



samag
Seminars for Arts Professionals

JUNE 2009 SEMINAR SUMMARY

SELLING THE ARTS IN A RECESSION

Chair Vicki Stanley, SAMAG Committee Member
Panel Jessica Block – Deputy General Manager, Australian Chamber Orchestra (ACO)
Craig Brush – Acting Executive Director, Art Gallery Society of NSW (AGNSW)
Jo Dyer – Executive Producer, Sydney Theatre Company (STC)

While most of us work in the arts because we are passionate about the effect that they can have on people's lives, there are times when this passion can be obscured behind the less romantic aspects of the business of culture. There is no time when this is more the case than during times of economic uncertainty. Like Tennessee Williams' Blanche Dubois, most arts organisations, to differing degrees, have always depended on the kindness of strangers. So when a recession hits, and the sound of tightening belts rings in our ears, how can you maintain your revenue? How can you make the most of what you already have? How do you sell the arts in a recession, and ensure that not all your work is undone? To help answer these questions, SAMAG assembled a panel with experience in creatively approaching the challenge of a recession.

Financial Management

The first reaction for most organisations and households during a recession is to look at what you have, and how you can get the most out of it; managing your finances intelligently and reducing operating costs. Cost cutting, while often necessary, can be a risky exercise, particularly when you might already be running a pretty lean operation. It's important not to jeopardise the viability of your organisation or the quality of your services by going overboard. While Jo Dyer admits that the Sydney Theatre Company (STC) has had numerous 'razor gang meetings', their focus has been on cutting superfluous costs for things that don't really benefit the Company's core business, such as the flowers at reception, which are much more expensive than you might think. In order to avoid handing out redundancies, they have put a freeze on wage increases for their staff. While perhaps not a popular decision, it is a preferable outcome to people losing their jobs.

The STC has also adapted its financial planning to better suit the times at hand. The Company chooses its program very carefully, and bases its financial projections on the anticipated success of its productions. Generally, if they have a show in their program that they know will go gangbusters, then they bank on significant income from it. However, part of their 'batten down the hatches' budgeting strategy for the future will be to not make assumptions about the success of their shows. Financial projections based on the anticipated success of their productions will be conservative, in order to prepare for a worst case scenario.

Corporate Sponsorship

Around the time that the word recession started being uttered in hushed tones in corporate boardrooms across the nation, Jessica Block and the Australian Chamber Orchestra (ACO) started noticing doors that were previously wide open to the arts started slamming shut. While many other organisations responded to this forcefully-applied face full of timber by lowering their corporate sponsorship targets, the ACO did not. With a two million dollar corporate sponsorship target to meet and increasingly fewer places to find the cash, the ACO responded by increasing their focus on retaining their current corporate sponsors, rather than actively seeking new ones. While it may go against an organisation's natural inclination to cut costs, giving current sponsors more value for their investment, such as additional private performances or other perks, is a very effective way to show them how valuable and important they are to your organisation.

Remodelling of corporate sponsorship programs is another tactic that the ACO has undertaken. For example, the ACO Chairman's Council is a less expensive option for corporate sponsorship, with a set cost of \$17,000 for organisations and \$4,000 for individuals. They have also encouraged sponsorship of specific

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events by promoting them to corporate organisations as an alternative to expensive and time consuming Christmas parties.

Jo Dyer says that, luckily, the STC was able to sign up a significant proportion of their current sponsors before the panic of a recession set in. They too have increased their focus on retaining their sponsors, with positive results.

Philanthropy

While the panel suggests that there has not been too much of a drop off in private philanthropy from the 'top end of town', there has been a noticeable decline overall. The ACO has found that, in the current financial climate, the big glitzy fundraiser with 200 attendees is no longer the best way to invite philanthropy. During times like this, the people who can afford it don't want to be showing off by pledging large amounts of money in front of a crowd, and the people who don't have the money don't want to be put in the uncomfortable situation of being asked in front of an audience. To counter this, the ACO has begun running smaller, more intimate events. These events are often held at a donor's private residence and may include a performance by some of the Orchestra's players. The STC has also found this approach to be effective. Instead of performances for the guests however, they will wherever possible invite visiting artists or personalities to attend. The lure of celebrity is an excellent way to attract interest from potential donors. While both organisations find this more subtle approach to be effective, Block points out that it is important to make sure that the right people are invited to attend.

While things are tight, Block and the ACO are focusing increasingly on the philanthropic dollar, whether it is from private individuals, foundations or trusts. Once the economy recovers (fingers crossed), and the previously mentioned doors begin to open once more, they will come back to seeking larger corporate sponsorships.

Programming

So, there are still places to find support, but what do you need to sell the arts in a recession? Remember, the arts are a product, and making sure that the product your organisation is offering is high quality is of significant importance to maintaining a steady income throughout a recession. Craig Brush, Acting Executive Director and Event Manager of the Art Gallery Society of New South Wales (AGNSW), believes that the quality of AGNSW's events program is a key factor in the society's ongoing viability. The AGNSW is a highly successful organisation which boasts over 80,000 members. Directly linked to, but independent from, the AGNSW, it is well known for the quality of its events. In his 15 years at the Society as Events Manager, Brush has determined that high quality events that take place in the AGNSW, but that are not strictly related to the arts, are very appealing to their members. One example that proved vastly more popular than anybody anticipated was the Society's *The Mind's Eye: An Introduction to Philosophy* ten lecture series. This ten part series sold a phenomenal 3,000 tickets in just a couple of weeks. Due to the demand, the Society decided to schedule a second session of each lecture. This too sold 3,000 tickets in just two weeks. According to Brush, the success of this, and the Society's other programs, can be attributed to people's desire to learn within the unique gallery environment. This is a valuable lesson for arts organisations; what is unique about your organisation? As people become more careful with their money, what can you offer potential audiences that will draw them in despite concerns about a recession?

This consideration is also very relevant to the retention rate of memberships or subscriptions. If you can make membership or a subscription to your organisation a source of pride for your audience, then this will result in renewals. Dyer suggests that more often than not, once you lose a member or subscriber, it is very rare to win them back, even for single ticket purchases. The AGNSW boasts an 85% retention rate for its members. While the affordable cost of membership would have something to do with this, Brush believes

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that it is also because people are proud of their membership with a well respected institution such as the AGNSW.

Dyer reiterates that quality programming is important, but also indicates that it is not always as simple as build it, and they will come. Both Block and Dyer refer to the ever-present tension between populist, and artistically challenging programming. While the two are not mutually exclusive, Dyer says that the STC is looking very closely at its programming for the coming years. Through careful planning they hope to develop a program that will be on the one hand commercially successful (and therefore profitable), and on the other, will include productions that explore new artistic territory. This is not such an easy task however, as quite a few of the productions that they have been most proud of have been challenging and not so commercially successful, or costly and not very profitable, if profitable at all. Given this, it would be reasonable to suggest that maybe they could save some money by not putting on such costly productions, or by reducing the amount of projects they take on in a year. While yes, this is always an option, it is a short term solution only. It is not in the Company's long term interests to duck for cover, or to jeopardise its artistic integrity by purely populist programming.

What is clear from this month's SAMAG panel is that, while traditional methods of selling the arts may not always apply during a recession, not all revenue need be lost nor financial doom be inevitable. While doors may be closing, this just means you need to find other ways in.

Hugh Nichols