

Effectual Entrepreneurship in the Arts

The Story of Austin Classical Guitar

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ABSTRACT: This article tells the incredible story of Austin Classical Guitar, provides empirical evidence supporting the efficacy of Sarasvathy's effectual entrepreneurship principles within an arts context, and contributes to theory development for the field of entrepreneurship and the subfield arts entrepreneurship. Individuals and organizations can utilize the concepts, principles, and method illustrated in the organizational history of Austin Classical Guitar to launch and sustain successful arts ventures. Arts entrepreneurship educators and scholars are encouraged to consider effectuation a foundational building block for the subfield and incorporate it into their work.

KEYWORDS: Arts Entrepreneurship, Effectual Entrepreneurship, Austin Classical Guitar. DOI: doi.org/artivate.10.2.149

Introduction

Leading scholars (Welter, et al.) categorize entrepreneurship as an extraordinarily legitimate academic field possessing many theories, however, they call for open-mindedness as the phenomenon has not been exhaustively accounted for and research remains in an exploratory mode (Wang & Jessup, 2014; Fisher, 2012; Welter, Baker, Audretsch, & Gartner, 2017). The emergent sub-field of arts entrepreneurship, although perhaps in a pre-embryonic stage of theory development, can contribute unique perspectives to this exploration. Logically, some arts entrepreneurship researchers and educators base their work upon business entrepreneurship scholarship and pedagogy. Our sub-field, however, lacks empirical evidence supporting the assumption that general entrepreneurial theories and methods are effective for arts entrepreneurs.

Effectual entrepreneurship is a paradigm-shifting theory and method within business entrepreneurship literature (Perry, Chandler, & Markova, 2012; Hendrick, 2019). Based upon

my personal experience as an artist, entrepreneur, and arts entrepreneurship pedagogue and on data from guest arts entrepreneurs telling their success stories to my students, I became convinced that effectuation is well-suited for our subfield. In a previous article, I suggested that effectuation could be a foundational building block for the field of arts entrepreneurship and called for an empirical examination of effectuation in an arts context (Gangi, 2017).

Methodology

Wanting to answer my call for empirical work, I conducted a qualitative study investigating how successful arts entrepreneurs create and sustain new arts ventures. The goal of the study was to examine the effectiveness or ineffectiveness of Saras Sarasvathy's effectual entrepreneurship theory in an arts context. Using the theory elaboration tactic of horizontal contrasting, I sought to enhance the empirical adequacy of this entrepreneurial theory by illustrating the effectiveness of effectuation in a new context. The theory elaboration approach of horizontal contrasting "is the process of examining how an existing theoretical insight fits in a context different from that for which it was developed. . . . By examining whether a theory holds up empirically across different contexts through horizontal or vertical contrasting, theory elaboration can enhance the empirical adequacy of the theory" (Fisher & Aguinis, 2017).

I then considered a rival theory, causation (the traditional predictive approach to new venture creation), as a possible better theoretical fit to the data collected. As I will demonstrate, of these two competing theories, effectuation is the theory that best fits the data. This critical question guided my study: How do successful arts entrepreneurs launch and sustain new ventures?

Participants for this study were limited to successful arts entrepreneurs from the following arts disciplines: music, dance, visual arts, and theatre. Successful arts entrepreneurs are those who exhibit expertise in creating their own ventures and careers that generate the majority of their income. An expert is defined as someone who has attained a high level of performance in the domain as a result of years of experience (Foley & Hart, 1992) and deliberate practice (Ericsson, Krampe, & Tesch-Römer, 1993).

Semi-structured telephone interviews were used for data collection and lasted approximately one hour. If and when needed, follow-up interviews were conducted for clarification purposes, either by phone or email. Audio recordings were used to preserve the interviews and during data analysis. Other data sources include websites, videos, and news articles. The key informants reviewed the specifics of their stories to verify and certify the accuracy of the real-world events.

Study participants had no knowledge of effectual entrepreneurship and were intentionally asked very general questions, such as: How did you come up with your venture concept? How did you start your venture? This article provides the story of one study participant, Austin Classical Guitar, as empirical evidence for the efficacy of effectual entrepreneurship within an arts context. Only one study participant was chosen for this article due to the length of the story and richness of data gleaned from the long history of this arts organization. Prior to presenting

the story, however, I provide an overview of the rival theories competing for the best explanation of the data.

The Primary Entrepreneurship Theories: Causation versus Effectuation¹

Recent business entrepreneurship scholarship underscores a dichotomy forming between traditional entrepreneurial theories based on economic ideologies and emerging theories based on a cognitive science approach to decision making under uncertainty, among others (Fisher, 2012). As a result, the field of entrepreneurship seems to have two formalized approaches to entrepreneurial theory: one focused on predicting a risky future (causation), and the other dealing with controlling an uncertain future. Effectuation is a theory and method grounded in cognitive science and focused on controlling an uncertain entrepreneurial future.

The Entrepreneurial Problem Space

Sarasvathy points out three types of problems when making future business decisions (Sarasvathy, 2001a, 2001b, 2008). When the future is predictable and all variables are known (few situations are of this sort), business decisions can be made based on predictions developed by drawing upon data from past events (Read, Sarasvathy, Dew, & Wiltbank, 2017). When the future is risky and only some variables are known (most management situations), business decisions can be made by estimating likely scenarios based on historical trends and known and unknown variables (Read et al., 2017).

The types of problems that entrepreneurs face are problems of uncertainty, not of prediction or risk (Read et al., 2017). Entrepreneurs, unlike managers, deal with a future that is unknown and unknowable due to the lack of historical data and the absence of any known variables when creating new artifacts (i.e. products, organizations, markets). In such cases, uncertainty cannot be modeled or predicted. This is known as the “suicide quadrant” (Sarasvathy, 2001b).

Sarasvathy’s research found that business novices prefer to use prediction in making future business decisions, as do expert managers. Expert entrepreneurs, however, prefer and use effectual logic rather than attempting to make decisions by predicting the unknown and unknowable future (Read et al., 2017; Sarasvathy, 2008). Effectual logic is a pattern of decision-making that seeks to control an unpredictable future (Sarasvathy, 2008).

Causal versus Effectual Logic

Sarasvathy explains how effectual logic differs from predictive, or causal logic, through analogies to jigsaw puzzles and patchwork quilts. Causal logic is similar to the logic used to complete a jigsaw puzzle. This is because causal problems are problems of decision, causal logic

¹ This section, until the story of Austin Classical Guitar heading, is an adaptation of my overview of Effectuation in Gangi, 2017.

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helps us choose, and causal strategies are useful when the future is predictable, goals are clear, and our actions cannot manipulate our environment. The causal actor asks: What should I do to achieve a particular effect (Sarasvathy, 2008, p. 73)?

When completing a jigsaw puzzle, the picture on the box shows exactly what the future looks like and outlines a very clear goal. The problem of putting the puzzle together involves making decisions about which pieces to choose. Ultimately, assembling the pieces will only form the pre-determined result because the environment of the puzzle, its borders and interior, cannot be manipulated.

Effectuation is similar to creating a patchwork quilt. Effectual problems are problems of design, effectual logic helps us construct, and effectual strategies are useful when the future is unpredictable, goals are unclear, and the environment is shaped by human action. The effectual actor asks: What can I do with these means, and what else can I do with them (Sarasvathy, 2008, p.73)?

Creating a patchwork quilt is a design problem because no pattern exists initially, and the patches can be arranged according to the designer's preferences. Making a patchwork quilt requires creating something unpredictable, at first, by starting with very undefined goals, and assembling the patches based on creative construction. Unlike the environment of a jigsaw puzzle that cannot be changed by the assembler, the environment of the quilt is shaped by human action.

Causal reasoning may or may not be creative; however, effectual reasoning is inherently creative (Sarasvathy, 2001b, p. 3). Sarasvathy also likens causal reasoning to cooking a meal by strictly adhering to a recipe, and effectual reasoning to cooking a meal using whatever is on hand and not knowing exactly what will result (Sarasvathy 2001b, 2008). She states that effectuation articulates a dynamic and iterative process of creating new artifacts in the world, such as ideas, products, companies, organizations, and markets (Sarasvathy, 2008).

Causal versus Effectual Belief

The profound philosophical foundation of effectuation theory is the belief that, unlike positivist perspectives on the social sciences (causation), opportunities are not found or fixed within a static social structure, or according to natural laws like the natural sciences, but rather created through human interactions that change their environments (Sarasvathy, 2008, 2016). Rather than believing one is constrained by a fixed system (causal thinkers), effectual thinkers believe the future is open, not predetermined, and opportunities are sometimes found but are more likely to be created by human behavior and action within social structures, resulting in the creation of new contexts, structures, and environments. Effectual thinkers believe prediction is fallible (since bounded cognition limits the human intellect), and the future can be controlled and therefore does not need to be predicted (Sarasvathy, 2008).

Effectual Entrepreneurship Principles: The Solution to the Entrepreneurial Problem

Space

Sarasvathy developed the elements of entrepreneurial expertise by asking expert entrepreneurs to think aloud as they engaged with a simulated entrepreneurial problem and venture concept. By having expert entrepreneurs think out loud as they dealt with a new problem rather than recalling how they achieved entrepreneurial success in the past, Sarasvathy was able to avoid recall bias and peer into the cognitions of experts in real time (Sarasvathy, 2001a, 2001b, 2008).

The principles of effectual entrepreneurship are the codification of approaches used by expert entrepreneurs when facing an entrepreneurial problem. The following is Sarasvathy's description of her principles from the Society for Effectual Action website, effectuation.org:

The first principle is the bird-in-hand (means) principle. When expert entrepreneurs set out to build a new venture, they start with their means: who I am, what I know, and whom I know. Then, the entrepreneurs imagine possibilities that originate from their means.

Principle number two is the affordable loss principle. Expert entrepreneurs limit risk by understanding what they can afford to lose at each step, instead of seeking large all-or-nothing opportunities. They choose goals and actions where there is upside even if the downside ends up happening.

The third principle is the lemonade (leverage contingencies) principle. Expert entrepreneurs invite the surprise factor. Instead of making "what-if" scenarios to deal with worst-case scenarios, experts interpret "bad" news and surprises as potential clues to create new markets.

Principle number four is the crazy quilt (partnerships) principle. Expert entrepreneurs build partnerships with self-selecting stakeholders. By obtaining pre-commitments from these key partners early on in the venture, experts reduce uncertainty and co-create the new market with its interested participants.

The last principle is the pilot-in-the-plane (control versus predict) principle. By focusing on activities within their control, expert entrepreneurs know their actions will result in the desired outcomes. An effectual worldview is rooted in the belief that the future is neither found nor predicted, but rather made.²

Causal versus Effectual Method

Sarasvathy states that the effectual cycle, or method, begins with an individual taking stock of who they are, what they know, and who they know (Sarasvathy, 2011). These are the means available to the entrepreneur initially. From the amalgam of existing resources, one can form goals, always setting an affordable loss or risking only what one can afford to lose.

The next step is to interact with people and find others willing to self-select into and co-create the venture. These new stakeholders bring new means to the venture, which can provide new possibilities and, if desired, new and modified goals. As the process continues, the entrepreneur and self-selected stakeholders welcome surprise because they know they can

²The Society for Effectual Action, https://www.effectuation.org/?page_id=18.

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leverage contingencies into new opportunities. Once the means of all committed stakeholders converge into well-defined goals (while keeping losses affordable and remaining open to surprises), new products, services, organizations, and markets are created (Sarasvathy, 2008).

The causal, or predictive, approach is quite different. Often the causal method begins by searching the market for an existing need, and then developing a product or service to satisfy the need. A goal would then be formed, based on the probability of high profit margins, followed by assembling means and stakeholders to unwaveringly pursue the predetermined goal (Timmons, 1990; Timmons & Spinelli, 2003). Predictive measures come into play in order to account for and avoid any and all surprises.

Causal logic and its method strive to predict the future and operate under the assumption that economies and markets are fixed systems. This approach is typical of the business school pedagogy that guides students to look for, recognize, or find an observable and measurable need or opportunity, conduct market research to prove the need and analyze competitors, create a solution to the need that maintains a competitive advantage, match the product to the correct market segment, target the sub-segments, position the product correctly, convince investors that the predictions are accurate, raise the capital to actualize all the predictions, and finally, launch the company. This is a ready, aim, fire approach. In contrast, effectual logic and its method is a ready, fire, aim approach (Sarasvathy, 2001b, 2008).

Using the Correct Tool for the Appropriate Problem Space/Venture Stage

The effectual approach is not intended to replace the causal approach, however, Sarasvathy found that expert entrepreneurs use effectual logic and its method more than causal reasoning when starting from nothing (Sarasvathy, 2001a, 2001b, 2008). Since entrepreneurship involves innovation and creating new forms of value, this means that uncertainty is inextricably linked to the entrepreneurial problem space. According to Sarasvathy's findings, causal logic and its method may not work well for creating new products, organizations, and markets because it is based on prediction and risk calculation, and both are impossible when dealing with uncertain environments and the unknown and unknowable future.

Effectual logic and its method works well when making decisions under uncertainty (Sarasvathy, 2011). Again, according to Sarasvathy, once new ventures develop to the point where historical data and some known variables exist, causal logic and predictive measures are useful. The choice of whether to use the effectual principles and method of non-predictive control or the causal approach of predicting a risky future is based upon the amount of uncertainty surrounding an entrepreneurial venture. Early stages of venture creation necessitate effectual logic, and more mature venture stages can benefit from causal logic. Large, established businesses, however, can also benefit from effectual logic whenever they enter an uncertain problem space of a new product launch or other aspects of novelty and innovation.

The Story of Austin Classical Guitar

The mission of Austin Classical Guitar (ACG) is to inspire individuals in the communities they serve through musical experiences of deep personal significance. Dr. Matthew Hinsley (Matt) is the Executive Director of ACG and is the person primarily responsible for the organization's early growth and success. His story is central to the establishment of ACG, and as such, his biography is relevant:

Named Public Citizen of the Year in 2017 by the Texas Statewide Division of the National Association of Social Workers, and Winner of a 2015 Austin Under 40 award, Dr. Matthew Hinsley has worked as a community arts organizer in Central Texas since his arrival in 1996. As Executive Director of Austin Classical Guitar, Dr. Hinsley has raised millions of dollars in support of broad concert, outreach and educational programming, building the nation's largest classical guitar nonprofit organization. In 2015 he joined the faculty at the University of Texas to teach courses in arts entrepreneurship and business management in the arts.

Dr. Hinsley is founder and a lead author of the ACG's GuitarCurriculum.com that, paired with extensive direct service, has transformed classroom guitar education in America and changed the lives of thousands of diverse young people. The curriculum, which is now used internationally, is in service in 60 area schools including programs at the Texas School for the Blind and Visually Impaired, Gardner Betts of the Travis County Juvenile Justice System, and the foster care system.

Dr. Hinsley was trained as a classical guitarist and vocalist at the Interlochen Arts Academy, the Oberlin Conservatory of Music, and the University of Texas at Austin. He has written six books, including *Classical Guitar for Young People* and *Creativity to Community: Arts Nonprofit Success One Coffee at a Time*.³

Conceptual Origin of a Nonprofit Classical Guitar Organization

Matt's involvement with Austin Classical Guitar (ACG) grew out of a situation of need. The idea of a nonprofit community service-based classical guitar organization started to form while he was an undergraduate student at the Oberlin Conservatory of Music. Hinsley was one of the first three classical guitar students at Oberlin. Of the three, he was the only one to graduate four years later (1996), along with one other student who had transferred in as a sophomore.

During his time at Oberlin, Matt was in an environment with little infrastructure for guitar. The program was in a startup phase led by the founding faculty member Steve Aron. Matt keenly felt the lack of infrastructure, as did his teacher. To address the financial need of the guitar program, Steve Aron encouraged Matt to start a student guitar club at Oberlin.

As a sophomore, Matt founded the club and received money to bring in guest artists. This experience gave him a taste for organization and helped him realize that he had an interest in documenting, making the case for, and raising money for a cause. This led to an elective

³ Austin Classical Guitar, <https://www.austinclassicalguitar.org/matthew-hinsley/>.

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economic arts study for his senior thesis project, culminating in a paper entitled “Classical Guitar and the Art Market.”

After graduating from Oberlin, Matt arrived in Austin in 1996 for graduate classical guitar studies at the University of Texas (UT). At this point, Hinsley’s interests extended into two primary areas: One) Developing a marketplace and promotion mechanism for classical guitar out of the concern for the future of the instrument, his own personal future, the future of his colleagues, and the financial challenges for artists and arts organizations. Two) The training of young guitarists in America. Violinists and pianists had outstanding training, and at the college level they were essentially fully formed musicians. In Matt’s view, and from personal experience, classical guitarists did not match this level of training.

Matt initially addressed his interest in guitar education by building his own private guitar teaching studio, which became quite large. He had much success as a teacher, with many students winning competitions and auditioning into university guitar programs. He also wrote a book called *Classical Guitar for Young People* to address a gap in American classical guitar pedagogy. Matt was influenced to think differently about music education, especially by UT professor of human learning Dr. Robert Duke. Among other things, Dr. Duke stressed the importance, from the very beginning of instruction, of approaching music teaching from the standpoint of authentic music-making and expressivity and joy. This is in contrast to approaches that rely heavily on prerequisite learning, abstract concepts, or pedagogical music that is tilted more toward technical sequencing than real expressive music-making. The thesis of Matt’s book, therefore, is about expressive, beautiful music-making from the first day. His book is used widely around the country, not just for children but for adults as well.

Hinsley built his guitar teaching studio business through word-of-mouth marketing by using the networks and connections available to him, including UT faculty, colleagues, and parents of his existing students. His first students were the children of music professors within the School of Music. Matt realized he possessed a real interest in and passion for teaching children. He could enter the world of young people and share a thrill of discovery with them in an effective way. He also realized early on that parents were more concerned that their children have an enjoyable time, are supported, treated with respect, and are safe during guitar lessons, rather than which competitions the teacher has won or where they have performed. Hinsley discovered and cultivated a genuine interest in young people, beyond the guitar, and in creating a fun, supportive environment for his students, he contributed to his success. In addition to word-of-mouth marketing, he visited local schools to recruit students and offered an after-school program at a private school.

By the year 2000, he had 35 hours of teaching per week. From that point on, his studio was completely full until 2015, when he stopped teaching private lessons due to the success and demands of his work as Executive Director of ACG. Since moving to Austin, all of his income has been generated from guitar-related work.

Early Days of Matt's ACG Leadership

Austin Classical Guitar (ACG) began operating in 1990 and incorporated as a nonprofit organization in 1996. Initially, ACG had very little money and was operated solely by volunteers. The organization was plagued by in-fighting, existed in name only, and was looking for new leadership.

Hinsley did not start Austin Classical Guitar but became involved upon moving to Austin. He became director in October of 1996, having been asked to lead the organization due to his experience running the guitar student organization while at Oberlin. There were many challenges at this point in the life of the organization, the greatest being low expectations and very limited vision and goals. This was an excellent opportunity for Matt to put into practice some of the theories he had developed at Oberlin and to try and push past these challenges and reach the organization's potential.

ACG was an all-volunteer organization for the first seven years. During this time, Matt focused on 1) delivering a dependable product (classical guitar concerts) to the community and 2) developing a regular and high-quality communications scheme. He generated a regular newsletter, booked concerts in advance, and held monthly meetings. He believed that if the community was going to participate with ACG, then ACG needed to provide them with something dependable and clearly active that they could interact with on a regular basis. High-quality, dependable programming with high-quality, regular communication fostered the initial organizational momentum. Matt was able to generate word-of-mouth marketing by promoting the concerts through his personal networks at the university. Those on the mailing list started getting a renewed level of communication, and new people were added to the list through the ticketing process and by a signup sheet at concerts. Matt, as a grad student at UT, also founded a parallel student guitar organization that allowed ACG to host concerts at university venues.

ACG began providing free concerts throughout the city of Austin in 1998. The core of this idea originated from Matt's senior thesis at Oberlin and was envisioned as a strategic community engagement tool. He also conceptualized this initiative as an effective way to employ young artists not yet ready to perform on ACG's marquee concert series. However, they could play concerts by going to schools, churches, and retirement homes, resulting in a \$1,000 paycheck for a week of work for a graduate student or a young competition winner. Two ten-concert series of this kind were produced in 1998.

In looking for ways to fund these concerts, ACG applied for and was awarded grant money from the City of Austin's Cultural Services Agreements (or Cultural Contracts) program. Over time, this funding, alongside ACG's diverse revenue streams, helped to grow these concerts into what is now the ACG Community Engagement Residency, which provides more than 60 free concerts per year designed to reduce or remove social, economic, and geographic barriers to great music. The success of the community engagement initiative met three needs for ACG. First, it met the goal of paying more guitarists to perform. Second, it furthered ACG's mission by reaching more (and more diverse) audience members throughout the community. Third, it developed a funding relationship with the City of Austin Cultural Contracts program, along

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with the Texas Commission on the Arts. These two government agencies have been funding ACG activities ever since 1998, resulting in very fruitful and mutually beneficial relationships for over twenty years. City and state funding currently makes up about 8 percent of ACG's annual budget.

At this point in ACG's history (1998), the scope of activity included five major concert events, two ten-concert community engagement series, an open mic night primarily run by UT students in which community members could also participate, and monthly meetings. In 1999, ACG was approached by Lona Burwell, a retiree who suggested that, along with college students and children, adults should have an opportunity to play music together. In response, ACG successfully launched a community guitar ensemble project. The program has operated now for more than 20 years, and there are active members today who began participating back in 1999. The community guitar ensemble project was the organization's first foray into adult amateur services.

ACG Education: The Team Grows

In 2001, a family foundation became interested in working with ACG to provide free guitar lessons to low-income students and gave \$6,000 to support the effort. As a result, ACG directed UT graduate students to work with administrators at one high school in Austin and identified six low-income kids to receive free lessons with the graduate students as teachers. This particular high school had one guitar class of 15 kids taught by the choir director, and it was from this class that the low-income students were selected for the free private lessons.

During the course of the individual guitar lessons, ACG's teachers realized that the material being taught in the guitar class was too difficult and did not follow a learning sequence that mirrored best practices in private instruction. ACG communicated these concerns to the choir director who was open to feedback and recognized the need for improvement. The choir director expressed that he and the students were very interested in guitar and had a desire to learn the instrument but were struggling to find good material for teaching guitar in a classroom setting. At the choir director's suggestion, they worked together to solve the problem by experimenting in the class with ideas for appropriate guitar curriculum in a group setting. ACG's biggest opportunity developed out of these collaborative relationships with the choir director and school administrators.

In the early years of the education program, ACG's approach to finding new schools to serve was teacher by teacher rather than school district or principal. Word-of-mouth marketing among music teachers throughout Austin resulted in requests for ACG to serve other schools as well. Music teachers realized that the guitar as a popular instrument could grab the attention of new students and engage them in fine arts participation.

As ACG shared the progress and impact of this work, their community was inspired to give more money, which led to the slow but steady growth and capacity of the organization. Some ACG members believed in the program so much that they volunteered to work with the students as classroom guitar teachers. After three years, the fledgling program involved 100 students

within two schools in Austin—a middle school and several classes at the original high school. In 2003, ACG was financially stable enough to hire the first full-time staff member.

By 2004, there was some initial demonstrable success of ACG's educational service, students were enthusiastic about the guitar classes, and six students had even earned college scholarships for guitar. They also knew, however, that they lacked an adequate classroom guitar curriculum, especially if the program was going to grow, because they were primarily relying on individual instruction methods adapted for the classroom. In the year prior (2003), Matt had toured around the USA looking for high-quality guitar programs. The programs he found were similar to ACG, powered by elbow grease and passionate and caring teachers, but lacking a thoughtful, comprehensive curricular solution similar to those available for choir, orchestra, and band. So, ACG began envisioning a wholly new, ensemble-based approach to classroom guitar instruction. They had the benefit of teaching classroom guitar for several years, and that experience facilitated a deep understanding of the curricular problems that needed to be addressed.

In 2004, Matt pitched an ambitious concept to a family foundation in Austin. ACG could create a paradigm-shifting classroom classical guitar curriculum that would change the way guitar was taught in schools, resulting in a system for school-based guitar education comparable to established programs in choir, orchestra, and band. The foundation gave \$40,000 that year to hire a director of education and begin developing the curriculum. In 2005, Matt hired Travis Marcum as ACG's first director of education. Travis and Matt worked side by side for several years to build and refine the ACG curriculum while growing new school programs. Over the next four years, ACG's donors gave more than \$250,000 to build what would eventually launch online in October of 2008 as GuitarCurriculum.com. GuitarCurriculum.com is a comprehensive teacher resource that includes a searchable library of original, pedagogically sequenced ensemble literature, sight reading, and audio and video tutorials and aids. This resource espouses a powerful core educational philosophy of fostering expressive, beautiful musicmaking from the very first day.⁴

In 2008, ACG hired Jeremy Osborne as assistant director of education. Jeremy would become one of the most powerful agents in the growth of ACG education, especially regarding program development and teacher training. Around the same time, Austin Independent School District (AISD) conducted an audit that revealed problematic disparities in access to fine arts programs for minority and low-income children. As an external community nonprofit organization, ACG was engaging almost 1,000 students within their eight programs. The majority of children served attended Title 1 schools, and the AISD Fine Arts Administration found that these guitar programs were especially successful in providing access to fine arts programs for minority and low-income students. As a result, AISD worked with ACG to build large numbers of programs with rapid scaling of about 10 programs per year in 2010, 2011, and 2012.

Shortly after its launch, the ACG guitar curriculum attracted interest from around the USA

⁴ Austin Classical Guitar, <https://www.austinclassicalguitar.org/guitarcurriculum-com/>.

and beyond. There was widespread desire for better classroom guitar curricula. This presented a new challenge: teacher training. In 2009, ACG presented a rudimentary version of what would become an annual National Teacher Summit. The multiday workshop—led by expert teachers including music education faculty and artists from across the nation—offers seminars, active learning, and practice teaching tailored to the individual needs of attendees. Topics covered include curriculum and repertoire, conducting, rehearsal techniques, elementary through high school applications, private and small group guitar lessons, advanced guitar ensemble direction, and more.⁵ The teacher summit draws international attendees. Through the summit and the GuitarCurriculum.com website, ACG provides a support network and resources for guitar teachers on a global scale. The 2020 summit was offered online in response to the pandemic and focused on remote teaching techniques, online classroom solutions, and making meaningful expressive music while socially distanced.

In 2011, ACG hired Eric Pearson as director of curriculum. Among other things, Pearson would be central in the growth and development of the curriculum resource and the program overall. Marcum, Osborne, and Pearson continue to work for ACG to this day, forming the core of ACG's education team along with 2019 arrival Jessica Griggs, who serves as director of music and community engagement.

Expanding Educational Services into Juvenile Justice

In 2009, University of Texas School of Social Work professor Dr. Calvin Streeter conducted an extensive social impact study on ACG education. That process led to an introduction to another social work professor, Dr. Forrest Novy, whose career had focused on juvenile justice systems in the Americas. Dr. Novy's research indicated that art resonated powerfully with youth involved in juvenile justice, and he was very interested in the potential for guitar training to positively impact incarcerated youth.

Dr. Novy invited the ACG education team to meet with Estela Medina, chief probation officer of Travis County at the Gardner Betts Juvenile Justice Center. She was excited about the possibilities of this collaboration based upon Dr. Novy's recommendation and ACG's demonstrated work in local schools. In 2010, Travis Marcum began teaching guitar at the juvenile justice center. By 2012, there were many children participating in the guitar classes, and once they started, they wanted to keep learning guitar. The students showed noticeable progress in their attitudes, therapy plans, and interactions with staff members. They also performed regularly in the courthouse in front of the judge and their families.

As a result of this success, in 2012, Austin Independent School District asked to partner with ACG to create the first and only fine arts elective for-credit program for incarcerated youth in Austin. At the time, AISD and ACG had already worked together for years building for-credit elective programs in schools. It is significant for a school district to allow an external agency to provide a for-credit class, and the fact that AISD requested to work with ACG in this capacity

⁵ <https://www.austinclassicalguitar.org/guitarcurriculum-training-austin/>

demonstrates the quality of ACG's programming and teachers.

This program at the Juvenile Justice Center has consistently yielded musical and developmental results with incarcerated youth comparable to other high-quality music education programs for youth in the community. Jeremy Osborne has led ACG Juvenile Justice Services since 2014, which has expanded to three facilities and is consulting with many more statewide, and they are regularly featured in local and national news and in national conference formats of all kinds.

Expanding Educational Services to Blind and Visually Impaired Students

ACG's partnership with the Texas School for the Blind and Visually Impaired (TSBVI) began around 2000, when ACG's nascent performance engagement series began sending artists to play for TSBVI students. TSBVI built a new auditorium in 2008, and the principal invited Matt to tour their new facility to explore possible performance collaborations. During the tour, they stopped at a classroom, and the principal introduced Matt to the kids as the executive director of Austin Classical Guitar. At the word *guitar*, a girl raised her hand and said that she wanted to learn how to play the guitar. Another boy soon followed. This was a surprise and the initial impetus for considering how ACG could teach guitar to all students, regardless of any barriers to learning.

The new challenge for ACG was how to deliver their guitar curriculum in an accessible format for blind and visually impaired students. ACG needed to find the right teacher who could be flexible and attentive to special needs as they presented themselves. Jeremy Coleman was the perfect candidate, with an undergraduate degree in guitar and graduate degrees in both music therapy and music education. The match was made.

After two years of largely rote-based instruction, Jeremy Coleman approached ACG with the ambitious idea of converting GuitarCurriculum.com resources into Braille. Coleman volunteered to learn the Braille system for music notation so that they could make a Braille version of their classroom guitar curriculum. While initially ACG financially supported Jeremy Coleman's part-time position at TSBVI, he soon became the school's employee as a full-time music and guitar instructor.⁶

The guitar program at TSBVI has grown and developed over the years. Students have become literate, confident performing musicians. One former TSBVI student went on to attend a public school in Arizona. She enrolled in a guitar class at the public school and was delighted to learn the school had Braille conversion services for her music. She wrote to Jeremy Coleman to inform him that she was still able to keep up with guitar.

While news of her success was welcome indeed, the ACG education team suddenly realized that the world lacked a progressive lifelong learning pathway for blind and visually impaired individuals. They grew concerned that students leaving TSBVI with guitar experience would have no supported resources available to them to continue their enjoyment and pursuit of music

⁶ <https://www.austinclassicalguitar.org/author/j-coleman/>

on the classical guitar. This led to ACG creating Letsplayguitar.org.⁷ A collaboration between ACG and TSBVI, Letsplayguitar.org is a braille and audio self-study solo course of 44 solos arranged into eight levels in alignment with the sequence of GuitarCurriculum.com.

Supported by various foundations and individual donors, the initial development of Letsplayguitar.org cost \$75,000 and was launched in July of 2018. 4,000 unique users from 20 countries visited the site in the first month. Since its initial launch, Letsplayguitar.org has been expanded, and a translated version was launched for use in the Balkans through a partner in Montenegro.

Causation versus Effectuation in the ACG Story

Matt and the leadership of ACG enacted a logic and method of entrepreneurship throughout the development of their organization. The story of ACG provides a treasure trove of empirical data illustrating entrepreneurial behavior in an arts context. The following analysis examines which rival theory, causation or effectuation, best explains the evidence from the ACG story and answers the question: How do successful arts entrepreneurs launch and sustain new ventures?

Does causation or effectuation explain the success of ACG? Let's examine the evidence. The first principle, the bird-in-hand (means) principle, involves starting with the means or resources of who I am, what I know, and who I know, when building a new venture. From this set of means, the entrepreneur imagines possibilities based upon these initial resources.

There is evidence of this means principle during Matt's undergraduate career at Oberlin Conservatory. The guitar program was in a startup phase, an uncertain environment with no infrastructure or financial resources. Matt was a guitarist and musician (who he was) and knew what the program needed (what he knew) through the mentorship of his teacher and program founder (whom he knew), who encouraged him to start the student guitar club in order to access resources from the institution to bring in guest artists (imagining possibilities).

This experience greatly impacted his initial set of means as it awakened his taste for organization and led to an economic study of the classical guitarist for his senior thesis project (who he was and what he knew). By the time he arrived in Austin, his initial set of means was greatly enhanced, and he was primed for leading ACG. Indeed, his particular set of initial means led to the request for him to assume this leadership position.

Who he was and what he knew, two components of Matt's initial set of means, can be summarized by his awareness of two categories of need and interest: 1) developing a marketplace and promotion mechanism for classical guitar, and 2) music education and the training of young guitarists in America. The way in which Matt addressed the lacuna in American classical guitar pedagogy through his own private guitar teaching studio and his book, *Classical Guitar for Young People*, also shows the first principle at work.

Through a mentor's influence (who he knew), Matt approached the study of music differently, resulting in ACG's foundational pedagogical philosophy of expressive, beautiful

⁷ <https://www.kut.org/post/new-web-app-teaches-classical-guitar-using-braille>

musicmaking from the first day (what he knew). During the years of his private studio teaching experience, Matt realized that he possessed a real interest and ability in teaching children and could effectively share a thrill of discovery with them (who he was and what he knew). As shown in the ACG story, its development originated from Hinsley's particular configuration of who he was, what he knew, and who he knew.

The second effectual principle is setting an affordable loss at each venture step (instead of seeking large, all-or-nothing opportunities) and choosing goals and actions with an upside, even if the downside happens. Clearly, effectuation is a better explanation than causation for ACG's development at this venture stage. If ACG was seeking large, all-or-nothing opportunities, then the organization would have dissolved itself from the start. What large opportunities with the probability of high profit margins can be predicted for a struggling classical guitar society? Principle number four is building partnerships with self-selecting stakeholders by obtaining precommitments from key partners early on in the venture. This reduces uncertainty and facilitates cocreation with interested participants.

By obtaining funding for the Community Engagement Series from the City of Austin's Cultural Contracts program, ACG set an affordable loss. The performers could be paid to perform free-to-the-public concerts despite the lack of income from ticket sales, reducing financial risk to ACG. This cocreation between self-selecting stakeholders helped both parties to achieve their respective missions and formed a fruitful, long-term partnership. There was an upside of high-quality musical performances offered at no cost to the public (contributing to what makes Austin a vibrant arts community), even if the downside of low attendance happened.

The third principle is leveraging contingencies, inviting the surprise factor, and interpreting surprises as potential clues to create new products, services, and markets. For ACG, it certainly was a surprise when a donor suggested that they provide free guitar lessons to low-income students and gave \$6,000 to support the effort. At the time, ACG did not have an educational component within their vision and goals.

Although this was a good surprise, the suggestion could have been dismissed as beyond the scope of ACG's activities. This data point again shows that causation is not the best explanation of ACG's development. The causal approach emphasizes forming a goal based on the probability of high profit margins, followed by assembling means and stakeholders to unwaveringly pursue the predetermined goal. Predictive measures come into play in order to account for and avoid any and all surprises. If ACG was following the causal method, this surprise would have been dismissed because the suggestion did not fit with the vision and goals of the organization, and there was no probability of high profit margins.

Instead, ACG invited the surprise factor and partnered with a self-selecting stakeholder who helped set an affordable loss by providing funding. ACG also allowed the self-selecting partner to influence or cocreate the initial goal and then took action to explore how to implement the idea. It's important to note here that because of the community ACG had formed, and their reputation for excellent work, the donor knew of them through a friend and was comfortable entrusting the funds and the execution of the idea to ACG. This endeavor also

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required partnerships with UT School of Music to source the guitar teachers and partnerships with the administrators and music teacher at the initial high school to identify the students.

Without these cocreating, self-selecting stakeholders providing resources and networks and welcoming the surprise factor, ACG's most significant opportunity would not have been created. At this venture stage, the full potential of the opportunity was not recognizable or discoverable and could not have been predicted. The only possibility was to explore what could be done with the amalgam of means available, seek new means and self-selecting stakeholders, all while keeping the future of the venture open to surprise. In other words, do the doable, focusing on actions within their control. Thus far, effectuation best explains the evidence.

This pattern happened again when ACG developed GuitarCurriculum.com. A family foundation provided the initial funding, setting an affordable loss. Through partnership with teachers and schools, they experimented and developed a paradigm-shifting classroom classical guitar curriculum. Other donors joined the effort and funded the development of the website, resulting in a new product that facilitates a new music education service in public schools and opened up a new market consisting of teachers, students, and institutionally and donor-supported social impact on an international scale. The core of the ACG curriculum is based upon part of Matt's and Travis' initial means (who they are and what they know), manifested in the powerful core educational philosophy of fostering expressive, beautiful musicmaking from the very first day. It is incredible to see how the effect of a mentor (who they know) on Matt and Travis' approach to music pedagogy (who they are and what they know) now has a global impact.

The last effectual entrepreneurship principle is seeking to control rather than predict an unknowable future in order to deal with uncertainty. Expert entrepreneurs focus on activities within their control and do the doable. An effectual worldview is rooted in the belief that the future is not found or predicted but rather created.

Effectual problems are problems of design; effectual logic helps us construct, and effectual strategies are useful when the future is unpredictable, goals are unclear, and the environment is shaped by human action. Effectual reasoning is inherently creative (Sarasvathy, 2001b, p. 3). The effectual actor asks: What can I do with these means, and what else can I do with them (Sarasvathy, 2008, p.73)? Since the outcomes of entrepreneurial action are human-made artifacts, Sarasvathy makes a compelling argument that entrepreneurship is a science of the artificial (Sarasvathy, 2003).

Matt attributes ACG's development over the years to the realization that music can be a powerful agent of positive change in the world, often in surprising ways that are rarely taught in the course of traditional music education. ACG would never have thought of doing many of the initiatives that are now essential to their mission, but by remaining open to surprising requests, they explored the possibilities and designed viable solutions (i.e., human-made artifacts). With each success, ACG's vision of what is possible expands, resulting in the worldview of, "Wow, I didn't realize that was something we could do with guitar! If we can do this here, why not somewhere else?" Here again, effectuation best explains the data. Causation most likely would have prevented ACG's development and the opportunities they created, based

upon the hubris of prediction.

Sarasvathy states that effectuation articulates a dynamic and iterative process of creating new artifacts in the world, such as ideas, products, companies, organizations, and markets (Sarasvathy, 2008). ACG's story enlivens the logic and method of effectuation beautifully. After successfully implementing the music education service in public schools, another suggestion from a faculty member at UT resulted in delivering music education in the juvenile justice system using initial resources, partnering with self-selecting stakeholders who collaboratively provide new means and shaped the initiative through cocreation. The work with the Texas School for the Blind and Visually Impaired began by Matt being open to the surprising request from children to learn guitar while at the school on a new facilities tour. This initial spontaneous request from children has now resulted in converting GuitarCurriculum.com into Braille and removing barriers to guitar education for people internationally. Once again, causation does not best explain how these opportunities were created.

Sarasvathy's work helps us understand the distinctions between management and entrepreneurship, and these differences are evident in the history of ACG. The problem space for managers making future business decisions involves risk, and only some variables are known. At stages in the history of ACG where artifacts (i.e., products/services, organizations, markets) had more fully developed, business decisions could be made by estimating likely scenarios based on historical trends and known and unknown variables. Managerial approaches worked very well in this problem space, and Matt certainly used the tools of an arts administrator (causation).

When surprises arose for Matt and ACG, this plunged them into the problem space of needing to make future business decisions based upon completely unknown variables. In these situations, Matt and ACG faced problems of uncertainty, not of prediction or risk. They dealt with the unknown and unknowable future by using entrepreneurial thinking (intrapreneurship, when ACG was past the startup phase) rather than managerial thinking. Using the elements of entrepreneurial expertise (effectuation), they successfully created new artifacts (products/services, organizations, markets), despite lacking historical data and any known variables. In particular, the classroom guitar curriculum and teaching, juvenile justice, and special needs initiatives demonstrate a shift from the managerial problem space to the entrepreneurial problem space and how effectuation worked very well in the proper context.

Early in the development of new artifacts, effectuation is the ideal tool to use. As artifacts develop and data and variables become more known and knowable, a shift to managerial tools is possible and perhaps preferable (Sarasvathy, 2001b). The launching and sustaining of ACG shows these two complementary approaches being worked out in a cyclical process over time.

Clearly, ACG's work has involved a dynamic and iterative process that has created new products, services, markets, jobs, and most importantly, renewed people. A profound change happened between 1999 and 2004, when ACG's growth was significantly accelerating. Matt's mindset changed from being interested in guitar and the arts in and of themselves, and in developing a marketplace for guitarists, to being interested in community service. Over time, this led to a redefinition of success: "We are here to engage people in quality music-making in

an enjoyable way, not to create the next competition winners or get students into college for guitar.”

Changing the preconceptions of success formed in music school training is a constant challenge for Matt and ACG. Great artistry is still important, but ACG is fundamentally a community service organization. Where a more traditional music organization might prioritize their largest and most lucrative concerts, the ACG team places equal emphasis upon concerts, performance engagement, direct education services, education systems building, and music and healing. Furthermore, ACG’s future vision is community-centered artmaking in all divisions. For ACG the primary operational question has become: “how do we change people’s lives for the better? And we don’t care if that person is the next Mozart or not.”

Effectuation is very much about goal formation, adaptation, and the redefinition of success (imagining possibilities). Within a hierarchy of goals, the effectual entrepreneur remains adaptive to surprise and allows others to influence goals (Read et al., 2017). For example, ACG’s mission is “to inspire individuals in the communities we serve through musical experiences of deep personal significance.” This is the primary goal, yet there is considerable flexibility in goal formation and adaptation through effectual action within this overarching mission.

By widening the definition of success for classical guitarists and guitar education, ACG is positively impacting thousands of people and has become the leading nonprofit organization dedicated to classical guitar in the United States.⁸ Currently, ACG employs 12 full time staff members, 12 contractors (not including performers), has over 100 volunteers and provides educational programs to 60 schools in the Austin area. The story is not finished, and the work of ACG continues to expand as expert effectual actors ask, “Wow, I didn’t realize that was something we could do with guitar! If we can do this here, why not somewhere else (what can we do with these means, and what else can we do)?”

Study Limitations and Suggestions for Future Research

This article shares one empirical example of the logic and method of effectuation theory proving effective in an arts context and demonstrates that effectuation better explains the data from the ACG story than the rival theory of causation. Additional examples would, of course, strengthen the case for effectuation working for arts entrepreneurs. In future articles I will provide additional examples of effectuation proving efficacious in contrasting arts contexts, and I welcome other scholars to join the effort.

The story of Austin Classical Guitar perhaps shows some aspects of the lean startup method and design thinking at work. Although distinct, there seems to be some similarities between and among the concepts of effectual entrepreneurship, the lean startup method, and design thinking. An exploration of the complementary relationships between these methods and how they are worked out in an arts context would perhaps be a worthwhile topic for future research.

⁸ Austin Classical Guitar, <https://www.austinclassicalguitar.org/about/>

Conclusion

Sarasvathy's work provides a common logic and method successful entrepreneurs use to *do* entrepreneurship that can be taught in a meaningful way. This article advances Sarasvathy's theory and contributes to arts entrepreneurship theory development by empirically demonstrating effectuation operating successfully within the new context of an arts not-for-profit venture (Fisher & Aguinis, 2017).⁹ The story of Austin Classical Guitar provides compelling evidence in support of effectuation as the answer to my research question: How do successful arts entrepreneurs launch and sustain new ventures?

Sarasvathy's logic and method of entrepreneurial expertise is well suited for use in an arts context and can serve as a foundational building block for arts entrepreneurship research, pedagogy, and practice. I encourage my colleagues to consider using effectuation in their work and to join me in building upon this excellent foundation for our field. Our students need a clear and powerful guide for *doing* arts entrepreneurship and dealing with an unknown and unknowable future. Ultimately, our field is an applied discipline focused on training students to take action. By teaching effectuation and building upon it, we can confidently provide our students with a proven method for *doing* arts entrepreneurship and empower them to create successful ventures, careers, and futures.¹⁰

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⁹“As effectuation research reaches an intermediate state of development, it will become more important to sample subjects who are more representative of the individuals who are in the process of starting businesses, developing not-for-profit organizations, or engaging in other activities where effectuation might apply . . . to move the research to an intermediate phase, it will be necessary to sample a wider variety of individuals:” from Perry et al., (2012).

¹⁰The existing textbook, *Effectual Entrepreneurship*, 2nd edition, lacks arts-specific examples. Providing examples in an arts context is an opportunity for our sub-field.

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