 30% ROI (return on investment) greater than those who did not apply the same strategy (Marcus & Collins, 2003). Dance companies could begin to apply these practices towards the audience by creating value for the audience while at the same time creating value for the company (Boulding et al. 2005). It is important to comprehend how a dance company may successfully implement an audience driven strategy and therefore obtain possible rewards (Shah et al., 2006).

Throughout the years, businesses have been inclined to be product-centric, producing superior goods (Buzzell & Gale, 1987; Levitt, 1960). Similarly, dance companies are centered around producing performances (a product). Consequently, product-centric businesses require a massive leap forward to shift to a customer-centric model. It is a journey that the entire organization must take in order to attain a long-term competitive advantage. For dance companies, it would require a new

perspective and a new way of thinking along with the company's organizational structure, culture, and processes (Shah et al., 2006). Thus, being open to new ideas, new possibilities, or new challenges will let in new thoughts and consequently be able to implement changes to seek a better result. For example, when a choreography receives negative feedback it means that it can be improved, the choreographer needs to be open-minded, go back and rework the choreography. This will probably result in a positive outcome as it occurred to Akram Khan and its performance *Kaash*.

The culture of a company is an internal process that can also be modified or adapted. "There are two parts to any Culture. The first part is its structure; the second part is the living, breathing people in it. The blueprint for the structure is composed of five key aspects: what the organization or company is doing and wants to do (Vision); why the organization or company is doing it (Purpose) and how it is going to be done or what fuels it (Business Model), together with what makes it stand out (Unique/WOW Factors) and what the company and employees care about, or value (Values)" (Vik, 2013, p. 4). The attitudes and practices that govern how the dancers, staff, choreographers, and management of the company interact and deal with are referred to as culture. It is frequently suggested rather than explicitly stated, and it emerges organically over time as a result of the cumulative characteristics of the individuals the company recruits (Tarver, 2021). The dress code, working or rehearsal hours, dancers and staff perks, recruiting choices, audience treatment, audience reception, and many other aspects of behavior and operations will reflect a company's culture (Tarver, 2021). e.g. Cirque du Soleil creates an environment where all artists and workers of a show can interact and learn from each other as individuals.

The culture of dance companies and any organization is complex and multi-layered, which makes it hard to implement changes. Behavioral change leads to cultural transformation which is accomplished through modifying dancers' and dance staff (receptionists, accountants, technicians, etc.) behavior patterns and showing them how the new habits benefit them and help them perform better (Shah et al., 2006). So, how can behavior get altered? Top management commitment, tenacity, and strong communication are required, as with any change initiative. However, if there is a feeling of immediacy and a persuasive strategy, the chances of success are greatly increased (Shah et al., 2006). Culture is modeled and is usually taught by mirroring practices, e.g., if the choreographer of a company always arrives on time, it is very likely that the dancers will arrive on time. If the choreographer is late, the dancers will probably fall into the same habit.

Then a change in the organization's structure and operations may be justified, and incentives can be based on audience-centered goals. The creation of coordination efforts as the initial step of this evolution aims to solve the well-known shortcomings of performance or functional divisions by getting to know the audience with surveys and by getting involved with them (Shah et al., 2006). This coordination can be made by well-incentivized artistic directors, producers, or founders with defined goals, knowledge of the audience, and a structured business model. It can also be helpful to add integrating services like marketing or audience managers to organize all audience-contact operations (Shah et al., 2006).

While the outcome and quality of the performance will be remembered, the memories generated from witnessing and experiencing the performance will be treasured. As a result, performance marketing could concentrate on variables other than the performance itself (Martensen & Grønholdt, 2008). Depending on the ties

built with the company, the performing arts audience has distinct behavioral characteristics (Gronroos, 1995; Rentschler et al., 2002).

If a dance company is interested in its audience members, there are four marketing areas that it could explore (McCarthy & Jinnett, 2001). a) audience preservation, b) audience growth, c) audience development, and d) audience enrichment (McCarthy & Jinnett, 2001):

- Audience Preservation focuses on the actual audience and aims to lay a solid platform for future audience development. The company can concentrate on developing positive relationships with each member of the existing audience (Sawyer & Smith, 1999). This may be accomplished through a variety of methods, including newsletters, advanced program announcements, and invitations to premieres and panel discussions. One of the challenges is keeping in touch with prior attendees and encouraging them to return and attend more regularly (Santos, 2012).
- Audience Growth is the hardest area to master, and it is sometimes mistaken with audience development. The goal of audience growth is to find new members and expand the audience base. It is imperative to comprehend and use the notion of target marketing in this situation (Heritage Lottery Fund, 2010). When a company wants to expand its audience, it is common to make the error of looking for someone who is not like the present audience. Before expanding the performance or company into a new market, the company would first assess the market to discover if the company is marketable there (Maitland, 2004). If not, and the company still decides to market there, they may be losing time and energy (Zaggelidou et al., 2013).

- Audience development focuses on teaching individuals to become audience members. The arts are essential to education, and education is essential to the arts. The interchange process begins in the schools and continues from there. Values, interests, views, preferences, and behaviors are formed at a young age (by providing every kid with the opportunity to watch an opera, play, or ballet, as well as junior patron's events and children's matinees). Younger generations must be educated since they will be the audience of the future. There are initiatives that can be put in place to get this process started (Zaggelidou et al., 2013). Any education program that includes elementary, middle school, or university students is a start (build curriculum for schools to teach students about individual works, using schools to generate a new generation of theater goers, dance in schools programs). Younger generation symposiums are significant because they offer them a taste of what the arts can accomplish for them and how they can participate in the arts.
- Audience Enrichment is often overlooked or undeveloped, despite the fact that it could be a component of any company's strategy. A company should want everyone who attends to have a good time (Zaggelidou et al., 2013). The ideal experience would be for the audience to want to come back and bring a friend. Little amenities like easy parking, well-lit spaces, simple directions, and refreshments during intermission are among them.

Those are ideas and mental models artists entrepreneurs could employ to make sense of a complicated, shifting market reality impacting customer-centered cultures even more by implementing audience-centered strategies. Company members can create empathy from experience with audiences as audience

satisfaction could be key to long-term success (Shah et al., 2006). Companies that listen to audience feedback as source for improvement can start to be considered audience-centric. A dancer's willingness to help other dancers or the dance company staff's enthusiasm to improve the performance outcome influences the audience's perception indirectly (Shah et al., 2006).

An audience-centric company would prioritize finding solutions to these questions: What do the company wants the audience to feel? How can the company become more integrated into audiences' lives? What are the abilities that the company possesses that the audience values? Is the company capable of providing a memorable experience to the audience? (De Keyser et al., 2015). Rather than only focusing on the topic, "How can funds or revenue be captured?" (De Keyser et al., 2015). An audience-centric company will explore how the audience feels and how a performance experience stimulates their lives (Bettencourt et al., 2014). Some of these aspects can be perceived on Akram Khan Company work, which can be found in chapter 5, "Case Studies."

In today's world, it is no longer enough to provide a decent performance to compete with other entertainment fields or industries like musical theater, movie streaming companies, music shows, stand-ups, and others. The audience experience does not end with the performance; nurturing the post-performance phase is critical for promoting audience loyalty and brand advocacy on the internet (i.e. website, emails, social media). Companies who want to become audience-centric and operate from the audience perspective, can utilize cutting-edge technologies and data analytics (i.e. social media data, online surveys) to monitor, comprehend, and predict audience preferences (Giménez, 2018).

All of the strategic goals and objectives are measured in terms of audience impact, demonstrating that audiences are valued (Parniangtong, 2017). From a for-profit perspective, there would be no company or culture to talk about if audiences did not support the company and its culture. Therefore, it is significant to show them gratitude with the offered experiences (Vik, 2013).

An audience-centered mindset is built around the belief that every decision should be made with the audience in mind and that future possibilities for satisfying audience members should be a priority (Shah et al., 2006). This might include difficult and time-consuming adjustments for a company's culture and internal structure, as will be seen during the two case studies. In the next section it will be possible to link The Design Thinking Process with organizational development and culture.

3.2. The Design Thinking Process

Design Thinking, as defined by Johansson-Sköldberg et al. (2013), is applied outside the design environment (including art and architecture), for and with individuals without an academic background in design, specifically in management. *Design Thinking* is an innovative customer-centric process (Dorst & Cross, 2001). In dance, this will be translated into an audience-centric process. It entails generating, exploring, and developing alternative services or experiences with value for the audience, which involves curiosity, imagination, and creativity (Dorst & Cross, 2001). This model places the consumer at the core of the business (Parniangtong, 2017). For dance purposes I consider the audience as a second heart, one is the artistic expression, inspiration, and passion; the other in this process, is the audience.

Design Thinking is based on a strong desire to learn more about the people for whom the performances are being produced. It enables the company to observe and empathize with the target audience, this would be done by thinking from the audience perspective, placing yourself as an audience member, and imagine what could be offered to improve the overall audience experience. This also assists in the process of questioning the problem, the assumptions, and the consequences by re-framing the problem in human-centric ways, producing numerous ideas through brainstorming sessions, and taking a hands-on approach to prototyping, and testing. *Design Thinking* is highly beneficial in solving challenges that are ill-defined or unknown. Sketching, prototyping, testing, and trying out thoughts and ideas are all part of the *Design Thinking Process* (Dam & Siang, 2018). The brainstorming sessions will bring new ideas, new solutions to old problems, and a fresh approach to the current environment.

Consequently, audiences become directly involved in the continuing process of acquiring solutions, rather than merely serving as end-viewers of the supply chain, since the ideas and solutions will be tested and evaluated before they are fully implemented. A company can offer experiences instead of simply showing their work, and the audience reaction will determine performance value (Parniangtong, 2017).

In other words, *Design Thinking* is an iterative process in which a company tries to understand the audience, challenge assumptions, and reframe challenges in order to find new tactics and answers that are not immediately obvious based on the current level of understanding (Dam & Siang, 2018). It is a fresh approach being actively embraced in non-design industries to make use of inventive capabilities, rather than utilizing newly developed models or former methods of working (Carlgren

et al., 2013; Dorst, 2010; Martin, 2009). It allows companies to modify their approach, processes, and strategies, with the latter determining new types of value (Brown, 2008). Simultaneously, it offers a problem-solving strategy centered on solutions. It is both a style of thinking and functioning as well as a set of practical techniques (Dam & Siang, 2018). Thus, practice, application, and experience are the greatest ways to develop *Design Thinking* skills (Dorst, 2015).

The connection between *Design Thinking* and business model innovation has led several nations to implement its use in education. By using the *Design Thinking Process* within academic and vocational disciplines, students are developing better analytical skills and a broader perspective (Heskett, 2003). As a result, *Design Thinking* is becoming more widely recognized as a means of developing 21st-century student capacities in all areas and providing them with the resources they will need to successfully manage the ever-changing difficulties that the global community is beginning to face (Wright & Wrigley, 2017; Wright & Davis, 2014).

Embracing *Design Thinking* demands organizational transformation from within; the managerial leadership, dancers, and dance staff will need to adopt the necessary expertise and attitude if the company desires to develop an innovative culture that can adjust and evolve in an ever-changing world (Ward et al., 2009). Collaborative thinking will strengthen a dance company. This process would also give dancers, choreographers and dance companies the opportunity to develop intellectual skills while opening a space for expression.

3.2.1. Design Thinking and its Phases

There are different versions of the *Design Thinking* approach in use today, with three to seven distinct stages, all versions are similar in each of their forms. The same concepts underpin all variations of *Design Thinking*, which were initially outlined by Nobel Laureate Herbert Simon in *The Sciences of the Artificial* in 1969.

The *Design Thinking* model established by Stanford's Hasso-Plattner Institute of Design, also known as d.school, is at the vanguard of using and instructing *Design Thinking* in higher education.

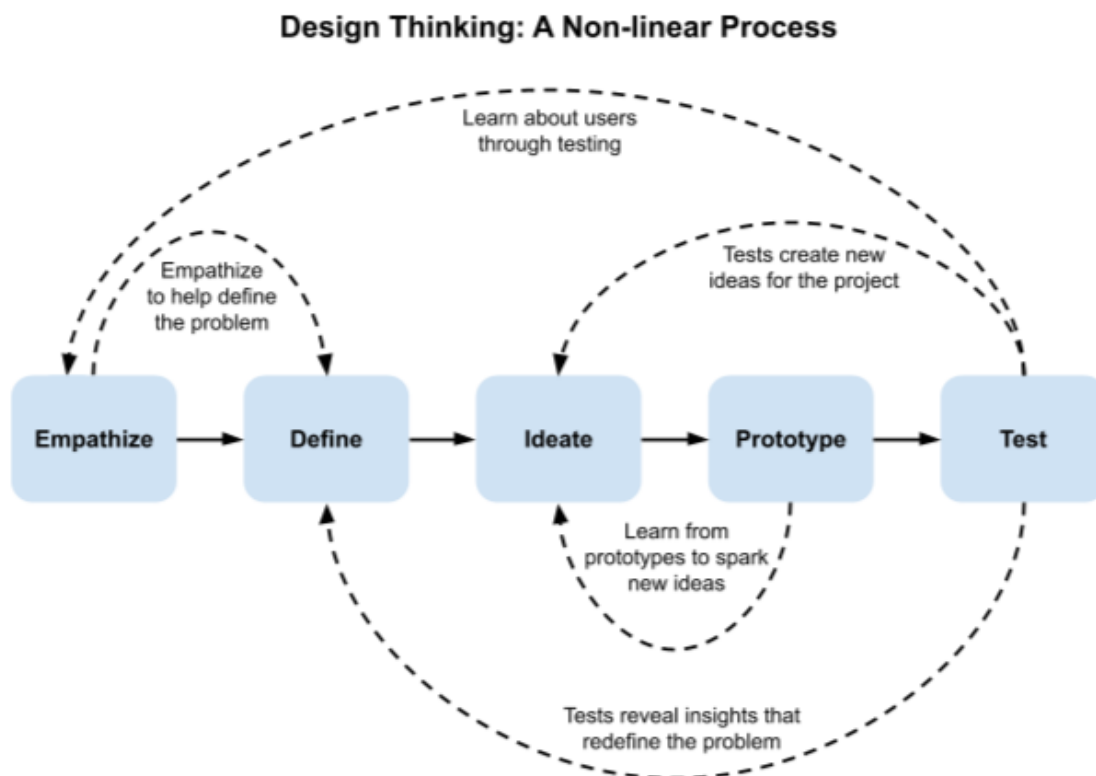


Figure 5. Design Thinking Concept Map.
Source: Dam & Siang (2018).

According to the d.school, there are five phases of *Design Thinking*: Empathize, Define, Ideate, Prototype, and Test (Dam & Siang, 2018). It is worth

noting that the five phases are not necessarily in that order and they can frequently happen simultaneously and repeatedly (see **Figure 5**). The phases should not be viewed as a hierarchical or sequential process. They should rather be viewed as an overview of how to approach an innovative project, rather than a chronological route (Dam & Siang, 2018).

Empathize: Gaining an empathetic knowledge of the problem is the first step in the *Design Thinking Process*. This entails consulting specialists to learn more about the subject of concern, as well as monitoring, interacting, and empathizing with audiences to better understand viewer motivations, as well as submerging yourself in the real environment to achieve a unique understanding of the situation. Empathy is essential in a human-centered design approach like *Design Thinking* since it helps designers to put their personal worldviews aside in order to gain insight into audiences and their perspectives (Dam, 2021). This can be done through comprehensive observations, interviews, or surveys, to find the characteristics of the audience for whom the performance is built.

Innovation will begin with a comprehensive assessment of the performance audience and future audience feedback and expectations, as well as an awareness of the performance technical and market conditions (Brondy & Kaźmierczak, 2017).

Define: Brings together the knowledge developed and received throughout the Empathize stage. This is where the team, including dancers, choreographers, and directors will integrate and evaluate findings in order to describe the fundamental challenges that the company has noticed so far. In a human-centered way, it should seek to frame the issue as a research problem (Dam, 2021). For example, rather

than defining the problem as a personal desire or a company need (Dam, 2021), such as “we need to increase our visibility among teenagers by 10%,” a better way to define the problem is “Teenagers need to attend dance performances to expand their creativity, cultural knowledge, and sensibility.”

The audience experience should be specified by the company. It can be presented in a design brief. These can be simple or sophisticated and can be spoken or written. A brief should state a clear aim that the design must achieve.

In order to build innovative and audience-oriented solutions, traditional frames of mind and habits should be avoided throughout the investigation (Brondy & Kaźmierczak, 2017). The Define stage will also assist the company’s designers (or who is implementing *Design Thinking*) in generating outstanding ideas for features, functionalities, and other aspects that will allow them to solve problems, to begin to proceed to the third stage, Ideate, by asking questions that will help to find answers (Dam, 2021), such as “How may the company motivate teenagers to expand their cultural knowledge by attending our show?”

This stage is challenging because individuals will naturally focus on certain answers that they are familiar with rather than moving in the unpredictable path of numerous possibilities. It is worth noting that deciding too quickly on a solution might result in a situation where a solution fails to meet the audience demand (Brondy & Kaźmierczak, 2017).

Ideate: At this point, techniques like brainstorming to produce as many innovative ideas as feasible will need to be used. Keeping in mind that, according to the norms of brainstorming, even the most unlikely ideas and solutions must be considered. It needs not just technical understanding of the subject, but also

inventiveness, boldness, and originality to come up with good ideas. To make this process go more smoothly, avoid criticizing other team members' ideas. This phase can be finished by analyzing and choosing the best concept. At this point, a design team or the company may decide to use one of the several art and design styles as a framework. A minimalist, conceptual, surrealist, or realistic design project plan, for example, can be offered. As the ideate stage proceeds, it will become evident whether there were any misconceptions or flaws in the definition stage, as well as whether adequate research was conducted. Throughout the design phase, feedback can be sought to clarify points of contention with the audience and to resolve issues that were unclear during the definition stage (Brondy & Kaźmierczak, 2017).

Prototype: The company will now formulate a number of low-cost means of the new idea to offer it to the audience in order to study the solutions or new experiences developed previously (Dam, 2021). The prototype's primary goal is to provide audiences with new experiences and obtain immediate feedback on its performance (Brondy & Kaźmierczak, 2017). Prototypes can be shared and tested inside the company, in other areas, or within a small group of people who are not part of the company. This is an experimental stage that aims to find the best solution for each of the challenges highlighted in previous stages (Dam, 2021).

This process allows the dance company to determine whether the project is well received by the audience or whether changes need to be made to the idea (Brondy & Kaźmierczak, 2017). They are either adopted, updated, re-examined, or discarded. By the completion of this phase, the company will have a deeper understanding of the restrictions and issues towards audience engagement, as well

as a greater sense of how the real audience will respond, think, and perceive while engaging with the performance and the company (Dam, 2021).

Even if previous tests were conducted utilizing prototype solutions, constant building, refinement, and testing of designs, it is not certain that the final result will be successful. This method guarantees that the audience point of view and preferences are met while reducing the danger of failure. Prototypes are used to test certain parts of a proposed solution. To achieve so, all critical components need to be thoroughly assessed. A prototype would not have to be created with the final materials to communicate the notion of how it will look like (Brondy & Kaźmierczak, 2017).

Test: In the final step, the prototype must be offered to the audience as a new experience in order to get their feedback on the finished idea. The goal of this step is to test the reception of the developed idea in a real-world setting where the idea or experience will be offered. Specify the required variables and their values so that the test results may be clearly determined. If this stage is skipped in the design process, the proposed idea may fail to fulfill the audience (Brondy & Kaźmierczak, 2017).

The data collected during the testing stage is generally used to reframe one or more obstacles and enrich the understanding of audiences, the circumstances of implementation, how people think, act, and behave, and to empathize in an ongoing process. Even during this stage, changes and improvements are done to rule out potential issue solutions and get a thorough grasp of the experiences and its audience (Dam, 2021).

Therefore, when an audience is located at the top of a value creation process, the process starts with the audience and experience value, then proceeds

backwards to determine what is required to match the audience experience value, it is value creation chain reversal. Meeting audience understanding through a reverse value-creation chain is likely to result in new ideas that are vastly different from what is now available. The more we learn about audiences' perspectives, the more likely a company will offer a differentiator. Such reversal of thinking may lead to the acquisition of new features and radical innovations, including new methods to meet audiences demands (Parniangtong, 2017).

What makes *Design Thinking* unique is that designers' work processes can assist in methodically obtaining, instructing, learning, and implementing such human-centered techniques to solve problems in an imaginative and innovative manner. This type of process can impact our creations, enterprises, countries (and, if things go well, further), and ultimately, our daily life. Nonetheless, a brilliant artist like Auguste Rodin, who produced the classic sculpture "The Thinker" (originally "Le Penseur"), would almost certainly have employed the same cutting-edge techniques in his work. All great innovators in literature, artwork, music, sciences, engineering, and enterprise have done so, and continue to do so (Dam & Siang, 2018). Now, this can also start to being consciously implemented in the dance environment. The *Design Thinking Process* is also implemented in the *Dymond Process* (chapter 6), serving as an updating tool for dance companies processes, ideas, and strategies.

4. Methodology

Drawing upon the literature review and theory chapter presented above, this thesis seeks to explore how dance companies can adapt and transform to become more sustainable, engaging, and innovative. My methodology explores in depth two case studies: Akram Khan Company and Cirque du Soleil. Thus, this study adopts a qualitative approach.

Qualitative case study research is creative and interpretive, and it accepts differences in interpretation of the same phenomenon, arguing that observational interpretation is influenced by the researcher's character and experience and that advocacy is an important part of qualitative case study research (Stake, 1995; Denzin & Lincoln, 2008). I investigate the relationship between arts and business in real-world scenarios using qualitative research and my personal experience as a choreographer and dancer. I use analytical observation and literature research seen through the theoretical approaches previously mentioned as the main methodologies to gain insights into the connection between best business practices, *Design Thinking*, and how they can be applied to dance companies.

In this critical and interpretive qualitative approach, the researcher is both a reflexive researcher and a reflective practitioner. Viewpoints on the case studies need a reflective approach, in which my position within the creative infrastructures and institutions examined must be taken into account (Dean, 2017). Engaging in reflexivity and accepting relativity supports us in identifying many realities, viewpoints, and standpoints (Denzin & Lincoln, 2008).

Such positionality demands a reflective approach, in which I must first accept the prejudices and assumptions that inform my viewpoint as a dancer and

choreographer, before reflecting on my own work in order to understand and contextualize the work of others. My objective is a reaction to the field's inefficiencies; a reaction that I recognize instinctively as being inextricably linked to my own position as an active dancer and choreographer. The study is perfectly valid from a position and standpoint investigating this reality, as is a perspective whereby notions of business are ascribed to dance companies. I present this work as an optional future for dance companies to create high-quality art using knowledge characteristics from businesses already used by a few companies. A business understanding of for-profit organizations is useful if the focus is on system thinking and the most efficient practices. On the other hand, a sound understanding of nonprofit organizations is useful if the focus is on fundraising activities. Recognizing art and business connections simply brings to focus dance companies as central to creating high-quality dance for the audience, while also serving the dancers they employ.

The development of this thesis followed the following steps:

1. Bibliographic survey for studies and discussions on the area of nonprofit and for-profit organizations including the impact on dance companies and exploring the relational with digital transformation;
2. Bibliographic survey for studies and discussions about the collaboration between arts and business bringing concepts from Business Models, audience/customer-centric, and Design Thinking;
3. Bibliographic survey for studies and efforts to analysis of two real-world cases: Akram Khan Company and Cirque du Soleil;

4. Efforts to define a proposal for business model innovation to dance companies based on concepts from nonprofit and for-profit organizations, Business Model, Business Model Innovation, and *Design Thinking*.

My research design is built around three stages; the first stage examining existing literature around arts and business, the second stage analyzing real world art organizations, and the final stage features a framework that may be used to support existing and emerging dance companies to develop a long-lasting and promising future. The result is a reflection and discussion of the research presented in the following chapters analyzing how two real world arts companies (in the dance & circus fields) implement their business practices without adversely affecting the art and the integrity of thereof. Furthermore, a framework is proposed to create a new dance company business strategy.

5. Case Studies

Within the arts there are a large number of companies and organizations, which, as said before, are established as nonprofit and require certain characteristics to be met, which provides some advantages and disadvantages. In the area of dance, most dance companies do not have the economic solvency to offer a salary or benefits for their dancers as well as they do not have (for the most part) an audience that can generate enough revenue to cover the expenses required to create a dance piece. The production of dance pieces is expensive, the support they have is not enough, and the passion of artists in the area is enormous as it is one of the principal aspects that keeps dance companies alive.

With that being said, it is worth paying attention to new alternatives, i.e. for-profit and hybrid models that could begin to be implemented with the intention of obtaining a better result than the standard known among nonprofit dance companies. This does not mean that it will be the sole answer to success, just as it is not easy to maintain and grow any type of corporation or business. Starting a dance company either for-profit or nonprofit is not and will not be easy.

In dance, there are not many companies that have opted for or implemented a for-profit business model since it is a relatively new area of knowledge within dance. The following two companies were chosen as case studies due to their innovative characteristics, their ability to change and adapt to new circumstances as well as their ability to be sustainable with a corporate structure while maintaining their artistic essence.

5.1. Akram Khan Company: A Real World Example

British-Bangladeshi Akram Khan was born in 1974 in south London to Bangladeshi parents and began dancing at the age of three (Roy, 2009). Akram Khan received an exceptional honors degree from the Northern School of Contemporary Dance in Leeds in the summer of 1998. (Mitra, 2015). As a young skilled dancer/choreographer, he met Farooq Chaudhry, an ambitious former dancer and freshly graduated arts manager. Khan returned to London later that year, building on the work he had done there with Chaudhry, the duo started the Akram Khan Company in 2000, leading to a spectacular success story (Roy, 2009). The Akram Khan Company is now unquestionably one of the world's most inventive dance companies.

Chaudhry (2017) focuses on contemporary dance production as a business and examines the role of the cultural entrepreneur in the dance industry to understand the relationship between Akram Khan Company (AKC) and business by applying some business strategies and processes seen in the literature (e.g. business model innovation, DT, *Design Thinking*). According to Chaudhry (2017), business does not have to be a negative word in the arts. Rather than presenting a prescriptive road map to achievement, "I seek to share my work practices over the past fifteen years to contribute to an understanding of the tricks of the trade-in dance management" (Chaudhry, 2017, p. 1). He shares his "Ecology of three business structure" and his approach as an artist-entrepreneur. Chaudhry (2017) also finds that the industry's over-protection of its intrinsic experimental character has led to an unhealthy skepticism with contemporary dance presented as a "business" contaminating its essential ideals. This was supported by McNicholas (2004) and

Kaplan (2011) who asserted that some art and cultural organizations consider that they should never associate with business activities or principles such as business models. This skepticism may be a throwback to a time when arts administration had a professional structure and was mostly run by philanthropic individuals who were enthusiastic about the arts but lacked official training or awareness of business demands (Chaudhry, 2017). Which has evolved slowly and continues to evolve today.

Chaudhry (2017) notices that there is resistance to bringing the arts closer to business; a fear of contaminating the core values of dance, and that it can create a low-quality administrative structure in dance companies. As Rodríguez (2016) mentions, some artists are concerned that the artistic activity of dance companies will be lessened if administrators focus exclusively on financial success.

By contrast, the AKC producer (Farooq Chaudhry) is not concerned, since the 1990s, a greater number of arts organizations have become business-focused in order to strategically enhance creativeness, development, and sustainability (Chaudhry, 2017). As stated by several scholars (Rodríguez, 2016; McNicholas, 2004; Evrard & Colbert, 2000), some arts and business organizations are implementing new forms of communication, blending core values, interests, organizational structure, and so on; thus, supporting each other and growing along. Hence, they are building and invigorating a rapidly switching world. At the same time, they are more prepared to adapt to and surpass financial and structural obstacles (McNicholas, 2004; Rodríguez, 2016), by acquiring entrepreneurial knowledge. Adaptation is crucial for dance companies, especially contemporary dance companies. Contemporary dance, like many other art forms, is a niche performing art with a smaller audience when contrasted to other mainstream arts like classical

ballet or the dance productions seen in London's West End or New York's Broadway scene (Chaudhry, 2017).

As seen in the literature, managing a dance company can be expensive, while funding is unpredictable (Sims, 2005b). A majority of dance companies do not generate enough revenue to sustain themselves even with a significant amount of ticket sales and good audience attendance (Felton, 1994; Ostrower & Calabrese, 2021; Smith, 2003). As stated before, art managers, choreographers, and dancers are known for remaining in the dance field because of their passion for dance even though jobs in the field do not provide sufficient income to pay for their living expenses (Hessenius, 2009). However, Farooq and Akram knew that difficulties and adversities can also make an arts organization stronger. Chaudhry (2017), makes every effort to avoid thinking about success and failure. Aside from the problems of complacency and myth-making, it may be deceptive since success can make one believe they are much better than they are, while defeat can make one believe they are much worse. Being comfortable with the possibility of failure may be a more powerful motivator for success as well as a chance for organizational reflection. This is because when one fails, one asks challenging questions, but when one succeeds, one does not. "Failure is the road to new insights and learning" (Chaudhry, 2017, p. 5).

AKC experienced its own share of failures as the company created a dance piece that was underdeveloped titled *Kaash*. They failed to impress important industry figures by performing this "weak" dance piece. However, AKC brushed it off and evaluated its failure meticulously. They reinvested considerably on reworking and developing the failed performance, turned their fortunes around, and got back on track in six weeks. Those influential individuals saw their work for a second time, the

individuals enjoyed it, and have been part of their support team ever since (Chaudhry, 2017). This type of process is an example of the characteristics of the *Design Thinking Process*, which proposes to generate, explore, and develop solutions involving imagination and creativity (Dorst & Cross, 2001). The AKC failure is an example of testing and reframing a product through a non-linear process. After the company received negative feedback from the audience they went back to the ideation phase; reworking their production (i.e. improving it choreographically, making connections between scenes, and more), and offering it again to their audience (back to testing). Even though the procedure as a whole of the AKC is not formally stated as the one utilized in the *Design Thinking Process*, it possesses some of the *Design Thinking* characteristics that undoubtedly influenced the outcome of the company over the years by learning from failures, reworking, rethinking, innovating, and adapting to new challenges.

Accepting failure in the art environment can be difficult. There is an intrinsically artistic ego involved and innumerable justifications, which leads to ignoring the evaluations of the audience. When a company does not try to learn from audience feedback it can result in repeated failures, stagnation, and a lack of progress. If AKC had not learned from its experience with *Kaash* there is a high probability that it would continue to make the same mistakes. Fortunately, this was not the case, they learn from their experiences, evolving as innovative and successful artists entrepreneurs.

5.2.1. Climbing the Ladder

According to Chaudhry (2007), as a result of unceasing success, AKC began to make poor choices and started to communicate with the wrong people. When a company starts to be recognized, third parties begin to appear with an interest in collaborating, which can be beneficial for the company to continue its expansion. However, these approaches could be seeking only self-interest and not a collaboration where both sides are benefited. This is why it is important to analyze each possible collaborator and prioritize the company's mission before any agreement or collaboration with third parties. In the conventional business sector, this is the moment when businesses are most vulnerable to failure since they are unable to maintain cash flow to finance unexpectedly rapid expansion; a scenario difficult to envision (Chaudhry, 2017). Followed by organizational development, and as recommended by Shah et al. (2006), they hired a management consultant to help with the process.

AKC business model needed a reformulation after its environment changed. Their business model was obsolete in front of the new stage they were experiencing. They used to be malleable and react according to the environment and the opportunities presented. A strategy that was no longer the most appropriate according to the new stage of rapid growth they were facing, with constant proposals and new projects. AKC once again, went back to recreate (Chaudhry, 2017). This time it was its business model that needed renovation. AKC started to analyze the situation to adapt and create a new business model. They were using DT by applying business model innovation, understanding and revolutionizing the business process and its structure, resulting in business performance improvement (Enev &

Liao, 2014), at the same time they were going back to reinvent themselves according to the new environment. They were implementing *Design Thinking* processes once again and “we developed a formal company structure with a strategic business purpose and plan” (Chaudhry, 2017, p. 6).

In the business of dance, the process is just as important as the finished product (Chaudhry, 2017). It is typically what sets one arts group apart from the next, “the more we worked, the clearer our artistic identity became and what we cared most about doing” (Chaudhry, 2017, p. 7).

In addition, unlike traditional consumer and product/service partnerships, where confidence and clarity are essential to initiate a purchase, contemporary dance necessitates a distinctive transaction (Chaudhry, 2017). The public does not know what they are going to watch. The audience is sold on the element of surprise and mystery, as well as the encouragement to fantasize (Chaudhry, 2017). Unlike ballet companies, AKC only performs original work, this makes them unique and mysterious. The relationship among artists and the audience needs a high level of devotion and trust (Chaudhry, 2017). Reminding that in dance, the audience is equivalent to the customer in other fields (Rodríguez, 2016). Audience growth is fundamental for the survival of arts and cultural organizations. Whereby, it is important to maintain a long-term audience connection (Carlucci, 2018). Despite that, most dance companies face high difficulty when it comes to creating, maintaining, or connecting with the audience (Chaudhry, 2017). Dance movements in contemporary dance are usually more abstract than what the average audience watches in other dance fields. Even if the product has attracted an audience, this odd and sophisticated transaction is made even more complicated by the fact that

the audience is usually the last thing on the artist's mind when they start a new project or production (Chaudhry, 2017). They do not begin with the audience; instead, they end with them. The audience has contact with the product, in this case the performance, only when it is finished and probably for the audience it will be their first and only contact with it. As a result, the amount of risk is significantly higher and more dangerous than in a traditional brand/consumer connection, emphasizing the importance of strong, resilient, and adaptable business architecture (Chaudhry, 2017). An audience-centric mindset or connection requires behavioral changes and organizational transformation (Dunne, 2011; Buchanan, 2015; Elsbach & Stigliani, 2018). While this is optional it could bring positive results to a dance company. Some of the strategies AKC uses to connect with the audience is by creating storytelling pieces, creating dance performances with renown artists, and working with companies like Netflix.

5.1.2. AKC Organizational Structure

AKC planted the seeds of self-determination during the organizational assessment. By selecting what not to do, they discovered what they wanted to do, which is: “Artist-to-artist collaborations (e.g.: *Zero Degrees*, *Sacred Monsters*, *In-I*), Ensemble/company work (e.g.: *Kaash*, *Ma*, *Bahok*, *Vertical Road*), and Classical Kathak solos (e.g.: *Polaroid Feet*, *Ronin*, *Gnosis*)” (Chaudhry, 2017, p. 7). According to Gassmann et al. (2014), this determines the Value Proposition of a business, in this case, the business of dance, this is what the company offers to its audience. The foundation of an artistic organization is composed of ideas. AKC is motivated and

inspired by them (Chaudhry, 2017). Determining who they are as a company (mission, vision, and culture), and whether they are clear, honest, genuine, approachable, engaging, or innovative, it is a criterion by which they are assessed. Ideas that are both thrilling and properly produced have the potential to become innovations (Chaudhry, 2017), as seen in the performances *Vertical Road* and *DESH*.

As the team works, the dance piece grows over time to transmit intellectual, brave, and original ideas, earning international praise and recognition as well as creative and financial success (Chaudhry, 2017). They are able to connect with audience around the world, using original work and creativity. This allows an expansion beyond their country and a broader revenue stream. Originality can be key to success, as stated by Gassmann et. al., (2014), as Chaudhry references...., if you stop looking at what others are doing you will establish a fresh business model. This same concept can be applied to the creation process of a dance piece. One option for assuring a high degree of communal invention and artistic preservation is to use a collaborative procedure (Chaudhry, 2017). Dance is undoubtedly the most organically collaborative of all the performing arts. This art form could demand music, lighting, costumes, staging, and sound, in addition to choreographers, dancers, engineers, technicians, and dramaturgists as a few examples (Chaudhry, 2017). Collaboration may be regarded as a highly specialized process that goes through several stages in order to achieve its goal. Each artist has a unique working methodology, while some are inspired by pure movement, others are inspired by stories, music, or personal experiences. By the time AKC reached its tenth year, their approach evolved from a traditional ten to twelve-week continuous creative cycle to one that stretched out over eighteen months. This collaborative process

would start with a brainstorming session of the core creative team to build a shared vision based on Akram's original inspiration. Once the vision has been established, each contributor may focus on their own areas of responsibility (e.g. musicians, visual designer, etc) while staying in touch with Khan (Chaudhry, 2017). This means that the entire team has a voice and the opportunity to express ideas that are managed and considered by the choreographer, which is the principal creator.

In arts management, the first stage in preparing for organizational success is to develop a company's vision and mission (Rosewall, 2014). The Akram Khan Company required ten years to establish a clear and real concept. In business, vision refers to a mental image of the future world and how the company wants to get there (Chaudhry, 2017). AKC's mission is "To take human themes and work with others to take them to new and unexpected places – embracing and collaborating with other cultures and disciplines" and their vision is "To produce thoughtful, provocative and ambitious dance productions for the international stage by journeying across boundaries to create uncompromising artistic narratives" (Chaudhry, 2017, p. 7). Their mission and vision reflects how they care about crossing boundaries while maintaining respectful narratives worldwide, which is reflected on their international success. AKC makes sure each production relates to its mission and vision. Both statements are an important part of the culture of AKC (Chaudhry, 2017). According to Chesbrough (2010), the culture within a company determines the level of innovation, and further suggests that it will benefit by supporting and embodying the new business model. Moreover, identity shapes vision just as much as vision influences identity, if this interaction is constant over time, it crystallizes into what is commonly referred to as a brand (Chaudhry, 2017) and captures Key Resources in a business model (Johnson et al., 2008).

A brand is not simply a matter of a logo. The style, attitude, and values of a company are all part of the brand. These principles, whether creative, moral, or economic, are the foundation of the organization; it is essentially the formation of a culture (Chaudhry, 2017). Self-awareness and the capacity to step outside of yourself and view yourself objectively are required to understand who you are (your brand) and what you do (your culture). This self-reflection process then becomes a tool for personal growth, transformation, and accountability (Chaudhry, 2017). This allows companies to have a clear understanding of their objectives and achieve them through activities of genuine interest. According to McNicholas (2004), it creates a stronger effect on business marketing and public relations. Becoming important factors in the relationship a company develops with its audience (Chaudhry, 2017).

Aside from the market setting in which they operate and the outcomes they seek, there is little that distinguishes a commercial entrepreneur from a cultural entrepreneur when it comes to entrepreneurship. While one may define value or reward through higher share price, the other may define value or reward through the creation of high-quality intellectual property. By improving the quality of their product, both will strive to expand their market presence and improve consumer experience (Chaudhry, 2017). Reaffirming the fact that the customer's voice is heard across the organization (Parniangtong, 2017). Despite this, there is no one-size-fits-all strategy for being a great producer. Chaudhry's understanding and experiences, after working on both sides of the stage, play a significant role in his judgment and decision-making. Because a producer frequently deals with intangible unseen influences as well as physical ones, it is a highly individualized profession that demands as much instinct as intelligence (Chaudhry, 2017).

5.1.3. Ecology of Three Business Structure

AKC did not have a strategy, which is important in the business world. They made it up as they walked through. Despite their flourishing business model, the company was a micro-economy, and micro-economies are more tactical than strategic. AKC was able to remain nimble and grew quickly since they were a small company, unlike big corporations. In other words, the company reacted to the situations that arose without having a defined plan, this plan is defined as a strategy (different than a business model). The Akram Khan Company functioned as a "bamboo business," a symbol of strength, flexibility, rapid expansion, and a central area for new ideas (Chaudhry, 2017). The ability to adapt to new situations makes AKC more likely to be successful as they can react quickly to new adversities. Many arts organizations follow a one-size-fits-all format, which is generally a nonprofit model (Chaudhry, 2017). As seen in section 2.1., this format enables nonprofits to access funds from trusts and foundations, while remaining tax-exempt and ensuring that philanthropic goals take precedence over commercial goals. However, they come with high responsibility and might stifle a more ambitious outlook (Chaudhry, 2017). To be a forward-thinking company, AKC required a flexible and responsive corporate structure.

Following the previously mentioned six-month organizational review in 2003, it was determined that a nonprofit structure would best support the company's creative goals. Despite this advice, Chaudhry did not believe it was the appropriate course for him as an entrepreneur, therefore he turned it down. As an alternative, he went with a for-profit structure, which was a limited-by-guarantee business (Akram Khan Company). Some board members were hesitant at the time, but he assured them

that it was the best path to long-term viability, independence, and, most importantly, artistic brilliance (Chaudhry, 2017). The for-profit model allowed AKC to create different revenue streams (see **Figure 6**), it can also create an environment where new possibilities are welcomed as a greater sensation of making the project work. This is because rather than money being granted, income is the result of the audience's response. As sales grew, they decided to establish a charity (AKCT) to which they could donate part of the proceeds in order to assist and fund the dancers with whom AKC worked (Chaudhry, 2017).

AKC avoided the temptation to follow many established dance companies' traditional business models, which employ dancers full-time. The company sought creative freedom in casting their projects rather than having productions dictated by the employed number of dancers. They thought it might stifle ambition and set a strain on operational efficiency. This brings with it the risk where the vision would serve the organization rather than the other way around. It was also essential that the business plan serves as a planning tool for future activities and operations (Chaudhry, 2017).

The company began to receive more business offers in 2006, as its reputation started to gain momentum. For example, Khan will co-direct and compose a duet with Oscar-winning French actress Juliette Binoche (*In-I*). These offers drew increased public attention as well as high-level support (Hermes Foundation and SG Private Banking). As a result, the number of performances grew, as did the assurance of larger performance fees (Chaudhry, 2017). This is an example of audience engagement, the audience is willing to pay for the artistic value which also becomes the audience value.

Despite the fact that Akram Khan Company was a for-profit entity, it was receiving public funds from the Arts Council England, and they felt that high levels of revenue could be a conflict of interest, then Khan Chaudhry Productions (KCP) was created, a limited-by-shares company in which Akram Khan and Farooq Chaudhry were shareholders. However, they would construct and manage this project using the Akram Khan Company's (AKC) operational framework, producing additional money for the company. KCP also donated a portion of its proceeds to AKCT, which helps young artists. AKC would conduct the avant-garde experimental work, KCP would respond to commercial propositions that supported the company brand, and AKCT would assist a new generation of artists (Chaudhry, 2017).

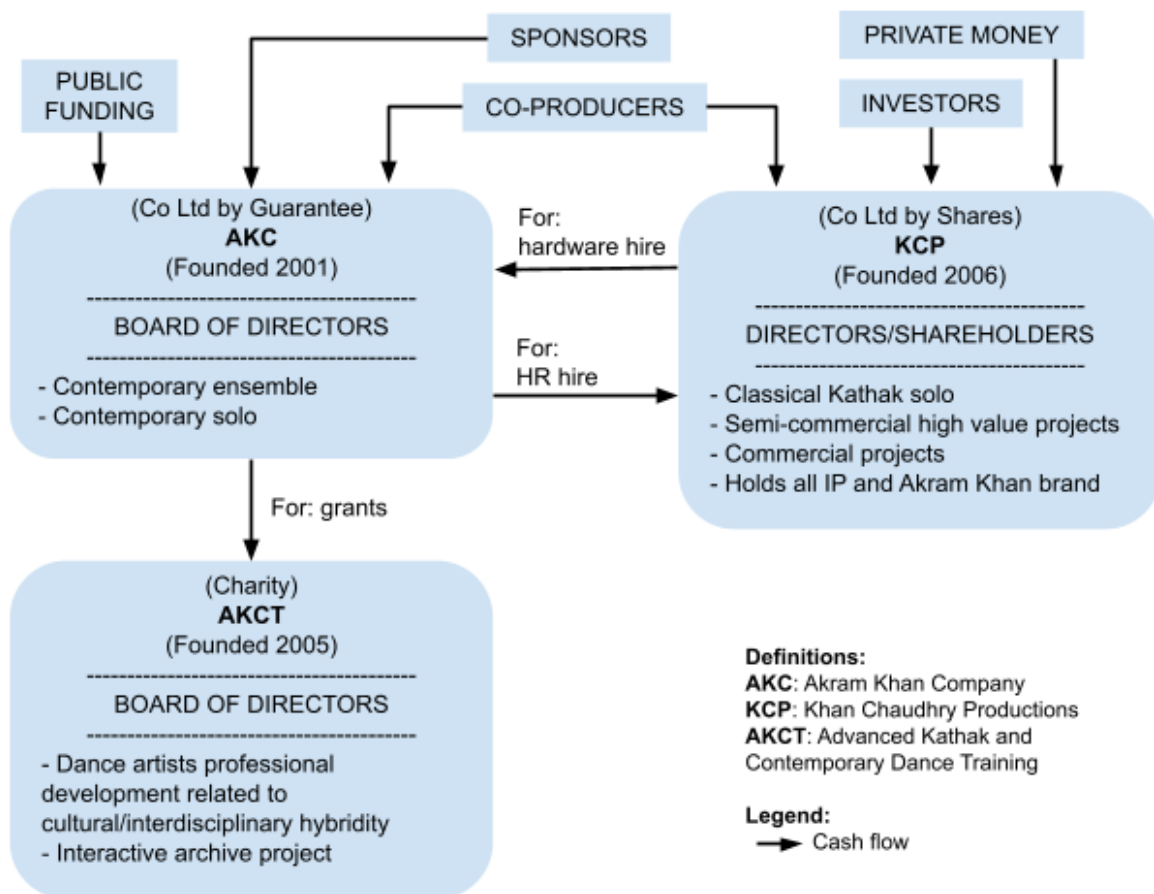


Figure 6. Formal structure of the three companies: AKC, AKCT, KCP.
 Source: Chaudhry (2017).

This ecosystem of three corporate entities was created (see **Figure 6**) to support and service each other's interests without having the money jumbled up in one place. It is essentially the same talented group maximizing its worth and assets without tripping on each other's agendas or causing confusion (Chaudhry, 2017). AKC designed a new business structure to specifically meet the company needs, where DT, business model innovation, Design Thinking, and entrepreneurship can be perceived.

Business models reflect and are closely connected with the organizational aims of the arts organization. Priorities must be transformed into precise objectives at the same time. AKC priorities – expansion, independence, stability, and flexibility – have guided the following goals (Chaudhry, 2017):

- Continue to produce high-quality, original work.
- Establish ourselves as an international brand.
- Ensure that our work is accessible to a wide range of cultures and audiences.
- Develop new sources of revenue (commercials, series, olympic games).
- Continuation of operations with no more than a quarter of income derived from public funds.
- Expand and provide a supportive and adaptable structure for artistic and administrative staff.
- Create possibilities for artists to receive professional training.
- Using current commercial practices to support/propel creative activity is a good idea.
- Create a positive and generous work culture and mindset.
- Continue to collaborate with well-known performers in various genres.

- Alternative performance chances should be sought out.
- Ascertain that at least 15% of our work is seen in underserved markets.

Table 3 & 4 present the income of the three entities (AKC, AKCT, KCP). It can be observed the total turnover received from public funding and international income between 2003 and 2015. Most of the financial flow comes from international income, which is clearly reflected in AKC vision and mission values.

	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Akram Khan Company	328,905	696,587	637,376	525,703	717,051	743,438	646,048
AKCT	-	-	10,527	31,327	99,625	40,010	246,964
Khan Chaudhry Productions	-	-	-	-	690,967	2,226,560	577,366
Total	328,905	696,587	647,903	557,030	1,507,643	3,010,008	1,470,378
Public funding	40,267	98,235	195,000	184,950	190,036	195,166	200,435
% of AKC turnover	12%	14%	31%	35%	27%	26%	31%
% of total turnover	12%	14%	30%	33%	13%	6%	14%
International income	229,193	444,001	294,565	328,710	1,074,116	2,140,131	1,014,544
% of total turnover	70%	64%	45%	59%	71%	71%	69%

Table 3. Financial footprint of AKC, AKCT, and KCP between 2003-2010.
Source: Chaudhry (2017).

	10/11	11/12	12/13	13/14	14/15	Average last 5 years
Akram Khan Company	1,326,135	1,554,051	935,885	1,913,028	837,608	1,313,341
AKCT	35,774	17,685	68,615	90,518	98,218	62,162
Khan Chaudhry Productions	349,482	63,320	121,632	245,450	894,500	334,877
Total	1,711,391	1,635,056	1,126,132	2,248,996	1,830,326	1,710,380
Public funding	204,817	190,684	225,000	220,322	215,610	211,287
% of AKC turnover	15%	12%	24%	12%	26%	16%
% of total turnover	12%	12%	20%	10%	12%	12%
International income	1,148,901	1,232,622	776,081	1,774,669	1,249,125	1,236,280
% of total turnover	67%	75%	69%	79%	68%	72%

Table 4. Financial footprint of AKC, AKCT, and KCP between 2011-2015.
Source: Chaudhry (2017).

Akram Khan Company has established itself as one of the world's finest contemporary dance groups in just over fifteen years, with 21 productions, 1560 performances, 398 locations, 61 nations, 910,215 audience members (not including the Olympic Games), 82% average attendance, over 300 employment for administrative and artistic workers, and a 12% average reliance on public funding (Chaudhry, 2017).

Dance, a nonverbal art form, has a remarkable ability to transcend borders and connect with people from all walks of life. This helps to explain why dance companies of all sizes are frequently able to tour. As a result, touring companies effectively act as exporting businesses. If a company were to operate with the AKC business model it is important to take into consideration the cultural diversity as well as the obvious challenges of global currency exchanges. International prospects and collaborations might be harmed by ignorance and a lack of respect for a variety of business norms. Individuals may desire the same things as humans, yet decision-making processes and drives might differ considerably (Chaudhry, 2017). As stated before, each situation is unique. Each company needs to be deeply analyzed to build a path that meets its mission and goals. AKC is a successful contemporary dance company, it has set a clear goal, it laid out a clear path to follow, and it has significant lessons that dance companies can assimilate.

5.2. Cirque du Soleil: More Than A Big Tent

Cirque du Soleil is an international entertainment corporation that began as a small nonprofit circus to later become a for-profit company due to the lack of governmental financial support. Cirque has known how to adapt to adversity since its inception. Their funders became artists' entrepreneurs by revolutionizing the traditional circus, removing animals, and focusing on the art. Cirque applied a business model consciously, they expanded rapidly through corporate partnerships, it has reinvented itself several times, it has remained at the forefront, they apply a customer-centric approach, and it is currently considered the largest contemporary circus in the world. This is why dance companies can learn from their path, strategies, and history.

In the early 1980s, a group of street performers in Baie-St-Paul, a little town 100 miles northeast of Quebec City, had a vision of a new modern circus, one that would break away from the conventional circus while maintaining the cachet of its mobile huge top and stunning acrobatics. In 1981, they launched Le Club des Talons Hauts, in 1982, they performed for La Fête Foraine, and in 1984, they founded Cirque du Soleil, which was the culmination of their goals and skills gained in the evolution of the organization. Guy Laliberté, a 25-year-old fire-breather, became the group's creative force and visionary, while long-time buddy and computer programmer Daniel Gauthier became the group's manager and business-savvy partner (Casadesus-Masanell & Aucoin, 2009).

Cirque du Soleil was innovative from the beginning, setting itself apart from typical circuses. The pioneering artists were mainly street performers, not circus

artists, and they had no intention of including animals in their performances. Guy Laliberté once stated, "I'd rather feed three acrobats than one elephant" (Palmeri, 2004, p. 2). The name Cirque du Soleil was always the advertising vehicle, rather than the artists because the company did not have the solvency to hire famous artists. Eventually, each show would have its own name, but it would always be "presented by Cirque du Soleil" (Casadesus-Masanell & Aucoin, 2009, p. 2).

The successful Cirque du Soleil's inaugural performance, *Le Grand Tour du Cirque du Soleil*, toured in Quebec from 1984 to 1987 with the support of government funding. With no money for promotion, it tried a few risky (and failed) trips outside of Quebec. Money was tight, and obtaining funds was a constant struggle. In the middle of financial challenges, Cirque du Soleil was invited to the 1987 Los Angeles Arts Festival. The festival lacked the means to give Cirque an advance therefore they needed to be creative. Laliberté worked out a deal: The festival's first performance would be Cirque du Soleil, which would promote itself and collect all box office earnings. With just enough money for a one-way flight to LA. Cirque's new production, *Cirque Réinventé*, had to be a major hit at the festival, otherwise the company would not be able to return to Quebec. At the time, Laliberté remarked, "I'm not going to wait 20 years to see whether we can make it." "In LA, Cirque du Soleil will live or die" (Babinski & Manchester, 2004, p. 3).

Cirque du Soleil was not only a critical and commercial triumph in LA, but it also drew producers eager to get their hands on the creative venture (Miller, 2004). The show was fresh, engaging, and innovative; standing out from the traditional circus that the audience was habituated to watch. Cirque was on the edge of signing a contract with Columbia Pictures to develop a film based on Cirque characters at

the time. Dawn Steel, Columbia's president, organized a party to announce the partnership, but Laliberté did not stay long (Miller, 2004). "All the celebrities were seated, and I was practically put aside," Lamarre explained. "All they wanted to do was lock up our tale and our brand name and walk around like Cirque du Soleil was theirs. I walked out of the party, called my lawyer, and told him to get me out of the deal" (Miller, 2004, p. 3). As a result, the Cirque founders committed to remaining a privately held company and to choosing their future business partners wisely and carefully in order to maintain their artistic and commercial independence (Casadesus-Masanell & Aucoin, 2009). Since 1992, Cirque du Soleil has not received any funding from the public or private sectors (Cirque du Soleil, 2016). This for-profit structure has given other art and dance companies financial and artistic freedom as seen in the AKC study. However, I can still observe a resistance from artists when it comes to mixing art and business. On the other hand, more and more entrepreneurial artists are joining a new way of thinking where art and business complement each other, as Cirque and a private hotel exchanged values that became key to their artistic growth and financial success.

"If you contract, you know you are with the wrong person, and if you expand, you know you are with the right person."

— Farooq Chaudhry

5.2.1. Managing Overwhelming Success and Failure

Cirque du Soleil toured internationally after its success in California, with a second show called *Nouvelle Expérience*. They had three touring shows and one permanent show by 1997. They employed 1,200 people, including 260 artists, and

had a total ticket sales of more than 15 million (Casadesus-Masanell & Aucoin, 2009). Cirque du Soleil went through a period of tremendous production from 1997 to 1999, launching three new shows simultaneously. Mirage Resorts has signed a second Cirque du Soleil act for its new 3,000-room, \$1.6 billion Bellagio resort project, following the success of *Mystère at Treasure Island*. The new show, entitled "O", would be staged in a 1,800-seat theater with a 1.5 million gallon water pool as a backdrop. The theater alone cost \$70 million, with production expenditures estimated at \$20 million (Cohen, 1998).

The development plan and the number of productions had overwhelmed the organization by the end of 1999. Members of the creative team discussed royalty systems, creative autonomy, and future artistic direction. Franco Dragone and a few other founders quit Cirque du Soleil in 2000 to found a new company called Dragone. According to Laliberté, Cirque had grown by relying on a few key creative personnel. From then on, Laliberté made sure that the company was at the center of Cirque's creative process and not a specific group of people. "Neither prima donna artists nor prima donna creators would be tolerated by Cirque du Soleil" (Casadesus-Masanell & Aucoin, 2009, p. 4). Laliberté resigned from day-to-day operations and Lamarre has been in charge of the company's operations and negotiating with prospective partners since the early 2000s (Casadesus-Masanell & Aucoin, 2009). When it comes to dancers, I believe every dancer should feel valued. I do not believe in the principal dancer idea that is pretty common in the classical ballet world. Dancers should have equal support and opportunities to evolve.

*"A purely business person thinks of art as a way of touching people's pockets;
a business artist thinks of art as a way of touching people's souls."*

— Everaldo Rodolpho

In 2001, Cirque shuttered its regional operations in Amsterdam and Singapore after its foray into real estate development and focused on content creation. Cirque then expanded on stage rather than off, broadening its performance repertoire (Casadesus-Masanell & Aucoin, 2009). The company determined, in late 2001, that the best way to test the practicality of their concepts was to build a first iteration, a sort of laboratory in Montreal (Casadesus-Masanell & Aucoin, 2009). The idea included a 100-room hotel, spa, restaurant, and multi-use theater where Cirque would perform for a portion of the year. Cirque du Soleil estimated a total cost of C\$100 million. The project was canceled after a year of planning and negotiations with local partners. "Our vision of a Cirque Complex was difficult to sell," (Casadesus-Masanell & Aucoin, 2009, p. 5) Lamarre stated. "Prospective partners would wonder what Cirque knows about hotels and restaurants" (Casadesus-Masanell & Aucoin, 2009, p. 5). In the end, Cirque management was inspired to refocus its efforts due to the excitement of new endeavors. "We concluded we needed to focus on what we do best: creating incredible shows" (Casadesus-Masanell & Aucoin, 2009, p. 5).

Cirque du Soleil went back to success debuting a resident show in a new city for the first time in 10 years. The show *Wintuk* was Cirque's first seasonal production, running for 12 weeks every fall in the WaMu Theater at Madison Square Garden in New York. They also continued to grow their touring-show business. *Varekai*, *Corteo*, and *Kooza*, all produced in Montreal and traveling for ten to twelve

years, were “big-tent” traveling performances. All three were critical and financial successes, with excellent ratings in each city and an aggregate occupancy rate of more than 80% (Casadesus-Masanell & Aucoin, 2009). The company debuted in the arena-tour market in 2006, co-producing *Delirium* with Live Nation, an urban narrative with a cutting-edge combination of music, dance, drama, and multimedia. Finally, in 2007, it reimaged *Saltimbanco*, a 1992 musical, for arena touring (Casadesus-Masanell & Aucoin, 2009).

In 2006, for the production of each new program, Lamarre designed a new organizational structure based on separate creative cells. Four producers reported to him directly, each of whom was in control of a group of creative cells. The new structure provided increased accountability and adaptability. Finally, Lamarre formulated a set of questions and standards for all new developments: a) Is there a creative challenge? b) Can the collaboration last in the long term? c) Is there a reasonable return on investment? Will the partner follow Cirque's social responsibility guidelines? Lamarre emphasized (Casadesus-Masanell & Aucoin, 2009), "In show business, show comes before business." And this is why Cirque has passed up several rich possibilities because it could not maintain complete creative control or could not meet a creative challenge. Cirque du Soleil received invitations to launch resident performances all around the world every week. Choosing the correct partner was a complex procedure. Lamarre was certain that prioritizing the creative challenge was the best course of action (Casadesus-Masanell & Aucoin, 2009). Noting that very similar principles were applied by AKC to their collaboration rules. Lamarre also used business model innovation by reframing their show values. Cirque's principal goal was artistic excellence, independent of who were the artists

behind the curtain. Unlike dance companies, who can take advantage of dancers and choreographers' recognition, Cirque built its reputation around its name.

Cirque du Soleil has always prioritized originality. They annually invest more than 40% of their ROI into the creative processes (Marotte, 2006). In addition, the circus strives to provide super-fans with the option to purchase tickets to an enhanced version of the performance that includes the unique attention they desire (Marotte, 2006). Cirque introduced a customer-centric approach, which according to Rust et. al. (2004), increases financial success. Dance companies could also offer special dinners for special members and VIP tickets with performance interaction included. Offering a differentiated and unique experience.

5.2.2. The Entrepreneur Inside the Tent

Creative entrepreneurs have limitless capacity to alter the fabric of economies, the path of communities, and the destiny of industries; there is no economy in a city without entrepreneurs. Established industries such as health and medical, education and teaching, banking and finance, travel and transportation, and more, are being transformed by creative entrepreneurship (Loy & Aageson, 2018). It is not just in the marketplace where technology, experience, entertainment, and design thinking come together. A creative entrepreneur may be found anywhere experience is valued over possession; when meaning and purpose are valued more than prestige and notoriety (Loy & Aageson, 2018).

The creative lifestyle emphasizes self-reliance and adaptability. Cirque du Soleil is a company where production staff are skilled with AutoCAD and engineers

are conversant with carnival jargon "I am midway between art and technology" Förterer an Interactive Projection Designer said (Loy & Aageson, 2018, p. 66). At Cirque du Soleil, every one of the 4.000 workers aspires to make a significant contribution to the performances that their efforts become creative and visionary rather than merely functional, and they consider themselves as vital components of the company's creative ecosystem (Loy & Aageson, 2018). Cirque encourages this goal in a variety of ways, one of which is through a very collaborative workplace. At the Montreal location, "Clowns and suits have lunch together in the same cafeteria" (Loy & Aageson, 2018, p. 67), as Barmak (2015) of Canadian Business mentioned: Let's take a look at some of the many abilities that are mixing within that café:

A milliner converses with the engineers who 3D print the model heads for their hat creations (Loy & Aageson, 2018).

- Each year, a dozen attorneys in the immigration department process 4,000 to 5,000 work permits.
- A physiotherapist creates a program to help an aged acrobat heal his or her body to shift to coaching or clowning.
- An audio engineer carrying a damaged synthesizer laughs with a performance psychologist as they compare notes on their contrasting repair procedures.
- A costume designer is questioned by a technical documentarian with a Masters in Library Science to ensure that every detail is recorded (Loy & Aageson, 2018).

Cirque personnel work in nearly 100 different jobs, ranging from milliner to documentarian. They design and create 18 yearly concerts for an average of 10 million people each year, with a total audience of 180 million since 1982 (Drughi,

2014). Cirque workers are pleased with their jobs and would recommend them to others (Gross, 2015). Many Cirque employees have worked there for 15 years or longer, thanks to what they called "the company's horizontal career mobility programs" (Gross, 2015). Despite the fact that the typical performance contract is one to two years, the majority of Cirque's employees work for at least four years (Baghai & Quigley, 2011). These people remain and flourish not only because they get to travel and have fun, but also because they are paid well and have fantastic benefits. Cirque pays an average of \$56,000 a year and gives a generous benefits package that includes 401(k) plans, tuition reimbursement, and privileges that equal the fanciest Silicon Valley firms (Loy & Aageson, 2018). While this is not an outstanding pay in the U.S. it is more than a modern or contemporary dancer could make in outstanding companies. For example, Alvin Ailey dancers make on average \$45,000, however outstanding ballet companies such as New York City Ballet can offer corps de ballet dancers on average \$65,000. It is worth mentioning that this is not the rule for everyone since, as in any job, the starting salary depends on experience and salary also increases over time.

Cirque du Soleil brings in new artists for established shows on a regular basis to increase the diversity of their creative output (Loy & Aageson, 2018). They also teach long-term workers to transfer to other jobs. This is known as "horizontal growth" (Loy & Aageson, 2018). Vertical expansion is similar to taking the elevator directly to your destination. Horizontal expansion is similar to unlocking several doors on the same floor you are currently standing on (Craig, 2016). Workers in the creative economy may have less security in any given "work", but they are better prepared to open new doors in a world where the definition of "job" has evolved. Creatives are never satisfied with the old approach of staying at the same office or

pressing the same button until retirement (Loy & Aageson, 2018). The creative economy's entrepreneurs recognize this need and create flexible businesses and platforms that encourage the flexibility to meet new people and develop new skills (Loy & Aageson, 2018).

The following statements summarize four main arguments concerning jobs in the creative economy (Loy & Aageson, 2018):

1. Creative entrepreneurs, like other entrepreneurs, are responsible for job growth in the creative industry.
2. The creative economy generates a diverse range of employment and continues to do so. Jobs are expanding, rather than descending into oblivion.
3. Jobs in the creative sector are economic basis jobs, but they are better for communities than standard economic base employment as they foster new traditions and community relationships.
4. Creative jobs are "high quality," and creative entrepreneurs' employees appreciate what they do and have unique prospects for growth and lifetime learning.

In addition, audiences' spending patterns are influenced by the existence of creative economy experiences, which enhances local spending. Export-worthy products and services are more likely to emerge from creative economy ventures based on local capabilities (Loy & Aageson, 2018). In the non-creative industries, creative economy projects attract talented "workers, managers, entrepreneurs, and retirees" to reside and work in their location (Loy & Aageson, 2018). When residents are offered the opportunity to hear live music at a neighborhood club, there is a good

likelihood that they will spend cash there rather than at the mall (Markusen et al., 2013; Loy & Aageson, 2018). Employees in other highly educated areas are similarly drawn to and inspired by creative education. Consider Cirque du Soleil's *Spark* job training program, which emphasizes teamwork and the value of continual learning skills through the perspective of the circus. *Spark* is now available as a workplace retreat for executives, with Google, Adobe, and Kmart Australia employing Cirque-based methodology to motivate high-level personnel (Cirque du Soleil, 2017).

Companies that are forward-thinking will create new methods for individuals to work. It is needed to redistribute and enhance human skills since automation is replacing humans at a rapid pace (Loy & Aageson, 2018). The future is already here for creative enterprises. They are already forming businesses and platforms in which people apply "difficult-to-teach intangibles" (i.e. leadership, confidence, empathy, collaboration) to their work and develop new talents. Accountants are not the only ones who have joined the circus. There is plenty of room under the tent, with creative entrepreneurs making center poles out of innovative, adaptable businesses (Loy & Aageson, 2018).

Cirque du Soleil helped to re-imagine the circus by fusing business and art, theater and sports, creativity and commerce, individual imagination, and collective strength. Cirque du Soleil developed as a challenger to old notions of what a circus could and could not be, bringing unexpected modernity to an ancient art form. At the heart of that same conflict between the past and the present, creativity, imagination, and innovation find their most vivid expression (Altidor, 2017).

6. The Dymond Process & The Dance Entrepreneur

For more than 15 years, I have observed and experienced the economic challenges that many dancers and dance companies go through. These challenges, coupled with the learning acquired by an art and business certificate, were the inspiration to seek new possibilities that could support the world of dance and therefore perhaps improve the careers of dancers and assist dance companies. Therefore I developed a document called *The Dymond Process* for the purpose of guiding dance companies and artists entrepreneurs in ways to ensure their financial stability and success.

The general circumstances in which dance companies find themselves were studied, getting to the root of what, from my perspective, are the main barriers to the growth of some dance companies. The principal obstacles observed were:

- Economic dependence on third parties (government, grants, and private donations);
- Lack of an appropriate business model and business management;
- Focus solely on the production of dance pieces;
- The necessity to please board members artistically;
- Total unawareness of the audience.

Even though it is not included in this thesis, a previous investigation was made on the general operation of dance companies defined as nonprofit and some models in art companies defined as for-profit, with the aim of selecting two of them that, from my point of view, can be of help to the dance community. The chosen models were those presented in the case studies where the artists define

themselves as artist-entrepreneurs, they are innovative, bold, and resilient while maintaining their artistic integrity as a priority. I also looked for processes that can help stay a la avant-garde, which is why *Design Thinking* was adopted as an "updating" tool.

Other tools for business model construction were found such as *The Creative Business Model Canvas*¹ which was based and adapted from the well-known (in the business area) *Business Model Canvas*.² However, according to my reflection and research, they do not take into account fundamental elements for the basis of a dance company in today's world such as company culture, status, artist ladder, and others. Besides, they do not have a flexible and innovative approach as the *Design Thinking Process* nor are they directed especially for dance companies.

Since a path to create innovative business models specifically for dance companies was not found, I developed a new process called *The Dymond Process*, with the aim of offering dance companies a framework that may assist them with their goals from a dance entrepreneurship perspective.

The three main inspirations for the *Dymond* development were: The *Design Thinking Process*, Audience-Centric Approach, Akram Khan Company, and Cirque du Soleil's organizational structures.

The *Design Thinking Process* provides an empathic and creative mindset, analysis, collaboration, and constant actualization. It will be used as the starter and polisher for each phase of *The Dymond Process*.

The Akram Khan Company showcases the importance of partnerships as well as the company's values and culture, adaptability, artistic integrity, originality, a

¹ See Carter, M. and Carter, C. (2020), "[The Creative Business Model Canvas](#)", for more information.

² See Sergio Sparviero (2019) [The Case for a Socially Oriented Business Model Canvas: The Social Enterprise Model Canvas](#), *Journal of Social Entrepreneurship*, for more information.

hybrid structure, and a dance producer. Meanwhile, the Cirque du Soleil case study shows how the organization frames its artistic and corporate partnerships, internal artistic collaboration and integrity, innovation, adaptability, for-profit structure, the company's values and culture, branding, customer-centric approach, and a horizontal growth for workers.

Initial findings point to the concepts of artistic value, artistic ladder, and audience value from an audience-centric perspective. Each will be discussed in this chapter. Some of these characteristics have been key for the success of art companies such as AKC, Cirque, Momix, and Mark Morris Dance Group as well as for many corporations, such as, Netflix, Nike, and Nubank among others.

From my observations and takeaways from the two case studies and the literature review, I proceeded to create a process that encompasses six principal elements: company culture, audience value, innovation & originality, artistry, status, and partnership with the aim of building a strong base during the construction or restructuring of a dance company. There are also two optional toppings (or extra elements) that can be added to the *Dymond*, hired dance artists/staff and the artist ladder, upgrading the company structure into "Blue Dymond" and "Master Dymond". Elements that may be considered to be long-term or once the company is well established.

The diamond symbol was chosen due to the processes to which it is subjected until it reaches its final form. Diamonds exist in nature and have their value, therefore they need to be mined and processed to increase their value. Once extracted, the diamonds are taken to a processing plant where they are cleaned and classified. To build the *Dymond Process* it was first necessary to investigate and extract the elements that already exist in dance, in the arts, and in the market to

bring them together and thus increase their value. Diamonds also need planning to select the cut that best suits the rough diamond. The diamond is faceted and then given its specific shape, a process that takes time, since it is difficult to perfect the planned shape. As happened in the *Dymond Process*, once the elements were taken, they were classified and selected, becoming the six to eight faces of the *Dymond Process* (shown below). These elements or faces need to be taken by a dance company, here is where the planning phase starts, the company or founder/s plan and select the “shape” that better serves them, and as with a diamond this takes time. This is not meant to be perfect, even though best effort is advised. The final stage of a diamond is the polishing stage, followed by periodical maintenance. *The Dymond Process* also needs to be polished by paying attention to final details. Maintenance needs to occur periodically to keep the company fresh, updated, and shining.

The six principles of the *Dymond* and its two toppings are further explained below.

1. Company culture will set a strong base for the company’s identity, this defines who you are and who the company is.
2. When you provide value to the audience you create connections, you can build a remarkable environment to which the audience wants to come back.
3. With originality, innovation happens. This gives uniqueness to your work and is what can differentiate your company from others.
4. Artistry refers to the company's artistic integrity and the artistic value offered to the audience or community. You do not want to lose your artistic integrity in

exchange for income (also defined by the company culture). The artistic value is how your work is received and the impact on the community.

5. The status (for-profit, nonprofit) will define some of the strategies for producing revenue, whether you spend time grant writing, fundraising, and developing partnerships as a nonprofit or Looking for investors, loans, or corporate partnerships as a for-profit, or both in a hybrid structure.
6. Partnerships make any company stronger (with the right people). Thus, the significance of looking for allies who have common interests to support each other.
7. Hire Dance Artists, once the company is well established the next goal is to provide permanent jobs, generating financial stability for dancers, staff, or hired personnel.
8. Artist Ladder is an internal program within the dance company. Intended to train dancers and other personnel of the company in other artistic areas such as dance for film, music & video edition, arts management, photography, among others. The artist will be able to choose an area of interest and expand their knowledge.

6.1. Building the Dymond

To start the process of building the *Dymond*, the first step is to want to be creative, authentic, and open-minded. Next comes the empathy stage, followed by the define stage, ideate stage, prototype stage, and finally the test stage. Those five stages can either be worked out by an individual, a partner, or a team. It is important to prioritize and thus, select the ideas or principles one wants to keep and discard

what one does not want. Build empathy with oneself, one's artistry, and what one wants to be at the essence of a dance company. Taking into account that the public is also part of the process, putting the artist(s) in their place and thinking from their perspective. What could be done to add value to the audience or community experience without interfering with artistic integrity?

It is a constant learning process, remembering that it is always possible to go back, eliminate what does not work, while adding new ideas, and then fine-tuning the process as many times as is required.

1. Company Culture includes both, the concept of vision and mission as well as branding. First of all, it is important to define who you are. The Mission and Vision define the principal elements of the company. Make sure to empathize with yourself (and other founders). The following questions can assist in building the company's mission: What do you want to do and offer? Why are you creating this? To understand and determine your vision you can ask: Where do you want to go? How are you going to get there? If you are not alone, this process will also identify whether your partners have the same objectives or not. Determining if you should continue together or follow separate paths right at the beginning. Always stay loyal to your vision and mission values.

Besides giving the company visual identity, branding may include your name, slogan, colors, etc. it is also part of the culture. Your style, attitude, and values are part of the intangible elements of the company's identity.

2. Audience Value: the audience is as important as your artistic outcome, they should be part of the base of the process. Reminding that this should not interfere with the artistic vision. In this phase, you can ask questions like: How can the audience be engaged before, during, and after the production process? Which extra services can I offer to please them? These would be extra activities such as social media engagement, pictures with the artists after the event, or perhaps free drinks. It is a way to engage and also appreciate their time.
3. Innovation & Originality: a dance entrepreneur is creative and innovative. Your imagination will add value to your project. Be yourself, look for your voice and your stamp; this will make you unique and valuable.

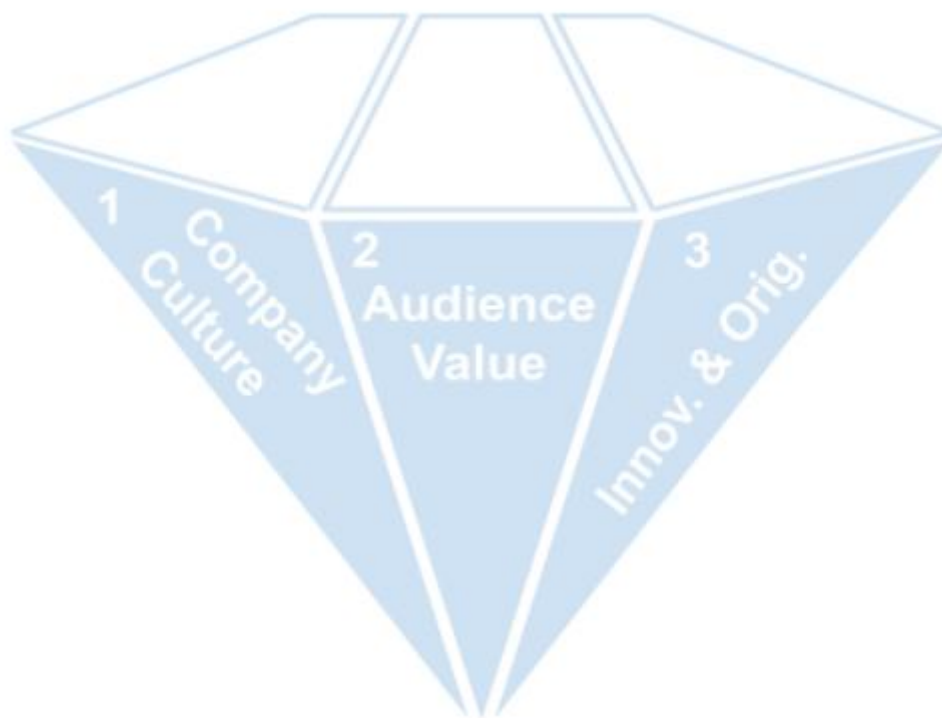


Figure 7. The Three Faces of the Dymond Base.

At the end of phase three, the base of the *Dymond* will be assembled. These first three steps (see **Figure 7**) will be the foundation of the company. It is important to be reminded that the steps can be periodically reviewed and updated to better serve the needs and wants of the company and/or the audience.

The body of the company (steps 4 to 6) will be elevated with the following elements: artistry, status (structure), and partnerships. They are considered "drivers" that will help the company to develop and flourish.

4. Artistry is shaped by the Artistic Integrity and the Artistic Value.
 - a. Artistic Integrity: determines who you are as an artist and the path of your creative projects. It is an extremely important element when choosing corporate or artistic partners.
 - b. Artistic Value: what is the artistic value you are delivering? Artistic value refers to the value that the public receives as a result of your work as an artist. It requires thinking from the audience's perspective. Is your work well developed? Can you add elements with which the audience can feel identified? Are you paying attention to details? (e.g. music edition, customs, props).
5. Status: determine whether your company will hold a for-profit, nonprofit, or hybrid status. Review the possibilities and choose what fits better for the company. This could also determine who your future partners will be.
6. Partnerships: are essential for company growth. Ensure that each one adapts to the culture and artistry of the company, as you analyze which values you are exchanging to complement each other. As a result of a good partnership,

the company could obtain artistic growth as well as growth in visibility, networking, assets, and revenue.

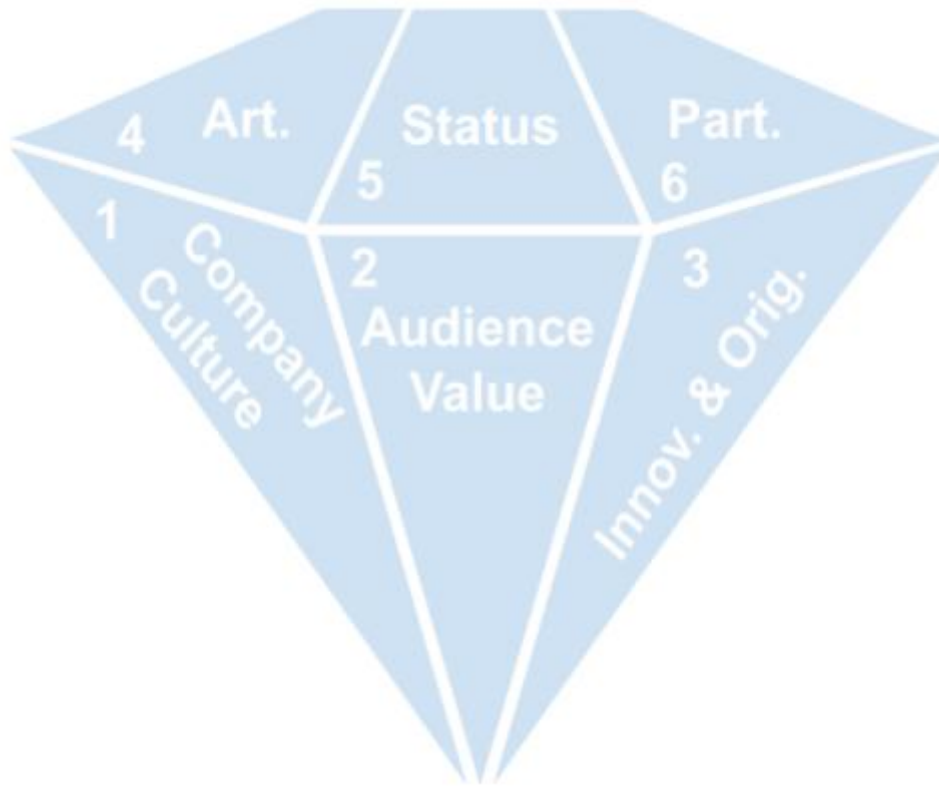


Figure 8. The Six Faces of the Dymond.

By the end of step 6 the *Dymond* will be complete (see **Figure 8**). It is always possible to go back as needed and polish any "face" using *Design Thinking*. That will keep the company fresh and updated.

7. Hired Dance Artists (dancers or staff) (HDA): this can be added once the company is ready to hire permanent staff or dancers (usually a long-term result). It is important that each worker understands and fits into the cultural identity of the company than is with partnerships. Every company wants

skilled workers, even though interconnection with the company's culture cannot be ignored, one single worker can modify or damage the company's environment or processes.

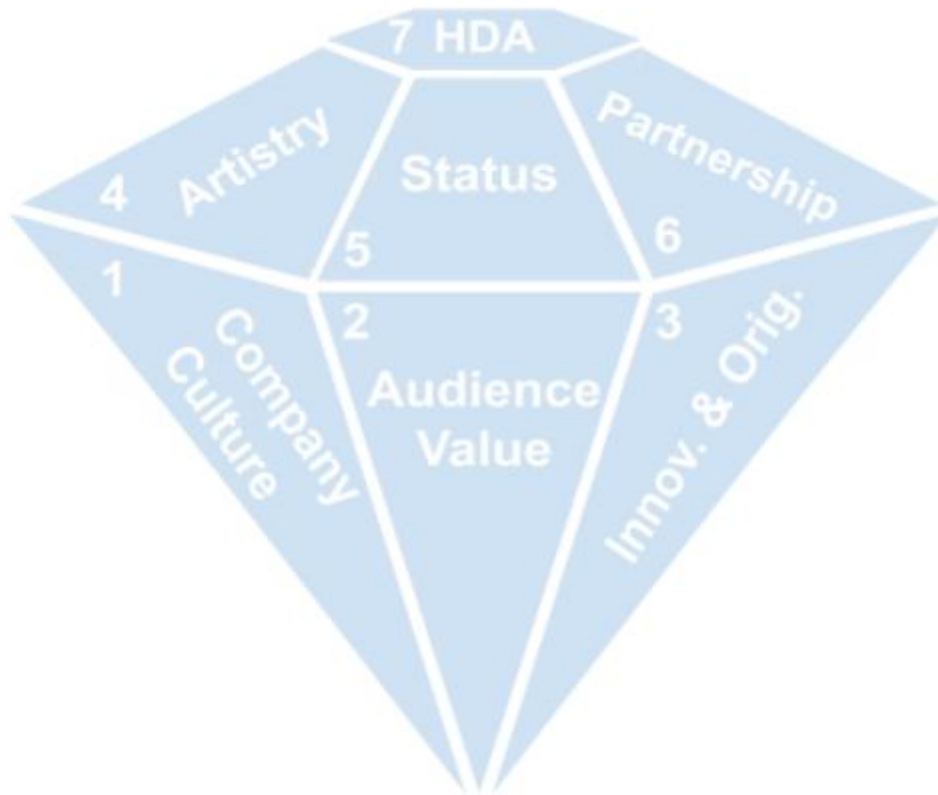


Figure 9. The Seven Faces of the Blue Dymond.

When the company adds a seventh phase by hiring permanent dance workers (not necessarily dancers) i.e. managers, dancers, or producers, it enters the *Blue Dymond* classification (see **Figure 9**).

8. Artist's Ladder: The staff, artists, and dancers of the company can learn new skills from different roles within the dance company, e.g. arts management, videography, music edition, custom design, etc. By diversifying the skills of

dance workers, they can acquire new opportunities in the industry. Many times dancers who stop dancing end up working in areas that do not satisfy them. The artist's ladder aims to train dancers or other artists in different areas within the arts, being able to work in areas with which they identify, while continuing to contribute to the arts.

A company that implements all eight phases enters the *Master Dymond* category (see **Figure 10**).

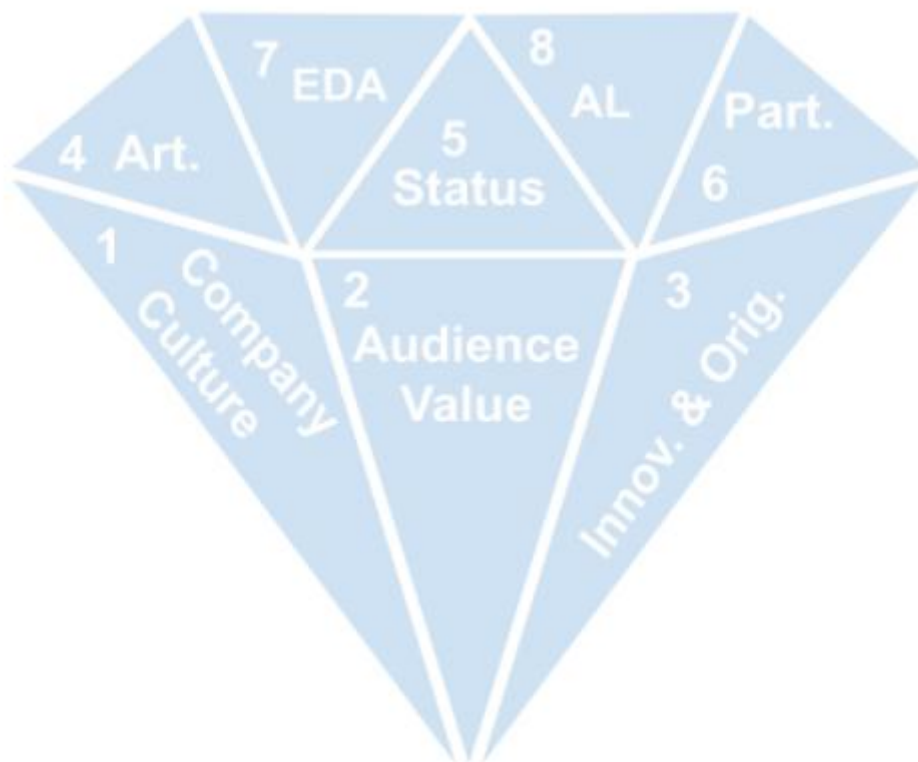


Figure 10. The Eight Faces of the Master Dymond.

The *Dymond Process* seeks to support new and established dance companies that strive to innovate their internal structure, as well as serve as a driver toward artistic and financial success. With the aim of improving the lifetime of dance

companies, the quality of life of their staff and dancers, contributing to the economy by generating new jobs in the artistic industry.

7. Conclusion

Seeking a path to artistic and economic success for dance companies, I researched and reflected on the different stages that may frame dance companies and the experiences they may face. I have observed that most dance companies have similar infrastructure and that they have continued operating practically the same way for many years. Given the challenges dance companies confront, innovative business processes inside and outside artistic organizations were analyzed.

I have seen that many dance companies are established as nonprofits making them financially vulnerable with each economic downturn. I have also noticed that incorporating as a nonprofit can be an important step for a dance company. Please note, that I do not have any ill feelings about dance companies wishing to incorporate as nonprofits - it cannot be further from the truth. However, I wish to acknowledge that nonprofit status also brings its fair share of challenges (Bridgeland et al., 2009).

Other challenges faced by dance companies are that arts organizations' funds and audience attendance keep decreasing. Individual contributions declined, and corporate funding decreased (Arik, 2016). I also observed that dancers usually receive a low salary and must supplement their income working in other fields to survive. Additionally, dance companies are often swayed artistically by major donors,

many of whom do not represent the population the organization serves that tend to be socio-economically and culturally diverse. In this way, artistic creation can be negatively influenced by donors/investors. Similar problems are encountered in other segments: The allocation of funds, the creation of new skill sets, company culture, identifying the correct leadership, employee satisfaction, economic uncertainty, the difficulties of obstacles, competitive conditions and partnership patterns, modifying existing customer conduct, and creating a vision are just a few of the challenges (Nahrkhalaji et al., 2018).

Furthermore, dance companies are competing with other arts organizations that may be better funded and have a deeper understanding of their audiences (i.e. music, films, etc). However, dancers and dance companies could and should be more in touch with social and cultural trends. I believe that the structure of a dance company can be rethought and reworked following the *Dymond Process* framework and elements such as audience development, artistic creation, innovative processes, financial accountability, more effective two-way communication tools, marketing tactics, organizational structure, and management as well as leadership practices. The audience and the tools to improve other segments are there, if dance companies keep learning, improving, and working towards attracting their audiences' attention.

The digital language is increasingly present in the industry; almost everybody (people/audience) is using digital language; arts are also using it: musicians have digital tools to create songs, visual arts use projections, etc. Dance could further take advantage of the power of DT. Therefore, some elements of DT were studied to assist in the development of dance companies' strategies (i.e. business model innovation, audience-centric, and *Design Thinking*). They are used by several

companies in different segments to achieve very similar objectives as dance companies.

Dance needs to innovate on and off the stage to stay competitive with other industries. Akram Khan and Cirque have stated the importance of maintaining art as a priority. Why is it good to consciously implement business models in dance companies? Arts managers are concerned about their organization's financial solvency; a major concern for many dance companies. When poorly implemented the dependence on grants and donations and its impact on artistic integrity are some of the factors that prevent dance companies from achieving sustainability.

I also have seen a hesitation from artistic professionals, artistic directors, and founders to consciously relate or implement business model strategies. The fear of losing the essence of the art they serve is understandable. Although there are actual examples which show that it is possible to keep art in the foreground, before business (Chaudhry, 2017). This resistance can indicate that dance has not taken advantage of the positive aspects that business model innovation can bring to the dance world. The cases studied helped us see just how much artist-entrepreneurs can propel their artistic ventures. To achieve a similar outcome, the use of tools that digital transformation provides is needed.

I conclude that organizations that follow an innovative business model have a greater possibility of achieving artistic recognition and economic solvency.

There are different designs to follow to help art institutions develop and thrive.

However, those designs have a specific nonprofit approach that is not necessarily innovative. As a result, *The Dymond Process* framework is built to serve as a guide for dance companies and dance entrepreneurs to create an innovative business model intended to improve the economic stability and audience development of a

dance company. This model prioritizes dance artistry, while taking advantage of the resources and knowledge that the business world can offer. *The Dymond Process* provides building blocks that may provide a theoretical foundation for what a dance company may look like. It is a theory that aims to be implemented and analyzed in future case studies, looking to reveal its degree of effectiveness, as well as possible modifications.

I am concerned with the future of dance and its continuation as an art form. Dance is a part of people's daily life for many and has the power to serve as a catalyst for knowledge, feelings, cultural expression, creativity, and so much more. From my experience and learning from artists' initiatives like Cirque du Soleil and Akram Khan, it became evident to me that artists are capable of linking arts and business. As artists, we know how complex dance and other art forms are. We know the value of dance as an art form in society. Thus, if dancers understand a little more the benefits of various business models, they may capitalize on lean business practices and thus, run their organizations a bit more effectively. Meanwhile, it is more difficult for business people to understand the dance world. Most do not understand dance as a discipline or what dancers and choreographers do. It is a lifestyle. Dancers train for years and it takes them years before they have a holistic grasp of what the field entails. Cirque du Soleil and Akram Khan showed that at times the business community may think they already understand what dance is about and may think that they make executive decisions that may interfere with the artistic process. Finally, I hope that the framework I provide in my thesis will be of assistance to the field that I love and the dance community I care deeply for.

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