# Change Capital in Action:
## Case Studies from the Leading for the Future Program

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Leading for the Future (LFF) is a program of Nonprofit Finance Fund, funded by the Doris Duke Charitable Foundation.

To learn more about LFF, including overall program design, lessons and results, please read *The Case for Change Capital in the Arts* and *Change Capital in Action: Lessons from Leading Arts Organizations*, both available at http://nonprofitfinancefund.org/LFF.

For visual examples of the artistic work of participating organizations, please visit http://nonprofitfinancefund.org/LFF/Profiles.

**Alvin Ailey Dance Foundation**
**New York, NY**
*Technology Investment Boosts Program Integration and Recurring Revenue*

*Alvin Ailey American Dance Theater in Alvin Ailey's Revelations.*
*Photo by Andrew Eccles.*

> *"In a world with constantly changing entertainment options, it's more important than ever that we engage our current patrons and expand our audience base through better use of technology."*
> - Sharon Gersten Luckman, Ailey's former Executive Director

The Alvin Ailey American Dance Theater is an international icon, one of the most outstanding and well-recognized dance organizations in the world. Founded in 1958 by the visionary choreographer Alvin Ailey to bring African American cultural expression and the modern dance tradition to the world, the organization now comprises two professional companies that tour internationally, a leading professional training school that works with 3,500 aspiring dancers each year, an Extension program offering dance and fitness programs to the general public, and a boutique. Led by legendary dancer and choreographer Judith Jamison for more than 20 years, the company is now headed by Artistic Director Robert Battle.

In 2007, as Ailey approached its 50th anniversary, leadership identified that the Foundation's approach to engaging patrons and audiences was becoming dated and out of step with increasingly sophisticated electronic marketing and communications techniques. It needed a new, cross-department approach to technology and social media to increase and retain audiences and make it easier for people to take advantage of more Ailey programs.

***The plan for change capital***
With $1 million in change capital from the Leading for the Future (LFF) program, Ailey undertook a three-part initiative to transform its use of technology and social media:

- **Creating a customized, central patron database** that incorporates data from ten previously unlinked sources used by different Ailey departments, as well as ticket buyer data from outside venues where Ailey self-presents. This new platform better supports fundraising, ticketing, education and cross-program patron services.

- **Redesigning its website and adding new content and functionality**, including streaming video, interactive website content (blogs, contests and other features), and personalization that facilitates tailored cross-selling among multiple programs and engagement with diverse Ailey activities.

- **Incorporating web-based analytics tools** – including pixel-based tagging of email contacts, website visitors and patrons' social network connections – to track patron behavior and measure revenue and expenses. Ailey's use of these tools has led to a more sophisticated online strategy that has seen high return on investment.

### *Progress report*
The Ailey organization set clear goals at the outset of the program and then nimbly adjusted its strategies to achieve them. As a result, the organization implemented its change plan with resoundingly positive results. By August 2012, Ailey demonstrated a four-year increase in online patron engagement through a variety of measurements, including 78% growth in unique website visitors and 716% growth in its Facebook community. Additionally, online donations increased by 55%.

Ailey's new web-based analytics capacity allows the organization to quickly see the effects of its different revenue-generating strategies. During Ailey's 2011 New York season, for example, the return on investment for strategic Facebook marketing returned $4 for every dollar spent. Online ads returned $8 for every dollar spent. In addition, Ailey's enhanced digital advertising strategy has added tens of thousands of prospects to its pool of contacts for future online marketing campaigns.

During the period of the LFF initiative, Ailey continued to develop and present new work, and conducted extensive national and international tours. The company celebrated the 50th anniversary of *Revelations* with performances around the world, a new documentary and extensive educational material. The organization also orchestrated two significant leadership transitions. Long-time Artistic Director Judith Jamison became Artistic Director Emerita, and choreographer Robert Battle assumed day-to-day leadership of the company's artistic programs in 2011. Executive Director Sharon Gersten Luckman handed over the reins to the company's former Senior Director of Development and External Affairs, Bennett Rink, in January 2013.

Ailey sees this four-year investment as "organizational transformation" and feels it has built a strong platform on which to develop the company's future adaptability and sustainability. The organization has built on its success by developing a mobile-friendly version of the website that will complement and extend the new technology platform. With an exit grant from the LFF program, Ailey is conducting further research and initial implementation of an Integrated Customer Access Network which will incorporate patron management software for the School and Extension into the website.

### *Measuring success*
The Ailey team selected 34 different metrics to track during the course of the LFF initiative, a selection of which are shown below.

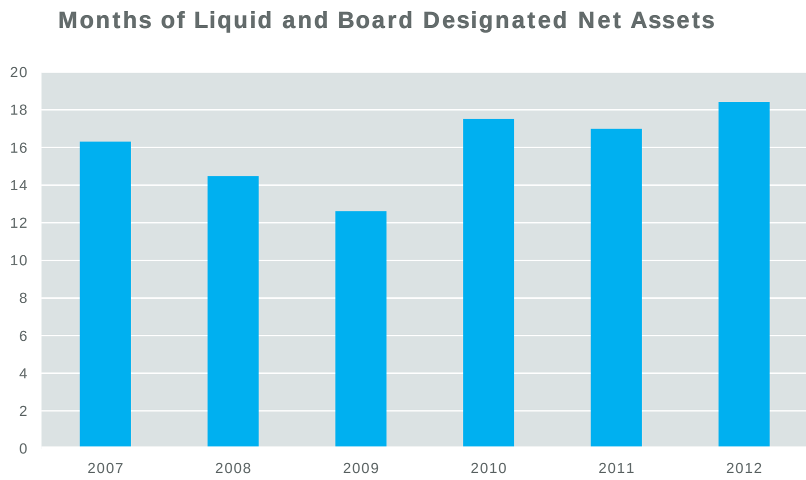
***Ailey's Progress Metrics***
% Change from Baseline Year (prior to grant) through FY12

| | |
|---|---|
| **Goals: Increase online patron engagement & build on-line community** | |
| Website Unique Visitors | 78% |
| Website Visits | 85% |
| Website Visit Duration | 65% |
| Facebook Fans | 716% |
| **Goal: Optimize eCommerce** | |
| Online Donations | 55% |
| **Goal: Shift to more digital marketing and advertising** | |
| Electronic media spend as % of total media spend | 100% |
| **Goal: Increase cross-patronage of Ailey's various programs** | |
| % of ticket buyers who are also Extension class customers | 195% |
| % of ticket buyers who are also donors | 136% |
| % of Extension class customers who also buy tickets | 13% |
| % of Extension class customers who are also donors | 8% |

These measurements were part of a larger discussion with Ailey about how change capital contributed to the generation of new incremental revenue beyond the natural growth that Ailey would have otherwise experienced.

Throughout the course of its 5-year initiative, Ailey leadership has tested and re-tested assumptions and hypotheses about the revenue growth that could be directly attributed to its change capital investment. For example, they mined the data collected in their new central database for analyses of incremental growth in cross-patronage, individual donations and other program activity. After several years, the team determined it was not possible to accurately quantify discrete earnings tied to grant-related efforts. Concepts of natural growth – and by extension, incremental growth – are subjective at best. While the LFF investment certainly resulted in material new revenue, both the Ailey team and NFF agreed that the success of the project should be measured by more objective metrics.

Prior to and throughout the LFF initiative, Ailey has also maintained a healthy balance sheet, indicated by stable and growing unrestricted liquid net assets (flexible net worth). The graph below depicts the number of months of expenses Ailey's flexible net worth can cover at the end of each year.




The strength of its balance sheet allows the organization to manage risk and pursue opportunity, all in service of its mission to bring African-American cultural expression and the modern dance tradition to the world. The organization has specific plans for the future use of a significant portion of its liquid dollars, including providing increased scholarships and housing stipends for students at The Ailey School to help ensure that Ailey can attract and retain top talent.

***Lessons for the field***

Ailey's success with this initiative has gained national attention, and staff members have presented reports on the project at a variety of national conferences. Ailey staff highlights three major lessons:

- **Get early buy-in from leaders and promote collaboration across departments**. This project affected all major departments of the organization. By building an effective team that consulted regularly with all stakeholders and made the benefits to the new approach clear to all, the organization embraced rather than resisted this significant change effort. As a result, staff are working more collaboratively to cross-promote, cross-sell, up-sell, and find other ways to engage current and prospective audiences using technology.

- **Don't over-reach**. For instance, Ailey staff initially thought that Extension class takers would be good targets for buying tickets to the NY season, and vice versa, but the conversion rate for both has remained low. They have seen that people who both take classes and buy tickets spend more money on tickets than those ticket buyers who do not take classes. Thus, the team knows it is on to something but was overambitious with the original benchmark.

- **Use data analysis to drive decisions**. From the earliest planning stages through all elements of implementation and refinement, Ailey captured and analyzed information that guided decision-making and reinforced progress. For example, data indicating that 21% of Ailey website visitors connected via mobile devices pushed the organization to invest in mobile technology; their experiments with phrasing used in the subject line of emails to patrons showed that wording can heavily influence whether users open and respond to such emails and has changed Ailey's emailing practices.

**Center Theatre Group**
**Los Angeles, CA**
*New Approaches to Producing Attracts Younger Audiences*

*Elephant Room workshop at the Kirk Douglas Theatre*
*Photo by Craig Schwartz*

> *"LFF funding has been a transformative investment in our art, our audiences, and our staff. It has enabled us to break out of the boundaries of business-as-usual, and fundamentally changed our programming at the Kirk Douglas Theatre, our audiences' relationship to the theatre, and our organizational workings and culture. These shifts will pay dividends long into the future."*
> - Michael Ritchie, Artistic Director, Center Theatre Group

Center Theatre Group (CTG) is the largest theater producer and presenter in Los Angeles and among the largest in the country. Comprised of three theater venues – the Ahmanson, Mark Taper and Kirk Douglas – the organization presents as many as 18 productions each year, ranging from experimental new work to Broadway classics. The Kirk Douglas Theatre is located in Culver City, approximately ten miles from CTG's downtown theaters. With 317 seats, it is the newest and most intimate of CTG's performance spaces. Since opening in 2004, it has been viewed by CTG as a kind of laboratory for new approaches to programming and audience engagement.

In 2007, CTG was exploring ways that it could experiment with its production model to respond to the needs and interests of a wider range of playwrights and artists, while simultaneously attracting the next generation of theatregoers. The theater's subscription model – which required fixing a schedule of shows 6-12 months in advance of production and following tight production protocols – limited opportunities to experiment with more adventuresome work and test more interactive audience experiences. CTG posited that a more dynamic approach to producing theater and engaging ticket-buyers could help the theater build its audience of the future.

Achieving financial viability for the Kirk Douglas Theatre was never CTG's goal. From the start of the program, leaders at CTG understood that the Kirk Douglas would always require subsidy from CTG and funders. In inviting CTG to participate in the Leading for the Future (LFF) program, NFF and the Doris Duke Charitable Foundation were investing in the idea that the future vibrancy of the institution would depend on building a younger audience base as a source of more reliable earned revenue for the long term. CTG's experiment and lessons learned would generate important information as the theater considered possible long-term shifts in its business model.

### *The plan for change capital*

With its $1 million investment of change capital from the LFF program, Center Theatre Group undertook a two-part initiative to drive audience development and engagement at the Kirk Douglas Theatre:

- **Programming adventurous new work.** CTG launched the DouglasPlus program to complement its ongoing subscription series at the Kirk Douglas. DouglasPlus was designed as an unsubscribed series of programs flexible enough to support a variety of projects through production models tailored to the needs of the work. CTG experimented with different approaches to scheduling, length of run, audience configuration, performance space and ticket pricing.

- **Re-imagining the theater experience.** The Kirk Douglas became the site of a range of experiments designed to cultivate audience participation and encourage audience members to act as active partners rather than passive consumers. A range of initiatives focused on younger audiences and efforts to find entry points for other patrons to connect.

### *Progress report*

CTG threw itself enthusiastically into the experiments at the Kirk Douglas Theatre. It produced 18 DouglasPlus offerings over the course of the LFF program, each of which demanded a significantly different approach to production, presentation and marketing. Works included *Bones* by Dael Orlandersmith, *The Author* by Tim Crouch, and *The Method Gun*, created by Kirk Lynn and performed by the Rude Mechs. The runs varied from one day to two-and-a-half weeks; the staging ranged from intimate productions for small audiences seated on the stage to one that included scenes presented in the lobby of the theater, using the box office and street traffic as key elements of the show.

During the period, CTG also redirected its advertising and marketing efforts for the Kirk Douglas from print to online to create a more targeted, personalized experience. It expanded its reach in the community by engaging a grassroots ad agency, developed a new online sales tool that enables patrons to organize group events directly through Facebook, and developed a membership program for young professionals. The DouglasPlus program also experimented with ticket pricing, segmenting ticket prices (ranging from $5-$30) according to type of offering.

CTG's approach to audience engagement was equally inventive. Discussions pre- and post-show encouraged active threads of discussion prior to and following performances, and the theater significantly expanded its use of Facebook, Twitter, podcasts and other means to capture audience attention and invite them behind the scenes of the productions. A YouReview booth was erected in the lobby, encouraging attendees to share their reactions to the shows, and many of these video reviews were then posted on CTG's website and shared via social networks.

CTG committed to "radical hospitality" for its house staff, trained them in state-of-the-art customer service techniques, and instituted a system of nightly reports on interactions with audiences. CTG also instituted a variety of interactive show-specific lobby activities. For example, lobby "listening booths" invited audiences to tape their very own "tale of a lifetime," inspired by *Krapp's Last Tape*, and listen to a collection of memories recorded by other audience members of different generations.

### *Measuring success*

Among the results from the DouglasPlus experiment:

- *Enhanced staff creativity and collaboration*: CTG staff has been energized by this project, considering it a "transformative kick in the pants for our staff, our art and our audiences." In implementing new approaches to productions and audience engagement, staff in all departments had to think more openly and innovatively and collaborate with each other more effectively.
- *Broadened artistic portfolio*: DouglasPlus has allowed the organization to work with new artists and genres, comprising a wider range of voices and aesthetics.
- *Influence on other venues*: Some of the engagement techniques piloted at the Kirk Douglas – including concierge ushers, interactive lobby displays, and live streaming of talk-backs – are now being implemented at the Ahmanson and Taper Theatres.
- *Potential revenue opportunities:* DouglasPlus successfully attracted a higher percentage of patrons under 45 years of age (35% compared to 19% for subscription productions). The DouglasPlus offerings also boosted CTG's membership program and helped attract new donors to its Artists & Educators Forum, a group supporting new play development.

In addition to these qualitative measures of success, CTG's leadership established financial, operational and programmatic indicators that would be used to evaluate its accomplishments at the Kirk Douglas. The chart below illustrates progress against some of these metrics.

### *Kirk Douglas Theatre Progress Metrics*

| Benchmark | Baseline (2007) | Current (2012) | Growth Multiple |
|---|---|---|---|
| % of tickets sold online | 10.1% | 37.4% | 3.7x |
| Ticket price range | $20-$40 | $5-$60 | n/a |
| % new audiences at Kirk Douglas who return to CTG within 12 months | 7.6% | 13.2% | 1.7x |
| % CTG subscribers who purchase DouglasPlus tickets | 0% | 18% | all |
| Viewership of Kirk Douglas Facebook posts | 0 | 250,707 | all |

Meeting the original financial goals for the Kirk Douglas has proven more of a challenge. Ticket revenue for DouglasPlus programming remains below original targets and covered just 12% of direct expenses in 2012. While the new offerings attracted many new attendees, early figures suggest that fewer than 1 in 10 are returning for subsequent performances, and few new audience members are purchasing subscriptions at the Kirk Douglas.

***Lessons for the field***
Both CTG and NFF understood the DouglasPlus project as an experiment that would generate useful information for the institution's long-term artistic and financial planning but that was unlikely to alter the fundamental business model at the Kirk Douglas or CTG overall. CTG distills the major lessons of its work as follows:

- **Audiences are hungry for engagement and conversation.** The Kirk Douglas Theatre's regular subscribers were more enthusiastic about the theater productions than CTG anticipated, and new lobby experiences boosted attendance at a new discussion series with artistic personnel.

- **Younger people respond to experimental work and interactive experiences enthusiastically.** CTG's tracking data suggests a "generational aesthetic gap." On average, people over 45 had a harder time understanding the new works produced under DouglasPlus as theater, whereas younger audiences were energized by shows that, in the words of one, "kept me on my toes and made me think." People under 45 were far more likely than those over 45 to recommend specific new works to other people they know.

- **Conversation and interaction are important tools in helping older audiences understand and engage with experimental work.** While older audiences had difficulty connecting to some programs, they appreciated the opportunity to engage in conversation about the context for this work and learn more about the artistic process.

At the end of the day, CTG leadership considers DouglasPlus as a kind of center for experimentation. The adventuresome work and sense of community created at this theater are critical to the future vitality of the organization, and will require continuing investment by CTG and a committed group of funders.

**Cunningham Dance Foundation**
**New York, NY**
*Going Out of Business Artfully*

*Photo courtesy of Walker Arts Center.*

> *"The LFF methodology guided much of our thinking, financed the kick-off of our Legacy Campaign and at critical moments helped us leverage the revenue we urgently needed. It helped us fulfill our artistic and organizational plan without compromise."*
>
> - Trevor Carlson, Cunningham Dance Foundation's former Executive Director

In 2007, as Merce Cunningham approached his 90th birthday and the inevitable end of his extraordinarily creative and prolific life as one of the world's greatest choreographers, he and the leadership of the Cunningham Dance Foundation (CDF) explored various options for the future. Together they crafted The Legacy Plan, a bold and unprecedented program to preserve Cunningham's legacy.

This was the most radical transformation of a business model that emerged from the pool of candidates for NFF's Leading for the Future (LFF) program. It appealed for its originality, ambition and timeliness.

***The plan for change capital***

With change capital from the LFF program, Cunningham Dance Foundation undertook a four-part Legacy Plan that called for:

- **Preserving Merce's legacy**. This work included: "dance capsules" – digital packages of material that capture the creation and performance of Cunningham's most important works; transfer of the Merce Cunningham Archive to the New York Public Library for the Performing Arts; and the Walker Art Center's acquisition of the Merce Cunningham Dance Company's collection of sets and costumes.

- **Conducting a final international tour** to showcase a range of important works, performed by the last company to be trained by Cunningham himself.

- **Providing transition stipends and health insurance to the final company members and staff** to recognize their contributions to Cunningham's artistic vision, encourage them to stay with the company through the final tour, and help offset their expenses while they transitioned to new employment after CDF closed.

- **Closing the organization** without outstanding obligations and transferring remaining assets to the Merce Cunningham Trust, established to hold and administer the rights to Cunningham's work and endowed separately from CDF.

***Measuring success***

The Legacy Plan was a bold, ambitious and unprecedented effort to honor Merce Cunningham's profound artistic achievements and secure the future of his choreographic legacy once he was no longer able to lead the company he founded. His death in July 2009 only heightened the urgency and importance of success. Implementing the three-year plan, and sustaining ongoing operations while the plan was put in place, cost $4.6 million more than regular operations for the three years preceding the Legacy Plan period. It required extraordinary skill and tenacity on the part of CDF's board and staff and genuine courage and grit from the dancers. It also required an exceptional fundraising effort—raising $10.3 million to support all ordinary and one-time Legacy Plan expenses from 2010 through 2012—that took place during the height of the recession. Working without precedents and with limited relevant experience, the company's leaders overcame enormous obstacles, ultimately exceeding all of the original goals and providing an inspiring case study of graceful closure for other single choreographer dance companies, the arts field, and numerous founder-led nonprofit organizations.

The first two commitments received by CDF to implement the Legacy Plan were a $1 million grant from The Andrew W. Mellon Foundation and an investment of $1.075 million from the Leading for the Future program. NFF's commitment enabled the company to sustain daily operations and launch the larger fundraising campaign. Subsequent releases of change capital, tied to explicit pledges by donors and board members and to signed touring agreements by presenters, catalyzed revenue commitments that were essential to support both ongoing costs and key Legacy Plan components.

CDF published a detailed case study of The Legacy Plan in 2013, but a few highlights reveal the organization's remarkable accomplishments.

***CDF: Legacy Plan by the Numbers***

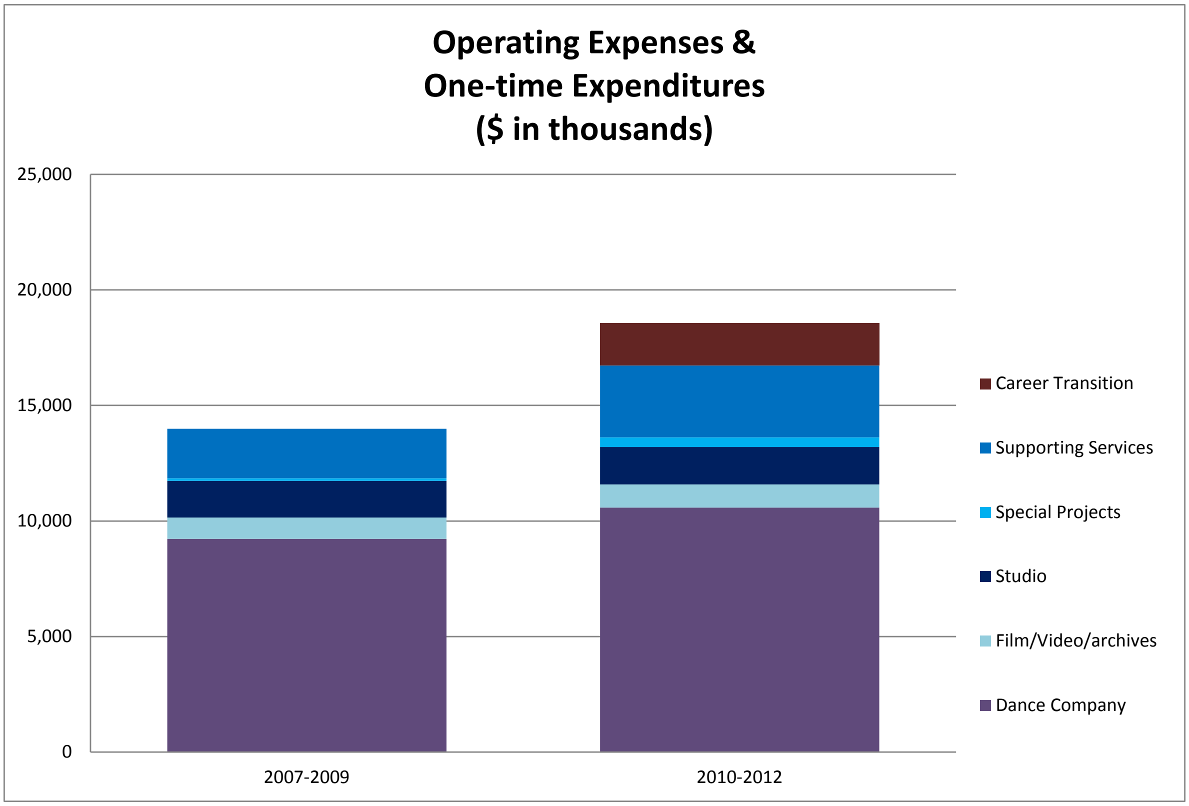
| Benchmark | Original Projection | Actual (2012) |
|---|---|---|
| # of Tour Engagements | 35 | 57 |
| # of International Performances | 29 | 81 |
| # of Domestic Performances (excl. NYC) | 19 | 51 |
| # of NYC Season Performances | 3 | 21 |
| # of Dance Capsules Created | 30 | 87 |
| Fundraising Campaign | $8.3 million | $10.3 million |
| Amount Paid in Career Transition to Artists/Staff | n/a | $1.8 million |

- CDF produced 87 "dance capsules," illuminating nearly half of Cunningham's oeuvre of more than 200 dance works. The capsules are an invaluable online resource for those licensed to re-stage Cunningham's works, as well as for students, scholars, critics and the public. In addition, CDF worked to digitize and transfer the Merce Cunningham Archive to the New York Public Library for the Performing Arts, an important record of the company's nearly 60-year history. The Walker Art Center purchased the company's entire collection of sets, décor and costumes, many created by seminal visual artists such as Robert Rauschenberg, Jasper Johns and Andy Warhol, keeping this unparalleled collection intact and available for future study and presentation.

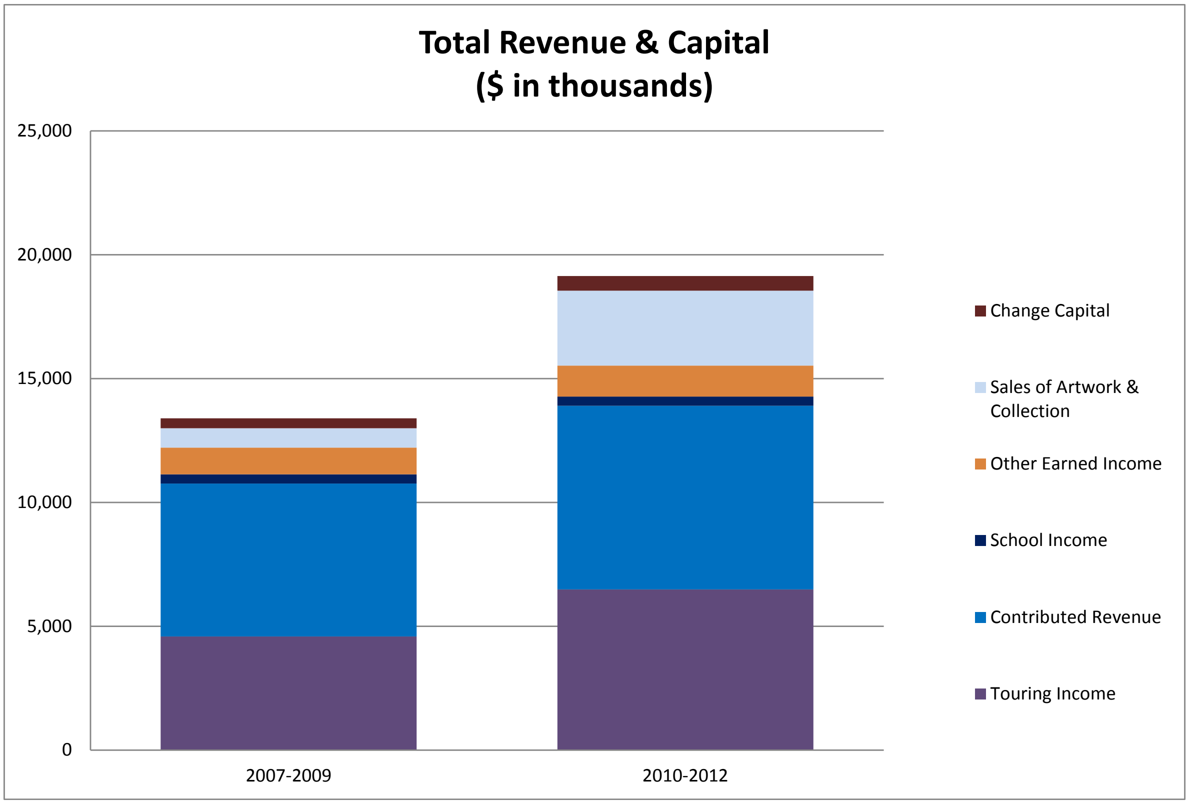
- The international tour ultimately encompassed 57 engagements, including 152 performances and a variety of residency activity and special events. The two-year tour showcased 18 of Cunningham's most important works, seven of which had not been performed in years. The company revisited many of its most familiar tour sites in the U.S. and abroad – the Kennedy Center, Wexner Center for the Arts, Cal Performances in Berkeley, Festival d'Automne in Paris, Barbican Theater in London – as well as several new sites. The tour culminated in six performances at the Park Avenue Armory in New York City (the finale was on December 31, 2011) for which all tickets were $10, in keeping with Cunningham's explicit wish.

- Although CDF's ability to provide the transition assistance to company members and staff was provided as originally conceived, it was uncertain prior to the sale of the set and costume collection to the Walker Art Center, finalized two months before the final performances.

CDF's finances during the three-year period of the Legacy Plan, 2010 through 2012, were markedly different from the three years prior, reflecting Legacy activities above and beyond normal operations. The chart below presents the combined budgets for 2007 to 2009 beside the combined budgets for 2010 to 2012. For the Legacy period, the combined budget was $4.6 million greater than in the previous period. Of this, $1.8 million was for one-time career transition support expenditure, while the other $2.7 million represented an increase in the regular operating budget (marked by the top of the royal blue "supporting services" bar).




The increase in expenditures was supported by an expanded revenue and capital model, as shown in the chart below. Contributed dollars—including $1.075 million in change capital from the LFF program, a $1 million lead gift from The Andrew W. Mellon Foundation, pledges from CDF's Board totaling over $1.1 million and an anonymous gift of $1 million—were in total $1.4 million greater during the Legacy period than the prior three years, while touring income was $1.9 million greater. The sale of the collection of sets and costumes to the Walker Art Center was a key element in the success of the Legacy fundraising campaign, making the total raised for the plan $10.3 million.




As a result of its success with earning and raising funds alongside careful management of expenses, CDF was able to achieve three critical elements of its ambitious plan: the celebratory final tour, the development of digital dance capsules as an accessible archive of Cunningham's work, and—the element hardest to underwrite—a career transition fund to support the artists and staff who made achieving the Legacy Plan possible.

The final element of the Plan involved transferring remaining assets from the Foundation to the Merce Cunningham Trust. On its closing date of June 30, 2012, CDF ended its fiscal year with $428,000 in donated artwork and about $725,000 in cash, assets that were ultimately transferred to the Trust. Thus, the organization exceeded its final goal of ensuring CDF was solvent upon closure—an impressive and hard-earned effort, indeed.

***Lessons for the field***

The Cunningham Dance Foundation's successful closure offers multiple lessons on imaginative and graceful termination, but its use of change capital for this purpose offers several specific lessons for the field:

- **Closing requires a substantial amount of flexible funds, ideally upfront.** The importance of obtaining lead gifts and upfront commitments of flexible support cannot be overstated. Knowing that CDF had some of these dollars available allowed its leaders to sustain ongoing operations, mount a sophisticated fundraising campaign and go forward with plans for the preservation and touring components of the plan.

- **Making tough cuts to ambitious budgets all at once is preferable to continuous incremental adjustments**. CDF's original Legacy Plan fundraising goal totaled $12 million. With urging from key advisors and funders (and considerable regret), company leaders eventually decided to reduce their goal to $8 million. They made major adjustments to the budget in one step rather than incrementally over many months. This was extremely difficult, but the decision enabled the company to achieve greater focus on its top priorities and fully implement what remained a very ambitious plan. Ultimately, CDF was able to restore a significant portion of its cuts through successful fundraising.

- **A healthy contingency when venturing into unknown territory is always wise**. CDF's Legacy Plan budget included a healthy contingency line because there was so much that could not be known at the outset. But the organization took it one step further after reducing its fundraising goal to $8 million. It created a "supplemental budget" of expenses that would only be incurred if the organization exceeded the $8 million fundraising goal. The most sizable supplemental item was the career transition dollars, which proved difficult to fund until the sale of sets and costumes.

- **Successful use of change capital requires a healthy balance sheet at the start, or an infusion of recovery capital.** CDF found itself in a cash crisis early in its participation in the LFF program. An ambitious 2009 season, combined with the economic downturn, left the organization with an urgent need for cash. Without an early infusion of capital, CDF would have had to make drastic cuts that would have compromised its progress with the Legacy Plan. NFF released $400,000 of the $1 million pledge early, which led us to coin the term "recovery capital"—a necessary precursor to the use of change capital for organizations with severely strained liquidity.

- **Change capital can be used as a challenge to other contributors.** NFF tied the release of the second and third payments of our commitment to signed pledges by 100% of board members, other donors and presenters on the international tour. This helped CDF lever the other contributions, including over $1.1 million in board contributions alone.

- **Closing an organization is hard**. It takes a lot more work than anyone can imagine.

**Jacob's Pillow Dance**
**Becket, MA**
*Building a revenue engine and audience for the future*

*Thomas/Ortiz Dance, performing as part of the Inside/Out Performance Series.*
*Photo by Taylor Crichton.*

> *"The LFF program has been transformational. We were able to build a virtual audience from scratch and implement game-changing capacity-building ideas and programs. LFF affected every aspect of the organization, from financial planning to artistic goals, in ways that we both planned in fine detail and could not have imagined. We were supported every step of the way by our colleagues at NFF, Helicon, and Duke. It has been critical support at a critical time, and we are forever grateful, forever changed."*
> - Ella Baff, Executive & Artistic Director, Jacob's Pillow Dance

Jacob's Pillow is one of the most renowned centers of dance in the world, a unique destination for choreographers, dancers and dance lovers, nestled in the Berkshire Hills for over 80 years. The Pillow nurtures dance of all genres, enabling choreographers from all over the world to present their work to devoted audiences and first-time dance-goers through 300+ events during its three-month annual summer festival. The Pillow also trains professional-track dancers at The School at Jacob's Pillow, has an Intern Program and a Scholars and Fellows Program, offers a range of community dance classes, and presents a variety of free educational programs, talks and discussions for the public. A National Historic Landmark and recipient of the National Medal of Arts, the Pillow preserves the buildings and grounds of this dance mecca, sustains an extraordinary archive of dance photography, oral histories, and ephemera, and presents a variety of photography, art exhibits, films, talks and discussions throughout each Festival. The Pillow's year-round programs include a Creative Development Residency Program and commissions for artists to create new work, research in the Archives by scholars, artists and educators, a Curriculum in Motion program in local schools and co-presentations with MASS MoCA.

In 2008, when the Leading for the Future (LFF) program launched, the Pillow had just completed its 75th anniversary season. This cause for celebration was also a time for reflection and thinking about the future of the organization. How would this treasured dance center located on a c.1790 farm keep pace with advances in technology in order to stay relevant to its existing audience and reach new offsite audiences around the world? Were there ways to transfer its remarkable archival assets to the web and to earn revenue by making this material accessible to diverse audiences? How could the Pillow extend its legacy of artistic risk-taking within the digital sphere? What investments in capacity would be necessary to support a broader constituency, sustain an institutional brand, bring the public closer to dance and benefit the field?

The result of the Pillow's planning was a new concept for the organization to develop and launch a Virtual Pillow. At its physical site, the Pillow presents on three performance stages. Virtual Pillow would be a fourth "stage" that would build an e-audience and new donor base. Virtual Pillow was envisioned as a combination of behind-the-scenes investments to digitize important portions of the Pillow's rare and extensive archives and free public offerings to make the organization's programs and online community more visible, interactive and dynamic on the web.

When early planning for Virtual Pillow revealed an uncertain time horizon for financial return, the Pillow's leadership prioritized a simultaneous investment in building the organization's "revenue engine." They deemed strengthening the organization's marketing and development infrastructure essential to generating new earned and contributed income that would support the Pillow's virtual and physical presence.

***The plan for change capital***

With change capital from the LFF program, Jacob's Pillow undertook a variety of creative strategies to support the creation of Virtual Pillow and strengthen the organization's capacity to generate reliable revenue. These included:

- **Conducting research** to understand leading practices in digital engagement strategies of for-profit and nonprofit cultural institutions; running market analyses to define potential audiences for the Virtual Pillow and probe their online behavior; and formulating options and priorities for the Pillow's work in this sphere.

- **Developing internal capacities**, such as strengthening digital collections management, transitioning to High Definition standards, and enhancing staff skills with online community-building strategies, web analytics and search optimization.

- **Launching online programs**, including the preparation and launch of a curated collection of video clips and informational text from the Archives, branded video channels and mobile social media.

- **Strengthening fundraising staff and systems** through a redesign of the Pillow's development department and recruitment of new and/or different staff to build capacity in all dimensions of fundraising, including online.

***Progress report***

All dimensions of the Virtual Pillow met or exceeded expectations. The Pillow's exhaustive research on leading digital engagement strategies, its extensive consultation with experts in various commercial internet ventures and its partnership with Clearmetrics, an internet marketing and metrics firm, informed subsequent strategies. Several pilot approaches that engaged participation also helped refine the Pillow's understanding of the new digital territory it was entering and ensured that its online programming was aligned with consumer behavior.

Virtual Pillow now consists of several new elements, in addition to a revamped home website:

- *Jacob's Pillow Dance Interactive*, a curated, comprehensive and continually growing online video collection featuring clips of over 175 artists who have performed at the Pillow from the 1930s to today;

- *Pillow TV*, a YouTube channel featuring videos of Festival artists, narrated tours and behind-the-scenes highlights;
- *Pillow Talks*, interviews and conversations with renowned choreographers, dancers, authors, filmmakers, historians and critics talking about the cultural forces shaping the field of dance;
- *Networks*, social networks of dance fans, Festival artists and Jacob's Pillow alumni that encourage discussion and exchange of news, reviews, photos and videos; and,
- *Virtual Pillow Views*, a monthly email update on notable happenings in the Pillow's online programming.

As of December 2012, the Jacob's Pillow *Dance Interactive* site had attracted over 100,000 unique visitors from 200 countries, and Pillow TV had clocked more than 1.1 million views of its over 200 videos. Ten thousand Facebook fans and more than 7,000 Twitter followers mark a growing online audience for the site, meeting the original goal of building appreciation for dance and for Jacob's Pillow. *Dance Interactive* was called "priceless" and "the closest thing the dance world has to an online museum" by Sarah Kaufman of *The Washington Post*.

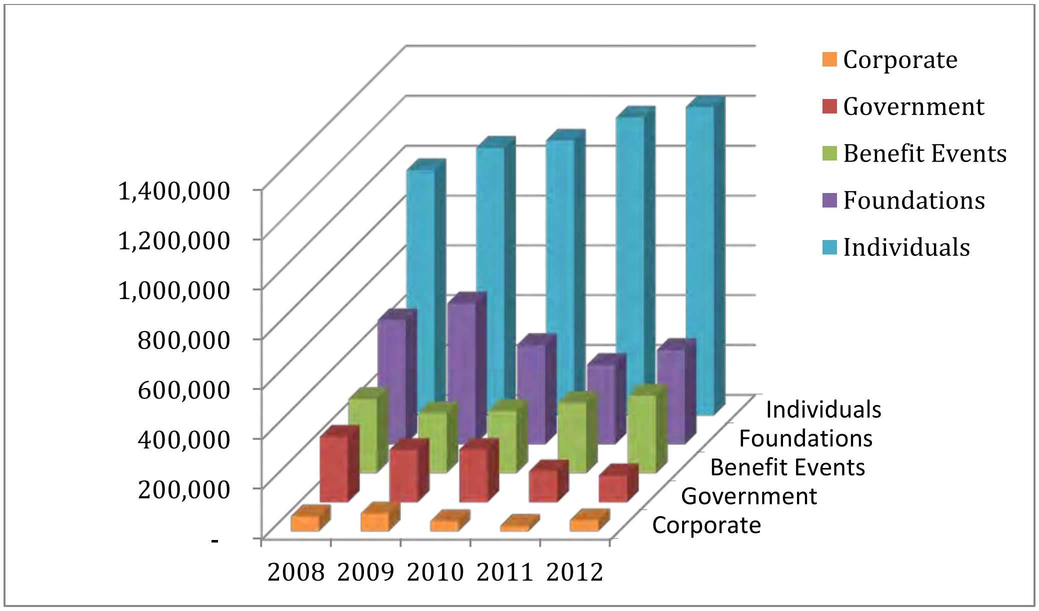
The technological leap the Pillow made in building and launching Virtual Pillow has affected all dimensions of the organization, demanding higher levels of digital literacy and technological proficiency from every department, staff member and Board member. The benefits of this organization-wide learning can be seen in more integrated work processes across programs and in the development and marketing functions, which are ever more united.

The change capital investment also allowed the Pillow to make critical adjustments to its fundraising and audience development strategies and operations. The Pillow has restructured its approach to institutional giving and supplemented its technology systems for improved prospect research and donor tracking. In addition, new approaches to integrating advertising and corporate sponsorships have been implemented alongside more flexible benefits and recognition packages. The Pillow has increased its focus on individual giving, emphasizing major gifts, long-term relationship-building, re-designed appeals, and online fundraising. As one example of the linkage between audience development and fundraising, the Pillow completed a highly successful grassroots campaign, which prominently featured online elements, to save its free outdoor stage. The effort yielded new gifts, increased gifts, and new donors.

### *Measuring success*

The Pillow has a track record of coupling artistic risk-taking with conservative financial management. The organization set ambitious yet realistic program and financial metrics for success at the outset of the LFF program and adjusted its path as circumstances evolved and mandated.

The graph below shows the growth in contributed income from individuals over the investment period. While institutional funding was constrained during the recession and its immediate aftermath – a period of simultaneous staffing reorganization – the change capital investment paid off in the form of significant growth in individual giving and benefit events.




The Pillow also exceeded virtually every one of the progress metrics it set for the Virtual Pillow, a few of which are shown below.

***Virtual Pillow Program Metrics***

| Benchmark | Baseline (2008) | Current (2012) | % Gain |
|---|---|---|---|
| Unique Visitors per year | | | |
| Home Site | 142k | 267k | 88% |
| Jacob's Pillow Dance Interactive (launched 3/25/11) | 0 | 81k | all |
| Total Unique Visitors | 142k | 348k | 145% |
| Page/Video Views per year | | | |
| Home site | 1.018M | 1.154M | 13% |
| Jacob's Pillow Dance Interactive (launched 3/25/11) | 0 | 240k | all |
| PillowTV/YouTube (launched 3/5/08) | 73k | 315k | 331% |
| Fora.tv (launched 4/26/10) | 0 | 13k | all |
| Total page/video views | 1.091M | 1.722M | 58% |

***Lessons for the field***

Jacob's Pillow's experience in the LFF program offers the field a number of useful lessons:

- **Monetizing artistic content remains difficult.** The virtual world is primarily a space for audience engagement and education, not revenue generation. Online donation models and online sponsorship may present the best opportunities for limited financial return.

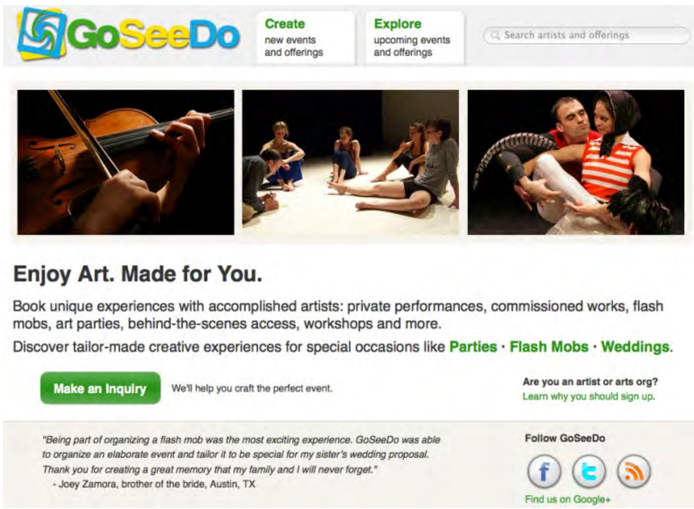
- **To successfully innovate in the digital sphere requires outside expertise and commitment and learning by the entire organization.** As it designed and implemented its strategy, the Pillow married periodic consulting with leading thinkers in the digital world and ongoing staff development.

- **To innovate sustainably is to know when to say "no."** In the context of its many organizational needs, the Pillow consistently asks itself which activities and product developments the organization can afford to sustain and which it will sunset. The organization decided not to pursue several avenues (such as live simulcasting or soliciting text donations), where the technology was unreliable or the cost prohibitive.

- **Fundraising is a business center and requires investment of change capital to produce reliable revenue.** Through 2012, the Pillow invested over $300K to reorganize (hire and train) staff, develop new materials, design a major gifts strategy, launch virtual campaigns, and streamline its research and operations, among other capacity-building activities.

With a substantial portion of its LFF investment conserved for future change capital after the formal conclusion of the LFF program, the Pillow is poised to build on its successes to date. The organization plans to undertake new Virtual Pillow projects that show the greatest likelihood of artistic return and audience development, while focusing on the next stage of its institutional advancement efforts.

**Misnomer Dance Theater**
**New York, NY**
*Connecting Artists and Audiences: An Exciting Yet Tricky Proposition*



*GoSeeDo.org.*

> *"GoSeeDo has spurred our creative thinking about new revenue streams. And the opportunity to share ideas with other artists is terrific! It's easy to get bogged down in 'same old, same old,' but GoSeeDo has provoked us to think in new ways."*
>
> - Jane Stojak, Managing Director, Leah Stein Dance Company (user of GoSeeDo)

Misnomer Dance Theater made its entrance onto the New York City dance scene in 1998 and quickly gained attention from critics and audiences for its distinct approach to movement and creative partnerships with an unusual array of entities including Björk, the Sundance Channel, Apple and Danish Dance Theater. The company rapidly found an international audience and toured to 14 countries while mounting regular seasons in New York.

The economics of small dance companies are notoriously fragile, and Misnomer's founder and artistic director, Chris Elam, understood from the beginning that the company needed creative approaches to generating revenue. In addition to building a base of interest among nonprofit presenters and corporate clients, in 2007 Chris began exploring an idea that could strengthen the company's business model while also addressing a larger challenge in the field of dance and the performing arts. His concept was to create an online platform to facilitate audience engagement with dance and other art forms, enabling artists and audiences to connect with each other easily and in unconventional ways.

As a participant in the Leading for the Future (LFF) program, Misnomer approached NFF with compelling questions: Could such a platform be built under the auspices of the dance company, creating a service for which both artists and audiences might pay modest fees? Could this service generate a reliable recurring revenue source for Misnomer and an innovative new approach to audience engagement and revenue generation for the field?

### *The plan for change capital*

With a five-year investment of change capital from the LFF program, Misnomer focused on three related strategies to explore this question:

- **Designing and prototyping an innovative online audience engagement platform** that would enable independent performing and other artists and small and mid-sized arts companies to connect with diverse audiences across the country.

- **Building staff and board capacity** to manage the rapid expansion of Misnomer's enterprise while balancing the development of the online platform with Misnomer's ongoing choreographic work and dance presentations.

- **Strengthening institutional and individual giving** to ensure adequate financing for Misnomer during and after the development of the online platform.

***Progress report***

GoSeeDo (www.GoSeeDo.org) is the engagement and booking platform for artists and arts organizations that Misnomer launched publicly in April 2012 (after a seven-month beta and six-month soft launch period). Through GoSeeDo, creative experiences can be purchased directly by fans, presenters, schools, corporate event planners and other potential audiences. Eight months after its public launch, GoSeeDo had a roster of 254 artists and organizations and users in 23 states, and interest was escalating each month, reaching over 100 inquiries per month to book artists by December 2012. The participating artists offer an expanding range of bookable experiences tailored to the interests of the users. Bookings have ranged from original commissions to performances and workshops, and its most popular item so far has been delivering dance flash mobs to celebrate moments such as corporate events, conferences, graduations or marriage proposals.

GoSeeDo offers services to participating artists and organizations including guidance developing, marketing and processing sales of their bookable events ("experience blueprints") and a social network where artists can exchange experiences and ideas. The platform is helping artists attract more bookings, generate new income and interact with audiences in more direct, face-to-face ways, and it is encouraging artists to be more inventive and flexible in the ways they think about their work and where they present it. The website is getting positive reviews, inquiries grow each month, and Misnomer is very optimistic about GoSeeDo's potential.

In the early years of the LFF program, Misnomer encountered a number of challenges in its efforts to build staff and board capacity. Changes at the board level and a succession of turnovers in the staff set back the timetable for developing the audience engagement platform. By late 2010, however, the company established an aligned complement of board members that has remained steady since, including experts in the arts, technology and business. After several staffing iterations, the organization has established a team comprised of a full-time CEO/Artistic Director and a complement of staff and contractors.

The difficulties Misnomer encountered with building the right Board and staff, and the concomitant delays in developing GoSeeDo, presented challenges for its efforts to bolster institutional and individual giving to the degree initially projected. The LFF change capital investment was complemented by several other significant grants drawn to the promise of the audience engagement platform. As the organization struggled, it had to re-negotiate benchmarks it had established with some granting institutions, which led to delays in payment releases. This in turn affected cash flow and the company's ability to build GoSeeDo concurrently with the company's overall fundraising capacity on the projected timeline.

***Measuring success***

Over the five-year period of the LFF program, Misnomer was able to raise $1.28 million in additional revenue and capital, an impressive accomplishment for a company of its size (its 2007 budget was $57,000). This includes a substantial increase in Board giving and growth in other individual contributions. As its primary revenue source, GoSeeDo currently takes a 10% transaction fee on the value of a booked event, getting paid when participating artists do. To date, revenue for GoSeeDo is modest. As a result Misnomer knows it will need to continue fortifying its ability to attract grants from foundations, corporations and individuals. The organization's strategy to build GoSeeDo by focusing in specific geographic areas is bearing fruit in Chicago.

Designing, prototyping and launching GoSeeDo was an enormous undertaking for Misnomer, and the path to completion was quite bumpy at times, primarily due to the financial difficulties and personnel changes described above. These challenges were exacerbated by the recession. Misnomer's grit and determination, however, and its belief in the viability and usefulness of its GoSeeDo concept ultimately prevailed. The LFF investment has enabled the company to advance its mission to create original dance and develop innovations in audience engagement. The flexible nature of change capital has also supported Misnomer's efforts to hone its identity and direction. In all, Misnomer's efforts represent a solid achievement with potential for further development.

***Misnomer Progress Metrics***

| Benchmark | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| GoSeeDo Artist Users | 0 | 0 | 0 | 49 | 254 |
| GoSeeDo Artist Events Booked | 0 | 0 | 0 | 0 | 59 |
| GoSeeDo Booking Inquiries Generated for Artists | 0 | 0 | 0 | 0 | 279 |
| Funds contributed by individuals to Misnomer | $11,000 | $15,000 | $11,000 | $50,000 | $21,000 |
| Misnomer Board Size | 3 | 3 | 6 | 7 | 7 |

***Lessons for the field***

While it is unlikely that many other arts organizations will try to build an online audience engagement platform for the field, Misnomer's experience holds lessons for other performing arts organizations and funders:

- **Managing and investing in a start-up is different than sustaining success.** While Misnomer was an established company with a ten-year history, the GoSeeDo program was a technology start-up that required a different kind of financing and management than the company itself. Misnomer's board and staff, and its major funders, were slow to realize the implications of this difference, which affected cash flow, staffing and other dimensions of the project and the organization. Funders who get involved in such ventures may need to be prepared to define and measure success and manage relationships with grantees differently, potentially acting more like venture philanthropists than traditional funders. Such projects may be more successful if investors establish a common set of benchmarks (financial, operational and programmatic) and coordinate their efforts in addressing challenges and supporting progress.

- **Leadership experience matters.** Chris Elam's success as a choreographer and director of a small company had not fully prepared him for the challenges posed by creating and launching GoSeeDo, while building an organization capable of supporting the online platform and other artistic activity. His learning curve has been steep, but he has sought and taken advantage of the experience of his board and advisors (including funders), all of whom have learned alongside him.

- **A major revenue-generating project can squeeze art-making.** The GoSeeDo platform has been launched successfully, yet the launch has constrained the company's performance schedule and new work development beyond what had been envisioned. Especially in small companies that depend on the artistic vision of one person, investing in the development of new revenue streams may come at the calculated cost of art-making for some period of time.

- **Balance major new initiatives with building core capacity.** If core infrastructure is not built quickly and firmly while major program initiatives are launched, an organization can be weakened substantially, if temporarily. This can affect its ability to achieve its original purpose. Half way through its project, Misnomer experienced serious internal staff and financial disruptions that destabilized the organization for several months and put key funding in jeopardy. It recovered admirably, but earlier and more intensive focus on core capacity may have helped avoid the setback.

**National Black Arts Festival**
**Atlanta, GA**
*Going Virtual Presents New and Complex Challenges*

*Atlanta Symphony Orchestra Concert, part of the National Black Arts Festival*
*Photo by William Herriott*

Note to Reader: As NFF went to press, NBAF began a facilitated restructuring process aimed at preserving its mission while establishing a more viable business model.

> *"There is an African proverb that says when you plan a journey, it belongs to you, but when you begin the journey, you belong to it." We've had to adapt. We will get to our destination, but it's not going to be in a straight line."*
>
> - Michael Simanga, Executive Director, NBAF

The National Black Arts Festival was started in 1988 with the goal of showcasing art and artists of African descent from around the world. Celebrating its 25th anniversary, NBAF now presents artists in the performing, visual and literary arts to thousands of people who attend its annual event in mid-summer, and reaches many more with its presenting and educational programs during the year. NBAF presents the work of artists from the United States, Africa, the Caribbean, Europe and Latin America, using a variety of indoor and outdoor venues around the city of Atlanta. The Festival presents young and upcoming talent as well as established artists, and has produced shows involving artists, such as Wynton Marsalis, Bill T. Jones, Youssou N'Dour, Nikki Giovanni, Maya Angelou, Tito Puente, Harry Belafonte and hundreds more.

In 2007, on the verge of its 20th anniversary, the Festival was considering its future options. Its artistic program had received strong praise for many years, but its financial picture was not so rosy. While NBAF had built a strong national reputation and its audiences were loyal and growing, neither the Festival's ticket revenue nor its private contributions were keeping pace with costs. For many years, the Festival had been one of the few presenters of artists from the African diaspora, but a growing number of presenters were now offering similar content and the Festival's market niche was shifting. In addition, new technological developments, an increasingly media-savvy public, and a growing audience of young people interested in world culture suggested there might be substantial online markets for the Festival's programs, its archive of outstanding concerts and its educational programming.

NBAF's concept for the Leading for the Future (LFF) program was to reassert its leadership role in the presenting field by developing NBAF365, a unique online platform that would situate the Festival as the premier global year-round resource for material about the African cultural diaspora. Through this strategy, NBAF intended to create a new model of audience building and revenue generation and thus, a more stable financial future.

***The plan for change capital***

In 2008, NBAF initiated a four-part program with change capital from the LFF program:

- **Building an online portal for access to NBAF, its programs, archives and educational resources.** This interactive site would be designed to host podcasts, blogs, video uploads and a variety of other materials derived from the Festival's archive of 20 years of performances, research, interviews and related resources.

- **Enhancing the new portal with online community-building features and e-commerce capacity,** including social networks for artists, audiences, scholars and others; online giving features; an online store for tickets and products; and expanded e-marketing to targeted audiences.

- **Re-structuring the summer NBAF festival into a shorter event and creating new revenue-generating product lines.** Consolidating the traditional two-week festival into a shorter event would minimize costs and maximize revenue, while new NBAF-branded products, such as digital games and other digital educational products, would generate new sources of income.

- **Downsizing and restructuring staff,** instituting new management systems, and adopting customer relationship management software that would support the new approach and help NBAF cultivate new audiences, particularly among 20-40 year-olds.

***Progress Report***

NBAF's concept was one of the most ambitious of the ten arts organizations participating in the LFF program, and the organization took more than a full year of additional planning to refine its approach and strategies. During 2009, NBAF invested in technology and equipment to proceed with its online platform. But simultaneously NBAF was faced with two significant challenges: absorbing the departure of its long-time director who resigned to pursue an exciting opportunity elsewhere and trying to eliminate a significant deficit, incurred during the 20th anniversary season (2008) and made worse by the deepening recession. Still, NBAF made progress toward building its new portal, which generated significant increases in its online visitors. Page views rose from 142,000 to 745,000 in 12 months, and unique visitors grew three-fold over the previous year. Other components of the initiative, including e-commerce, online community-building and digital revenue streams produced less dramatic results in this first year.

A new CEO was appointed in late 2009. While continuing to develop many components of the original plan, NBAF decided to re-emphasize the live dimensions of its programming through its year-round programs. This strategy was intended to make the most of NBAF's extensive artistic network, build its visibility and expand its funding options.

Despite this new approach, fundraising continued to be a significant challenge for NBAF as corporate and foundation funding in Atlanta shrank in response to the recession. While the e-commerce dimensions of NBAF's work did show positive increases—tickets sold online, artist and vendor fees associated with the summer festival, and Facebook friends and Twitter followers all grew—overall revenue did not keep pace with expenses, resulting in annual deficits and substantial unpaid liabilities.

| Benchmark | 2009 | 2010 | 2011 |
|---|---|---|---|
| New Online Members | 0 | 110 | 115 |
| Quantity of Unique Visitors | 26,445 | 65,207 | 78,722 |
| iPhone App Download | 0 | 232 | 663 |
| Tickets Sold Online (nbaf.org) | $0.00 | $2,148.00 | $4,072.00 |

NBAF's CEO resigned in late 2011. In March 2012 the Board appointed Michael Simanga, PhD, a community leader long associated with the Festival, as Executive Director. Simanga was contracted to focus aggressively on curtailing expenses, reducing payables and eliminating debt while also articulating a new construct for the Festival that includes a series of discipline-focused institutes that will allow it to program year-round, generate material for the website and sustain its educational programs.

***Lessons for the field***

The NBAF story is a complicated one, made more complex by two important leadership transitions during the period of the LFF program. Three lessons of its experience stand out:

- **The recession changed the funding equation, maybe irrevocably.** For many years, NBAF raised enough philanthropic and corporate money to subsidize its modest ticket sales. The recession not only affected donations, it also starkly revealed that NBAF lacked near-term capacity to generate meaningful amounts of earned income. NBAF is not alone in experiencing the recession's double-whammy, but it learned very abruptly that: 1) leaders needed to align programming decisions with potential for revenue generation; and 2) monetizing content online is a tremendously difficult goal.

- **Programming without guaranteed revenue is risky business.** For many years, NBAF made programming decisions and presented programs ahead of firm funding commitments. This system worked well enough because post-Festival contributions and sponsorships usually closed the gap by year-end. But a year in which program costs grew and grant commitments shrank produced a significant deficit that has proven very difficult to eliminate.

- **Successfully balancing online activity with live programming requires substantial resources, strong technical skills and well-vetted buy-in from both internal and external stakeholders.** NBAF was well-established as a live festival and its most loyal patrons and supporters understood this program and its benefits. Shifting the bulk of the Festival's activity online was a complicated technical goal, but also a more difficult marketing and positioning challenge than NBAF imagined. When financial difficulties challenged the organization, it turned back to its primary identity and best-known role as a live presenter.

The challenges that lie ahead for NBAF are significant. With a fragile financial condition and continuing downward pressure on contributed and earned income, the organization confronts a central question, not unlike the one it faced when the LFF program began in 2008: what will be the business model that can sustain the organization as an important cultural resource for the African diaspora well into the future?

**Ping Chong + Company**
**New York, NY**
*Growing Program Revenue Supports Artistic Risk*

*Cry for Peace: Voices from the Congo*
*Photo by Jamie Young*

> *"LFF funding allowed us to invest in the development of new programs that we anticipate will generate multi-year support, enabling us to create opportunities with both current and long-range potential. It also helped us value reserves as an organizational goal. "*
> - Bruce Allardice, Managing Director, Ping Chong + Company

Ping Chong + Company produces theatrical works addressing important cultural and civic issues. The company was founded in 1975 by leading theatrical innovator Ping Chong to create works of theater and art that explore the intersection of race, culture, history, art, media and technology, and issues of social justice. It produces original works by an ensemble of affiliated artists, and productions range from small-scale oral history projects to large cinematic multi-disciplinary productions featuring puppets, performers and full music and projection scores.

Since founding the company, Ping Chong has worked on a variety of works ranging in size and scale, including community-specific theater that examines the experiences of people living between cultures, those with disabilities, new immigrants, and refugee youth.

In 2007, Ping Chong decided to focus on larger scale projects for a period of years. The community-specific projects, gathered under the program title *Undesirable Elements*, had been gaining national recognition, and company leaders were interested in continuing to build this program to provide Ping Chong with financial support and development time to pursue other ambitious artistic projects. The Company wondered whether *Undesirable Elements* could expand the reach of the organization, empower collaborating artists and provide a consistent base of artistic activity and financial stability.

***The plan for change capital***
With its change capital, Ping Chong + Company undertook a two-part initiative to strengthen its artistic and financial platforms. The plan included:

- **Building *Undesirable Elements* as a core, revenue-generating program of the company** by expanding its artistic leadership to encompass the ensemble, growing and deepening community partnerships, complementing the artistic program with educational offerings, and attracting new donors. *Undesirable Elements'* key components included:
    - Partnerships with national agencies and presenters to explore social justice themes, such as living with disabilities and leadership during the Civil Rights Movement
    - A training institute for theater artists and activists interested in the *Undesirable Elements* model of building theater pieces through community participation and oral history narratives
    - An Education Program for New York City schools to promote empathy and cultural awareness among students
    - Diversity training program for corporations

- **Establishing a cash reserve for artistic and strategic purposes.**

### *Progress report*

Ping Chong + Company's plan for change was thoroughly planned and assiduously implemented. Over four years, the Company exceeded many of its goals. By the end of fiscal year 2012, *Undesirable Elements* had a budget exceeding $300,000 and was generating an annual surplus to help offset the developmental costs associated with Ping Chong's new large-scale projects.

The *Undesirable Elements* program has attracted new partners among academia, public schools, and traditional presenters, as well as new grants from foundations and individual donors to support both *Undesirable Elements* productions and new educational materials that extend the impact of these projects. For example, the program model inspired the Ms. Foundation to make a rare grant to an arts organization for the purpose of developing a toolkit and documentary video for *Secret Survivors*, an interview-based theatre project that focuses on the experiences of adult survivors of child sexual abuse. Ping Chong + Company plans to build on the momentum of *Secret Survivors* by launching a national artistic and institutional leadership training program for the development and presentation of community-engaged theatre.

The Company has proven nimble, building on program successes and adapting in the face of setbacks. For example, it adjusted its approach to educational programs in New York City after major cuts in education funding limited the possibility of expansion to more public schools. Its summer training institute, which has been oversubscribed with students from across the country and is generating modest tuition fees for the Company, is now looking for a longer-term home that will also generate residency fees. The Company's corporate diversity training, most recently on the topic of working with people with disabilities, is set for future expansion after successful pilot partnerships with the World Bank and Vanguard Financial.

To support its program evolution, Ping Chong + Company's staff and board conducted extensive planning discussions about the organization's long-term capitalization and established a cash reserve which has been designated by the board for strategic opportunities, both operational and artistic. Now at $225,000, the cash reserve is more than 25% of the company's annual budget.

### *Measuring success*

Managing Director Allardice and his team selected a handful of financial and program metrics to track the progress of *Undesirable Elements* during the course of the LFF initiative. Below is a sample of these success indicators, showing growth over five years.

### *Ping Chong + Company Progress Metrics*

| Benchmark | Baseline (2007) | Current (2012) | Growth Multiple |
|---|---|---|---|
| # *Undesirable Elements* projects | 1 | 3 | 3x |
| # Organizational partnerships | 5 | 15 | 3x |
| # Students trained | 0 | 45 | all |
| # School residencies/workshops | 0 | 6 | all |
| # Individual donors | 90 | 300 | 3.3x |
| Contributed revenue for *Undesirable Elements* | $85,000 | $235,000 | 2.8x |

### *Lessons for the field*

Ping Chong + Company's success with this initiative offers lessons for other arts organizations:

- **Surpluses in some programs allow artistic freedom in others**. By developing a mix of *Undesirable Elements* projects that generates profitability in the program overall, the organization has provided Ping Chong with the freedom to pursue major artistic works.

- **Specificity trumps wild ambition.** With good planning, Ping Chong + Company designed a clear, specific and realistic plan that is appropriately scaled to the company's size and addresses its most important financial challenges. It implemented the plan, with minor modifications based on changing circumstances, and realized its goals.

- **Fiscal health is achievable even for small and mid-size organizations**. As Allardice said, "We've achieved financial reserves we never thought possible." Clear goals and discipline in implementation can transform any organization's capital structure.

- **Change capital invested in new programs can help leverage new sources of revenue**. The *Undesirable Elements* program opened new areas of foundation funding in the social justice and arts education areas. It also enabled the organization to build a more stable base of individual donors for the first time.

**SITI Company**
**New York, NY**
*Pursuing Change Requires Adjusting Wisely To The Unexpected*

*SITI Company's Radio Macbeth*
*Photo by Chasi Annexy*

> *"A strong balance sheet means artistic freedom."*
> - Megan Wanlass, Executive Director, SITI Company

SITI Company is an award-winning ensemble-based theater company focused on creating new work, training theater artists and collaborating with performing artists internationally. Celebrating its 20th anniversary in 2012, the company was founded by Anne Bogart and Tadashi Suzuki to revitalize contemporary theater in the U.S. through international cultural exchange and collaboration with artists in dance, music, art and performance. SITI is also well known for its unique training programs, which are based on a dialogue between the Suzuki Actor Training Method and the Viewpoints improvisational techniques rooted in contemporary dance. Through these training programs, the company has worked with hundreds of theater artists around the globe.

In 2007, after 15 years of extensive touring and the refinement of its successful educational methodology, SITI Company was re-thinking its fundamentals. The ensemble members wanted to tour less and establish a more extensive training program without giving up opportunities to create new work or collaborate with diverse artistic partners. SITI believed that it could both re-formulate its business model and propel its artistry by establishing a New York season, creating an MFA program in partnership with an academic institution and boosting its annual fundraising capacity. The New York season might not be a money-maker, but the other two strategies had the potential to cover losses and create ongoing reliable revenue. SITI's concept was risky, but it held great potential and offered an ideal opportunity for the application of change capital.

### *The plan for change capital*

With change capital from the Leading for the Future program, SITI pursued the development of three related strategies:

- **Building an MFA program in partnership with an academic university** to institutionalize SITI's educational approach, generate revenue for the company and build its growing base of students and alumni.

- **Creating a New York City season** to complement its national and international touring, thereby establishing a core audience for its programs and a less taxing schedule for ensemble members.

- **Building a more robust fundraising capacity,** including an individual donor base drawing from a core audience, as well as greater board strength in development.

***Progress report***

SITI Company's work under the LFF program has produced successes and surprises, which have left the company stronger and reconfigured in ways not fully envisioned five years ago.

Artistic Director Anne Bogart has been a tenured professor at Columbia University for many years. Most other SITI Company members have taught in academic programs, at SITI's Summer Institute, and in other workshops and training programs. The ensemble considered itself a valuable educational asset that could significantly enhance a university's graduate level theater and performing arts offerings, while attracting students from around the world.

SITI approached several academic institutions to pursue the possibility of a partnership. After extensive discussions, the long-term MFA program that SITI imagined could not be realized. Instead, SITI leaders decided to develop their own program: the SITI Conservatory will be launched in the fall of 2013. This year-long program will offer academic and performance training, as well as work-study opportunities with SITI Company. In addition, the SITI ensemble will continue to offer its seasonal training programs, including the Summer Institute at Skidmore College and workshops nationally and internationally.

Meanwhile, SITI moved energetically to establish a New York season. It forged a relationship with Dance Theater Workshop, a partnership that has continued with New York Live Arts (following the 2011 merger of the Bill T. Jones/Arnie Zane Dance Company and DTW). This collaboration enabled SITI to self-produce six shows there from 2009 through 2011. While attendance was strong, a careful analysis of the financial results of these runs suggested that a full season in New York each year would prove unsustainable without a viable source of subsidy, such as from MFA tuition revenue. The company determined that it would instead present productions and workshops in New York City each year but not aim for a regular full season.

Acting on this decision, SITI strengthened its connections with other New York presenting houses: *American Document* was work-shopped at the Public Theater, then presented at The Joyce Theater in 2010. *Trojan Women (After Euripides)* was presented at the Brooklyn Academy of Music (BAM) in 2012. During its 20th Anniversary, SITI Company is building out its New York presence by partnering with a range of multidisciplinary projects, such as The Guggenheim's *Works and Process Series* and Ann Hamilton's *Event of a Thread* at the Park Avenue Armory. The company continues to tour, with important engagements at Arizona State University, Krannert Center at the University of Illinois, the Getty Villa in Los Angeles and the Wexner Center in Columbus, among others.

The process of exploring these program initiatives and dealing with related setbacks brought to the fore a number of issues about the structure of the company's artistic leadership. After considerable discussion of different options, the board and company endorsed a new leadership arrangement in 2011 that supports the vision of Artistic Director Anne Bogart. Company member and former Associate Artistic Director Ellen Lauren assumed more responsibility for developing SITI's educational programs, and company member Leon Ingulsrud shouldered more responsibility for media, marketing and communications. This three-party artistic leadership structure now works in concert with Executive Director Megan Wanlass to manage all aspects of the company's work.

***Measuring success***

Along the way, SITI worked carefully to build its board and staff fundraising capacity. The company conducted an assessment of its board with pro bono help from Taproot Foundation and subsequently added new board talent – which has led to better fundraising success. In addition, new systems for annual fundraising appeals were put in place, and some reconfiguration of staff helped boost the company's focus on ongoing fundraising, especially among individual donors. Contributions from individuals were 15% greater on average during the three years from 2009 to 2011 than they were when the economy was stronger, from 2006 to 2008.

## *SITI Company Progress Metrics*

| Benchmark | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| # Performances in NYC | 0 | 44 | 46 | 31 | 17 |
| Attendance: NYC Performances | 0 | 6340 | 7412 | 3197 | 5954 |
| # Performances on Tour | 49 | 38 | 4 | 27 | 18 |
| Attendance: Touring Performances | 11084 | 5724 | 944 | 11274 | 3710 |
| Total Individual Contributors | 37 | 50 | 57 | 61 | 202 |

SITI Company entered the LFF program with one of the healthiest balance sheets of all program participants. Many years of modest yet consistent surpluses had accumulated, and the organization held the equivalent of six months of operating costs in savings at fiscal year-end 2007. Fiscal prudence is a hallmark of SITI's management. Despite declines in booking fees due to the economic downturn and less ticket revenue than anticipated from New York City engagements, the company has stewarded its LFF change capital frugally, covering the costs of pursuing a university partnership, building fundraising capacity, and absorbing losses from NYC productions. The balance of SITI's change capital will be used in the coming years to launch the SITI Conservatory successfully – focusing on excellent programming together with the generation of net revenue – and to continue developing fundraising capacity.

As SITI Company celebrates its 20th Anniversary, exciting opportunities to tour and develop new work continue to emerge, and early feedback about its plans for the Conservatory is quite positive. A new website is generating buzz, and the vision of greater stability for its ensemble of artists appears within reach.

***Lessons for the field***

SITI's experience in the LFF initiative offers the field a number of useful lessons:

- **Make big plans but watch the numbers.** SITI's original plan for the LFF program was very ambitious. The company pursued its plan with verve and determination, but met with disappointing initial results. After good faith efforts to create a partnership with an academic institution failed to materialize, and revenue from New York engagements fell short of projections, the company realized it had to change its approach. By facing the facts honestly and adjusting course creatively, the company will achieve the essence of its original goals without having endangered its fundamental stability and health.

- **Saving money matters.** SITI Company's history of sound financial management, exhibited by annual operating surpluses, translated to a disciplined use of change capital. When the economic downturn hit touring income hardest in 2010, leadership made the difficult decision not to incur a range of expenses, thus ensuring that change capital would remain available to support plans for the future, as originally intended.

- **If it's not working, fix it.** The Company could not have anticipated the degree of change that pursuing its plans would yield. Among the most important things revealed was that strengthening its artistic activity and expanding its education program required a different approach to artistic leadership. The decision to expand the artistic leadership team required careful consideration and is still in its early days. It indicates SITI's willingness to pivot and change in pursuit of a healthier future, even when "the numbers" didn't indicate the necessity to do so.

**Steppenwolf Theatre Company**
**Chicago, IL**
*Young Artists, A Key to Young Audiences*


> *"The LFF work has had transformational impact on our ongoing efforts to fashion Steppenwolf as a 'public square' – a setting for inclusive, multi-generational conversations …. The audience relationships that we have been building with LFF's investment are informing our vision of how programming, pricing and environmental design will drive the way we engage our multi-generational constituencies in the future… Its true impact will be felt long after the end-date of our LFF funded work."*
>
> - Martha Lavey, Artistic Director, Steppenwolf Theatre Company

Steppenwolf stands at the forefront of American professional theater. Since its founding by Gary Sinise, Terry Kinney and Jeff Perry in 1974 (when none were yet 21 years old), the ensemble theater has been a dynamic creative force propelling the careers of countless playwrights and theater artists and contributing in diverse ways to the development of the theater field itself. Its roster of famous ensemble members (including Sinise, Joan Allen, Tracy Letts, John Malkovich and Laurie Metcalf, among many others) and its history of groundbreaking productions (such as *True West, Grapes of Wrath,* and *August: Osage County),* combined with its pioneering work in theater education and talent-spotting, make Steppenwolf an important field leader and a herald of new developments in all aspects of theater work.

In 2007, when the Leading for the Future (LFF) program was announced, Steppenwolf was exploring connections between young audiences and young playwriting talent. The increasing age of its subscriber base and the perception that younger audiences (the Millennial generation in their 20s and early 30s) were being lured away from live theater by technology and electronic media prodded Steppenwolf to consider the question: Could an expanded and more dynamic partnership with younger artists also increase and engage Steppenwolf's younger audiences?

***The plan for change capital***
With change capital from LFF, Steppenwolf pursued this question through three related strategies:

- **Deepening its understanding of young, culturally active audiences** through market research on audiences aged 22-30, an analysis of commercial companies' strategies to engage Millennials, and participation studies comparing Millennial customers in Steppenwolf's database with a data set of culturally active young people in Cook County, IL.

- **Deepening its understanding of young theater talent** by working with diverse "storefront theaters" and partnering with Northwestern University.

- **Applying its new knowledge to programming, pricing and environment,** with appropriate shifts in marketing strategies, program choices, space design and other activities of the theater.

### *Progress report*

Steppenwolf's work under the LFF program has produced an array of new approaches for its interactions with young theater artists and younger audiences, as well as new insights for the theater overall. Two initiatives display its progress in programming:

- GARAGE REP: the theater has offered its space to 12 of Chicago's most innovative storefront theaters and an improv group, enabling these theaters to present their shows and receive counsel and support from Steppenwolf staff mentors in the areas of artistic production, dramaturgy, marketing, financial planning and fundraising.
- NEXT UP: Steppenwolf annually showcases work by the next generation of theater artists – MFA candidates in directing and design at Northwestern University – through three productions presented in repertory.

These programs have expanded the number of young people who are attending productions in Steppenwolf's spaces. Older audiences have also appreciated the infectious energy that younger people have brought to the performance space.

Steppenwolf also conducted extensive research to inform its young audience engagement strategies. Patricia Martin's report on corporate strategies engaging Millennials, *Tipping the Culture: How Engaging Millennials Will Change Everything*" (http://patricia-martin.com/tipping.htm), revealed applicable ways that other important brands are making themselves relevant to young "cultural consumers." Steppenwolf's own market research revealed that, while a large percentage of young Chicagoans enjoy and attend live theater and have a positive impression of Steppenwolf, they perceive the theater to be big and impersonal; they prefer more intimate settings such as storefront venues. Younger audiences are also quite price sensitive.

In response to this information, Steppenwolf re-imagined and expanded how it engages with young audiences. The organization introduced $20 tickets for Millennial audiences and a special membership program, RED, that offers six tickets to any show on Steppenwolf's roster for $100. Steppenwolf redesigned its website and the identity of the GARAGE REP program, giving both a hipper look. The advertising firm, Ogilvy & Mather, advised the theater on converting the Garage's cramped lobby into a more club-like space, providing a more intimate feel. Steppenwolf also reformulated its marketing materials to differentiate the Garage from the big theater experience, added more interactive opportunities before and after shows, and upgraded its food service by getting food trucks in place outside the theater during productions.

### *Measuring success*

These programming, marketing and pricing innovations are affecting the theater and its audience. Unique Millennial buyers increased by 173% between 2008 and 2011, and the theater's penetration of the under-30 market in Chicago increased by 186%. Digital engagement is growing too: annual page views by Millennial audiences have increased from 50,000 to 70,000 in the past year, and the average time on Steppenwolf's production page has tripled. The organization's experiences with young artists and young audiences have pushed the theater's thinking about its overall trajectory, informing plans for a new campus that will promote more interactive exchange among and between Steppenwolf, its artists and its audiences.

***Steppenwolf's Progress Metrics by Season***

| Benchmark | 08/09 | 09/10 | 10/11 | 11/12 |
|---|---|---|---|---|
| Unique millennial buyers (22-30) | 263 | 291 | 501 | 718 |
| Penetration of target Chicago millennial market | 0.14% | 0.16% | 0.28% | 0.40% |
| Millennials at least 'very satisfied' with STC | n/a | n/a | 58% | 60% |
| Students engaged in programs via University partnerships | n/a | 6 | 10 | 25 |
| Artists engaged in GARAGE REP and NEXT UP | n/a | 73 | 90 | 103 |

***Lessons for the field***

Both Steppenwolf and NFF understood that the theater's change capital-funded activities were unlikely to alter its business model during the term of the LFF program. Rather, we believed its work would hold lessons for the theater's future financial planning and illuminate audience engagement strategies for the field as a whole. Steppenwolf distills the major lessons of its experience as follows:

- **Use research to inform how to best position programming and resources.** Steppenwolf accessed a range of expertise in marketing, advertising, branding and digital culture, learning from the for-profit retail sector to expand its understanding of Millennial audiences and effective strategies for engaging them. It used what it learned from market research to shift its programming and marketing approaches and to change the physical space of its lobby. All of these tactics have contributed to making Steppenwolf more appealing to young theatergoers, while animating other audiences as well.

- **Talk to your audience. Don't take other people's word about what they want.** From its audience surveys to its conversations with audiences in its lobby and other public spaces to its sustained partnerships with young artists, the staff of Steppenwolf has assertively asked for ideas about how to make the theater more appealing and interesting to young people. Not all that it heard was happy news ("you're cool but your website sucks," griped one), but audience feedback helped Steppenwolf become more responsive to younger, more diverse audiences.

- **Success with young audiences is linked to success with young artistic talent.** By supporting the development of young theaters and young theater artists, Steppenwolf seeks to contribute to the ecology of Chicago theater. It aims to create a reciprocal system of audience engagement and learning, while building a multi-generational and multi-dimensional conversation about art. The storefront theaters that have performed at GARAGE REP, notably LiveWire Chicago, The Inconvenience, and Theatre Zarko, have brought their audiences to Steppenwolf and informed the larger theater's approaches to Millennial patrons, even as Steppenwolf has helped these theaters hone their artistic skills and audience reach.

- **Millennials are as aspirational as older generations of theatergoers, while they also attend cultural events at a higher rate of frequency than the regular subscription audience.** Millennials share an appetite for serious and challenging plays. While new streams of programming can provide a good point of entry for younger audiences, there is no evidence that they are not interested in the work that is at the theater's core. Steppenwolf's new membership program, targeted at Millennials as an alternative to subscriptions, has exceeded expectations, demonstrating the potential for younger audiences' broad support for diverse programming. Recent research also indicates that Millennials have significant capacity to be donors and exhibit giving patterns similar to older audiences.

**The Wooster Group**
**New York, NY**
*Using Change Capital to Maximize Program Revenue*

*The Wooster Group's VIEUX CARRÉ directed by Elizabeth LeCompte*
*Photo credit by Franck Beloncle*

> *"Improving our balance sheet has made us more attractive to funders."*
> - Cynthia Hedstrom, Producer, The Wooster Group

The Wooster Group is an ensemble of artists who create, produce, and perform experimental theater and media in New York City and on national and international tours. Since its founding in 1975, the company has achieved global recognition for its work under the visionary direction of Elizabeth LeCompte.

Fully capitalizing on this reputation had been a long-time challenge for The Wooster Group when it applied to the Leading for the Future (LFF) program in 2007. For some time, the company had been unable to take maximum advantage of the rising demand for performances without sacrificing its distinctive development process or the unique quality of its artistic productions. Touring income was volatile, subject to vicissitudes in the economy, rising freight and airfare costs, and growing reductions in government funding for European presenters.

The Wooster Group recognized the need to invest in programs and new ways of operating that would result in a more reliable base of revenue to support its work in an increasingly fluid environment. At the same time, leadership understood the financial imperative of building long-term savings so the company could act quickly on opportunities before revenue was secured, and absorb temporary shortfalls from funding losses or inherently riskier performances and partnerships.

***The plan for change capital***

The Wooster Group undertook four interrelated strategies to stabilize and increase earned income and strengthen its balance sheet, all part of a holistic plan for organizational change:

- **Creating a sustained partnership with the Baryshnikov Arts Center** (BAC) to enhance performance opportunities in New York City and increase revenue through a visiting artist program at the company's home space, The Performing Garage.

- **Developing long-term partnerships with national and international presenters** to secure the company's touring revenue, expand audiences, and boost investment in new work development.

- **Making its archive more accessible and selling DVDs of the company's performances** to expand appreciation of its four decades of experimental theater and media work.

- **Creating a risk reserve** to enable the company to capitalize on unexpected opportunities and pursue riskier projects without knowing exactly how or when they will achieve full funding, but in anticipation that they will strengthen the organization artistically and financially longer term.

***Progress report***

The Wooster Group marries radical experimentation on the stage with restraint in financial management. The company maintained a steady focus on its key LFF goals but remained nimble in executing them, adapting to changing realities and seizing new opportunities along the way. When attendance and box office at BAC fell short of projections in 2010, for example, the company revamped its approach. In addition to a shift toward more web-based marketing and a tiered pricing structure for tickets, the Group launched a new daily video blog centered on the life and work of the company and released the daily videos as a part of a comprehensive social media strategy. These tactics together helped increase average weekly ticket income by 44%.

Similarly, when global contractions associated with the recession affected touring prospects, The Wooster Group used change capital to entice presenters into co-commissioning new work and sponsoring additional weeks of touring (for example, by covering a percentage of airfare and freight costs themselves). The development of a long-term touring relationship with REDCAT in Los Angeles is now providing reliable touring income and new audience base, while more flexible relationships with the Edinburgh International Festival, the Holland Festival, and the Festival d'Automne in Paris have helped anchor earned income. In FY12-13, The Wooster Group secured commissioning funds from a new and unexpected partner, the Royal Shakespeare Company. As a result of all of these efforts, touring and commissioning income has averaged $395,000 per year over the LFF investment period, a 70% increase over the year prior to the LFF investment.

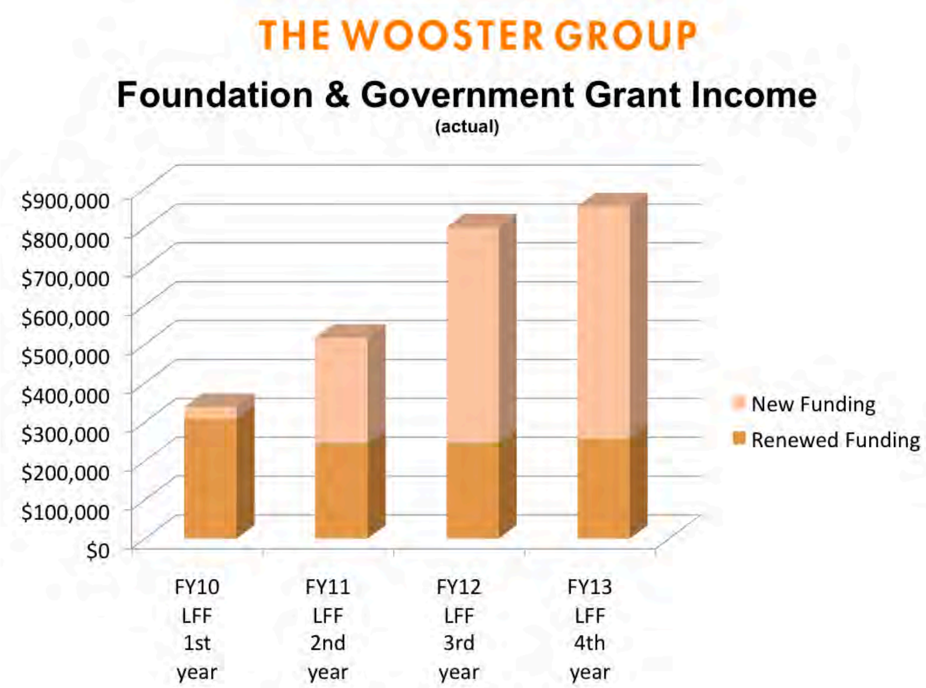
Media sales, while a modest percentage of the company's overall revenue, also grew significantly since the production of five new DVDs, reaching an average of $45,000 per year over the LFF investment period, a nearly nine-fold increase over the year prior to the program.

Finally, The Wooster Group's establishment of a sizeable risk reserve, now equal to 33% of its operating budget, was also central to the organization's stabilization strategy. With these funds on hand, the Group will have the wherewithal to make future artistic leaps, not unlike the one it is taking with its collaborative production with the Royal Shakespeare Company of TROILUS & CRESSIDA, which premiered at the London 2012 Festival during the Olympics and is scheduled to be presented in New York City and internationally in FY14-FY15.

***Measuring success***

The chart below shows actual and projected growth in The Wooster's Group reliable earned income from the box office, touring and DVD sales over the LFF program period.


While The Wooster Group's primary goal in the LFF program was to stabilize and increase the flow of earned-income, the organization's change capital investment also paid off in the form of growth in contributed support. Audience development efforts associated with the box office, touring and web projects led to increased individual contributions, while an investment in administrative personnel allowed the company to increase its focus on institutional giving. Growth in foundation and government grants are shown in the chart below.



### ***Lessons for the field***

The Wooster Group's experience has relevance for other theater companies seeking creative ways to stabilize box office and touring income in changed and changing economic and artistic contexts:

- **Presenters are cautious in this economy**. Having funds to leverage commissions or to "sweeten" partnerships by offsetting some touring costs has been very helpful.

- **Social media isn't just a marketing tool; it's a new platform for artistic work and audience engagement**. The Wooster Group's daily video blog is a practice other companies can learn from and replicate. It has made the Group more accessible to new and existing audiences, and has deepened ties and boosted total viewers in the company's online and live audiences. Because the entire company contributes to the blog daily, it has also helped galvanize the internal culture and strengthen communication and collaboration within the company.

- **Successful marketing efforts are less about the amount of money you spend and more about what you spend money on.** In this case, the Group scaled back its traditional marketing approaches and instead invested in a new artistic project – the daily video blog – that, in turn, helped drive ticket sales and attracted additional contributed income.

- **Funders appreciate healthy balance sheets**. The Wooster Group has seen significant increases in foundation and government contributions over the course of the LFF project.

- **Fiscal discipline supports artistic risk-taking**. Change capital, used both to improve revenue reliability and increase reserves, has helped The Wooster Group stabilize financially in a difficult economic climate. This has helped it be both more thoughtful and more opportunistic in its decision-making, while remaining committed to its acclaimed artistic standards.