

How "Change Capital" Can Strengthen Arts Organizations

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Nonprofit Finance Fund

With
Rebecca Rugg and Linda Garrison
Steppenwolf Theatre Company

Michael Ritchie and Joy Meads
Center Theatre Group

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This session was made possible by Doris Duke Charitable Foundation



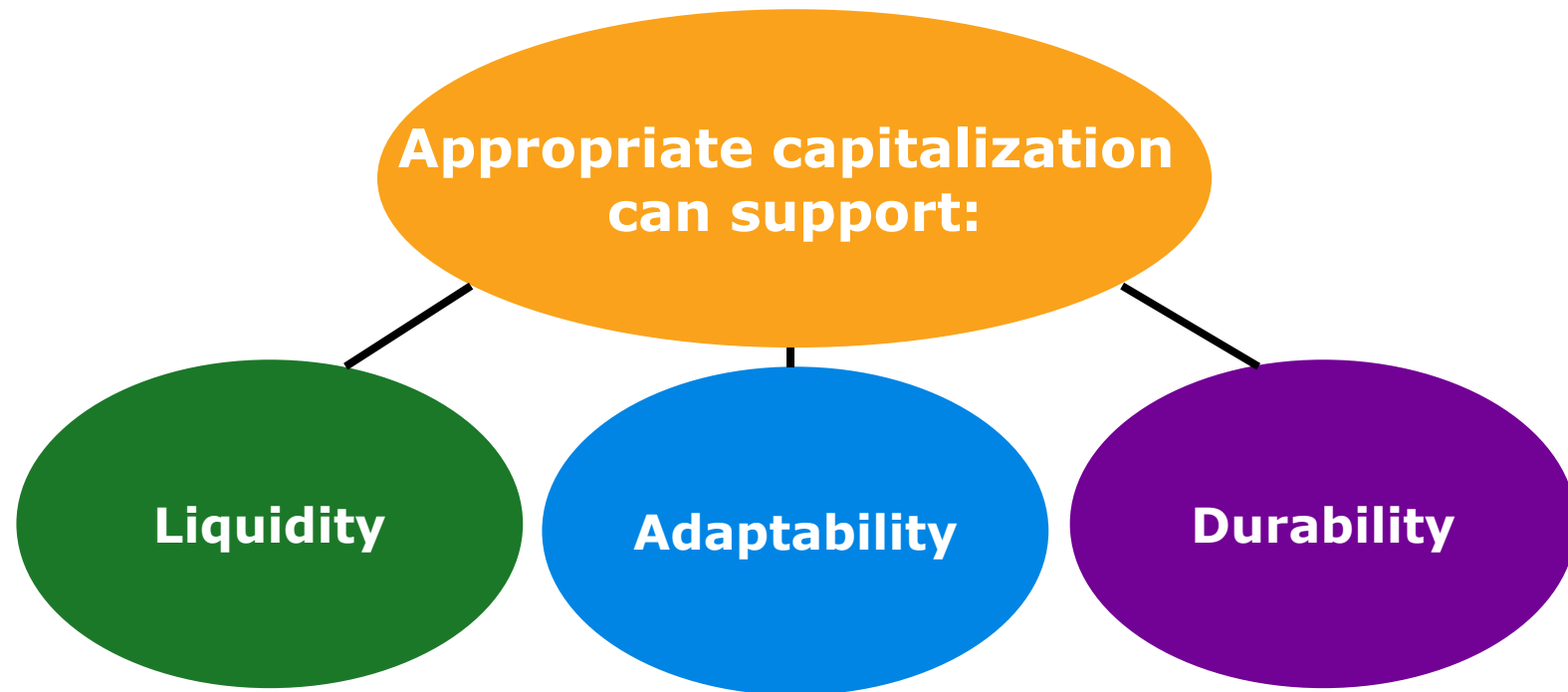
DORIS DUKE
CHARITABLE FOUNDATION

Why Capitalization Matters



Great art is often created without lots of money and can be enjoyed for many years.

Great arts organizations without the right kinds and amounts of money, however, often struggle to see another day.



Does the organization have adequate cash to meet its operating needs?

Does the organization have flexible funds that allow for adjustments and opportunities?

Does the organization have access to funds to address a variety of future needs?

Often requires a shift in nonprofit and funder practices around money

Revenue and Capital are Different

Revenue Characteristics

- May be earned or contributed
- Tends to be reliable and repeatable
- Covers annual costs of programs & operations
- Pays an organization to do what it does

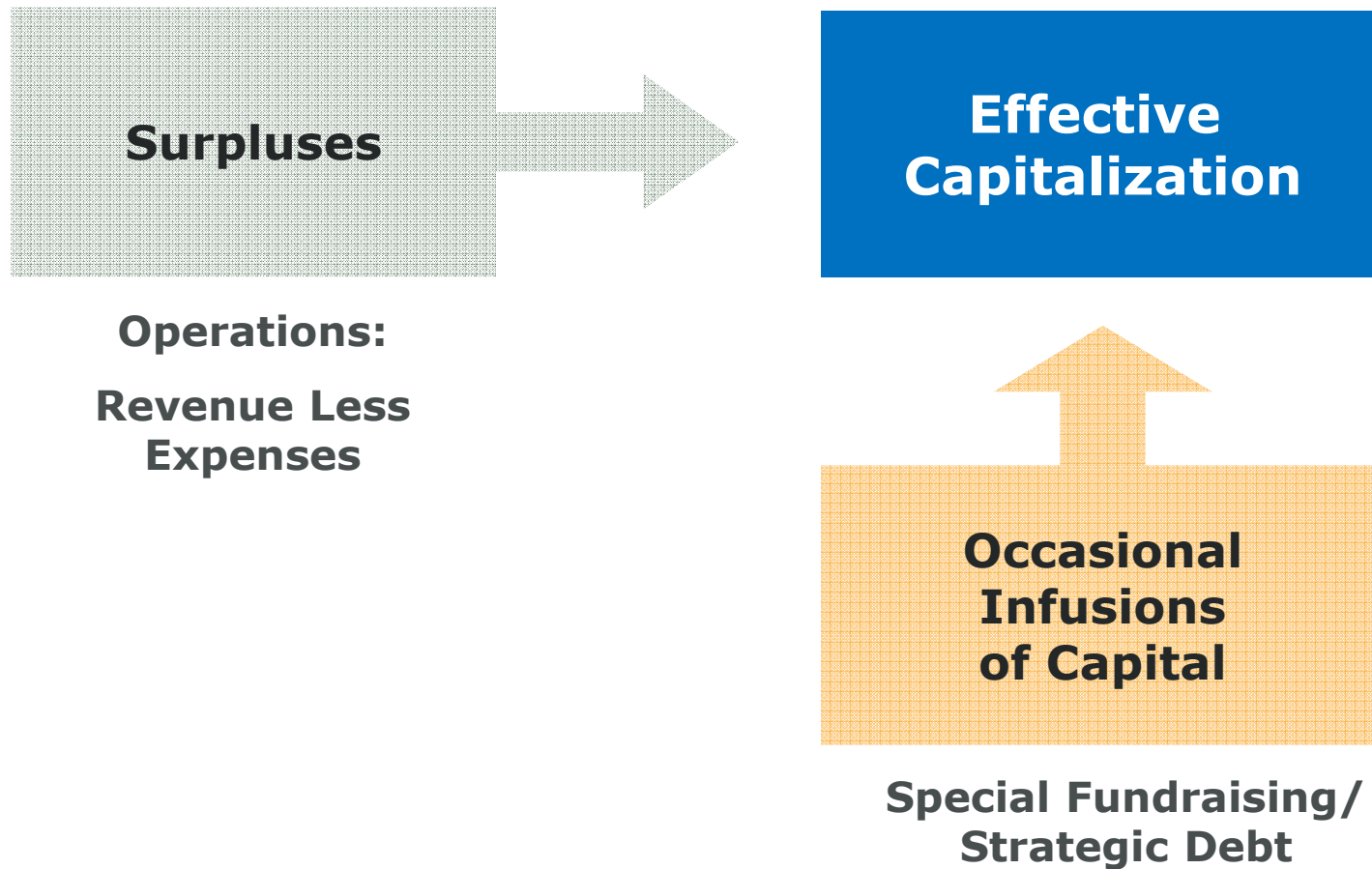
Capital Characteristics

- Tends to be episodic in nature
- Necessary infusions of capital support enterprise health
- Funds extraordinary needs related to liquidity, adaptability, and durability
- Supports ongoing generation of net revenue



Arts organizations need both revenue and capital to thrive!

Where Can Organizations Obtain Capital?



Leading for the Future: Innovative Support for Artistic Excellence



With support from Doris Duke Charitable Foundation, ten artistically excellent performing arts organizations are working with Nonprofit Finance Fund to develop, monitor, and adjust plans for achieving transformative change



national black arts festival

PING CHONG



+



COMPANY



THE WOOSTER GROUP



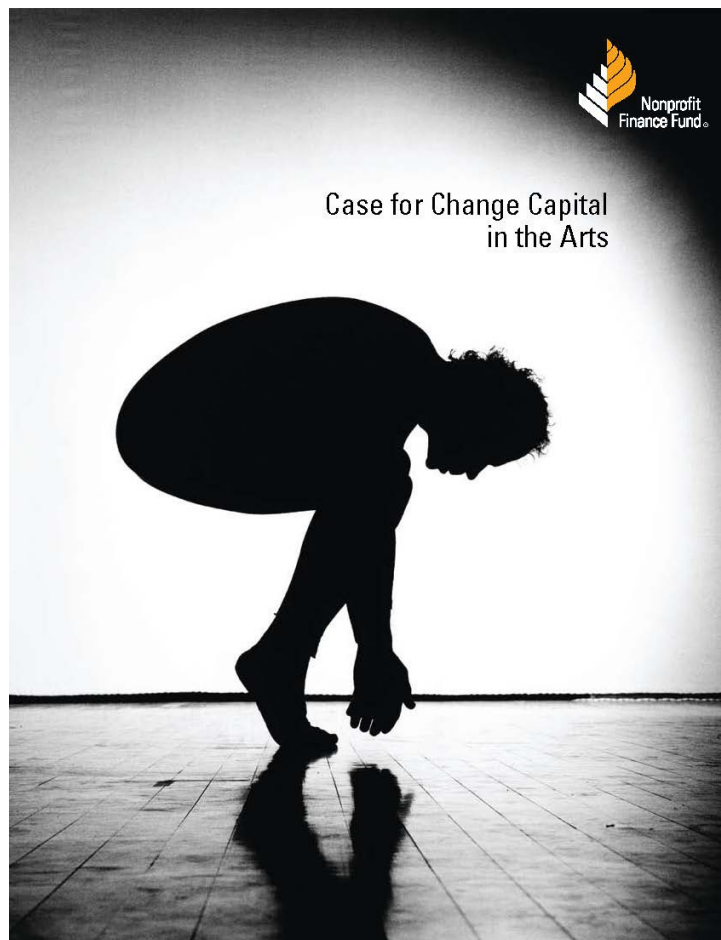
MERCE CUNNINGHAM DANCE COMPANY

Overview of Leading for the Future (LFF)



- \$10 million of change capital investments from Doris Duke Charitable Foundation over a five-year period
 - Each organization is receiving \$1 million in capital, drawn down according to individual plans for change
 - Additionally, each was awarded \$75,000 for planning
- Focus on making strategic adaptations to organizational capacity, business models and programmatic delivery—that ultimately lead to improved generation of net revenue
 - Longer-term horizon for today’s participants
 - Engaged audiences = artistic and financial success
- Managed and administered by NFF with the intent to share lessons learned with the field; services include:
 - Provision of consulting support for planning and implementation
 - Capturing and sharing learning among participants

To Learn More About Leading for the Future



<http://nonprofitfinancefund.org/case-change-capital-arts>

Let's Hear From LFF Participants...



Rebecca Rugg, Artistic Producer
Linda Garrison, Consultant
Steppenwolf Theatre Company

Michael Ritchie, Artistic Director
Joy Meads, Literary Associate
Center Theatre Group



MILLENNIALS AT THE THEATRE!

steppenwolf





GENERATIONAL CRISIS IN THE PERFORMING ARTS

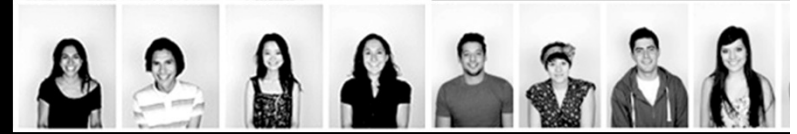
- Aging subscriber audience
- Fear that younger audience abducted by technology



STEPPEWOLF ESPECIALLY VULNERABLE

ENGAGING MULTIGENERATIONAL AUDIENCES
IS AT HEART OF OUR MISSION

steppenwolf



LFF+STEPPENWOLF=

**OPPORTUNITY TO ACHIEVE MISSION
MORE EFFECTIVELY**

**INTEGRATE YOUNG ARTISTS AND AUDIENCES
INTO THEATRE TO ACHIEVE MORE ROBUST
MULTIGENERATIONAL CONVERSATION**

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SIGNIFICANCE OF FUNDING: DEVELOP CRITICAL TOOLS AND PRACTICES

- Deepen understanding of young artist/audience
- Build relationships that support change that endures



DEEPEN KNOWLEDGE OF YOUNG *(CULTURALLY ACTIVE)* AUDIENCE

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THEY LOVE LIVE
PERFORMANCE...AND SEE A LOT OF IT

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THEY ADMIRE STEPPENWOLF
BUT IT'S BIG THEATER...
THEY MOST OFTEN OPT FOR THE INTIMACY
OF STOREFRONT

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**NO LONGER A STUDENT...
BUT BUDGET STILL AN ISSUE**

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DEEPEN KNOWLEDGE OF YOUNG ARTISTS

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IN 3 WAYS...

- Artistic offerings
- Repertory and run
- Skill building in producing

CHANGE AT STEPPENWOLF

- Programming
- Pricing
- Environment



PROGRAM MORE CONTINUITY AND VARIETY

- First Look
- Next Up
- Garage Rep
- Opportunistic stand alones
- Late night

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STOREFRONT AS THE STANDARD FOR TICKET PRICE

- \$20 Tickets
- Millennial Membership

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GET RED.

GO SEE SOME REALLY INTENSE, COOL, EDGY, MIND-BLOWING THEATER ON YOUR OWN TERMS. FOR ONLY **100 BUCKS** YOU GET **SIX TICKETS** TO USE HOWEVER YOU WANT. THAT'S LESS THAN 17 BUCKS PER TICKET TO SEE ANY PLAY AT

ANY TIME.

PLUS, RED GIVES YOU OTHER SWEET

PERKS...

USE YOUR RED CARD TO BRING A FRIEND, GET IN-THEATER DRINK DISCOUNTS

AND A WHOLE LOT MORE...

GO TO **STEPPEWOLF.ORG/RED**



THE ONLY HITCH... YOU HAVE TO BE 29 YEARS OF AGE OR YOUNGER.



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Name

ID#

Expiration Date

TOTAL ACCESS FOR TWENTY-SOMETHINGS

Call Audience Services at 312-335-1650 or email red@steppenwolf.org to reserve your tickets.
steppenwolf.org/red

ROLL OUT THE WELCOME MAT:
YOU BELONG HERE

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RE-DESIGNED GARAGE THEATRE IDENTITY, MARKETING MATERIALS

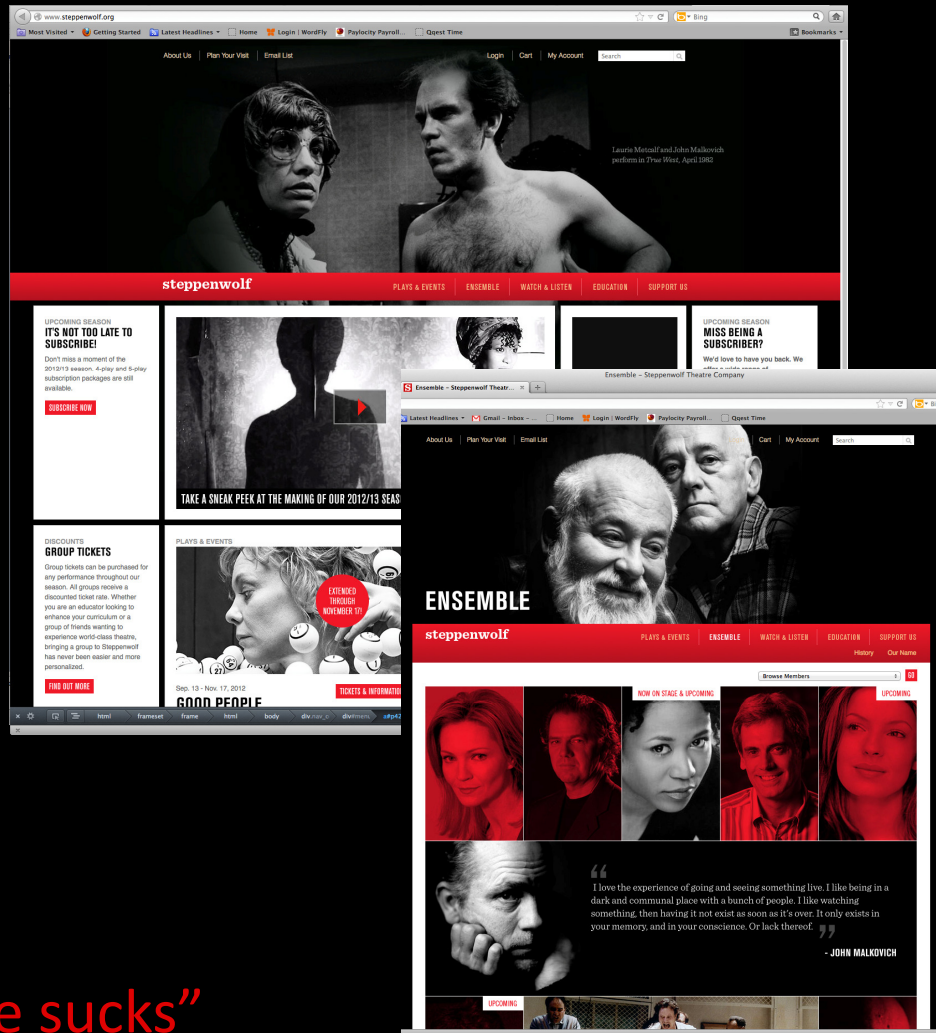
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NEW LOBBY ON THE CHEAP

- Found, flea market, prop shop, local artists
- PBR and food trucks

AND a web re-design...
"you're cool but your website sucks"



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WE ARE A
DIFFERENT
THEATER

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RELATIONSHIPS WITH YOUNG ARTISTS ARE CHANGING

- Depth of mentorship
- Pitfalls

AUDIENCE COMPOSITION IS CHANGING

% change
2008/09 → 2011/12

Number of unique Millennial (22-30) buyers in season	+ 173%
Percentage of Millennial penetration	+ 186%

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DIGITAL ENGAGEMENT IS CHANGING

	2010/11	2011/12
Overall page views / production	51,298	70,501
Average time spent on production page	0:42	1:23

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MISSION IS EXPANDING

- Multigenerational conversation gives rise to public square
- Audience engagement drives a new campus vision

HOW TO ACT LIKE YOU HAVE CHANGE CAPITAL

- Listen to young artists
- Talk to your audience...don't take someone else's word on who they are
- Engage a marketing partner...counsel on how to ask questions and how to listen to the answers
- Millennial best practices
“Tipping the Culture” by Patricia Martin



Ahmanson Theatre
Mark Taper Forum
Kirk Douglas Theatre

OCTOBER 16, 2012

Experiments in Audience Development + Engagement



ABOUT THE K.D.T.

THE **KIRK DOUGLAS THEATRE** IS THE NEWEST AND MOST INTIMATE OF CENTER THEATRE GROUP'S FAMILY OF PERFORMANCE SPACES. THE 317 SEAT VENUE, LOCATED IN CULVER CITY, CA OPENED IN OCTOBER 2004.

OVER THREE
QUARTERS OF
OUR TOTAL
AUDIENCE AT THE
KIRK DOUGLAS
THEATRE WAS
OVER THE AGE OF
45

... BUT OUR
SUBSCRIPTION
MODEL LIMITED
OPPORTUNITIES
TO EXPERIMENT
WITH OUR WORK

OUR SITUATION



THE CHANGE CAPITAL EXPERIMENT



OUR OBJECTIVE

Attract the younger audiences we needed to keep CTG sustainable, but without alienating our existing patrons.

OUR APPROACH

3 DYNAMICS

To drive audience development + engagement

**PROGRAMMING
ADVENTUROUS
NEW WORK**

**RE-IMAGINING THE
THEATREGOING
EXPERIENCE**

**FINDING POINTS OF
ENTRY FOR OLDER
PATRONS TO
CONNECT**

The logo for Douglas Plus is contained within a white circle. The word "Douglas" is written in a black, sans-serif font, and the word "plus" is written in a white, sans-serif font. A black cross symbol is positioned between the two words, overlapping the end of "Douglas" and the beginning of "plus".

Douglas plus

THE TEST LAB

DOUGLAS PLUS

AN UNSUBSCRIBED SERIES OF PROGRAMMING FLEXIBLE ENOUGH TO SUPPORT A VARIETY OF PROJECTS -- THROUGH A PRODUCTION MODEL TAILORED TO THE NEEDS OF THE WORK:

- SCHEDULING / LENGTH OF RUN
- AUDIENCE CONFIGURATION
- PERFORMANCE SPACE
- TICKET PRICES

**PROGRAMMING
ADVENTUROUS
NEW WORK**



BONES

by Dael Orlandersmith



THE AUTHOR

by Tim Crouch



JOMAMA JONES: RADIATE

conceived by Daniel Alexander Jones
with Bobby Halvorson



THE METHOD GUN

created by Kirk Lynn

performed by Rude Mechs

A photograph of a man and a woman looking out a window at night. The man is on the left, wearing a dark leather jacket, looking out. The woman is on the right, wearing a light-colored shirt and a checkered skirt, looking out. The background is a blurred night scene with city lights and a sign that says "REFUNDS".

THE PROJECTIONIST

by Michael Sargent

Photo Credit: Craig Schwartz

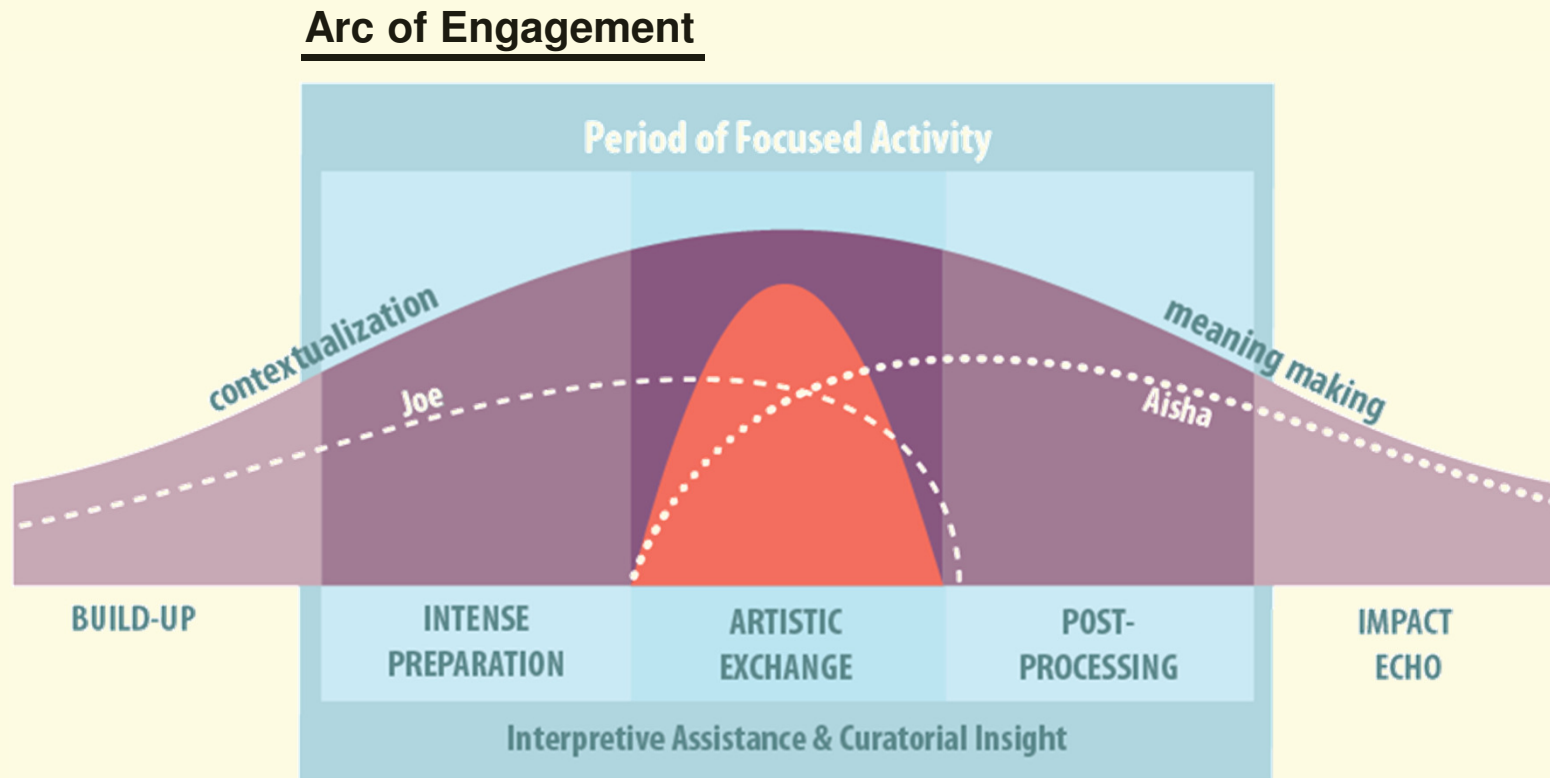


ELEPHANT ROOM

by Trey Lyford, Geoff Sobelle,
and Steve Cuiffo

**RE-IMAGINING THE
THEATREGOING
EXPERIENCE**

THE EXPERIENCE BEGINS BEFORE THE AUDIENCE TAKES THEIR SEATS...



... AND PERSISTS WELL
BEYOND THE ACTUAL
PERFORMANCE



PARTICIPATORY CULTURE

Audience as active conversation partners, not passive consumers

*Why this dramatic shift? In part, the increased focus on engagement is a response to **broad social trends** and changes in the **preferences and tastes** of cultural consumers. Expectations for **interactivity and interconnectivity**, fueled by social media, are the “new normal.”*

-- Alan S. Brown and Rebecca Ratzkin, Making Sense of Audience Engagement



**LIVELY
DISCUSSIONS**

Active threads of
engagement prior to
and following
performances

PRE-SHOW

Sandbox@CTG

Shareable content
on Facebook +
Twitter

Insider Letter

Podcast

POST-SHOW

YouReview Booth

Lobby Pub Chats

AfterWords

RADICAL HOSPITALITY

Through our K.D.T.
concierge program

Proactive patron
engagement

World-class customer
service training

Passionate &
knowledgeable about the
art

Instant feedback loop
through nightly reports



Photo Credit: Craig Schwartz



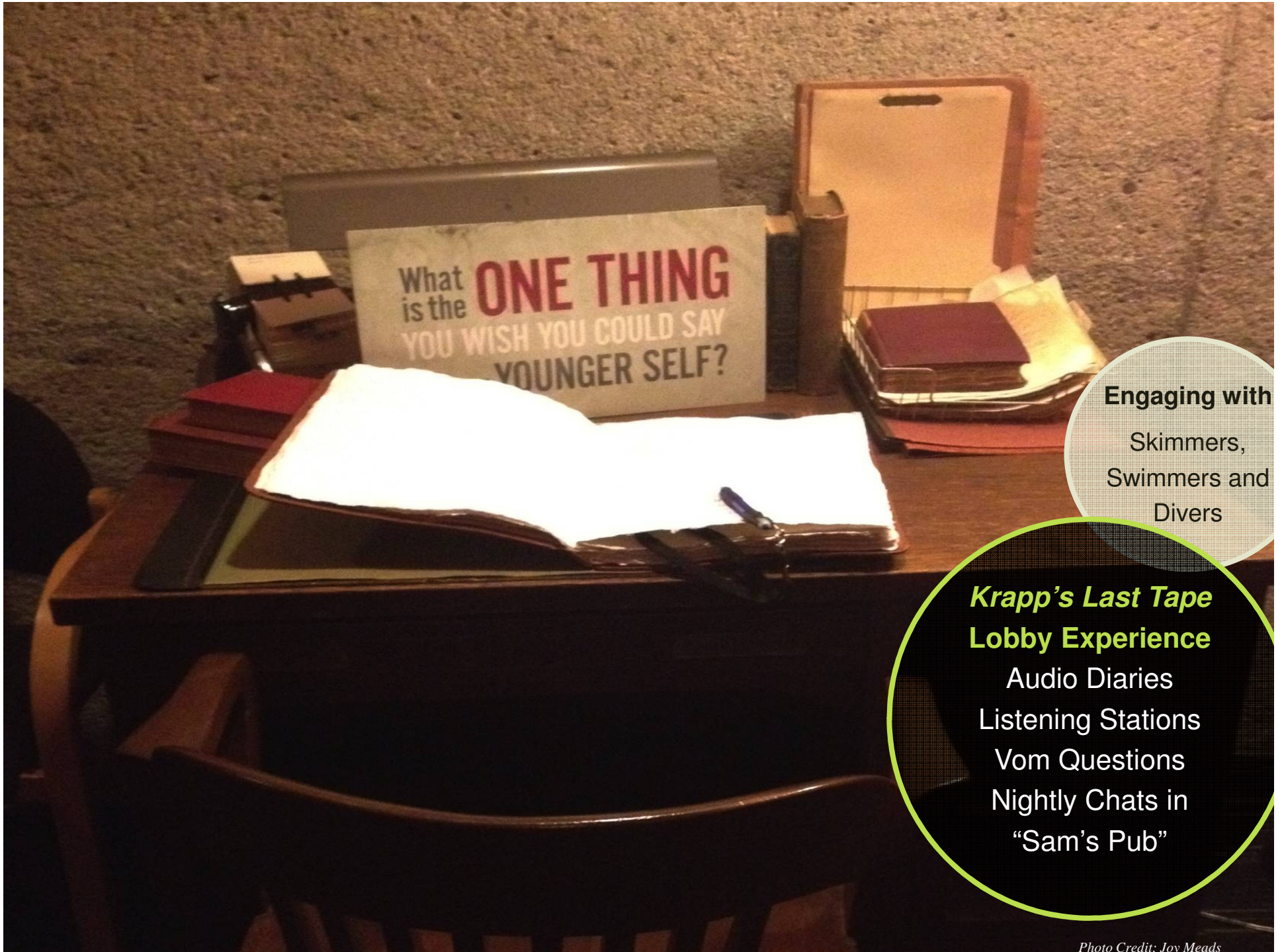
IMMERSIVE LOBBY EXPERIENCES

Deep, organic connection to work on stage

Beautifully designed by CTG production staff

Collaboratively developed across departmental functions

Inclusive of varying degrees of participation



Engaging with
Skimmers,
Swimmers and
Divers

Krapp's Last Tape
Lobby Experience

Audio Diaries
Listening Stations
Vom Questions
Nightly Chats in
"Sam's Pub"

WHAT WE FOUND



INSIGHT

1. Audiences of all ages are hungry for engagement and conversation.

- Overall, our subscribers were more enthusiastic about the work than we expected
- Spaces are metaphors -- rich, interactive environments signal movement towards a culture of participation
- AfterWords attendance increased by two-thirds after launching the Lobby Experience

WHAT WE FOUND



INSIGHT

2. Our Douglas Plus experiment hit its mark with younger audiences and has potential with older audiences.

- Younger audiences were clearly excited and galvanized by Douglas Plus programming
- Although some Douglas Plus projects were embraced by both older and younger audiences alike, others were far more popular with our younger patrons

WHAT WE FOUND



INSIGHT

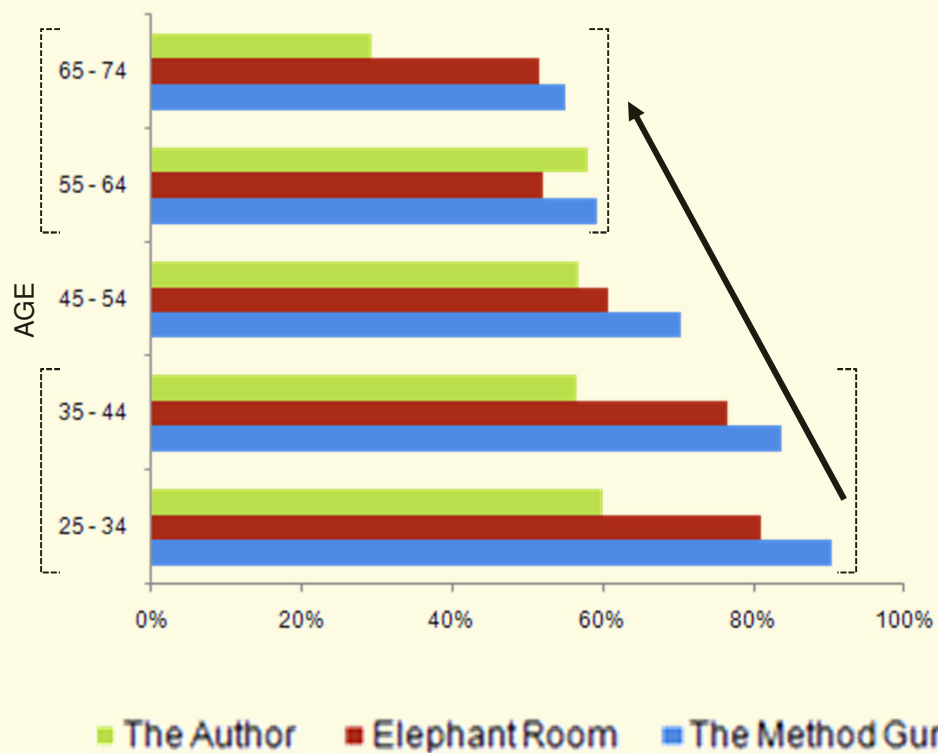
3. Investment in conversation and engagement is vital for helping older audiences connect to unfamiliar work.

- Older audiences embraced the diversity of the work and applauded our experimentation, even when they had difficulty connecting with the production
- They were eager for discussion and context around work they found challenging

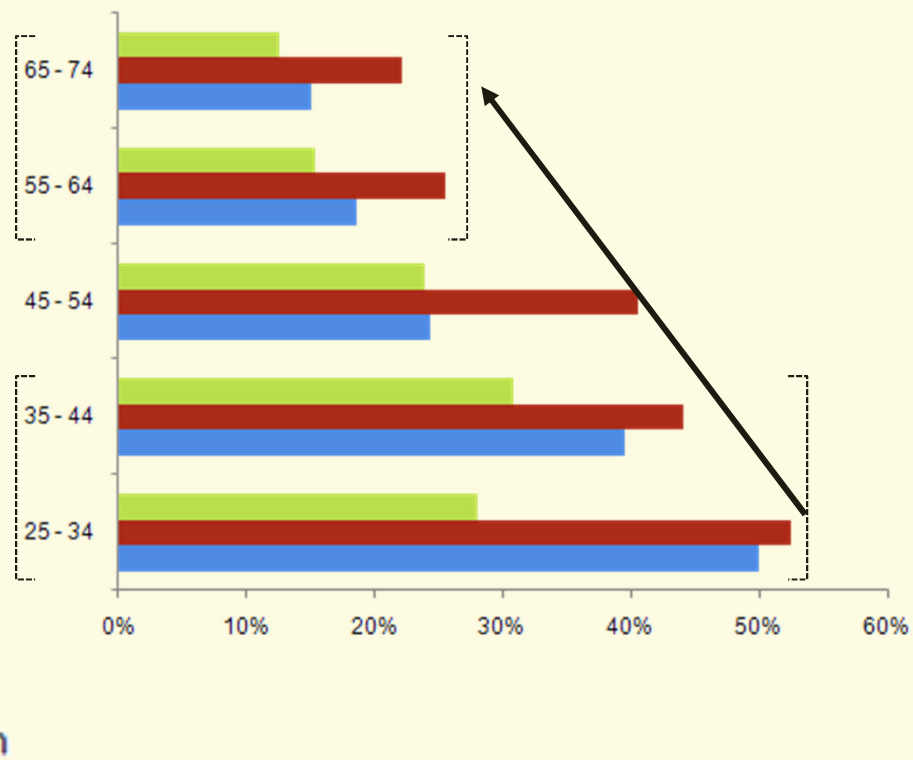


There is a clear correlation between patrons' age and their enthusiasm about the work.

AUDIENCE SEGMENTS DESCRIBING THE AUTHOR, THE METHOD GUN, AND ELEPHANT ROOM AS **BETTER OR BEST**



AUDIENCE SEGMENTS WHO WOULD RECOMMEND THE AUTHOR, THE METHOD GUN & ELEPHANT ROOM TO **"EVERYONE I KNOW"**



The generational aesthetic gap



UNDER 45

- I always love theatre that includes the audience. It kept me on my toes and made me think.
- Exactly the sort of work LA needs more of -- accessible and fully theatrical
- Rich and complex, but fun and humble... not just another piece of bland realism!
- Truly amazing... I could not stop talking when we left the theatre. Loved it loved it loved it.

OVER 45

- To me, this is not theatre
- Didn't seem to have a plot
- Scattered narrative without a point
- Appreciated the originality of the play, very engaging
- It is refreshing to be confronted by a new approach to a theatrical experience
- Would have liked more discussion afterwards



“I think that the disaffection from young audiences is linked to this perceptual disconnect: what does it mean for our art form to tell stories, the vast majority of which are written in a linear / narrative pattern, to audiences primed to hear stories told in a visual / associative way?”

-- Ben Cameron

WHAT WE CONCLUDED



- **Though it takes time to change a culture, we already feel the impact of this work. It has become deeply embedded in the culture of the K.D.T, throughout all of our programming. Our audiences now expect it.**
- **A robust program of engagement and conversation provides points of entry for different audiences to connect to the same piece of art -- which helps us attract younger patrons without alienating our existing audience base**
- **The combination of adventurous work and a participatory, communal culture are vital for the long-term sustainability of the organization.**

WHAT WE CONCLUDED



- **Our standard subscription model remains a financial necessity for now, but we expect to see dividends in the future from the increased loyalty of single-ticket buyers**
- **Douglas Plus is an investment in the continued vitality of the theater -- much like an R&D department. Going forward, we are supporting Douglas Plus by cultivating a targeted donor base.**

“The move towards establishing a tangible connection with the audience in attendance is not just a valid form of theatrical expression, but an essential one. To acknowledge our audience is to play to our strength.”

-- Kristoffer Diaz

THANK YOU.

Visit our webpage devoted exclusively to the arts!

<http://nonprofitfinancefund.org/partnerships/artsandculture>

- See our prior Leading for the Future webinars, featuring the work of:
 - Alvin Ailey Dance Foundation and The Wooster Group
 - Jacob's Pillow Festival, Ping Chong + Company and SITI Company
- Read our *Case for Change Capital* series
- Watch videos of how Steppenwolf and Center Theatre Group are using change capital
- Check out our Arts & Culture case studies
- Read our blogs dedicated exclusively to the arts
- Learn more about our consulting and financing services

Thank You! To Stay Connected...



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Our Blog



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