

Three Views on Funding the Arts

Should an arts organization be run like a business?



Lori Ann Edwards is a Calgary management consultant who has served for five years on the board of the Calgary Philharmonic Society.

I nearly fell off my seat during one of the last meetings I attended as a director on the Calgary Philharmonic Society Board. The chair announced that the CPO would be “taking a break” from the Alberta Performing Arts Stabilization Fund program—taking a break from a program that offered the CPO free money if it would simply continue to use standard business practices to ensure its own success.

A few weeks later, while walking through a department store, I noticed, to my horror, that Calgary’s own Jann Arden had launched a CD with the Vancouver Symphony Orchestra. No doubt the VSO had been astute enough to approach Arden during her Canadian tour a couple of years ago when she performed with many of the country’s finest orchestras, including Vancouver’s and Calgary’s.

I later heard through the arts community grapevine that the Seattle Symphony had implemented many cost-effective, innovative strategies, such as putting on a concert of cartoon music, in order to broaden their audience appeal and increase much-needed ticket sale revenue. These strategies were identical to those proposed by board members and CPO musicians but discarded by the orchestra’s management as “not who we are nor who we want to be.”

You can have the most rigorous, well-meaning arts stabilization programs on the planet, but without a

true entrepreneurial focus, arts groups will never succeed. Like any other industry, only the nimble and quick arts groups will survive. And it’s tough to be nimble and quick if you’re not practising solid approaches to business that keep you out of crisis mode and into a short- and long-term customer-focused frame of mind.

Most arts organizations lack entrepreneurial spirit. They believe they are such an integral part of the community that they are simply entitled to funding, no matter how disconnected they are from the community, no matter how egocentric and lacking in customer focus. Arts managers and performers still get caught up in the art-for-art’s-sake notion—it’s a build-it, or more accurately, recreate-it-and-they-will-come mentality. Sadly, this just isn’t so. True entrepreneurialism, such as recording CDs with broad market appeal, is not only discouraged, it is shunned.

The APASF (Alberta Performing Arts Stabilization Fund) has been very successful for groups that were already practising good business planning—for example, Decidedly Jazz Danceworks, one of the first graduates of the program. Because DJD was financially responsible and successful, its application to the program in 1998 was a mere formality; the fund was a sure way to inject additional moneys into the organization. DJD’s ability to continue to meet the fund’s criteria exemplifies what many, including myself, believe programs like the APASF are really for: rewarding organizations for not really needing the money. As Lynn duFort, president and CEO of the APASF aptly puts it, “It’s about rewarding the worthy rather than the needy.”

This approach may sound foolish to the segment of the population

who still believe in the bailout/entitlement approach to arts funding. But clearly, an entrepreneurial approach was, in the end, the key factor to DJD’s success. DJD’s dance school, for example, not only provides some of its emerging talent but creates a built-in audience for many of its performances. Mum and dad, grandma and grandpa are loath to miss a performance.

DJD is a wonderful example of an organization that was planning and implementing workable strategies long before the APASF.

Unfortunately, many arts organizations in Alberta still see themselves as exempt from the key criteria that an organization—any organization—must meet to become a thriving business. There’s a pervasive notion that solid business practices “really don’t apply and wouldn’t work in our organization.”

Arts organizations also fail to adopt business practices because they lack strong entrepreneurial leadership in their boards and management.

One consequence of weak boards is weak arts management. Boards often employ incestuous hiring practices, looking for managers only from other arts groups. Obviously, artistic directors (maestros, theatre and dance directors) must possess the talent and skill to create high-quality art, but good managers can come from other sectors of the business community. Most arts management positions are filled with the same faces that have made the rounds despite their less-than-stellar performances in their previous job. Some are so used to operating in constant crisis mode that their approach does little more than recycle the same tired, rigid approaches that simply don’t work. But they

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The Alberta Performing Arts Stabilization Fund

In the early nineties many Alberta arts organizations were in precarious positions. Government funding cutbacks, volunteer burnout, donor exhaustion and management mistakes put them under stress, riding a fiscal roller coaster, bouncing from solvency to near-bankruptcy and back again. The founders of the Alberta Performing Arts Stabilization Fund, concerned about what they viewed as unsustainable practices of arts management, aimed to work with arts organizations by providing them with grants and technical assistance in an attempt to reduce their deficits and entice them to adopt a more businesslike model of financial management. “The mission of the APASF is to improve the financial viability and self-reliance of Alberta-based professional performing arts organizations in a manner which allows their artistic missions to be advanced more fully.”

The APASF is a one-time community-led initiative established in 1995 and scheduled to sunset in 2005. Lynne duFort has been the APASF’s chief executive from its inception. Current board chairman is Dean Prodon. The Fund was created with \$5-million of public money and \$6-million from private sources. Money came from the Calgary-based Kahanoff Foundation, the Alberta Foundation for the Arts, the federal Heritage ministry and the board’s own fund-raising efforts. The program provides financial incentives for becoming sustainable to Alberta’s “big 10” arts groups: Alberta Ballet, ATP, Calgary Opera, Calgary Philharmonic, Citadel Theatre, Decidedly Jazz Danceworks, Edmonton Opera, Edmonton Symphony, Lunchbox Theatre, Theatre Calgary.

In its first five years (1995–2000) the APASF also gave grants totaling \$990,157 to 37 smaller arts groups

(those with annual budgets under \$1-million) from around the province. For example, Prime Stock Theatre in Red Deer received \$11,500 to develop a business plan; Lethbridge Symphony received \$17,500 to conduct market research; and Sun Ergos in Priddis received \$29,326 to produce promo videos.

The awards program for the “big 10” requires them to develop a business plan, operate at an appropriate scale and generate surpluses to build a capital reserve. Strategic planning is meant to focus the entire organiza-



Decidedly Jazz Danceworks.

tion on long-term goals—where it sees itself in five, 10, 15 years, the key business objectives the organization will achieve and the strategies it will use to get there. The arts group should function in a way that is “consistent with the community’s ability to finance the enterprise.” In other words, find the audience and patrons to pay for the performance. Potential rewards for meeting annual requirements range from \$200,000 to \$1-million (depending on the size of the arts group) over the life of the program. To date, the Edmonton Symphony has been awarded \$900,000 of their potential total and Lunchbox Theatre \$160,000.

Theatre Calgary and Decidedly

Jazz Danceworks were the first to “graduate” from the stabilization awards program. Finishing means they received the full allotment of money for which they were eligible. In 1996, Theatre Calgary was \$1.2-million in the red and seemed “the least likely arts organization to qualify for stabilization funding.” But they raised emergency funds, cut their season to four shows and staff took a month off without pay. They also hired a business manager. Before then the artistic director ran the business side of the operation and ‘you just can’t have one person playing both roles.’ They clarified their mission—to produce classics for the community, and now their audience knows what to expect.

Decidedly Jazz was accustomed to planning ahead and storing up surpluses. They already had a business manager, Kathi Sundstrom. In the five years they were part of the program they doubled their budget to \$2-million, began to receive Canada Council support and started touring annually. Their school increased revenues by 155 per cent. Their entire \$200,000 APASF award went to a reserve which stood at over \$500,000 in 2001, the company having matched the grant with its own surplus revenue.

But not everyone is keen on arts funding tied to financial practices used most commonly in the world of big business. Critics suggest the APASF and other such financial incentives affect what art directors choose for their lineups, and compromise their ability to take risks. Others long for the golden years of the arts in Alberta under the Lougheed government, when support for the arts wasn’t tied to profitability; when generous funding encouraged creativity rather than caution.

feel safe because they've done it before.

Mark Phipps, a past chair of the APASF, would like to see more entrepreneurial types sit on arts boards. They would be pivotal in securing sustainable change in business practices and promoting the innovative thinking still so desperately needed in most arts organizations. Successful entrepreneurs are flexible, creative risk-takers who, because they make and follow effective plans, pay the bills on time. When faced with a setback, they are nimble enough to determine what works and move ahead, without navel-gazing. They have to: they have no safety net to provide cash during a crunch (at least not without interest owing) and no stabilization programs to draw on.

However, the pool of entrepreneurs is somewhat limited: most spend their time building their own successful businesses. So, what to do? Well, for starters, incentives could be offered for successful entrepreneurs to sit on boards. Offer things that make the experience a pleasant one, where each person feels appreciated for their efforts and contributions. Implement board members' suggestions, and don't expect them to take on a second full-time job to ensure the success of their initiative. Arts boards could also hire better people as managers. Though the salaries are comparatively low, there are good managers for whom money is not a primary concern—retired corporate executives, for example. This approach was finally adopted by the Calgary Philharmonic last summer as they hired as president retired executive Mike Bregazzi.

If those who have a vested interest in the arts are not interested in strategies that hold organizations accountable for their own success, then what's the alternative? Do they favour the model commonly used in European countries—full-time government funding of arts organizations, which creates, in effect, quasi-government institutions paid for and supported by everyone? I know I don't.



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It is 1989, a cold winter's night in Winnipeg's Exchange District, an inner-city neighbourhood of stunning turn-of-the-century buildings that rise above modern-day derelicts. I enter a packed Manitoba Theatre Centre Warehouse Theatre to attend opening night of a production by Quebec's Théâtre Repère. The play was written and directed by an emerging Quebec artist named Robert Lepage. Three-and-a-half hours later, I and 300 others stumble stupefied and excited and speechless into the theatre's lobby. Even the normally thoughtful and subdued reviewer from the *Winnipeg Free Press* was reduced to blurting, "That was \$#@&%* brilliant!" Over the next two weeks I saw *The Dragon's Trilogy* three more times, on each occasion taking a different friend or family member with me. I had undergone an epiphany, had experienced a conversion to the religion of the arts. I wanted others to hear "the word."

Since those days, the value of the arts has been clear to me. Whether it occurs on a stage, a canvas or a recording, art is a place of communion between my soul and the higher human experience. And only artists can take me there. I have had similar emotional epiphanies far away, as in my 1992 visit to Paris's Musée d'Orsay, where viewing works by Rodin and Monet brought tears to my eyes. I have also found them nearby, such as a local production by puppeteer Ronnie Burkett or last summer's visit to Calgary by Cirque du Soleil.

The life experiences that have most profoundly affected me, that left me thrilled, enlightened, *transported*, well, just about all of them have occurred in a theatre, art gallery or between the covers of a book. Of course, my time in classrooms, on hockey rinks and at the office has

shaped me, but the only experiences that have rocked my world were those in the presence of artists. Every now and then some underpaid and under-appreciated visionary uses only a paintbrush, a bare stage or an old typewriter to reach inside my head and connect me with something greater than I could ever imagine on my own.

Art shows us that humanity is capable of incredible accomplishments. It shows us that there is much, much more to the world than our own narrow and prejudiced viewpoints, our own revolving wheels of misfortune, our own misguided focus on things of little value like money and big suburban homes and SUVs. Art doesn't just give us a new perspective on life, it gives us power to see beyond our drab, depressing daily news diet of financial market fluctuations and politics and wars. We believe that money gives us power. But art gives us a power far more potent.

I disagree that in order to qualify for public funding, artists should be forced to plan for profitability, adequate market share and positive cash flow, all in addition to their art. This is anathema to what they do and who they are, and diminishes the quality and quantity of art they create.

Every industry everywhere is subsidized by tax dollars. This is a fact—the only variable is by how much. Therefore, restricting one group's access to public subsidies is a slippery slope that puts us all at risk. If we want to stop subsidizing ventures that are poorly run, we would have to dismantle the entire western economic model and start from scratch. And when it comes to those who put public tax dollars to poor use, the offenders are not playwrights and painters. The public trough is deep and wide, and many drink there.

From Bombardier and Air Canada to professional sports franchises and the East Coast fisheries, ventures that cannot make an honest buck receive tens of billions of taxpayer dollars every year. And that includes those of us right here in Alberta, famous for our so-called self-reliance.

Few businesses achieve stability or sustainability, let alone profitability, in their first years. We do not banish them for failure, but perhaps we should. Artists unskilled at balancing the books or marketing are still artists, fulfilling their purpose and contributing something important to society. But business people who cannot succeed in business, what good are they?

Forcing artists to meet the same protocols as businesses, with strategic plans, operating budgets and “pro forma” financial information, is unfair and shows poor comprehension of what artists do and how they behave. Such traditional tools of business cannot help define, direct or measure the creation of art or its degree of success, nor can they help funding agencies evaluate who is more deserving of public support.

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They only give politicians and bureaucrats a familiar but flawed frame of reference when dealing with artists. Jeremy Hope in *Beyond Budgeting* argues that planning and budgeting are a waste of time and resources. The heretical anti-budget movement, led by Hope, has the support of 30 global companies, including Canada’s Cognos Corporation.

All we should ask of artists is to create work that shows us their perspective, asks difficult questions and gets us to think in a new way. The best tool to help them achieve that is greater freedom. Remember, the artist’s role ends when the work makes it to our eyes or ears or brains. They don’t promise to build a company, make shareholders wealthy, create thousands of jobs or become a global corporate behemoth. They deliver on their life-long commitment—to be artists.

Let us also dispel the myth that arts funding does not provide net

benefits. Economically and socially, our return on investment is considerable—common sense tells us this and studies prove it.

Public funding of the arts ensures that at least a few people do not have to keep their mouths shut to hold onto their jobs.

Public arts funding is seed money invested in creative thinkers whose success might one day pay back big-time to the public coffers. A few measly tax dollars once supported Margaret Atwood, Robert Lepage, David Cronenberg and the Cirque du Soleil empire, and now each pays more income and corporate tax than most of us.

Public funding of the arts rewards people who have already put their money where their mouth is. By choosing to be artists, they have shown that they have more courage and faith in themselves than those who are not strong enough to pursue their dreams if it means financial insecurity.

Artists are accountable for their taxpayer dollars, often going through a stringent peer review before receiving funding. Then they have to produce what they promised. It’s a healthy system of checks and balances.

Public funding of the arts ensures that our culture’s most innovative and expressive people need not rely solely on corporate handouts. Let’s face it, most corporations view arts donations as a line item from the marketing or public affairs budget. The result? The arts groups that attract the most corporate sponsors are the ones that draw the biggest audience or splash the donor’s logo about in the most garish fashion. As the publisher of one of Alberta’s major dailies said to a group of fundraisers recently, his paper sponsors “worthwhile” community projects in order to... sell papers. How much great art is our country going to produce if artists must operate with an eye to pleasing such corporate values?

I want artists to be freer to pursue their dreams, to do what they love so that the rest of us can enjoy the fruits of their work. I want artists to behave less like businesses, not more.



Mark Lawes is the founder and artistic director of Theatre Junction in Calgary.

I founded Theatre Junction in 1991. I’m proud to say we have been able to grow and operate debt-free for 12 years, even though initially I had no public funds and only minimal private support. What I did have was a group of people around me who shared a dream of creating a new and exciting grassroots professional theatre company in Calgary. The success of Theatre Junction has led people to believe that I am a theatre entrepreneur because I created a successful small business. In fact, I am only pursuing a dream of creating theatre that truly moves and inspires other people. This is a kind of success that cannot be measured by financial return.

I am often asked to defend the position of the arts in Alberta, which seems absurd after living in Paris, where the arts are such a huge part of everyday life. Last year, theatre artists in France went on strike because the government threatened their unemployment and retirement benefits. Artists in Canada, especially Alberta, wouldn’t dream of receiving either benefit (ironically, even U.S. theatre artists receive unemployment benefits). Can you imagine the government or anyone else in Alberta listening to artists on strike?

How can two “Western” cultures be so different?

One of the major differences in my mind is that in Alberta, every organization must operate as a business and be guided by business principles. Therefore, arts organizations, universities, hospitals and other not-for-profit organizations are expected by government and funding agencies to be guided by these principles. Well, the guiding principle in business is profit. The rule of thumb is that for a business to be deemed viable, it must turn a profit within

four years. How can this principle apply to a not-for-profit organization?

Arts organizations are not solely businesses. We require financial investment that bears no financial return for investors. By law, most of us are considered charitable organizations or not-for-profit societies. "Why? Where are the returns?" ask business people. "Aren't you simply bygone concepts, leftover sentiments from some Greek philosopher?"

Ideally, the arts are a breeding ground for new ideas. They stimulate the imagination, inspire the human spirit, bring communities together and challenge accepted ideas and practices. The arts form the basis for creative thought. "Creativity is the sole heart of modernization," wrote Aristotle. "Without creativity, humanity would still be in caves."

So where would business be without the crazy dreamers, the artists and

So where would business be without the crazy dreamers, the artists and the philosophers?

the philosophers? And more importantly, how grey would our world seem without the ideas of Aristotle and Einstein, without the beauty of Michelangelo and Van Gogh, or without the soaring words of Shakespeare and Molière? Not one of these people would likely have been deemed worthy of investment for a quick return by business while they were alive, yet each of their ideas has generated revenue for countless "entrepreneurs" ever since.

The well-being of the arts in Alberta is in question, and many generous financial supporters and volunteers are attempting to address this crisis. The Alberta Performing Arts Stabilization Fund, for example, came about because of the financial difficulties of several of the large arts institutions in Alberta. The focus of the APASF is to assist arts organizations in the development and the



The Edmonton Symphony Orchestra in concert at the Winspear Centre.

application of business principles, and reward companies for sound financial management as well as the ability to generate revenue and become self-sustainable.

Sound management practices are necessary, but unfortunately—if funding is based primarily on these criteria—arts organizations become afraid to take genuine artistic risks. Instead, art becomes about generating revenue in order to satisfy the funding agency. In the theatre business, we all know *The Mousetrap* and *A Christmas Carol* are commercial ventures. Yet arts organizations are encouraged to produce this kind of programming. When I choose seasons at Theatre Junction, I often have to think of what will sell before I think of what I want to say and create.

This kind of thinking might be "realistic." But the creation of art requires tremendous risk—time and time again—often without financial return. And this kind of risk must also be rewarded by funding agencies. New ideas are only born out of many failed experiments; like scientific research, it is only one in a hundred or a thousand experiments that bears positive results. If instant success and profitability were demanded of the great artists of the past, we wouldn't have any great works of art today. The creation of art is so much more

difficult than creating a successful business. Surely that doesn't mean we should stop investing in the search for the unknown, the wonderful and the unexplainable?

What is being sustained in the arts in Alberta? Old ideas? Known quantities? Sure things? Popular plays, music and dance with a history of success? It's important to have those too, but let's leave those to business people. As soon as artists succeed, they should be back in the laboratory concocting another experiment—and the curious will bear witness to the result. From time to time, audiences will be part of an event they will always remember, and they'll be able to say, "I saw that in Calgary. What an incredible place to be!"

I like to think of Calgary as a place where new ideas are born, where anything is possible, where dreams are made real. And not just dreams of being financially successful, but dreams of being a part of a pioneering community where creative ideas are encouraged. Calgary needs the arts alive and well. It is what makes us alive and well. Funding institutions, corporations and individual supporters must not only provide resources for buildings, computers and marketing plans, but more importantly for crazy, improbable, daring ideas and experiments.