

SWAC SPEECH – Barry Hennesius July 30, 2010

Good morning.

For ten years I have ended my blog with two words: “Don’t Quit.” It comes from a Winston Churchill story. It seems the Provost of a small college in the Cotswolds invited the former Prime Minister to deliver a commencement address. He didn’t really expect Churchill to accept, and was delighted when the great man did. What he didn’t consider was the Mr. Churchill had been known to drink rather heavily, and when Britain’s finest – dressed in his gown with his mortarboard, rose to deliver his speech, he was clearly three sheets to the wind. He barely made it up the two steps to the dais, held on to the podium for dear life, and clearly inebriated, looked out over the shining sea of young faces and said this: “Don’t quit. Never, Never, Never, Never. Never.” And then promptly passed out. The Provost, Deans, and other distinguished alumni were horrified. The graduating class gave him a standing ovation. In truth, as all of you well know, Churchill gave those graduates the best possible advice anyone could have given them, because a great deal of success in life is staying the course in the face of insurmountable odds.

I need not tell you that these are tough and challenging times for the nonprofit arts field, here in Arizona and all across the country.

Income from all sources is down significantly.

The litany of our attempts to cope with this reality is familiar to you all: cuts to staff, furloughs, hiring freezes, program downsizing, curtailed marketing efforts, spending down reserves, and all the while each of you find it necessary to spend more time trying to survive and adapt as each response seems inadequate. The unbridled growth we experienced in the past two decades has not only come to an abrupt stop, in many instances we are going backwards. Some organizations may be faring better than others, but few have completely escaped the mayhem at the door.

Beyond the economic problems we face, we find ourselves in the midst of a fundamental realignment of the delivery of culture itself. Many iconic remnants of now past cultural delivery systems - everything from newspapers to CDs are disappearing before our eyes. And this profound shift – brought about by a technological revolution that proceeds at an almost unfathomable pace – has as its more important implication the way it is changing how we think about art – how it is created, how it is accessed and the personal relationship of the individual consumer to the artist. Indeed, the very rules of everything we have been doing for half a century are changing around us and we face a new landscape in which they are few signposts pointing the way. We are no longer in Kansas Toto. It’s hard to believe sometimes we are even any longer on planet earth.

The models that we have been using for decades now seem inadequate to the challenges we face; some are broken, some

irreparably damaged and no longer even functional. The fundamental question is: are we measuring our success in real growth and progress or is the benchmark now mere “survival? We need to figure out what can we keep that is viable, what is working, what is not? What will we come up with that serves the times and circumstances inherent in an uncertain future.

Let me take these models one at a time:

First consider that the revenue stream formula of individual donations, corporate and foundation grants, government support and earned income simply may no longer be workable. What is different today than in the past is that not just one or two of these funding streams are failing to yield the same percentage of our gross income as they previously did – for the first time all five income sources are under producing, and all five appear to be now forever changed.

The individual donations we have relied on for a meaningful part of our funding face increased competition from other worthy causes, and there is a noticeable shift in giving patterns where the arts no longer generate the same proportion of overall giving that we once enjoyed. We are not as high a priority in the pantheon of what is important to younger generations as we were with older ones. Despite our efforts to reach out to diverse communities to make the case for our support, we are finding it difficult to convince them to include us in their giving priorities.

Corporate giving, never a large component of our income, is in many cases, at least for

us, disappearing entirely, and even our efforts to tie into their marketing programs and create intersections that can justify their support are having difficulty gaining traction. Foundation portfolios have taken dramatic hits in the market and arts programs at those foundations are re-thinking their priorities and redirecting their more circumspect funding pools based on changing expectations as to what deliverables are desired - with the net result that programs long supported are being jettisoned and left high and dry.

And we are seeing unprecedented cuts in government support on the state and local levels as cash strapped states and municipalities struggle to maintain basic fire, police and other services. Despite making a strong case for our economic, educational and civic contributions to our communities, we are finding it harder and harder to justify our position in the face of people going hungry, the collapse of roads and infrastructure, and the ever continuing political arguments that arts funding is not, should not, cannot compete with greater human needs. We are not alone - the effort to cut deficits on the back of the arts is a global reality.

And finally, our earned income is down as average family and individual incomes shrink, and consumers, fearful of what the future might hold, are less inclined to spend, as they hunker down and try to manage their own budgets. For many performing arts organizations, in the wake of rising unemployment and falling consumer confidence, attendance is down and the erosion continues even despite deep discounting of ticket prices.

In the face of all this, our ability to strategically plan for our future has become impossible as no one knows what either the short or long term may bring. And thus our financial reality appears on many levels to be bleak.

The simple fact is that we have no choice but to rethink our revenue model and explore new ways to identify, then implement, new approaches to more sustainable income.

Second, there is our arts education model. For years now we have clung to our laudable goal and objective in this area. What we want is sequential, curriculum based, K-12 arts education with standards and assessment, high quality classroom instruction in – minimally – dance, theater, music, and visual arts, taught by qualified, trained, experienced teachers available to every child in every school. We have made a very convincing case for this model, bulwarked by studies and data, and (though sometimes suspect) conjecture about the benefits to students and to the wider community for such education. We have argued that we complement studies in English, math and science and that studies in the arts produce quantifiable academic results – better attendance, better academic performance, greater college enrollment paths, as well as a plethora of other benefits ranging from increased self-esteem, less disruptive classroom behavior, demonstrable results in countless situations for underserved and underperforming “at risk” youth, and even the intangible results of fostering a more creative generation better able to compete in the new global marketplace where creativity will be the currency of success and progress on virtually every level.

And yet, despite our concerted best effort and the expenditure over the past decade alone of huge amounts of our time, energy, money and resources to advance arts education we are, in many instances, moving backwards. Not more arts education K-12, but less. We now face the very real possibility of yet another generation that will, in fact, get little to no arts education in their K-12 experience.

In California there are over 6000 public schools. To implement arts education as we say we want it, we need one teacher for music, one for drama, one for dance and one for visual art in each of these schools - 24,000 arts teachers. If you were to pay each of these teachers just \$30,000 – including payroll taxes and benefits – not even full time employment – that would equal \$720 million dollars a year. California’s budget deficit this year tops \$20 billion for the third straight year in a row. Our legislature has run out of accounting tricks to rob Peter to pay Paul to balance the budget. We now face draconian cuts to education, health care and a host of other mandated services. The chances of meeting our ideal goal of that sequential, curriculum based arts education for every child K-12 is zero. Not in my life time, not in yours, unlikely even in our children’s lifetimes. Only in the richest school districts and private schools is there anywhere near the level of arts education we know ought to exist. And in far more, none at all. And this inequity will only grow wider further compromising the education of the have-nots.

In Arizona there are 2200 schools. The numbers here come to \$264 million a year to reach our ideal. What chance is there for

that to happen given your state budget crisis?

So what are we to do? The goal remains lofty and admirable and I do not suggest we forsake and abandon it forever. But we must figure out other ways to provide arts education to students – whether that approach be virtual, or community after school based, or peer to peer or whatever. Adherence to a model that isn't working, and definitionally likely cannot work is an arrogant conceit and ultimately wastes precious time we might be directing towards some alternative plan. We must develop a model that takes advantage of the phenomenon already in place where students are already teaching each other, already freely trading the tools of creativity and sharing that knowledge on an unprecedented basis. What we must do is recognize what is going on all around us and see it not as a threat but a boon; we must enable it. We must move from the limiting perspective of hawking old versions of arts learning and nurture new ways to foster creative ways to learn. We must break down rigid definitions of how arts can be taught, and how arts can be learned; break the lines of who is the teacher and who is the student.

Let me move on to the **third** model – that of professional development and the training of our leaders – our arts administrators and managers -- so that we might equip them to be better and more competitive business people. As Michael Kaiser, Director of the Kennedy Center has repeatedly argued: *“The main challenge the arts world must address is the lack of a large, trained corps of managers.”*

There is no need to reinvent our model for professional development, for we never invented one in the first place. There is no model for the provision of training our managers.

Few if any arts organizations have a line item in their budgets for professional training opportunities. In most cases such training is considered a luxury we cannot afford. To the extent there are options, more often than not, whole segments of our leadership are excluded – and that often includes younger, emerging leaders – those that will determine our future as business enterprises. Senior leadership often believes they don't need ongoing training and skills enhancement opportunities, and cannot afford them even if they wanted them. Those opportunities that do exist too often barely scratch the surface – focusing on just a few areas such as marketing, strategic planning, fundraising and sometimes board relationships. Training for such things as how to better manage people in the workplace, or how to integrate idea generation into a workplace ecosystem are nonexistent, as though those kinds of skills aren't important. And where training exists and is available, it is often difficult to find and rarely offered on any basis convenient, let alone affordable, to the end user. And if you are in a rural area – forget it. The classes and workshops that do exist are almost universally confined to the urban metro areas. Nowhere is there any one-stop clearing house that aggregates what is offered – and finally, what is offered is too often generic and rarely customized and tailored to the needs of the arts sector.

For the private sector the continuing education and training of its managers and

people is one of the sacrosanct highest priorities, for the private sector knows well that their success – even their survival - depends on their having highly trained, qualified personnel to advance their missions. Why then do we ignore this critical need?

My **fourth** broken model is the area of advocacy. The critical mistake of the arts field here is that we have erroneously concluded that if we can just convincingly make the case for our value and worth, that those in control of the political decision making process will find a way to address our needs. Frankly, that is absurd on its face and totally ignores politics and the way the game is played. It's no secret what we want. We want money. More of it. As much as we can get, but at least our fair share, at least an amount meaningful given our needs and our contributions. But that is not all we want. We want culturally supportive policies and legislation – ranging from net neutrality to copyright protection terms that balance protection of the owners and the public need for access.

Our approach has been to convince elected officials of our economic value. Economic impact studies, creative economy indices, incontrovertible evidence that we are an economic engine, that we create jobs, that we are critical to the tourism industry, that we are central to downtown revitalization efforts, that we contribute more to the tax coffers at all levels than the amount of support we get. We have proof of this. We also tell our stories – compelling personal anecdotal evidence that cultural policies, funding and other government actions impact human beings. And yet we suffer greater cuts, our pleas fall on deaf ears. We

remain Oliver Twist like with our little bowls in our hands as we beg: “Please sir, can we have some more.” We suffer the fools who moronically think a job in the arts isn't a real job at all. And we have had precious little impact on decision making on policy formation and implementation. We aren't proactive, we are reactive. We rally the troops only after the cuts are announced and we still talk about policy in the abstract. We do not play the advocacy government game according to rules.

We argue that arts education is essential to a well rounded graduate. And we argue for the value of the arts to civic life, to tolerance and bridge building. We have lots of arguments, good, persuasive arguments. Wonderful stories. But they aren't working. The cuts keep coming. The defeats outnumber the victories. And we remain unable to unite the divergent arts interests into any kind of unified whole.

But Politics isn't always about arguments – no matter how good they might be. Arguments and personal stories are useful, but principally because they give cover to politicians to be supportive. But those politicians aren't supportive so they don't need that cover. We have no apparatus akin to the private sector that has the deep-pockets and necessary resources to deal with the labyrinthine bureaucratic morass that makes the rules and regulations that constitutes de facto policy. Politics is principally about getting elected and getting elected is about money. We advocate when we should be lobbying. We talk when we should be acting. We focus exclusively on issues when the game is much more about elections. And why do we not run our own candidates for office – for school boards and city councils, state legislatures

and Congress remains a mystery to me. Lobbying is effective IF, and often times only IF, it is connected to campaign contributions to those seeking election or reelection. Not always, and not exclusively, but most of the time. Lobbying by health care insurance companies, or the pharmaceutical industry, or the NRA is principally effective because those interest groups (and that's what the arts are in the end analysis – we are a special interest group) raise the necessary funds to hire lobbyists and to enable those lobbyists to contribute to candidate campaigns. We need to do the same thing, play by the same rules, if we want the same results.

The pie is only so big, and there are more interests that want a piece of that pie than the pie can support. Those other interests, as often as not, have good cases to make for their getting their share – as good a case as we do. But they spend the money to play the game. We don't. And so our arguments often fall on deaf ears. We don't develop ongoing relationships with those who control the government decision making processes.

Here's the truth of politics from the politician's point of view – a special interest group can help you or hurt you, or in our case neither one. We aren't a permanent special interest group fixture in state capitols or city halls. We don't help get them elected, we don't contribute money to their campaigns, we don't marshal our troops to vote based on arts support or the lack thereof, in short, we don't help them and we can't hurt them. We are in the worst of positions – we are basically irrelevant. And so we can make as convincing and forceful a case as is humanly possible until we are blue in the face – we

will still remain politically impotent and irrelevant until we can develop real political clout.

And that is a tragedy. Despite the deeply entrenched, almost holy and sacrosanct, belief that we cannot possibly compete with those who have the "Benjamins" to pay for the effort, that is a lie. While some nonprofit sectors cannot do this, in our case the reality may be that we will not do it, but it simply isn't true that we cannot do it. Teachers unions do it, prison guards do it, the NRA does it. We don't. We have a great message, and we could, if we tried, raise a lot of money – and it doesn't take much money at all to be an effective political player. If even a third of all arts organizations would just do one fund raising performance or event even just every two years and give the money raised to Arts PACs created locally across the country, we could wield an enormous amount of power. If twenty-five percent of all arts organizations would just join their local Chamber of Commerce and get active, we could virtually take over the Chamber. The Arts – given our numbers, given that we could raise millions of dollars to operate on the state and local levels – ought to be one of the most powerful interest groups anywhere. I have asked hundreds of artists over the past ten years if they would be willing to donate their services to such an effort, and I have yet to meet one single artist who told me they would not participate in such an endeavor. Scores of leaders of arts organizations look at me when I ask them the same thing, like I am from Mars.

We need money to be effective. To lobby, to organize, and to communicate. The model we are using on the state and local

level is antiquated, dysfunctional and has yet to produce the desired outcome. I would argue that it is time to reinvent it. A new model must continue to effectively make the case for our value, tell our stories and celebrate our contributions. But it must also allow for us to finally develop real political clout.

The **fifth** model that seems tired lies in our audience development strategies. Facing greater competition from all corners, from depleted individual leisure time family budgets to limitless online options, from the challenges of dramatically changing demographics of age and race to rising expectations of non euro-centric audiences - all these relatively new factors and influences have exacerbated the problems of declining audiences. Subscription sales are down and compounding our ability to accurately predict attendance, decisions to attend an event now comes hours before the event, not weeks. Our research verifies the depth and breath of experiences the public wants, but we struggle to translate that understanding into concrete strategies that will put more bodies in seats. And decrying the framing of the audience issue so bluntly, as many do, doesn't change the practical reality that more bodies in seats is exactly what we need. Issues of convenience and escalating ticket prices necessary to offset rising fixed costs of production, artistic compensation, health care, and marketing threaten to further curtail our offerings. In response, we cut back programming, scale back offerings, reduce our marketing and layoff artists. In an age where technology seemingly offers a limitless array of cultural options, at little or even no cost to the consumer, it becomes

harder for us just to maintain the levels we enjoyed last year. Rising ticket prices threaten to price the arts outside of the reach of large segments of the very populace we desperately need to reach. We continue to try to understand how to use technology to our advantage – to deliver product and advertising messages, while the technology itself grows as our principal competition – questioning old assumptions of what, how and when people consume, and making our offerings in bricks and mortar locations, often inconvenient to people as to time and place more difficult to sustain and even justify, and putting us at an impossibly difficult competitive disadvantage.

The **sixth** broken model is another area where there is no identifiable model. The nonprofit arts field has as its ultimate constituency the entire creative sector, including all those practicing artists of every stripe (professional and amateur) that do not get NEA or other grants and support, nor whom are directly served by most of the nation's nonprofit arts organizations -- all the new artistic endeavors and entrepreneurs who lie outside the nonprofit arts ecosystem and infrastructure as we know it; an entire universe of creativity that seemingly doesn't access, need or even want the services we are geared to provide. Artists whom we do not fund, and for whom there is nothing we offer. Most of that group remains distant and detached from what we do and how we do it, and the disconnect between the nonprofit arts field and both younger artists and younger consumers is particularly acute. Somehow we must figure out how to include them all within our thinking, planning, advocacy, support and other areas so that we can

serve them, even if only indirectly, and by so doing marshal their resources and energy on our behalf. The alternative may be that we lose relevancy and represent an ever smaller circle of the artistic and creative forces within America. We must move away from a de facto model that raises false barriers to shared experiences.

And **finally**, we have no model for insuring that we are seated at the tables where decisions about our future are made without our input let alone our consent. Imagine it is the year 2012 and somewhere in Beverly Hills, the lawyers for Live Nation / Ticketmaster are negotiating with the cash starved Chandler City Manager for the purchase of this very facility. Those lawyers make a convincing case to sell this property – for cash desperately needed and extrication from the onus of maintenance and management costs – with the assurance that the facility will be well programmed to generate income and benefits for the local community. But will that decision end up shutting out local arts events and performances in favor of better ticket sales for more popular entertainment offerings? How we will sit at that table before the decision is made. Far fetched fantasy? Maybe. But the state of Arizona this year offered for sale the state buildings including the Capitol and the governor's office on an investment lease back basis. The point is we may very well be locked out of the discussions about our own future. Where is the model that leverages our numbers and our strengths to make sure we can protect our positions?

Those are the big models. There are scores of smaller models to consider as well, from

the very governance structure of the 501 c 3 to how we manage our volunteers – whose composition, expectations and needs are dramatically different than they were twenty years ago; from accommodation of differing generational expectations in the workplace to the form and substance of gatherings like this; from the management of how we allocate grant funds to the expectations we have for our Boards of Directors. All of these ways of doing things must be looked at with eye towards revamping our approaches.

About this time my guess is Bob Booker is wondering just why the hell he invited me today. Doom and gloom. Is that really what we need?

But I stand before you deeply optimistic about our future. Yes, I believe – as apparently do now many others in the field – that the models we have been using are failing us; that we need to revisit, rethink, reinvent, re-imagine and repair those models so that we might build a new foundation on which a better future can be built. I have absolutely no doubt whatsoever that we are up to this challenge; a challenge that is as much an opportunity for us as an obstacle.

Why then am I optimistic?

It seems to me we are nearing one of the rare points in time where there is a kind of convergence across the entire sector coming to a consensus that now is the time for wholesale changes to all our models of doing things. We are on the cusp of something terribly exciting. We are about to reinvent ourselves across the board and

rebuild the foundations on which we operate to position ourselves well for the decades to come.

I believe the democratization of technology is uniquely advantageous to the arts. Our audiences may be temporarily shrinking, but involvement in the arts is decidedly on the upswing. More, not fewer college students are majoring in the arts. More people are not only making and sharing art, they are teaching each other what they have learned.

Traditional passive consumption may be problematic, but participation in the creative process – both as creator and consumer is exploding. The individual enabled as curator of his or her own personal cultural experiences turns the whole artistic experience on its head. We are on the very dawn of a renaissance in cultural participation on a global basis. We stand at the crossroad of a remarkable opportunity for unheard of advances in the arts.

While our funding streams are frail at best, support for the arts has morphed from one model to another countless times in the past. Smarter more savvy political organization and the development of real clout can help us to get our fair share of the government pie. New alliances, uses of technology, a metamorphosis in how art is delivered and accessed, and a redefined relationship between the artist and consumer can reinvigorate and stimulate to soaring new heights, individual involvement and donations. A fundamental shift in thinking and priorities can result in a re-ordering and renewal of foundation support – incorporating the intersections between art, culture, education, social justice, the environment, health care and far beyond.

And most importantly, a regenerated entrepreneurial perspective on the business side of the arts can lead to new, bigger, bolder efforts and results in earned income – from sources nonexistent today. IF we will put in the effort to begin the process of rethinking our revenue model, the answers as to how to reconstruct a more viable, more predictable, more stable funding stream are out there. Inaction and ennui is our real enemy – not the seemingly daunting realities that are now causing us so much anxiety.

For arts education, the answers may already be in the pipeline. We must tap into the beacons of hope out there – experimental programs and charter schools where education is working – where kids are again engaged and focused, where parents and communities are involved, where needless, wasteful bureaucracies are being dismantled, and where inside and outside the classroom bold experiments are changing the very face of how we teach and how we learn. Yes, we want every child K-12, and beyond into college and even into adulthood to have lifelong learning opportunities in the arts, to have the arts taught to them by qualified and trained teachers, but we must disabuse ourselves of the antiquated notion that the only way to accomplish that goal is classroom centric, teacher to student relationships, based on a fixed curriculum that is static and frozen. We must consider how to incorporate an adaptive model, one that moves in rhythm to and with differing and changing circumstances; one that is experimental and questions long held assumptions; one which recognizes new silos of instruction, the role of new technologies in teaching and

learning, and new definitions of how we teach.

Despite us, arts education is already happening on an unprecedented global level - peer based, accessed on demand, self-directed and which celebrates the individuality of the artist and the quirkiness of the process of learning. We need to be a part of what is going on, because we can bring enormous gifts and thinking to that table and enable, promote, nurture and facilitate that new arts education. We don't have to completely abandon the classroom model -- we just need to make that approach part of a larger, overall strategy to teach arts to young people.

To keep and expand our audiences we will have to turn the current models of audience development on their head. We will have to let go of previous assumptions, question everything from our research targets and methodology to our marketing efforts and even the hard to change intangibles of venue and programs. We may have to rethink how people want to consume art and thus how we deliver it. We may have to rethink the notion of the homogeneous audience where everyone in the theater is attracted to the same program, comes for the same reason, at the same time, and break down what we offer, to whom, when, where and how into smaller components that are more easily managed to niche targets. We may have to let go our comfort zone in terms of what we program. But our survival may depend on that rethinking and that letting go. As far as our audiences go, we must be prepared for brave new innovations, for taking risks and chances as we explore new options of taking art to the

people instead of having people come to where the art is.

For those areas where we have no models – professional development and the training of our leaders; ways to relate to and involve the growing numbers of creators and consumers outside of our universe, and a way to insure we sit at the very tables where others make decisions about our future –we have the luxury of the clean slate and the blank canvas. Changes in our perspectives on everything from mentoring being a bottom up as well as top down process, to the use of online technology to provide affordable, on-demand, customized, quality training modules, and new ways to get career counseling are all off the shelf options just waiting for us to aggregate them into a model for addressing the pressing needs for all of us, of every level and generation, to continue to learn how to do our jobs better – resulting in leaner, more competitive business organizations and more satisfied and fulfilled leaders.

The same is true for our reaching out to the exponentially growing creative community which is our natural constituency and to those sub sectors that may not always have our agenda as theirs and to gain our seats at those tables.

There are no easy answers for what the new or revised models should look like. It will take a series of national conversations in which all of us must participate to arrive at new ideas. It will take commitment, arduous self-examination and letting go of long held, dearly cherished, old ways of

looking at our world. And it will most certainly take time and test the best and brightest of us and demand new thinking. But I know that those who created the models that served us well for so long were no smarter than we are, and that we can invent new models for the next generation of arts leaders to build on.

And while market forces forcing the closure of a portion of the infrastructure we have built over the past twenty years will be painful, that process is essential to our re-growth. The new models will have to reflect new realities.

In the final analysis though, there are two reasons for my optimism. First, we have a great product. Art is the one human endeavor that has survived for tens of thousands of years. Long after politics and wars, leaders and celebrities, this or that historical moment are past and forgotten, it is the art of past civilizations that remains. And is cherished. And sometimes that is ALL that remains of our past. Creativity is inherent in humanity; a longing so basic and powerful it cannot be denied.

And second, I am optimistic because of you.

I am optimistic because people like you all across our field understand experientially what it means not to quit, and who get up every day, no matter how seemingly impossible the challenges are, no matter how discouraging things can get, no matter how long the day's agenda and short the available hours, and do what must be done.

Twenty five years from now a whole new generation of arts leaders will meet in a room just like this one. And talk about what is and isn't working. And they will build their future on the new models we create today and tomorrow. And maybe you and I will stand in the back of that auditorium, and give a silent wink to each other, knowing that the models that are serving this future cohort of leaders well are the ones we will soon create, and we can take some pride in knowing that what we begin to do today to provide them with a sound foundation on which they will have constructed their world was valuable – just as we stand on the shoulders of those before us who invented the models that served us well.

And I remind you all: Don't Quit. Never.

Thank you.