engaging audiences

REPORT ON:
THE WALLACE FOUNDATION ARTS GRANTEE CONFERENCE
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**Introduction**

For more than two decades, The Wallace Foundation has supported a range of efforts to bring the benefits and pleasures of arts participation to more people, inspired by the words of its co-founder, Lila Acheson Wallace who believed that “the arts belong to everyone.” The Foundation’s current efforts have two main components. Arts for Young People provides help to selected cities to develop effective approaches for expanding high-quality arts learning opportunities both inside and outside of school.

The second component, the Wallace Excellence Awards, provides support to exemplary arts organizations in selected cities to identify, develop and share effective ideas and practices to reach more people. Since 2006, a total of 54 arts organizations have been given awards in six cities: Boston, Chicago, Minneapolis/St. Paul, Philadelphia, San Francisco and Seattle. Their work in engaging audiences in the midst of the most severe economic downturn in a generation was the subject of a three-day conference hosted by Wallace in Philadelphia April 1-3, 2009. The gathering brought together 189 arts leaders and thinkers, many of whom represented grantee arts organizations of virtually all artistic disciplines and differing sizes from the six Excellence Awards cities.

“These are unprecedented times,” Daniel Windham, director of arts programs at Wallace acknowledged as the conference opened. But he went on to sound a theme that emerged repeatedly, and in different forms, throughout the gathering: it is clearly more challenging in hard times for arts organizations to take the long view and continue to devote time and effort to building new audiences, but that work and the resulting lessons are also more vital than ever to the long-term health of arts organizations and the entire arts sector. “The steps you are taking to forge new relationships with your community and to strengthen your ability to gather and analyze information on effectiveness are likely to yield benefits not only for today but for the future when the economy improves,” he said.

Indeed, as you’ll read in this conference report by Kay E. Sherwood, an independent management consultant, writer and researcher, the challenges arts organizations collectively face stem not just from the nation’s current economic woes, but from longer-term seismic shifts:

- Technologies that are making it possible for people to gather and interact more spontaneously and without the help of traditional institutions;
- Demographic trends that are changing the makeup of entire cities and making much more complex the goal of achieving “diversity” in arts audiences and offerings; and
- Vastly more options for how people, especially younger people, choose to gather and spend their leisure time.

These changes will outlast the economic downturn and attendees heard fresh perspectives about how they are changing the equation for arts organizations from pollster John Zogby, author of *The Way We’ll Be*, and Clay Shirky, author of *Here Comes Everybody*.
These shifting realities, combined with a recession that is threatening the bottom lines of many arts organizations, could easily have created a gloom-filled conference. Instead, what came through were constructive ideas that could help arts organizations and their leaders navigate the current hard times and turn challenges into opportunities:

- At a time of instability and change, gathering information and research is more important than ever to attract new audiences and learn about and meet their artistic preferences;
- The long-term vitality of each organization is inextricably tied to the health of the arts sector throughout entire cities. Participation-building is not a zero-sum game;
- Now is not the time to cut back on bold, high-quality programming or marketing efforts. To the contrary, at a time of economic distress, it’s more important than ever – though undeniably challenging – for arts organizations to take the long view and not to sacrifice quality or risk-taking in deciding how to invest their resources.
As the worst economic downturn in at least a generation challenged virtually all non-profit organizations – arts organizations included – to cut costs and stay solvent while staying true to their missions and finding new ways to grow and excel, these longer-term questions and challenges dominated an April 2009 gathering in Philadelphia of leaders of premier arts organizations hosted by The Wallace Foundation:

- How can arts providers take the longer view of the importance of building more diverse and more deeply engaged audiences even while confronting an economy that is severely threatening their bottom lines?
- How can the arts field harness new technologies and media to communicate with and engage new audiences while maintaining artistic excellence?
- How can arts organizations make better use of market research and other information to better understand, and tap into, major demographic shifts and changing audience preference?
- And how can the arts community learn from and cooperate with each other, share information and develop more effective methods for building audiences that benefit not only individual organizations but the arts sector as a whole?

Even setting aside the recession, the longer term challenges to arts and cultural organizations were already significant. Traditional audiences are aging, are not particularly diverse, and not always welcoming of experimental works and artists. Arts education in the schools, long considered a foundation for building audiences, has been declining for three decades, and competition for leisure time is exploding, especially among young people. Fast-moving technologies and media are changing the experiences of both artists and audiences, but established arts organizations have been slow to adapt, often because of limited resources and limited opportunities to explore and understand the big-picture trends affecting their enterprises and their fields.

These challenges, and the urgency to tackle them, have been greatly magnified by the current economic downturn. As Wallace president M. Christina DeVita reminded the gathering, the arts field is facing some “dismal facts:”

“The Wall Street Journal recently reported that arts organizations are retrenching. No news for you. Americans for the Arts recently suggested that about 10,000 arts organizations or about 10% of the total in this country are at risk of folding. Lester Salomon who runs the Center for Civil Society Studies at Johns Hopkins and who is a noted expert on the non-profit sector, notes that arts groups garner about 40% of their income, far more than most other non-profits, from private donations. And, he reports that during past recessions private donors have tended to cut back on their overall giving and shifted to human services. Supporting this historical view is a recent study by the Bank of America of high net worth philanthropic individuals who found that their giving to the arts declined 71% between 2005 and 2007.”
Even with that sobering backdrop, the atmosphere at the April gathering that brought together 189 participants, including representatives of 54 arts organizations in six cities participating in the Wallace Excellence Awards initiative, didn’t sink into pessimism. Instead, there was a “we’re-all-in-this-together-so-let’s-share-ideas-about-what-works” spirit evident through much of the three-day conference that included a considerable amount of project-specific learning about audience characteristics, effective engagement strategies, and organizational adjustments to the new world of social networking technologies.

THE NEW REALITIES OF ARTS PARTICIPATION: WHAT ARTS ORGANIZATIONS NEED TO KNOW ABOUT TODAY’S AUDIENCES

Success in broadening and deepening participation in arts and cultural activities depends on an understanding of audience behavior grounded in research. A conference session titled “Exploring Personal Practice: Building Audiences and Expanding Social Capital Through the Arts” described how one of the key indicators of potential for engagement in the arts is personal practice – that is, the ways in which present or potential audience members practice art in their own lives. This includes, for example, taking lessons, participating in church choirs, getting instruction in school, clubs, or after-school programs, or joining with friends to try out their interests.

Typically, arts administrators have tended to focus primarily on their ideas about what audience should want to see, hear, and experience, their venues, and their familiar revenue needs and streams. It turns out, however, that there are powerful reasons for arts administrators to care about what people do in their homes or in their churches, according to Alan Brown of WolfBrown, a consultant to arts organizations and foundations.

Brown cited several surveys of audience members that indicate a strong correlation between the extent to which people engage in various forms of musical, theatrical, dance and artistic experiences in their lives and their propensity to attend professionally-presented events. For example:

- Among current subscribers, former subscribers, and single ticket buyers across six orchestra audiences surveyed, 71 to 77 percent reported experience singing or playing a musical instrument.¹
- Among a sample of Steppenwolf Theatre Company patrons, 43 percent reported frequently or occasionally reading plays for their own enjoyment and 12 percent reported frequently or occasionally writing, performing in or working on plays or musicals.²
- People taking music lessons or classes, acting lessons, performing dances as part of a group, or visual arts or crafts classes at least once a week were much more likely to attend performances of these art forms than people who had less or no personal involvement in the practice of music, theater, dance and visual arts.³

¹ Source: Classical Music Consumer Segmentation Study, 2002, Audience insight LLC, commissioned by the John S. and James L. Knight Foundation.
In short, people who practice arts in their private lives are likelier to buy tickets to watch others perform. And this has powerful implications for professional arts organizers trying to engage audiences, according to Brown:

- Supporting personal practice is audience development: Taking lessons or classes is highly associated with attendance at professional performances;
- Self-identified artists attend museums and performances to infuse their creativity;
- Communities are full of people with past experience making art and people who want to learn – and finding ways to rekindle people’s latent artistic interests can pay off for arts organizations over the long term.

Josephine Ramirez, vice president of programming and planning of the Los Angeles Music Center, described how her own ideas have evolved about how and why arts organizations can and should use their facilities and programming to tap into people’s “inner artist.” The Center, home to the Los Angeles Philharmonic Orchestra, the Los Angeles Opera, the Center Theater Group, and the Los Angeles Master Chorale, has an “Active Arts” program with 50-60 events per year that provide nonprofessional artists with opportunities for art-making of all kinds in the informal spaces of the Center’s 13-acre property in downtown Los Angeles. The lessons from this initiative led Ramirez to promote “a more active mode” of arts engagement. As she told the conference:

“I’ve changed my mind about the average person’s capacity to make art. It isn’t all that rare. It’s actually quite widespread. But any person’s capacity begins to wither with lack of encouragement and lack of practice...We’ve got to have people who are comfortable with their creative capacity so that we can solve problems together. We have to have people who are familiar with this idea of mediating between innovation and tradition all the time, which is what we do, and who know from experience the deep social value of creating safe spaces for expression and emotion, especially in urban, multicultural, diverse, class warfare cities. All of these elements are what they get when they engage in arts.”

How the arts fit into a broader social system was explored further by Lynne Conner, an associate professor at Colby College in Waterville, ME who has written extensively about theater and the arts. Conner, author of “In and Out of the Dark: A Theory About Audience Behavior from Sophocles to Spoken Word,” traced the history of arts engagement in a paper for the conference attendees from a very active period of ancient Greece through a more passive audience period in the 19th and 20th centuries, and into a renewed “re-democratization of the arts” in the late 20th century. She offered this advice to today’s arts presenters:

“I believe what today’s potential arts audiences most want out of an arts event is the opportunity to co-author meaning. They don’t want the arts; they want the arts experience. They want the opportunity to participate in an intelligent and responsible way in telling the meaning of an arts event. Like their forebears in the amphitheatres of 5th-century Athens and the vaudeville palaces of 19th-century

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4 From Grantmakers in the Arts Reader 15, no. I, Winter 2004: 11-14, under the title “Who Gets to Tell the Meaning?”
America, they want a real forum – or several forums – for the interplay of ideas, experience, data and feeling that makes up the arts experience. They want to retrieve sovereignty over their arts-going by reclaiming the cultural right to formulate and exchange opinions that are valued in the community.”

Pollster John Zogby, in a plenary address, provided the conference with research that shed further light on the new realities about arts audiences and that also supported a relatively hopeful picture of arts and culture in tough times. According to Zogby, a majority of Americans both want to have available arts and cultural experiences and are willing to support arts institutions even when their resources are limited. For example, 69 percent of respondents of all ages said that the presence of local arts and cultural groups are important to their quality of life. Indeed, according to his poll findings, arts and cultural experiences are often the new “affordable pleasures” for people who have cut back on materialistic lifestyles either out of choice or necessity.

Zogby, author of *The Way We’ll Be: The Zogby Report on the Transformation of the American Dream* (Random House, 2008), told the gathering that lifestyle choices and practices that make up the “American Dream” are being reshaped by several transformative ideas:

- Living with limits as consumers and citizens;
- Embracing diversity of views and ways of life;
- Looking inward to find spiritual comfort; and
- Demanding authenticity from the media, leaders and leading institutions.

These transformations, Zogby suggested, are being driven in part

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**IGNORE THE AMATEURS AT YOUR PERIL: A Cautionary Tale For Arts Organizations**

To show why arts organizations should pay more heed to the arts-making of nonprofessionals, Josephine Ramirez of the Los Angeles Music Center offered the following instructive fable at the Wallace conference:

“Once upon a time, there was a town in which many people seemed to be related. Most hailed from one branch of a family called “Woof.” Another smaller and more tightly-knit branch was called “Warfs.” The Warfs were excellent tailors. People from all over bought their clothes. “Such fine clothes we make,” said the Warfs. “We are the most important of all people who make clothes because we make them the best.” Their self-confidence only increased over time, and soon they said, “You know, we are the only ones who make clothes, really. What other people make are so unrefined, so lacking in quality, they can’t really be called clothes.” Because of their virtuosity and persistence, all of the people in the town began to call only what the Warfs made ‘clothes.’

‘Now, the Warfs, because they were so focused and so concentrated on making, showing and selling clothes, hardly noticed that the Woofs made clothes, too. The Woofs used the same techniques and it came out looking like clothes, but they didn’t make them to sell. They just did it because they enjoyed it. BUT...when the Warfs finally noticed that the Woofs made clothes, they began commenting among themselves: ‘The Woofs making clothes? Ridiculous! They’re not serious about it. They haven’t trained correctly. They haven’t devoted themselves to it seriously like we have. And the quality of what they make is inferior. People will be confused. We must uphold what it really means to make clothes.’

“And so the Warfs began to publicly ridicule what the Woofs made. After the Warfs behaved in this way for awhile, Warfs and Woofs rarely intermingled. Warfs, as a result, didn’t notice that Woofs, while they made clothes at their leisure, also ran businesses that paid the wages of people who bought the Warfs’ beautiful clothes.”
by new economic realities that have altered the attitudes and expectations of the middle class, along with a modest proportion of the very well-off who have decided to get off the acquisition track as well as aging baby boomers looking for a meaningful “encore.” For the arts, however, these transformations are being spearheaded largely by 18-30-year-olds, whom Zogby calls the First Global Generation. They are more likely than previous generations to hold passports, travel internationally, and imagine themselves living abroad. At the same time, this younger generation appears to be very committed to community institutions generally, including those that deliver arts and cultural experiences: 71 percent of 18-29-year-olds consider the presence of local arts and cultural groups important to their quality of life.

NEW MEDIA. NEW CONNECTIONS: ENGAGING NEW AND FUTURE AUDIENCES

In thinking about both the challenges and the new opportunities for building arts participation at a time of fast-paced social, economic and technological change, several conference sessions dealt with the social networking motivations of audience members to participate and the ways in which arts presenters are responding to that motivation – particularly because it is important to young people. Andrew Taylor, director of the Bolz Center for Arts Administration in Madison, WI, presented a framework for understanding social media and their effects inside and outside arts organizations, identifying four traditional dynamics that are challenged by social media:

1. **Who creates and who produces.** Old model: Artistic staff creates and hands to marketing. New model: thebroth.com, for example, where anybody creates, and artistsonline.com, where there are no intermediaries.

2. **Who curates and who critiques.** Old model: Professionals curate and critique. New model: sonicliving.com, for example, that will tell me when something is coming to town that I might like.

3. **Who controls the message.** Old model: Arts organizations created and edited their website, making it easy to create a consistent message. New model: the photo-sharing website Flickr, for example, where content is controlled by its users.

4. **Where’s the useful boundary of the organization?** Old model: All activity was organizationally focused, building institutional capacity was aimed at doing what serves the organizational mission. New model: Kutiman at www.thru-you.com, which spans almost all boundaries between individual artist, creation, audience, and organization.

In the performing arts, the technological changes and the rise of social networking mean that the age-old problem of synchronizing the performer and audience in space and time now has new solutions that no longer depend on traditional presenting organizations, venues, programming or marketing, said Clay Shirky, author of a 2008 book, *Here Comes Everybody: The Power of Organizing Without Organizations* (Penguin Press).

Shirky, in a plenary presentation, commented on how new media models and social networking approaches are affecting arts organizations. Social networking applications, he said, are shifting control of group action from traditional organizations and authorities to individuals of similar interests who choose to gather together. For arts organizations, the advent of social
media, which has created new venues and platforms that enable people to self-organize, poses new challenges including less control over organizational messages and marketing. In short, he argued, traditional institutions, including arts organizations, no longer can assume they have a monopoly, or even an inherent advantage, in presenting arts content or providing venues or outlets for groups of individuals who want to have an artistic experience. He made what he called a “big claim” about what’s going on:

“Our historical generation is living in the middle of the largest increase in expressive capability in the history of the human race.”

Conference attendees touched on all of these dynamics of the changing arts world, particularly the need to rethink both marketing and programming to engage younger audiences. For example, Ronen Givony, founder of Wordless Music, has done no paid advertising but has been attracting young adult audiences in New York and other cities by presenting programs that pair rock and electronic musicians with classical music performers and repertoires that are less familiar to young people. As Givony related:

“In 2006, I presented my first concert, which featured Glenn Kotche, who is better known as the drummer for the rock band Wilco, and a contemporary pianist who played etudes from solo piano and Shostakovich preludes and fugues. We presented at a church with 300 people in the audience; tickets were $15. It seemed curious to me that young people 18 to 30 would be into very left-leaning progressive experimental music and yet if you asked them anything about Bach, Schubert or Haydn, they seemed not to know anything at all about it…

“To date,” Givony continued, “we’ve had 75 shows over three years, all of them have been in the black, including a 35-piece orchestra concert where we did a piece that Jonny Greenwood of Radiohead wrote for string orchestra. Throughout, we have tried to book shows on the idea that there are lots of curious young people out there and, in my opinion, a Radiohead fan is really ripe to be turned on to the worlds of contemporary classical music and we just need to find a way to welcome them into the repertoire and approach them on their own terms. So, instead of presenting music that is strictly classical, we say, ‘Here is a headliner that we know you are familiar with, they usually play at a club downtown, but instead of a rock band opening we will have a pianist playing Bach or we will have a strong quartet playing Haydn.’”

The Isabella Stewart Gardner Museum in Boston is also focused on attracting a younger audience. The museum set out to update its image by creating an after-hours program to draw the target audience to an event that was both social and artistic, featuring music in the courtyard of its romantic 1903 Venetian Palace along with drinks, food, an artist sketching in the galleries, and “viewfinder” gallery talks. In its marketing, the museum created a Facebook page and new pocket-size business cards, and used a service to send text messages to cell phones. The
program drew capacity crowds, and the museum responded to feedback by introducing cooperative games for participants to meet more easily – the ultimate confirmation of its social matchmaking role.

The San Francisco Opera recently sought to engage a younger audience by offering free simulcasts in a venue that probably seemed more welcoming and familiar to first-time attenders – a baseball stadium. As the opera’s director of marketing Marcia Lazer related:

“The opera is the most traditional of all art forms. We were looking for both family audiences and, very specifically, the 25-44 age group. In our most democratic exercise so far, we presented a live simulcast from the War Memorial Opera House to AT&T Park, which is the home of the Giants (baseball team), with free entry.

“In our 2007-8 season, we analyzed our data base for the number of audience members 25-44 years old and found that 19 percent of our patrons were in that age range. One of our Wallace Foundation grant goals over next few years is to increase that base by 15 percent.

“We scheduled a simulcast of Lucia di Lammermoor to AT&T Park in June 2008 and offered signups on the web, and that is probably the most important thing we did because it was the only way to get contact information. When we did a demographic overlay of the list, we found that 30 percent of our 9,000 signups were between 25 and 44. The best thing about the simulcasts is they invite in a much younger audience than we get in the opera house.”

In all, 23,000 people attended that performance and audience reaction was effusive, Lazer said. Beyond the success of that single event, however, were the longer-term payoffs for the Opera in building a database of potential future ticket-buyers: 8,660 households signed up online for pre-event registration, 30 percent of whom were between 25 and 44, and more than 5,300 of the sign-ups were not previously on the Opera’s Tessitura database. And 143 people ordered a
total of 518 discounted summer opera tickets for the remaining six summer performances in the hall through an online offer publicized at the event and emailed to all online signups.

Aiming for an even younger demographic, the Institute of Contemporary Art in Boston developed ICA Teen Night that combines art, socializing and a sense of shared ownership of the event. It started out as throwing a wild party with candy, music, dancing, meeting other people and people in the galleries to answer questions about the art. It has evolved into a quarterly event that is conceived, promoted, and run by teens, employing short programs inspired by the collection. There have also been classes on video, blogging, podcasting, digital photography, video boot camp, design graphics, t-shirt design, a DJ school, and an in-school writing program. Started with twelve teens in 2005, ICA is now drawing 300 to 450 young people per event and hitting its goal of engaging 2,500 teens annually, up from 700 in 2005.

**CULTIVATING ARTS “FANS”: NEW UNDERSTANDINGS OF AUDIENCES AND THE NEW MARKETING**

New understandings of audiences based on segmentation research, and of their communication preferences and habits, are leading to new ideas about how arts institutions can reach the people they want to attract as attenders and potential donors. Several conference sessions considered how to “create evangelists,” “cultivate loyal fans,” “change brands” and take advantage of the social networking media to build audiences.

Changing the brands of arts institutions or art forms in response to audience perceptions was acknowledged as a difficult but often helpful undertaking. Market researcher Sandy Radoff, a technical adviser to the Wallace Excellence Awards initiative, acknowledged that branding can be very hard to understand, but a brand or image can be as valuable, or in some cases, counterproductive, in the arts field as in the commercial sector. “Some element of an arts organization’s work has to be unique in order to reside in the hearts and minds of audience members. So, one objective of audience research is to understand and identify what can influence those audience hearts and minds,” said Radoff.

The San Francisco Girls Chorus’s process of changing its image among potential audience members began with research funded by The Wallace Foundation that revealed that the Chorus’s image was of “little girls in pink frocks in a church basement,” a turn-off to potential patrons who might not think of it as a serious music institution. This misleading image overlooks that the Chorus holds presentations featuring young women ages 13 to 18, teaches children from age 5 and up, performs with the San Francisco Opera and the San Francisco Symphony, and owns a building in the city’s Civic Center where the city’s major cultural institutions are housed. The Chorus also performs outside the Bay Area, including at President Obama’s inauguration and at Lincoln Center. As Melanie Smith, the Executive Director of the Chorus, told session attendees, “This is not your run-of-the-mill children’s chorus.”

The Chorus’s 30th anniversary and Wallace’s funding offered an opportunity to change those perceptions and expand its audience appeal. Drawing on its research findings, it has increased collaborations with other music organizations and started choosing venues known for presenting classical music. The visual images used to publicize the Chorus have
also been changed to represent the girls in a more refined classical setting, rather than the stereotypical “little girls in pink frocks.”

As with branding, the notion of “cultivating fans” is more the argot of sports or popular music than traditional arts forms. But a highly unusual partnership between the Minnesota Opera and a morning radio talk show host (on FM 107.1) who is himself an opera lover with a large and loyal listenership illustrated the application of this concept of loyalty for opera. Well aware of how foreign and forbidding the opera seems to many potential audience members, Lani Willis, marketing and communications director for the Opera, told the Wallace conference attendees about how they have sought to counteract myths like “opera is too expensive,” “I won’t like it, I’ll need to learn another language, I’ll be bored,” and the “fat lady” image. There had been price cuts and smaller subscription packages; young, sexy cast members were promoted and featured in marketing materials; and relationship-based marketing, including a successful bring-a-friend-for-free program had been instituted.

The big breakthrough came when the Opera was up against a particularly tough challenge – an impending production of an obscure German opera and the looming possibility of rows of empty, unsold seats. That’s when an unlikely alliance between the Opera and radio personality Ian Punnett, host of a local talk show as well as the weekly, nationally syndicated program “Coast to Coast AM with Ian Punnett.” The goal was to turn a potential embarrassment for the opera into a golden opportunity to get first-time attenders of the opera in the door, convince them that the opera is “OK” for regular folks, and gradually induce them to move up the scale by first buying discounted tickets and eventually becoming regular paying attenders and subscribers. And so far, the results have been encouraging. As Willis told the conference:

“We were three days out from the American premier of “Fortunes of King Croesus.” This is an obscure German opera by a composer who is completely unknown...We were at 59 percent capacity...So we went to Ian and in less than two hours we gave
away 500 free tickets. The house felt full and it was really an electric audience. They were happy, excited to be there. “Then we scratched our heads and wondered, why did that work? Ian may not know everyone he talks to, but it’s a relationship based on trust and affection. A media personality who loves your content and can reach thousands of people at once is a really powerful force. Ian has got 50,000 listeners all within our target demographic of women 35 and older. We wondered, what if we could make Ian the opera’s ‘Oprah?’ What if his personal interest in the art form could translate to his listeners the way Oprah does with books?”

As Punnett recalled it,

“All we did was say, “Call this number at the Minnesota Opera, and until the tickets run out, the tickets are all free. Part of what that does is turn what might have been a negative – 500 empty seats – into a complete positive. It was no burden for the radio station, it was no burden for the average listener, and to everyone else it was great. It could have been perceived as desperate, because if it were free it might have been something you don’t want to do. The magic is we turned what could have been perceived as a negative into the greatest thing that could happen. It’s because people really want that experience; they just need permission that it’s OK. That’s what the free tickets or the reduced ticket give from a financial standpoint.”

“The fact that my wife and I love it, and the day after, we’re talking about it much like you talk about a sporting event – that, too, becomes very permissive,” Punnett said. “In opera, sometimes it doesn’t seem like the door is open to you. And so what we’ve given people is the door. It’s the ‘fun door.’”

TAKING THE LONG VIEW IN HARD TIMES

A plenary panel featuring Michael Kaiser, president of the Kennedy Center for the Performing Arts in Washington, DC, Clara Miller, president and CEO of the Nonprofit Finance Fund, a national organization with headquarters in New York City, and Wallace Foundation president M. Christine DeVita, was charged with providing practical advice to the conference participants about how to think about and act on the very difficult fiscal challenges of the current recession.

Miller, who has spent her career studying and improving the finances of nonprofit organizations, cautioned that “in a way, the current financial cataclysm is almost a distraction because there were tectonic shifts that were under way well before any of these financial crises came to the surface.” Among the most important, she said, are these:

- A decline in the “pull of place,” meaning that because of communications technology you don’t have to be physically somewhere to do or participate in something;
- This weaker pull of places also means a redefinition of the nature of communities and community institutions as less dependent on proximity and created more by common interests;
- The explosion of information technology has become a mainstay of a rapidly changing economy.
For the arts world, these shifts also mean that the role of expertise and the expert voice is losing power. Everybody with something to say or an ambition to perform can find a virtual and unmediated outlet through YouTube or blogs. “Amateurism has gone on steroids,” Miller observed. “This is not good, bad or indifferent; it just is what’s happening.” For whole groups of young artists, media communicators and their fans, it no longer matters “where they do it; they’re just going to do it.” The result is that some of the traditional “platforms” – newspapers and arts institutions, most prominently – are on shakier ground.

How nonprofits generally and arts and cultural organizations specifically are adjusting to the new realities is revealed by recent survey research conducted by Miller’s Nonprofit Finance Fund of 1,000 nonprofit organizations nationally, of which 25 percent were cultural organizations. It found that:

- 93 percent expect to operate in deficit in 2009 and most expected 2010 to be at least as bad;
- 64 percent had less than three months of cash in reserve and half of those had less than a one-month cash cushion;
- 56 percent expect the current recession to have a long-term or permanent effect on them; and
- To weather the economy, nearly half anticipate deploying reserves, freezing hires (or already have done so), reducing staff, or cutting programming. Less than five percent are anticipating or thinking about selling assets.

Essentially, Miller argued that nonprofits in general and arts and cultural institutions in particular need to attend to the changing financial underpinnings of their businesses. Acknowledging Zogby’s description of traditional American materialists being fixed on the dream of owning real estate, Miller characterized the past of nonprofit finance in a similar way: “Part of what we are contending with is our own rather boxy institutionalization models that we have clung to in the past 25 years or so, that have pushed us and marched us in a direction of having assets that we think of mainly as: First you get the cash reserve, then you get the building, then you get the endowment, and then the heavens open and the angels sing and you’re sustainable.”

Miller urged arts organizations to think instead about the need to invest in new asset classes and critical business needs – “whatever you need to do to attract reliable revenue to a fabulous program.”

Kaiser counseled against what might be a natural instinct for arts organizations in difficult economic times to shrink or pull back on creative work or marketing. Instead, he argued, now is the time to find different ways to market – for example, using the Internet more and print ads less – and to continue to do beautiful and bold work, and not cut interesting, exciting or risky projects in order to “get safe.” Pointing to the Kennedy Center’s recent Festival of Arab Culture as one such project, Kaiser noted that with 800 performers coming from 22 Arab countries to America – at a time of political upheaval in the Middle East and America’s involvement in wars in that part of the world – the artistic enterprise could not have been riskier. But, the Kennedy Center brought in twice as many people as expected to the event and actually made money, unexpectedly, on the festival.
Kaiser, who has also been leading a voluntary effort to work with struggling arts institutions, offered conference attendees several lessons to weather tough times:

- Plan programming farther in advance than usual because “the art is better if you work on it harder and longer and you have a much better chance of finding the donors who are interested in your work if you have a larger menu to choose from when you talk to donors.”
- This is the time for joint ventures; when arts organizations may not be able to underwrite really interesting work by themselves, they can do it in partnership.
- Tend to institutional marketing so that audiences and donors know who you are in the way you want to be known.
- Revisit board membership because underperforming members hurt the organization more in tough times;
- When you have to make cuts, be careful to preserve the budget items that make it possible to attract audiences – artistic initiative and marketing – which are often considered “discretionary” expenditures in tough times.

“Our volunteers, our donors, our board members, our audience intersect with us because we are a place of respite, we are a place of inspiration, we are a place of solace, we’re a place of entertainment,” Kaiser said. “And during this environment, if we make every discussion we have with everybody about money and how sad it is and how scary it is, we’re absolutely pushing people out the doors, because they’re coming to us so they can be entertained and inspired.”

**FOR ARTS GROUPS. “DIVERSITY” IS GETTING MORE DIVERSE**

Attracting more diverse audiences has been an explicit goal of a number of the Wallace Excellence Awards organizations. But a workshop on the subject underscored the importance of arts organizations to deepen their understanding of the complexities of diversity in order to plan for long term audience building. This can include understanding and acting upon shifting demographics in cities or immigration trends that can radically change the artistic and cultural needs and wishes of the communities and families that arts organizations seek to serve and attract. As several panelists pointed out, information about these shifts exists in the public domain and is accessible to arts organizations that want to avail themselves of it.

E. San San Wong, program director of the Cultural Equity Grants Program at the San Francisco Arts Commission, discussed the growing demographic diversity that has resulted from immigration. This has radically altered the historic notion of “majorities” and “minority groups” as being either black or white. “There will be no single majority in the United States in 2050,” Wong pointed out, adding that three of the six cities chosen as sites for the Wallace Excellence Awards are already “emergent minority” cities, meaning that they have a white population of less than 50 percent (Chicago at 42 percent, Philadelphia at 45 percent, and San Francisco at 49 percent).
“The interesting thing about talking about demographics or this kind of immigration is tipping points or thresholds,” Wong continued. “When does a group gain a significant market share? Implicit in this is when we talk about tipping points we’re talking changes in powers, in policies. Historically, because immigrants have been isolated, they have actually been developing alternative systems that exist parallel to the mainstream. So when we talk about these tipping points, these emergent majorities, is there an adaptation of the mainstream to embrace these alternative systems?”

Deborah Johnson-Hall, president of Johnson and Associates Marketing, a specialist in urban consumer diversity who has conducted research for Fortune 500 and other companies, added that it’s important for arts organizations wishing to diversify at a time of rapid demographic change to gather reliable information about the real or perceived barriers that might discourage some groups from attending: “To understand barriers, you have to understand a person’s life experiences. A symbol, a message, a word that’s embraced by your core audience may be an absolute turn-off to a new audience.”

Joseph Gonzales, special projects manager of Philadelphia’s Samuel S. Fleisher Art Memorial, the nation’s oldest free-standing arts school, discussed how his institution is seeking to stay true to its historic roots of extending an open invitation to learn – not only to those who travel to enjoy its offerings and classes, but to people and families in the immediate neighborhood where immigration has radically altered the ethnic makeup of that population. Under its Wallace grant, the school has set a goal of increasing to 35 percent (from a previous goal of 25 percent) the Latino, Asian and African-American families among its total participants – groups that now make up the bulk of its neighboring area. As Gonzales said:

“We don’t have a demand issue; it’s about getting back to our roots. The folks in the community we are situated in have changed demographically from a southern and eastern European immigrant community to more recently Latin American, southeast Asian and African-American migrant communities...We want to make Fleisher a meaningful institution for the lives of these newcomers, just as we can proudly say that we’ve served three generations of families that have known about Fleisher for several decades. To do this work, we have to get out and know the people we want to reach and build that bridge of trust and respect. We have a 13-year track record of programming in the community, our off-site programming. We’re trying to use that wisdom and blend together our on-site art-making classes and workshops and exhibitions with the community arts education work. We’re trying to figure that out. Will a program look like arts education and an ESL class brought together? We’re still waiting for the research to bolster our programming decisions.”

**TAKING THE LONG VIEW: THE PHILADELPHIA STORY**

The key theme from this conference about the value of taking the long view of arts participation and its benefits, especially in hard times, applies not only to arts providers but to cities as well whose support is vital to arts and cultural organizations. The host city for the Wallace
gathering, Philadelphia, has taken steps to preserve and protect its considerable arts assets under the leadership of its mayor, Michael Nutter. Since his election in 2007, he appointed a chief cultural officer and created a new Office of the Arts, Culture and the Creative Economy as part of his efforts to promotes the arts and cultural sector as an important part of the city’s economy.

In his remarks as the three-day conference was drawing to a close, the Mayor emphasized that even in tough times, municipal spending on arts and culture must be maintained because “the reality is that most of us can’t do anything about the international economic crisis, so we need to encourage people to go out and enjoy arts and culture.” And, he added, there is a five-dollar return for every dollar invested in arts and cultural activities in the city. Nutter said his administration is considering establishing a cultural fund and putting events on the Mayor’s schedule to promote arts and cultural and creative expression.

“Funding for arts and culture should be the last to go,” Nutter said. “This is not the time to devastate this sector because that would send a message about the quality of life in Philadelphia.”
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*The Diversity of Cultural Participation: Findings from a National Survey*, The Urban Institute, 2005

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