

How "Change Capital" Can Strengthen Arts Organizations

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Nonprofit Finance Fund

With
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The Wooster Group

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Alvin Ailey Dance Foundation

April 19, 2012

This session was made possible by Doris Duke Charitable Foundation



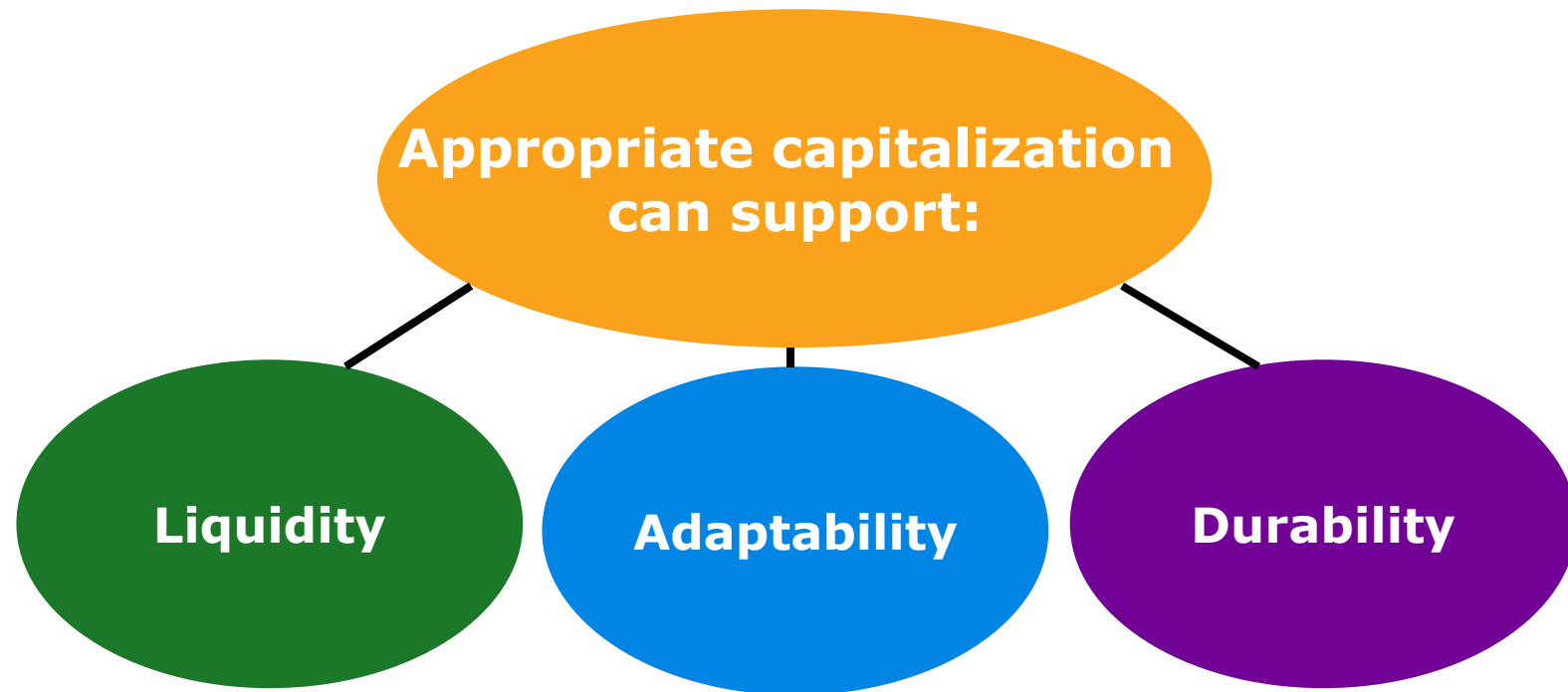
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Why Capitalization Matters



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?

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

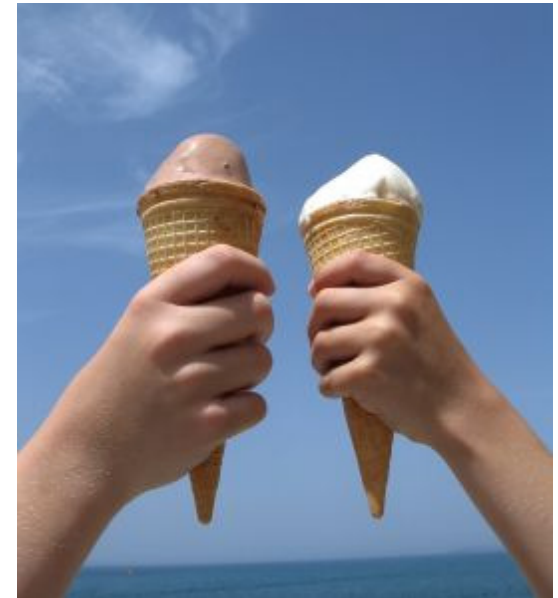
Revenue and Capital are Different

Revenue Characteristics

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

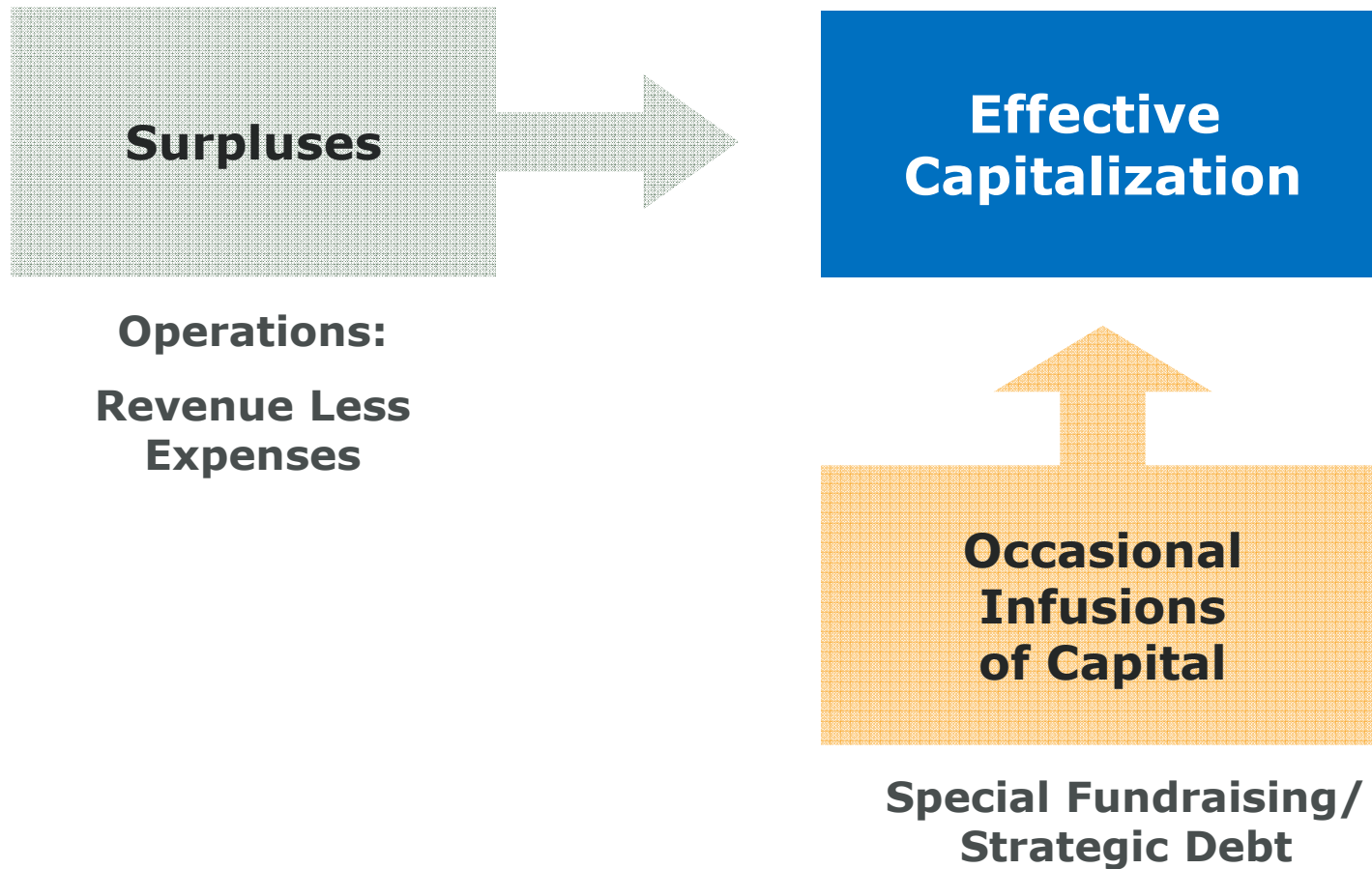
Capital Characteristics

- Tends to be episodic in nature
- Necessary infusions of capital support enterprise health
- Pays an for extraordinary needs of the organization 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



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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



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
- 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

Thank You! To Stay Connected...



Lean
about our
arts work



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

Our Blog



<http://nonprofitfinancefund.org/blog>

Twitter



twitter.com/nff_news

Facebook



facebook.com/nonprofitfinancefund

Sign up
for our
arts
newsletter



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ALVIN AILEY
AMERICAN DANCE THEATER

NFF webinar • April 19, 2012

How Ailey used 'change capital'

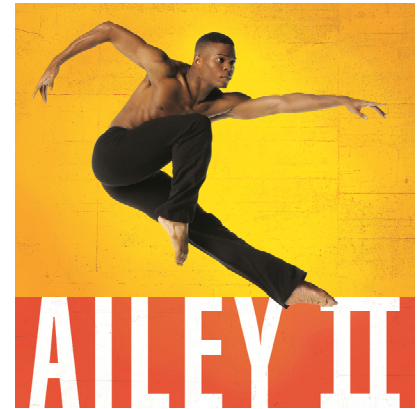
- **2008...challenge:**
Patrons' increased use of technology
- **2009-2013...investment:**
A 5-year organizational transformation
- **The future:**
Adaptability and sustainability

5 goals of Ailey's project

- **Increase online patron engagement**
- **Build online community**
- **Increase cross-patronage**
- **Optimize e-commerce**
- **Shift % of ad buy to digital platforms**

The Ailey Organization

AileyShop.com



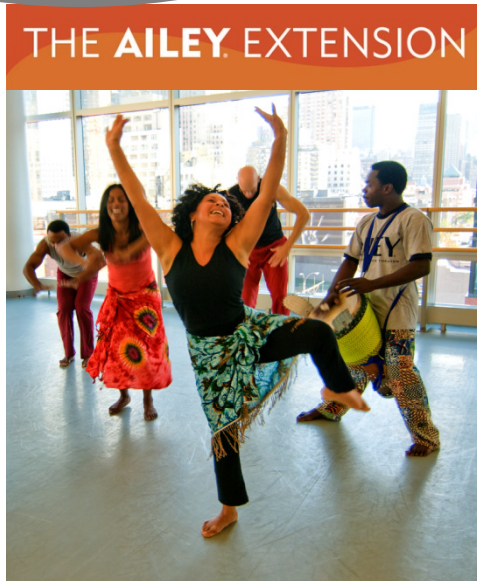
How to engage and expand our audience?



Theater & Studio Rentals



Arts In Education & Community Programs

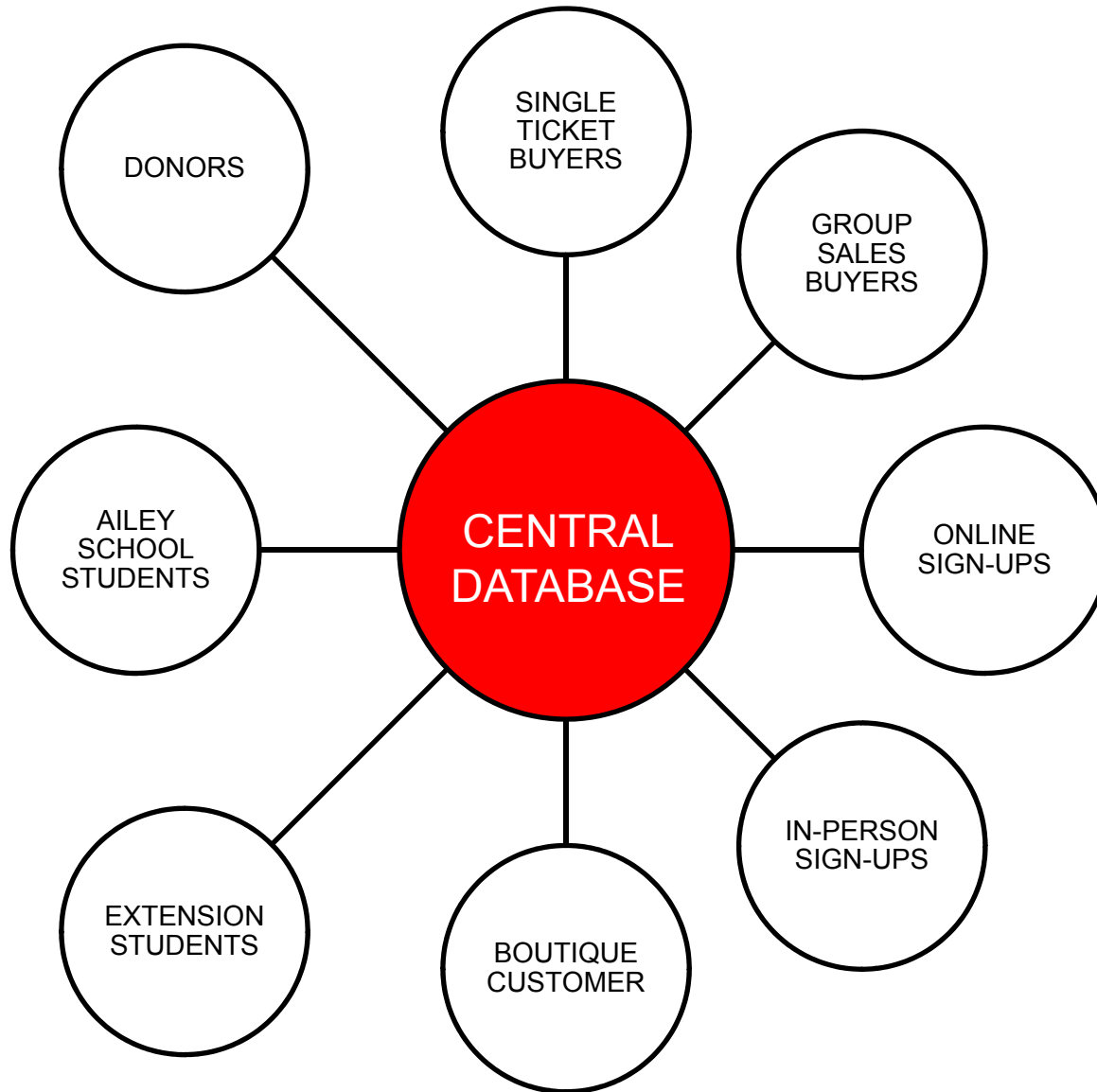


6 ways to engage and expand audience

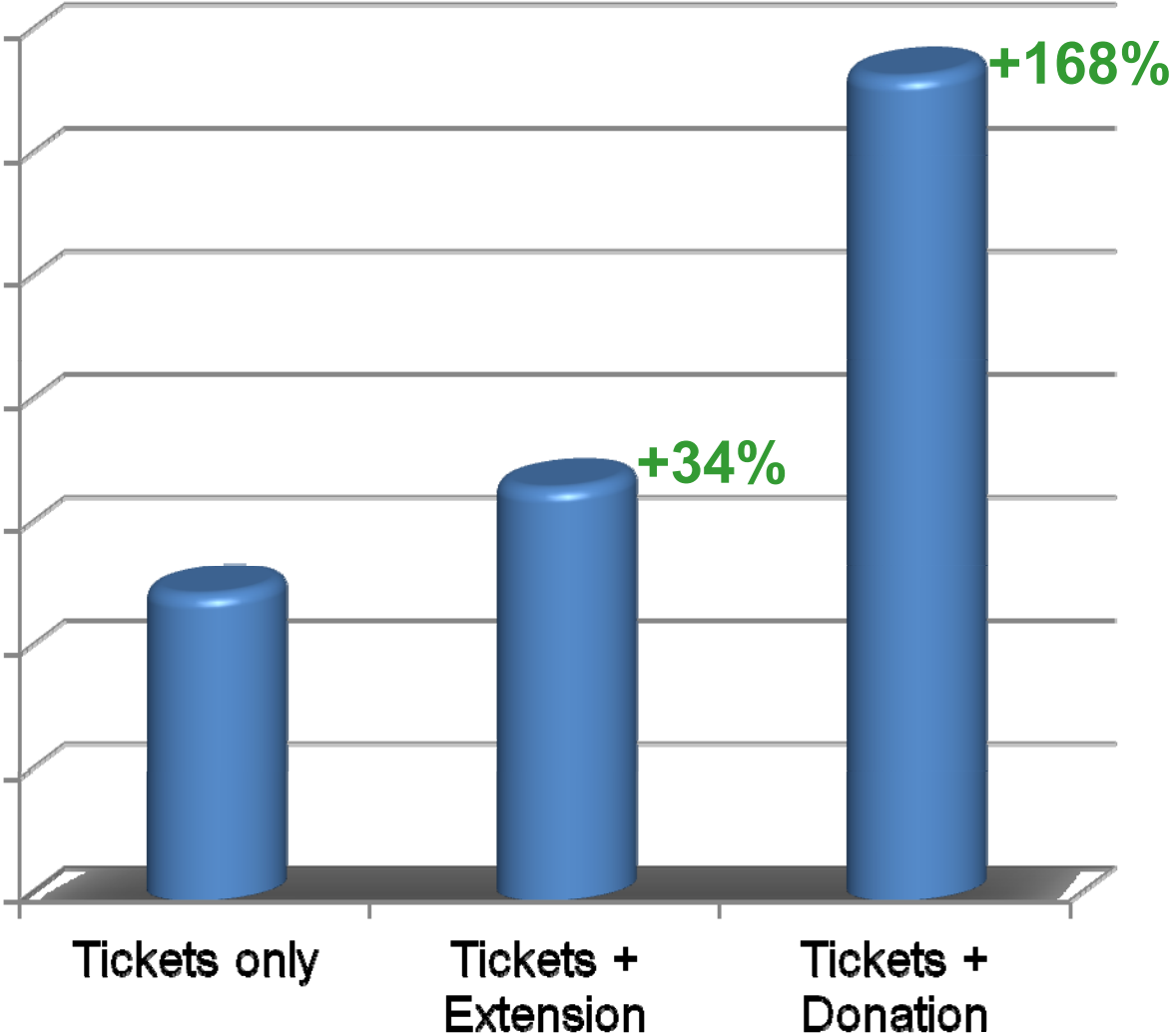
- **Central Database**
- **Email**
- **Online Ads**
- **Website**
- **Social Media & Social Marketing**
- **Mobile**

1. Central Database

NOW...we have one central database.



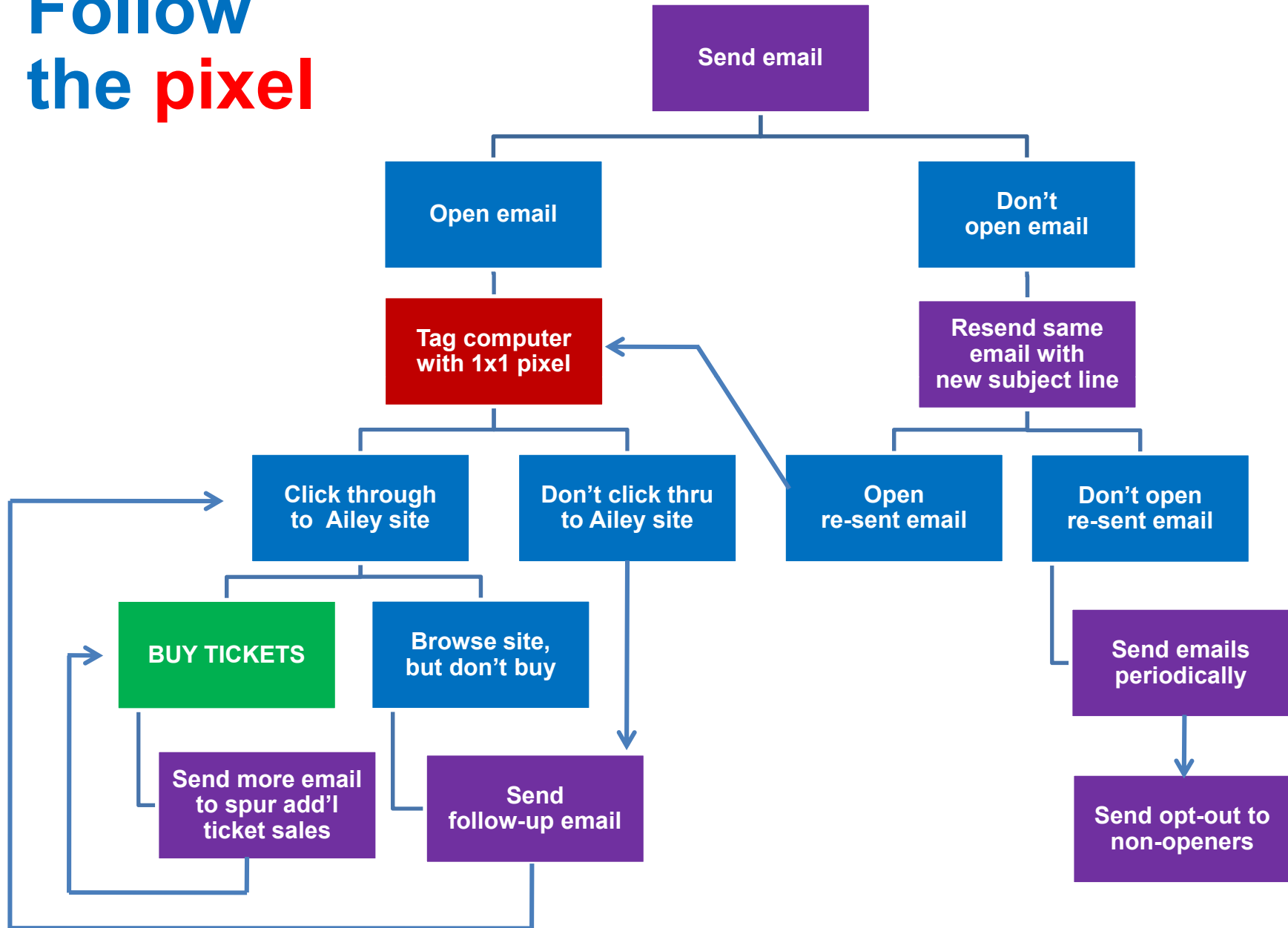
Average Ticket Sale Per Customer



SOURCE: AILEY CENTRAL DATABASE ANALYSIS

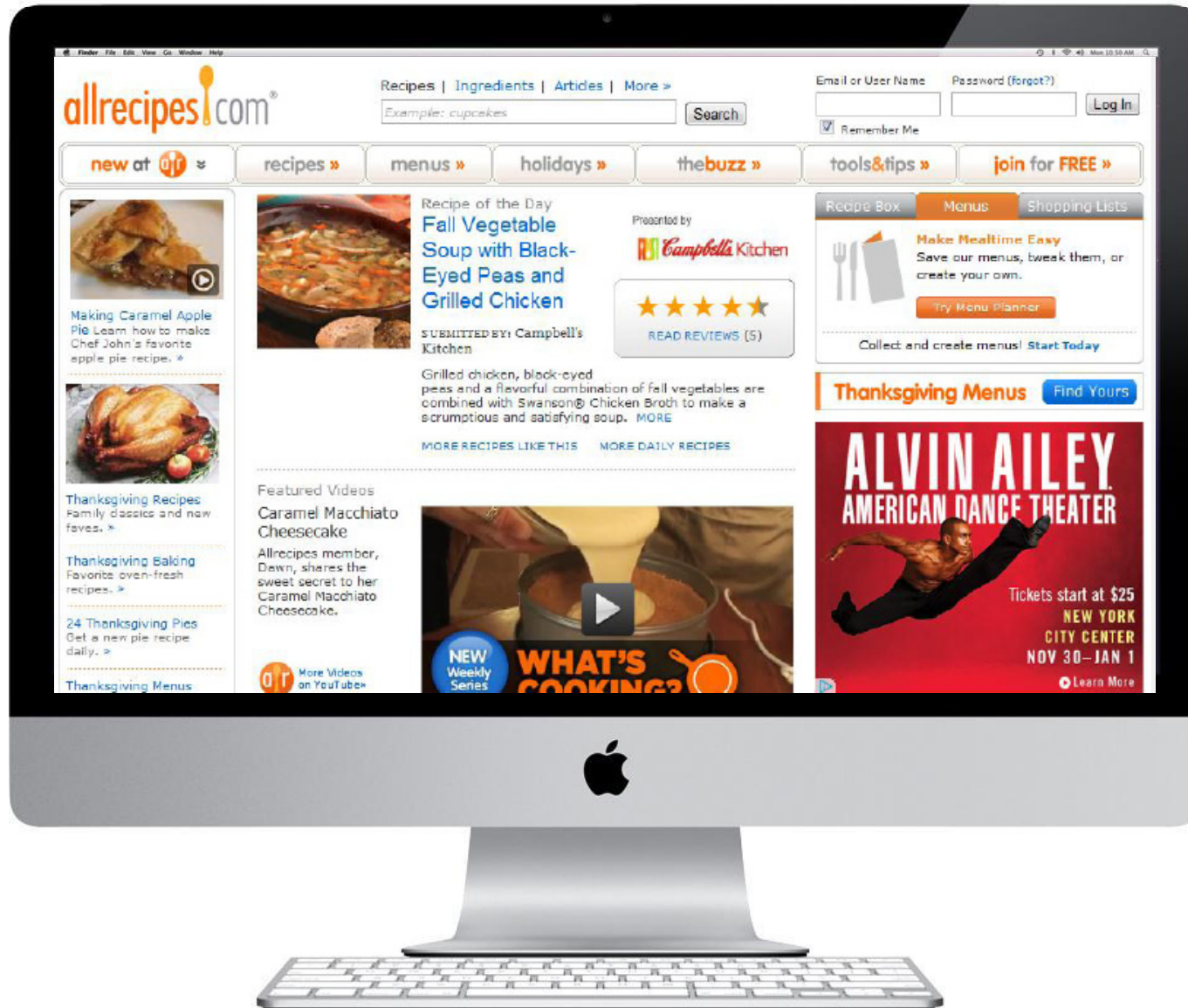
2. Email

Follow the pixel



3. Online ads

Ads seen only by people we target...



Impact of new banner ad strategy

- ROI of online ads for Ailey's 2011 New York season:
for every \$1 spent, we earned over \$8
- Added **tens of thousands of prospects** to Ailey's online 'pixel pool' for future online marketing campaigns

4. Website

PRESENTERS | PRESS | LOCATION & DIRECTIONS | CONTACT US | **JOIN THE AILEY E-CLUB** | CLUB MEMBERS' LOG-IN

SEARCH [] HOME BUY TICKETS FOR AAADT & AILEY II PERFORMANCES SUPPORT AILEY VISIT THE AILEY MUSEUM TAKE AN AILEY EXTENSION EXPERIENCE THE AILEY STUDIO SHOP AT THE AILEY E-BOUTIQUE

JUDITH JAMISON ARTISTIC DIRECTOR Masazumi Chaya ASSOCIATE ARTISTIC DIRECTOR LINDA CELESTE SIMS

ALVIN AILEY
AMERICAN DANCE THEATER

North American Tour
Feb 2 THROUGH May 23

PERFORMANCES & TICKETS

Sharon Gersten Luckman EXECUTIVE DIRECTOR

JAMAR ROBERTS Photographs: Andrew Eccles

LEARN MORE

- Alvin Ailey American Dance Theater
- Ailey II
- The Ailey School
- Ailey Arts In Education & Community Programs
- The Ailey Extension
- Membership & Support
- Group Visits & Private Classes
- Studio & Theater Rentals

AILEY AT APOLLO
May 5, 2009

BECOME A JAMISON FAN
Learn more

SUMMER WORKSHOPS at the Ailey Extension
Learn more

EVENTS & NEWS

VIDEO previews of selections from the Ailey repertory >>

ALVIN AILEY AMERICAN DANCE THEATER

EMAIL NEWS AND OFFERS Sign Up

FACEBOOK LINKEDIN TWITTER

CALENDAR | CLASSES | SUPPORT | SHOP | ENGAGE | ABOUT

2011 NY SEASON
Tickets now on sale for Ailey's New York City Center Season (Nov 30-Jan 1).

- Learn More
- Buy Tickets
- Group Sales
- American Express® Cardmember Seating

October '11

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

Opening Night Gala
John Legend to sing live at Ailey's Gala performance.
Learn More

Move to the Front
Join Now to get access to great seats for our upcoming 2011 NY City Center Season.
Learn More

Take a Class
The Ailey Extension offers dance and fitness classes for everybody.
Learn More

2011-12 NY Season On Sale
Don't miss Robert Battle's first season as Artistic Director - NY City Center this holiday season (Nov 30-Jan 1).
Learn More

- NY Season
- Atlanta Tickets
- Miami Tickets

Email list sign-ups increased 46%

5. Social Media & Social Marketing

Sponsored Facebook ads



Posts the news on a person's Facebook 'wall'

Opening Night sweepstakes



Impact of social marketing

- Via the Sweepstakes, we added
 - **5,000+ new Facebook 'likes'**
 - **2,000+ new emails**
- ROI of Facebook marketing for Ailey's 2011 New York season:
for every \$1 spent, we earned over \$4

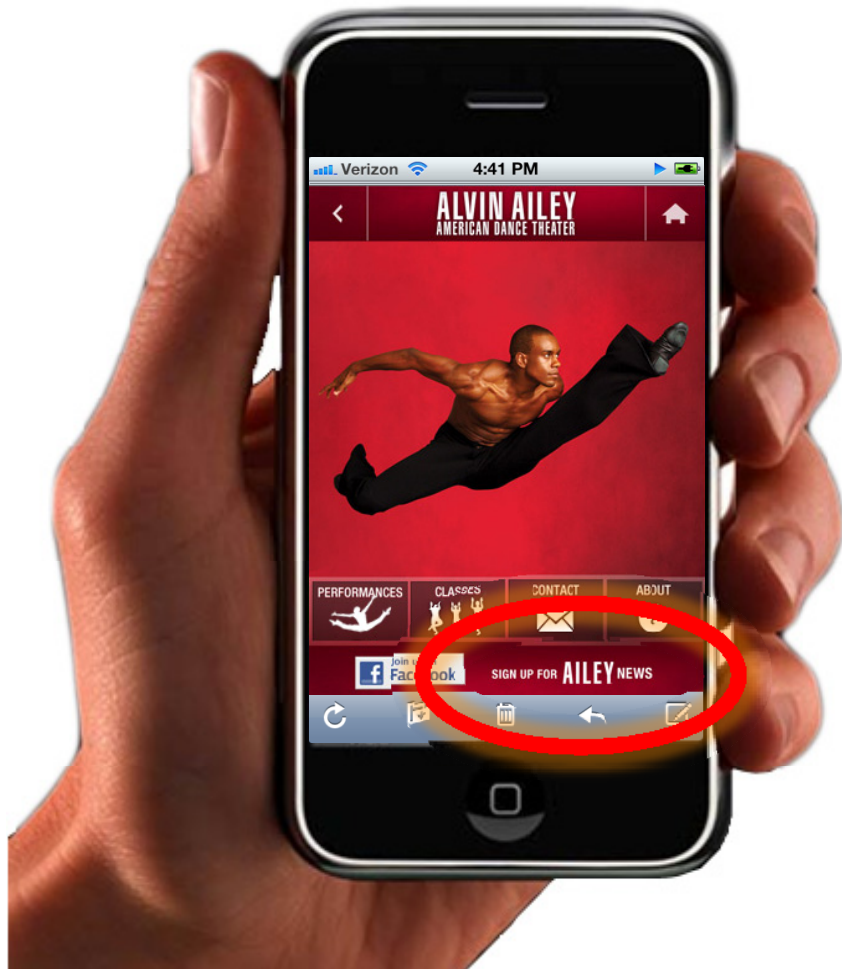
6. Mobile

Emails and web-browsing close-up

Emails that are
easily readable



Emails and web-browsing close-up



**Emails that are
easily readable**

**Website that is
optimized for viewing**

3 most important things we learned

- **Don't over-reach**
- **Data analysis is crucial**
- **Get early 'buy-in' from leaders and promote collaboration among departments**

Coming up: **TROILUS & CRESSIDA** in Stratford-upon-Avon, August 3-18 - [more info](#) »

March 23, 2012 - sugar high episode 2

[more videos](#) »



Like 2

share

Coming up: [TROILUS & CRESSIDA](#) in Stratford-upon-Avon, August 3-18 - [more info](#) »

March 23, 2012 - sugar high episode 2

[more videos](#) »

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“Leading For the Future”



Like 2

share

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In executing our “Leading For the Future” plan, we had to remain flexible, adapting to changing realities and seizing new opportunities.

The focus of our initial LFF proposal was to stabilize and increase earned income through...

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#1:

A sustained
partnership
with

Baryshnikov
Arts Center
for
Wooster Group
performances
in New York City





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#2:
**Developing 2-4 long-term
partnerships with national
and/or international
presenters for
Wooster Group touring**

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#3:

**Making our archive more accessible
and offering material for sale,
including DVDs**

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ADAPTING TO CHANGE



Baryshnikov Arts Center Partnership:

FY 2010 – The Wooster Group opened the Jerome Robbins Theater on West 37th Street; attendance and box office fell short of our projections, which prompted a strategic re-thinking of our marketing efforts.

FY 2011 – We revamped our ticket price structure and marketing strategies – focusing on a new video blog, email blasts, and social media. Advances in FY 11 included:

- ✓ **110% increase** in web traffic
- ✓ **56%** of referral traffic now comes from Facebook and Twitter (up from less than 2% in FY 10)
- ✓ **44% increase** in average weekly ticket income

We continue to expand the parameters of our partnership with BAC. In FY 2012, we performed at the Ringling International Arts Festival in Florida, which is curated by BAC. In FY 2013, we'll be working on a project featuring Mikhail Baryshnikov performing with our company, which will be presented in their theater in FY 2014.

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ADAPTING TO CHANGE



Touring Partnerships:

In line with our initial plan, we developed a relationship with REDCAT in Los Angeles where we perform a two-week run every year, providing reliable touring income and building an audience base for our work in L.A.

Most other presenters were reluctant to make multi-year commitments – they face financial uncertainties and want flexibility in shaping their programs. With them, we have developed long-term touring relationships that are more open. In this way, we have returned every few years to the Edinburgh International Festival, the Holland Festival, and the Festival d'Automne in Paris.

We have also used investment capital to “sweeten the deal” in negotiations for commissioning funds and additional touring.

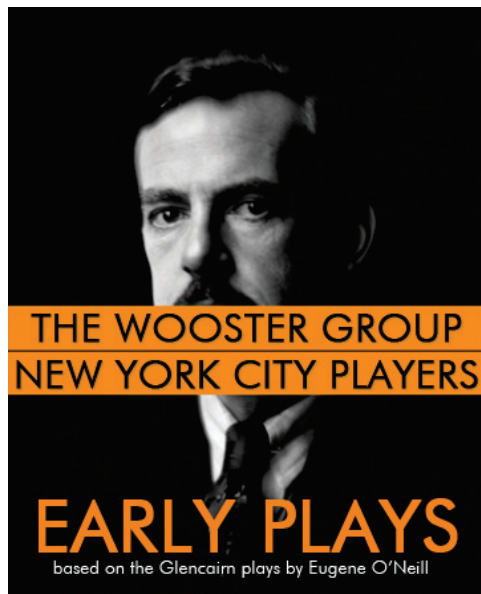
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RETHINKING “CAPITAL”

Risk Reserve:

We established a risk reserve equal to ~30% of our budget.

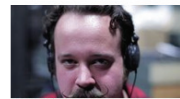
- The reserve supports our ability to “seize the moment” and act quickly on new ideas that we expect will strengthen the organization.
- The reserve buys time while we fundraise to support new initiatives.
- The reserve provides back-up for the unforeseen.



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Coming up: [TROIUS & CRESSIDA](#) in Stratford-upon-Avon, August 3-18 - [more info](#) »

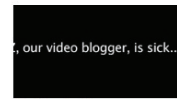
categories ▼ tags ▼ search ▼ page 1 **2** 3 4 5 6 7 ... 33



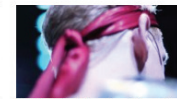
VIEUX CARRÉ - talkback telephone
March 22, 2012



VIEUX CARRÉ - Oslo Q&A 11/13/11
March 21, 2012



Z's sick - day 2
March 20, 2012



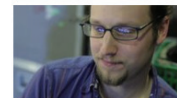
VIEUX CARRÉ - director's notes
March 19, 2012



sugar high
March 16, 2012



bootlegs
March 15, 2012



video rehearsal costume sandwich
March 14, 2012



intern profile - Mark
March 13, 2012



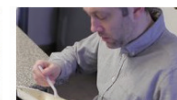
Ken, Liz, and Clay working in the back
March 12, 2012



EARLY PLAYS - projections
March 9, 2012



office meeting - smooth operator
March 8, 2012



EARLY PLAYS - the empty tomb
March 7, 2012



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RETHINKING “CAPITAL”



Projects Launched with Risk Reserve Funds

In FY 2011 we launched a new video blog, where we post a new video each day from the life and work of the company.

In FY 2012, EARLY PLAYS was an experiment to bring in a guest director, Richard Maxwell, to work with our company. This was the first production that was directed by someone other than Elizabeth LeCompte since the mid 1980s.

We're currently working on a collaboration with the Royal Shakespeare Company on TROILUS & CRESSIDA to be performed at the World Shakespeare Festival during the London Olympics and then in NYC later in FY 2013.

In some cases we had seed money to begin a project – we had EmcArts funding to launch the video blog and an RSC commission for the Shakespeare project – but we knew we had to raise significant additional funds to be able to realize the projects fully.

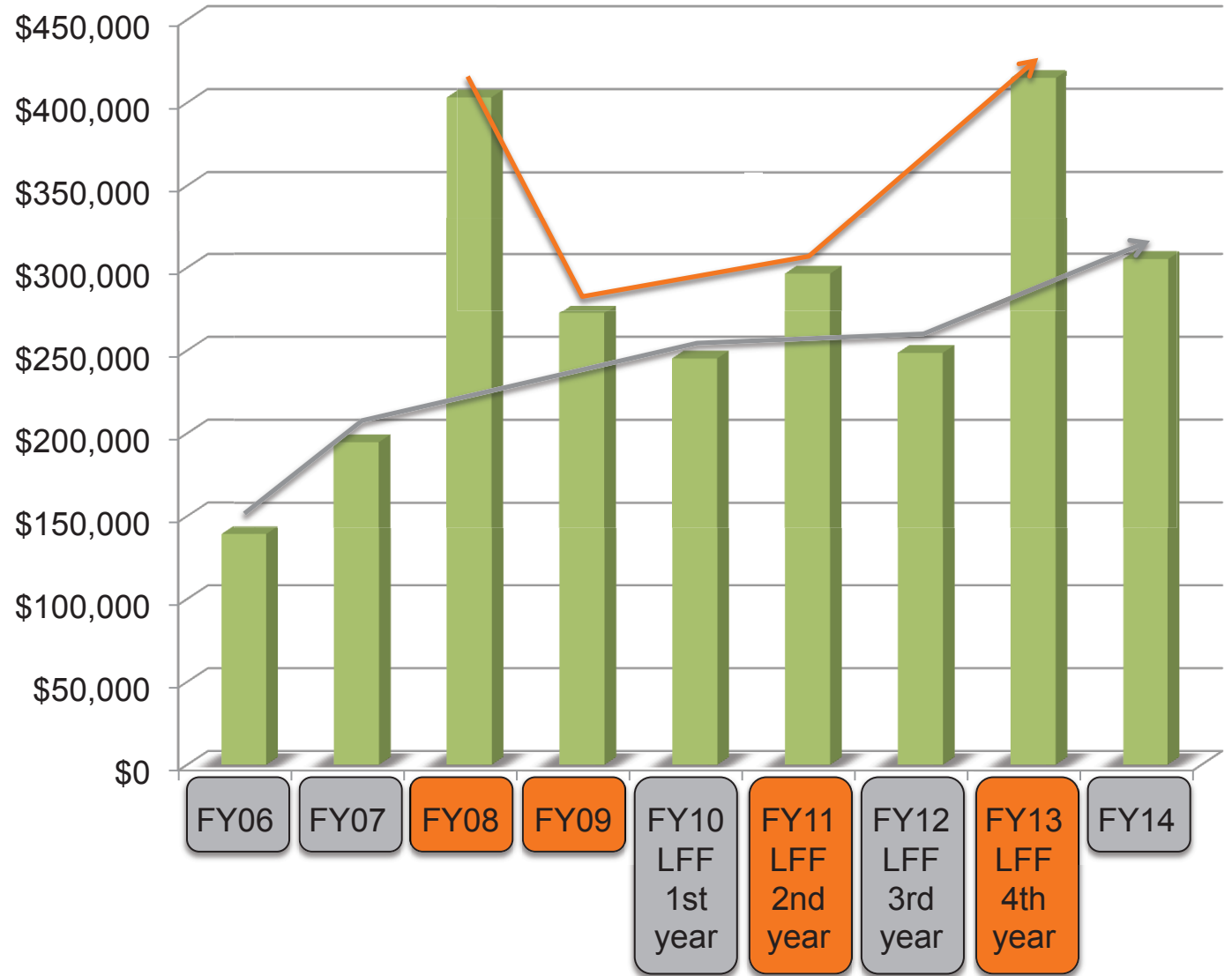
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Box Office Income

(actual & projected)

“New Work Presented in NYC” Years

“Repertory Work Presented in NYC” Years

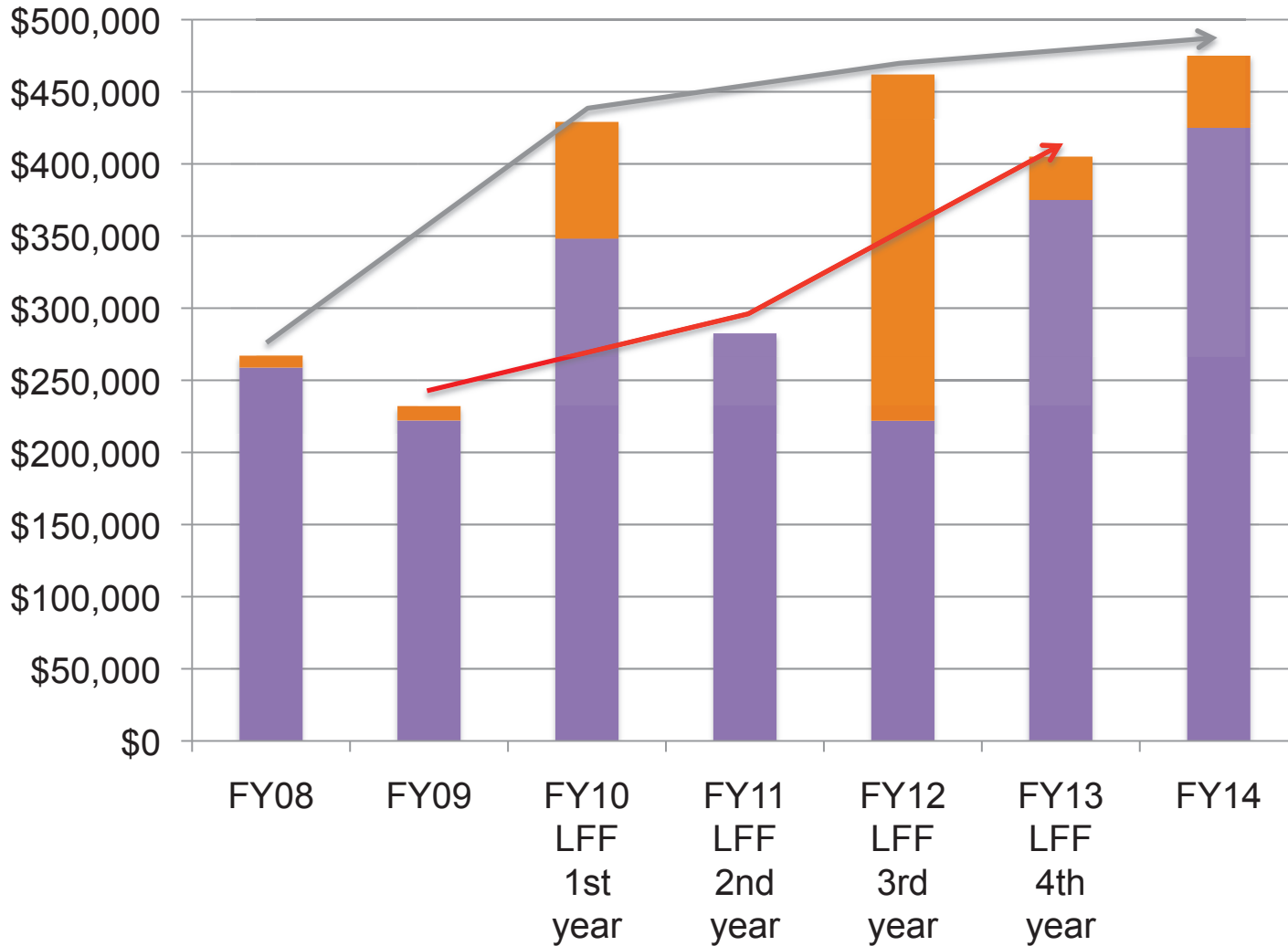


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Tour & Commission Income (actual & projected)

“Development of
New Work /
Touring” Years

“New Work
Presented in
NYC” Years

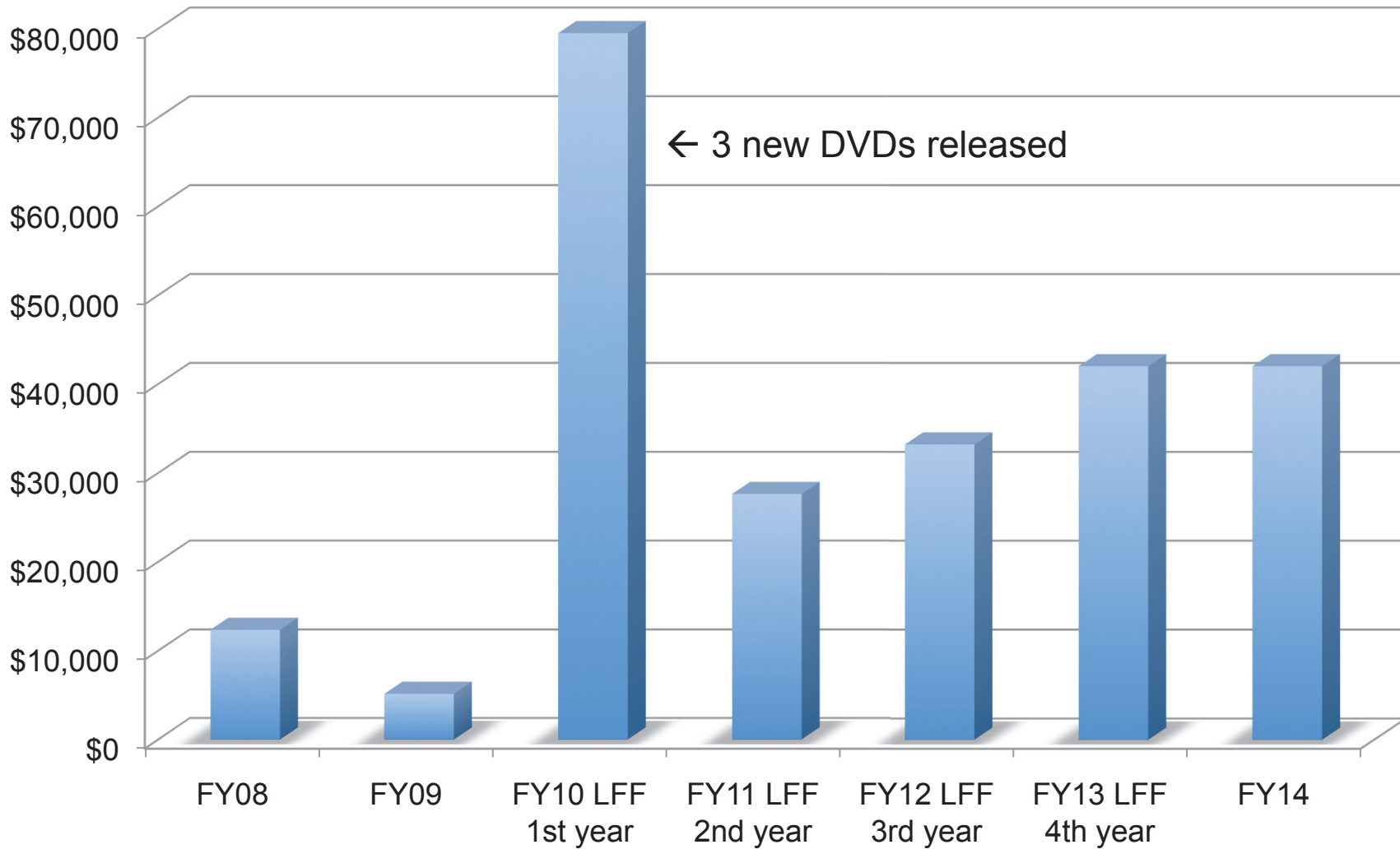


■ Commissions
■ Touring Fees

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Media Sales

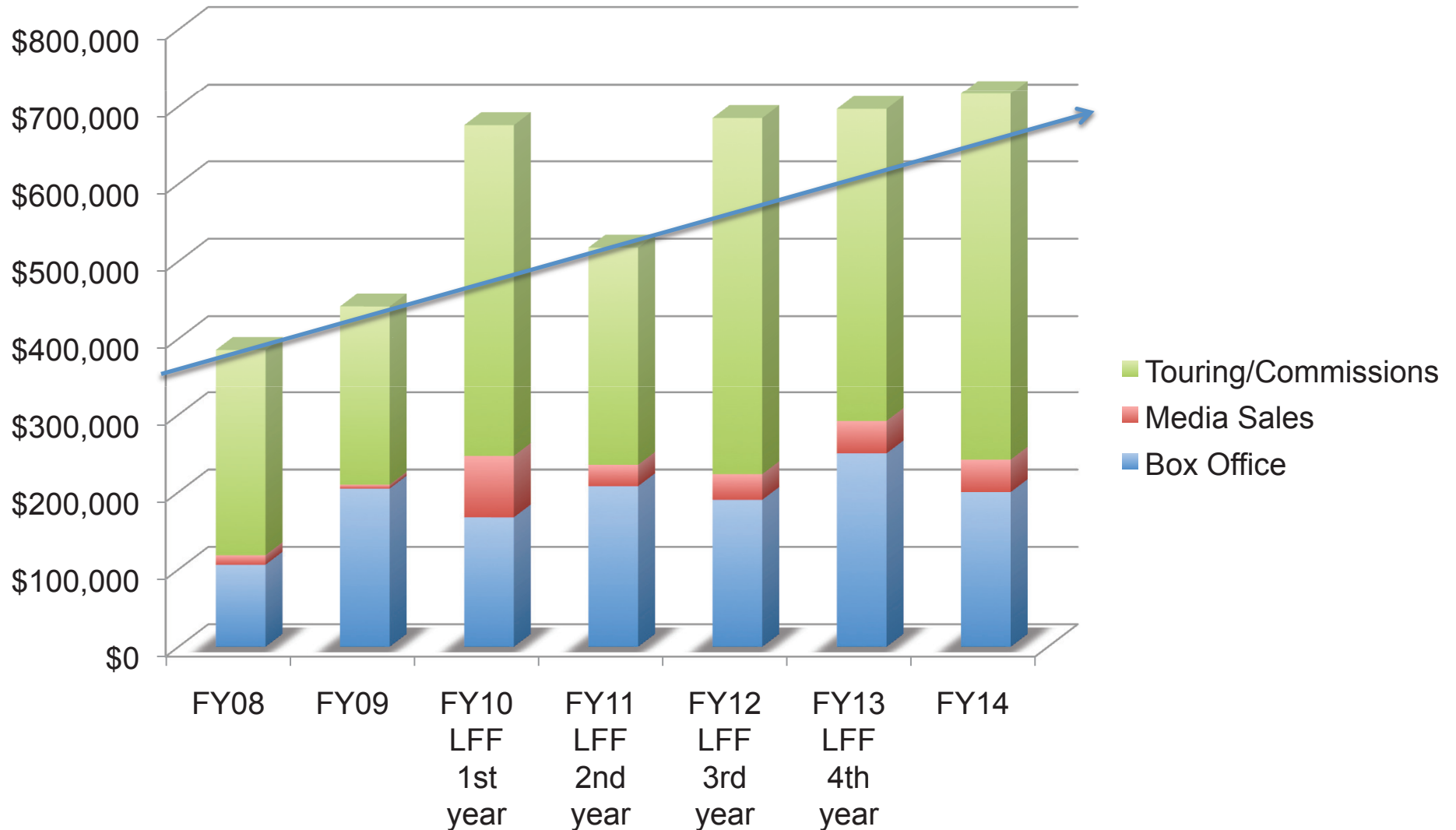
(actual & projected)



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Total Earned Income from Core Programming

(actual & projected – does not include benefit, presenting, or other miscellaneous earned income)



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Although it was not a part of our LFF proposal, our LFF-related activities have led to an increase in unearned income.

Our LFF risk reserve “buys us time” while we fundraise for new initiatives. Since FY 2009, we have increased foundation and government grants significantly enough to support the new initiatives we’ve launched without dipping into our risk reserve.

We are also in the midst of an individual donor campaign to support the RSC collaboration, with the goal of covering the extra costs associated with that project, and of increasing the number and level of individual contributions in the long term.

Overall, improving our balance sheet has made us more attractive to funders.

