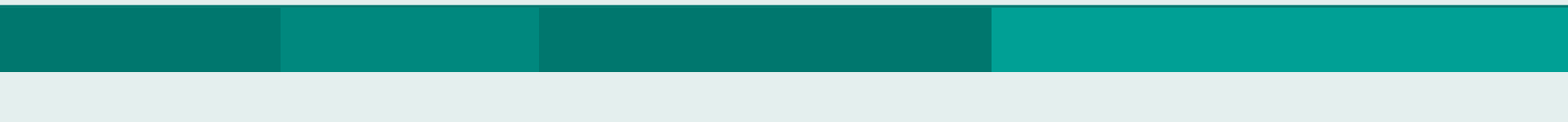
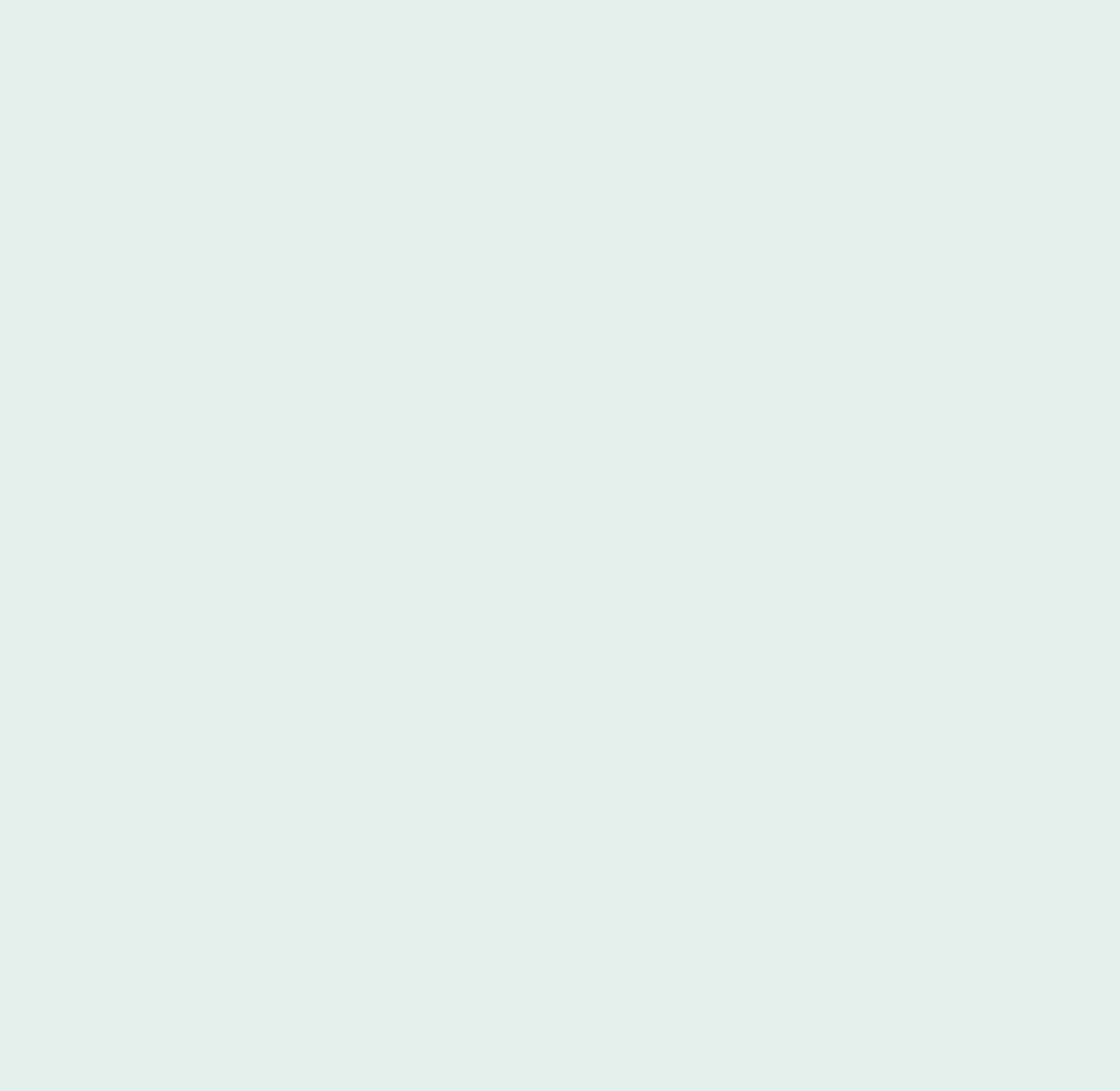


# THE CYCLE

PLANNING FOR SUCCESS IN THE ARTS

By Michael M. Kaiser  
and Brett Egan

DeVos Institute  
OF ARTS MANAGEMENT  
at the Kennedy Center



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# INTRODUCTION: WHAT IS THE CYCLE?

## THE CYCLE

A theory of organizational activity that prioritizes investment in great art: when bold art is marketed aggressively, an organization attracts a family of energized ticket-buyers and patrons. The income produced by this family is reinvested in more art that, marketed well, builds a larger, even more diverse family. When this cycle repeats year after year, the organization incrementally and sustainably builds capacity, presence and health.

Time and again, we find this pattern at work in successful, healthy arts organizations:

- Their programming is bold, mission-driven, and balanced;
- They market that programming, and the institution behind it, aggressively;
- The resulting visibility produces a swell of interest and enthusiasm among a “family” of ticket-buyers, students, board members, donors, funders, and volunteers;
- They make it easy and enjoyable for that family to get more involved—to contribute money, time, or connections; and
- They reinvest revenue produced by that family in even more bold programming that, marketed well, entices an ever-larger, more diverse, generous, and connected family.

When this cycle repeats year after year, all parties—staff, board, and family—sense they are part of a winning enterprise and, committed to the organization’s continued success, grow more generous and productive. These organizations grow incrementally, donor by donor, and slowly build and maintain artistic and financial health.

In our work at the DeVos Institute of Arts Management at the Kennedy Center, we see this cycle in successful organizations of all sizes, urban and rural, in the United States and abroad. We see it not only in performing and presenting organizations, but also in museums, arts schools, service organizations, historical societies, public libraries, university programs—even advocacy organizations, botanical gardens, and zoos.

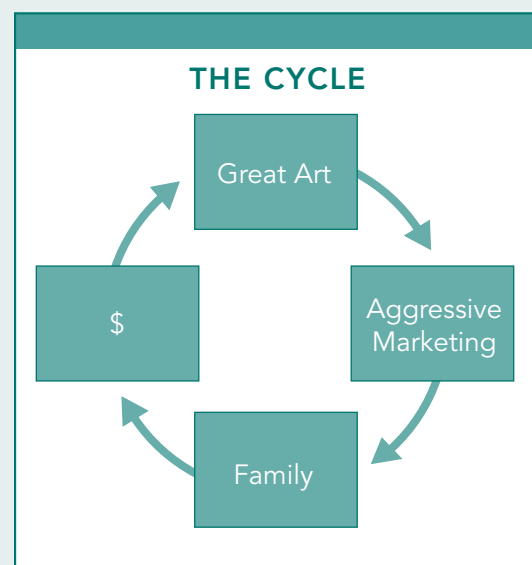
In fact, any not-for-profit organization that must fundraise to support its work can benefit from these principles.

But this cycle is more than a theory of how to build and maintain health. It is also a practical management tool that defines relationships among artistic, executive, and board leadership. Each party has specific responsibilities in a functioning cycle; each depends on the others to succeed.

At the heart of this theory is a total dedication to long-term planning. Without sufficient time to fund and market bold, transformative art, our art will suffer, our audiences and donors will stagnate, and our seasons will—at best—plateau in scale and ambition.

The remainder of this booklet discusses each aspect of this cycle—planning great art (or “programming”), marketing, building a family, fundraising, reinvestment—and common pitfalls in each area.

In the end, this cycle presents a logical framework for how to build strong, sustainable enterprises one step at a time.



# ARTISTIC PLANNING

An organization's health—indeed, its survival—relies on the quality, imagination, and distinctiveness of its programming. If we fail to produce superior programs, educational opportunities, and productions, we cannot say that we are successful or that we deserve support. It is likely that, before long, our donors and ticket-buyers will come to agree.

What conditions are required to create truly transformational programs that stretch our capacity to its hilt? What must we have in place to produce—at the quality and scale we desire—that citywide festival, risky commission, visionary service, or landmark exhibition that forces audiences to pay attention, excites current supporters, and attracts new ones?

First, and fundamentally, transformative programming requires careful, long-term planning. The most exciting, adventuresome projects—which often rely on new funders, collaborators, and outreach to build support and demand—are simply too expensive and too complicated to rush.

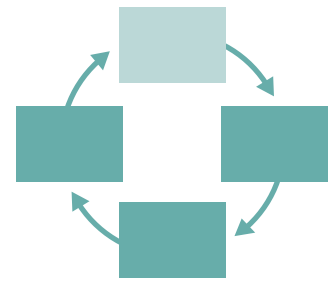
For this reason, we recommend planning major programs three to five years in advance. For some, especially smaller organizations, this process may seem daunting, unnecessary, or even impossible. But, for us, it is fundamental to building sustainable organizations. This is especially true for growing companies that want to significantly increase the scale of their offerings. Without the time to create, fundraise, and market increasingly ambitious art, their seasons will stay roughly the same size, quality, and character season after season. Without additional manpower and resources to build a

more sophisticated offering for new and larger audiences, growing companies will, at best, plateau and hold on; at worst, after several interchangeable seasons, their donors will lose interest and begin to spend their time and money elsewhere.

Long-term artistic planning is the simple process of putting dreams down on paper. Because it envisions work taking place years in advance, it does not necessarily depend on the current size of our budget, staff, or board. It does not need to happen during business hours or on a special retreat. It does not require fancy technology. All this process requires is a sheet of paper, a pencil (with an eraser), time, and imagination.

We believe that:

- Planning **increases our chances of securing the funding required for the “big idea.”** Meeting a fundraising target that exceeds current capacity takes time. It is scary enough to program daring work. It is crippling to do so without sufficient time to fundraise for it. Without sufficient planning, our seasons and our art stay roughly the same size year after year.
- Planning ahead also **strengthens the donor relationship**; it is far more practical and enticing to offer a “menu” of potential investments taking place over the course of several years than to try to shoehorn each donor into the next, most urgent project.
- The large, experimental project **requires marketing and educational efforts** to identify, engage, and solicit current and new audiences; these efforts take time to conceive, budget, and implement.



## TRANSFORMATIONAL PROGRAMMING

Bold, exciting, surprising, “big idea” programming: an organization's primary means to energize and galvanize audiences and donors. Planned sufficiently in advance, it forms the basis for aggressive marketing, successful fundraising, and incremental growth in institutional capacity.

### EXAMPLE ARTISTIC PLAN FOR A REGIONAL THEATER

	Year/Season 1	Year/Season 2	Year/Season 3	Year/Season 4	Year/Season 5
<b>Program/Date</b>	New production of play "A"	New production of play "B"	New production of play "C" with video design by "X" artist	New production of play "D" with live music composed by "X"	New production of play "E" with live music performed by "X" and dance by "Y"
<b>Program/Date</b>	Annual production or Series	Annual production or Series	Annual production with guest artist "A"	Annual production with guest artist "B" in exciting space "X"	New annual production to celebrate our "X" anniversary
<b>Program/Date</b>	Collaboration with institution "A"	Festival featuring multiple works by playwright "A"	Collaboration with institution "A" to produce a new production of "X"	Co-commission of dream playwright with "X" international festival	Festival in collaboration with "X," "Y," and "Z" institutions on our theme of "A" to celebrate our anniversary
<b>Program/Date</b>	Work-in-progress series in collaboration with "X" radio station	Commission of emerging playwright "X"	Work-in-progress series staged by director "X"	New plays from "X" country festival in partnership with the regional community from "X"	Anniversary retrospective of 10 plays we've premiered over last "X" years
<b>Program/Date</b>	In-school work in "X" number of school districts	Expand in-school work to "X" area of town in partnership with "Y" organization	Master class series featuring "X," "Y," and "Z" celebrity artists working with our schoolchildren	Virtual learning hub added to Web site to provide access to our repertoire and those of "X" and "Y" collaborators	Festival of young playwrights to celebrate "X" years of our work in the community

*This sample template is just one of any number of ways to organize a five-year plan. (There is nothing sacred about this system, but it is simple and effective.) In each "Year/Season" column, we write down program names (when we have them), as well as ideas for key collaborations, educational programming, festivals, commissions, artists, etc. As the seasons progress, so do the complexity and scale of our offerings. This sample includes examples in every slot, but an effective five-year plan need only indicate major programming as far out as possible.*

- Planning **enhances impact and visibility.** With time, we can organize auxiliary efforts such as master classes, lectures, and special events, and develop the alliances often necessary to produce larger projects by leveraging shared resources, visibility, and audiences.
- In some arts industries, such as opera and orchestral music, one must contract the best talent years in advance; the stars get booked up early. Service and advocacy organizations that rely on collaboration among multiple stakeholders must budget time to build necessary alliances and research. The most sought-after playwrights, composers, and choreographers can require years to respond to a commission. Without sufficient planning, **we simply forfeit access to the best art.**
- While artists are remarkably efficient, the creative process is rarely neat. Advance planning **provides time to develop, challenge, edit, and restart**—the "messiness" required to create great art.

An effective, long-term artistic plan does not need to list every program in every year. It should, however, define major programming “spikes”: exciting, bold, transformational work that requires additional fundraising and marketing capacity to support. Other, smaller programs can fall in later.

This plan can—and will—change. For presenters, a last-minute, must-have opportunity can replace an any-season program. (Funds raised for an aborted project can often—with proper care—be diverted to another.) Experimental producers and artists who create their best work in the moment can nonetheless plan key partnerships, engagements, tours, educational work, and anniversary celebrations well in advance. All that is required for effective planning is a sensible combination of forethought and entrepreneurialism.

But this kind of planning cannot be rushed. Too often, we are so consumed by delivering this year’s (hastily planned) programs that we fail to plan for the next. In desperation, we resort to mimicking what has worked for others or what has worked before to simply fill a “slot” (the holiday show, the family attraction, etc.). In doing so, we abdicate our role as cultural leaders and resign ourselves to following the taste of our audiences and peers.

The best programmers—even those who appear to design extraordinary seasons, year after year, without much effort—are working every day to identify and secure the most exciting artists, premieres, and collaborations. They are dreaming years in advance; securing a pipeline of the most attractive talent; enticing donors and staff with visions of the future; modifying when necessary; and developing auxiliary content to extend the impact and visibility of their most important projects.

In doing so, they maximize their chances of producing highly competitive, diverse, transformative seasons year after year. The ability to surprise and energize audiences on a regular basis becomes all the more important as our industries proliferate with talented peers and cheap, electronic alternatives. While virtual performances cannot offer the same experience as a live event, for many—particularly younger—audiences, they are “close enough” substitutes for our work.

At the same time, this competitive diversity has made it much more difficult to achieve and maintain visibility. We have to fight harder, and offer more, to maintain interest. Couple this with reduced funding from fewer institutional sources and more places for individuals to spend less discretionary income, and the organization that fails to surprise and excite its audiences on a regular basis will fade from the radar. Its family, and its resources, will dwindle. And it will be left with even less to reinvest in the next year.

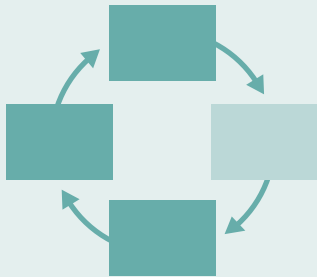
This is why, particularly during recessionary periods (when competition intensifies), daring, “big idea” programs are so critical. They operate like a mental “reset” button, forcing our audiences to pay attention (again), keeping our work top-of-mind amidst a crowded field. (Importantly, big idea programs do not need to be big budget programs. But they do have to be vibrant, exceptional, and surprising.)

It is easy to claim that long-term planning is impossible for capacity-strapped organizations. It is equally easy to say that it must be done. But one fact is clear: planning offers the highest odds that a major project will happen, will happen well, and that it will produce the excitement, enthusiasm, and resources required to repeat that success year after year.

## CAPACITY

An organization’s ability to fulfill its mission year after year, as measured by its *manpower*; the *know-how*, or skill, possessed by that manpower; the quality of *strategy* developed to integrate and leverage that skill; the *resource* produced as a result; and the *sustainability* of these elements. An organization with adequate capacity marshals each element to fulfill its mission year after year. An organization with insufficient capacity lacks the manpower, know-how, strategy, resource, or sustainability to fulfill its mission year after year.

# PROGRAMMATIC AND INSTITUTIONAL MARKETING



To produce increasingly adventurous and meaningful art that asks our audiences to follow us—especially along that transformational, less familiar path—we must be prepared to compete aggressively for their attention and loyalty.

This is the role of marketing, which we approach from two directions.

## PROGRAMMATIC MARKETING

First, **programmatic marketing** consists of the tools and strategies we use to build an audience for our work, to sell tickets, educational programs, lectures, exhibitions, etc. It uses both traditional means—print, radio, and television media; direct mail; telemarketing; community partnerships; special incentives; discounts; networks—and electronic, viral, social, and mobile media. These are our ads, e-blasts, brochures, radio spots, social media, online efforts, etc.

Effective programmatic marketing develops a long-term, multipoint relationship with the buyer. It asks us to identify target audiences and tailor a strong message; promote that message through appropriate channels to create demand; price services competitively; drive demand to point of sale; contextualize and educate around the service; ensure quality of the experience itself; and lay the framework for future loyalty.

This practice requires that we thoroughly research each program to determine whether its potential buyers are among our existing, core audience or whether “marginal” or new prospects will need to be targeted as part of a special campaign.

Certain programs that feature recognizable, popular repertory or stars—*The Nutcracker*, Picasso, an annual conference, etc.—do not require expensive, expansive campaigns. These programs require what we think of as **informational** marketing efforts: a program name, location, photo, date, and phone number should be sufficient to incite a sale.

The more daunting, transformational project—with which our audiences have less familiarity and comfort—requires what we think of as a **missionary** marketing effort. An unknown international attraction, a world premiere, an experimental artist, a new service: these programs require that we make a special effort to convey to potential buyers what is unique and valuable about the proposed experience. This type of marketing requires that we plan and budget for additional research, outreach, and community engagement in order to build an appropriate earned revenue base for the attraction.

Understanding where along this spectrum each attraction sits is central to developing efficient programmatic marketing campaigns.

## PROGRAMMATIC MARKETING

The tactics used to identify and target potential audiences for each attraction, create awareness and demand, and drive a sale (of tickets, classes, services, or other experiences). Effective programmatic marketing extends beyond the transaction to contextualize each offering, ensure a high quality of experience, and lay the groundwork for a long-term relationship with the buyer.



## INSTITUTIONAL MARKETING

The second, less familiar approach to producing visibility for our work is what we refer to as **institutional** marketing. Rather than sell a specific show or program, these efforts build awareness and enthusiasm for **what** and **who** we are as an institution. They focus on creating so much excitement and magnetism around our work that ticket-buyers and donors actively want to be part of **what we are**—irrespective of their attraction to any single program or offering.

This effort recognizes that audiences and donors have limitless options as to where to spend their leisure time and money and competes to keep one's institution and its offerings top-of-mind in this crowded marketplace. Simply put, this effort aims to make the people and institution behind one's art more "famous" and irresistible.

Institutional marketing uses all institutional assets—whether physical (buildings, costumes, collections, etc.), human (internal or external), or experiential (artistic process, dinner at a special home, backstage tour, etc.)—to soften potential "buyers" (audiences, members, donors, board members, collaborators, presenters or exhibitors, volunteers, even staff) to the extent that they are likely to buy or support our work without a "hard sell."

Like programmatic marketing, this takes time, rigor, and dedicated capacity. But because it relies on the imaginative utilization of existing assets, big ideas, or the creative characterization of work we plan to do anyway, it should be inexpensive or even "free" to execute. It is important to remember that, because excitement and awareness are critical to successful fundraising, an investment in institutional marketing is a direct investment in our effort to raise money.

What does institutional marketing look like in practice?

- Bold, surprising, transformational **programming** is in itself our primary, and best, form of institutional marketing. Major festivals, innovative programs, provocative collaborations, and unique or high-profile artistic talent all "spike" excitement and enthusiasm—the hallmark of successful institutional marketing. Of course, successful programs also sell tickets. But importantly, they produce a sense of our organizations as alluring, exciting, unique, and impossible to ignore.
- Creative, well-produced **announcements** of future work—even two or three years ahead of time—suggest a vital, robust, energized organization. (This is particularly important for organizations in a turnaround.) A live season announcement attended by donors, staff, press, and partners builds excitement and a sense of belonging. The public celebration of a new strategic plan, rendering of a future home, or collaborative partnership can be equally effective.
- Ensuring that **press**—a favorable preview, review, or other mention—reaches key decision-makers and likely buyers is essential institutional marketing. We are often elated (or traumatized) by reviews that no one else sees. (Or if they do, they forget about them immediately; we often assume we are much more famous than we actually are.) Great press suggests a vital organization—but only if one's buyers actually read it.
- **Auxiliary activities** that celebrate the individuals or process behind our programs, and extend the impact and visibility of our art, can be equally effective. Master classes with celebrity guests (everyone can reach someone more famous than they are); special events to welcome a new artistic director; lectures, backstage tours, competitions, exhibitions, open rehearsals, online exposés; open houses, neighborhood strolls, or exhibitions featuring new members of a service organization—all are relatively inexpensive, effective institutional marketing tactics.

### INSTITUTIONAL MARKETING

The creative use of organizational assets to create spikes in awareness, energy, and enthusiasm around an organization, beginning with the presentation of transformational art itself and continuing through activities that heighten awareness about the people, process, and other institutional assets behind that art.

# PROGRAMMATIC AND INSTITUTIONAL MARKETING

- **Leadership ideas** that galvanize the activity of multiple collaborators are especially effective at building visibility, while limiting investment of time or other resources. For instance, the company that organizes others to program on its theme (e.g. a citywide festival celebrating the art of a specific country, era, or anniversary) creates an army of activity that points back to the leadership of the organization behind the idea. This type of institutional marketing makes us appear much larger than we actually are.
- All of the above have increased impact and traction when timed with an historical moment, global cultural event, or social movement that has captured the greater public imagination, e.g. anniversaries of artists or nations,

inaugurations, the Olympics, an environmental or humanitarian concern, etc.

Like all forms of marketing, institutional marketing is only effective if repeated again and again. For this reason, we find that the most successful organizations build a calendar of regular activity—integrated with their program calendars—to organize these efforts.

Like artistic planning, all that is required for this process is imagination, a piece of paper, a pencil, and time. The executive director (who is the chief architect of this campaign) must toil as rigorously on this plan as the artistic director does on his or hers.

## EXAMPLE INSTITUTIONAL MARKETING PLAN

	Institutional Marketing Initiative
<b>September</b>	New production and special event/gala; press push; circulate resulting coverage to game changers
<b>October</b>	Online competition for walk-on role in upcoming production
<b>November</b>	Citywide festival based on our programming (“leadership idea”)
<b>December</b>	Free performance in a collaborator’s space for their donors, audience, and family
<b>January</b>	Announce a new commission with the artist present; game changer event afterwards
<b>February</b>	Premiere of provocative collaboration; press push; circulate resulting coverage to game changers
<b>March</b>	Live announcement of upcoming season (as a group with other organizations?)
<b>April</b>	Hold a party to release the new strategic plan; send a copy to all game changers and funders
<b>May</b>	Launch a master class series featuring master artists in conversation with students
<b>June</b>	Open an exhibition at a neighboring cultural center or museum
<b>July</b>	Everyone’s at the beach, no one is reading the paper...take a break!
<b>August</b>	Really...take a break! No one cares what happens in August! Plan for next year!

*Smaller organizations should aim for approximately four institutional marketing initiatives each year. Mid-size and large organizations should aim for approximately one institutional marketing initiative each month.*

In order to create sufficient visibility, large organizations need at least one major institutional marketing advance each month. For smaller organizations, three or four spikes per year will make a meaningful difference.

There are two audiences for this effort. The first is the general public—potential ticket-buyers, students, visitors, etc. A successful general campaign results in increased earned income by inciting a large volume of small transactions (ticket purchases or other paid transactions).

The second audience for this campaign is our current and potential family members—particularly our major donors, program officers, board members, and primary partners. Because these relationships are central to our fundraising effort, managers must make a special effort to ensure that institutional marketing reaches this core group.

Especially in capacity-strapped organizations, managers must be focused about where, between these two audiences, they focus. In most smaller organizations, managers do not have the time or resource to direct an institutional marketing campaign at a vast, unknown audience in hope that these efforts will lead to a mass of unsolicited, spontaneous donations. In fact, most organizations only need to target 100 to 300 (and there is no magic to this number) key individuals who, with the stroke of a pen or a single decision, can change its future. It is critical that each of these “game changers” is privy to as many of these spikes as possible.

For this reason, institutional marketing is even more important for small or rural organizations than for their larger, more accessible counterparts. They have less capacity for programmatic marketing and need to create more visibility with less resources. An aggressive institutional marketing campaign can propel even a small, out-of-the-way organization to the forefront of the local, regional, or national consciousness and

dramatically expand the pool of potential ticket-buyers and donors. But, more importantly for fundraising purposes, their energized families are likely to become more generous and willing to compel their friends into action.

There are multiple other benefits of an effective institutional marketing campaign:

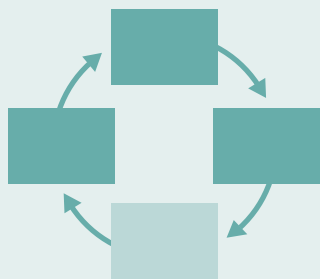
- It should lessen programmatic marketing expense—especially in the case of missionary campaigns. If audiences are inclined to follow us because they believe in what we are, institutionally, it is more likely they will buy a subscription for an entire season or attend a risky premiere—prior to reviews or word of mouth—because they trust our brand of artistic leadership. This baseline of support should embolden our artistic decision-making.
- It can bring an ailing board back to life. Underproductive boards are usually also underwhelmed, or even embarrassed, by the art or financial situation of the organization. A bad review or balance sheet has given them pause; they have grown hesitant to involve their friends in a lackluster, financially insecure effort. An effective institutional marketing campaign can reset this mentality, as we renew these game changers’ energy and enthusiasm in an organization they feel is moving in the right direction.
- Institutional marketing saves time. For the capacity-strapped executive director of a small organization (with little or no marketing staff), a successful visibility campaign can motivate multiple game changers at once. For the busy trustee, a focused institutional marketing campaign provides the basis of pride, visibility, and public confidence necessary to swiftly and successfully engage others.

But, most importantly, audiences and donors that are excited by who we are, fundamentally, will be much more inclined to contribute generously. In this way, effective institutional marketing becomes the cornerstone of fundraising success.

## GAME CHANGERS

A relatively small group of people—key funders, board members, high-value individuals, civic officials, artistic or institutional collaborators, presenters, distributors, members of the press—who have the ability to change the future of an organization and require special, ongoing cultivation and stewardship. The addition or loss of these individuals from the institutional family has a significant, bottom-line impact.

# BUILDING AND ENGAGING THE FAMILY



If programming is bold and marketing aggressive, the number of people who want to support the cycle-driven organization—through patronage, time, and contributions—grows organically.

This family's purchasing power provides a healthy base of earned income; its generosity anchors and strengthens the fundraising effort. Managed with care, this family grows one by one, week by week, month by month, season by season—incrementally increasing revenue and capacity over time.

For this reason, "family" is more than a polite pseudonym for "donor" or "buyer." It is a strategy for incremental, sustainable growth.

Well-informed families are an indispensable marketing tool. Managers who understand the power of an educated family develop a "patter"—a rotating menu of future projects, initiatives, and events—to excite and focus these critical players. (Artistic and institutional marketing plans populate this campaign.) This rolling "talking points memo" turns family members into enthusiastic, effective ambassadors. Excitement refined by patter is indispensable "social media."

The heart of a generous family—and a manager's most important fundraising tool—is a joyous, engaged, and excited board. For this reason, family-centered managers ensure that serving on their boards is productive and fun. They recognize that trustees are not only uncompensated volunteers who are expected to

contribute, but that any community offers them myriad organizations in which to perform this generous role. Therefore, they compete hard for the loyalty and attention of these precious family members. If our meetings—one environment under our control—are dull and procedural, we put ourselves at an unnecessary disadvantage. A brief performance, special guest, or discussion of a new artistic venture goes a long way toward reminding them why they sacrifice time and resource on our behalf.

Board members' primary reward is a feeling of importance to the success of an organization they revere. Too often, capacity-strapped managers come to regard "The Board" as an homogenous whole with uniform interests and assets. In reality, each individual has their own motivation for involvement; each seeks a unique blend of experiences from their exchange with the organization. The manager who understands this works hard to connect each member with a specific, mission-driven project that reflects their interests and priorities. (This demands a multiyear portfolio of projects, both artistic and institutional, seeking support.)

These managers then work to provide each member with a real stake in their project's success. The member is given reasonable jurisdiction in non-artistic matters; they report on project status at each meeting; they are supported in their effort to engage their friends and associates; and, at completion, they are publicly aligned with the project's success. This produces a vital sense of belonging, ownership, and pride in the life of the organization. This is the definition of engagement.

On the contrary, discouraged board members—depressed by moribund meetings, a lackluster production, a scary ledger, rushed campaigns, or unresponsive staff—find no shortage of reasons to disengage. The best counter to a dispirited, unproductive board is a renewed commitment to planning and a robust institutional marketing campaign. This union will go a long way toward resetting perspective and laying the groundwork for reengagement.

Family-centered managers understand that multifaceted, multitalented members often have more than one gift to give. Unproductive members are sometimes bored members; after years of being asked to perform only one role—plan galas, review contracts, or authorize budgets—they have simply tired of their relationship with the organization. By engaging another of their interests—to help bridge a new institutional alliance, evaluate a program, or participate on a strategic planning committee, for instance—the effective manager opens another door into the life of the organization. Asking board members to flex a different muscle to advance the organization furthers the chances of reengagement.

Effective managers take equal care to market a sense of belonging and importance among volunteers. A corps of energized, trained volunteers can make the difference between a project that breaks even and one that does not; proud, equipped volunteers can ensure a positive patron experience in areas that staff capacity cannot reach. This is especially the case today, as more and more institutions engage unpaid volunteers (or interns) to fill roles previously performed by staff.

Lastly, successful managers do not overlook the role that subscribers, members, and ticket-buyers play in an evolving, diversified family. Well-marketed, exciting art increases the pool of energized participants at performances, events, and auxiliary activities. In the short-term, this participation provides important earned income. Goodwill produced by a positive experience forms the basis of future, more generous relationships. The efficient manager sees in each ticket-buyer a potential subscriber; in each subscriber, a potential member; in each member, a future donor.

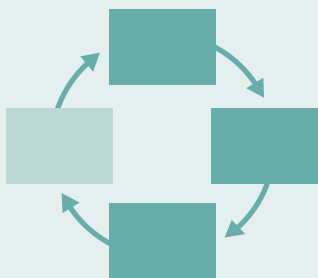
Effective managers make a special effort to excite these valuable family members with institutional marketing; incentivize increased involvement (as volunteers or contributors); encourage them to get their friends involved; present ample opportunities for them to self-identify at higher levels of engagement; and make giving easy. (It is bewildering how truly difficult it is to get involved and stay involved with certain organizations.)

An informed, joyous, rewarded family is likely to be productive, ambassadorial, and generous. Managers who perfect the business of creating and promoting joy among this group of supporters are rewarded as the capital—human and financial—around their mission continues to swell. In cycle-driven organizations, *joy itself is a strategy*.

## FAMILY

An energized, enthusiastic group of ticket-buyers, members, donors, trustees and volunteers that anchors an organization's financial health through its commitment of time, talent, connections, and financial resources.

# INCREMENTAL FUNDRAISING



Effective fundraising simply pairs each family member with a logical, financial action in support of the organization's mission.

Sustainable organizations dedicate themselves to building families incrementally—one at a time, volunteer by volunteer, donor by donor, trustee by trustee—in sync with their programmatic ambition. They plan large, daunting projects well in advance; they identify and cultivate new family members to support the expanded vision along a feasible, if ambitious, time frame. This type of incremental growth limits the risk and fear that result when scale outstrips capacity. This type of growth is the definition of sustainability.

Armed with long-term artistic plans, efficient fundraisers engage each prospect in open dialogue about which projects interest her or him the most. Rather than make an urgent plea for support of the next, most needy program, they come to each potential donor prepared to listen, not coerce. The manager with a “menu” of options for investment maximizes the chance of finding the right, even *logical*, opportunity for each donor and, once that interest has been identified, simply asks: “How can we get you involved in this program?”

On the other hand, fundraising by brute force—where rushed managers and trustees pressure friends to support an underfunded program in which the prospect has little interest—is rarely productive or sustainable. (Nor is it much fun.)

Managers who understand the power of cyclical, incremental fundraising leverage the power of institutional marketing and time their “ask” to coincide with peaks in enthusiasm created by great art and exciting auxiliary programming. They understand that people give to causes by

which they feel energized and excited and work hard to maintain that environment.

Effective fundraisers make it easy for donors to participate at a level that feels right and craft benefits—both tangible and intangible—at tiered levels to recognize escalating stages of giving. Their benefits are inexpensive and easy to produce. (For instance, one attractive benefit that costs nothing to offer is the privilege to purchase tickets to popular attractions in advance.) Managers who promise expensive, labor-intensive perks they cannot deliver will find that donors accustomed to greater levels of customer service will disappear from their rosters.

Effective fundraisers also recognize that donor interests vary. They use programmatic and institutional marketing assets to build opportunities that appeal to multiple donor mentalities:

- Our favorite donors identify with our **mission, programs, and art** and want to see us succeed, simply because they believe in what we do. These donors seek opportunities to engage with the process and people behind our programs: our artistic directors, curators, artists, students, and collaborators; our rehearsals, master classes, season announcements, readings, creative meetings, and performances.
- Others seek **access**, through us, to otherwise unattainable people, experiences, places, or objects. Effective managers constantly replenish an inventory of assets to which donors can gain access through support of their organizations. These include their board members, power brokers, experts, or celebrities; special collections, archives, or performance ephemera; unique spaces (theirs or others), board members' homes, backstage, etc.

- Other donors want exciting **social interaction**—a place to go again and again, to see the same people in a comfortable environment, to find companionship, or to develop personal or professional interests. Organizations with physical spaces and regular programming are best equipped to service this mentality. But, even a touring dance company can partner with a cultural center in its hometown to provide an ongoing and mutually beneficial series of workshops, master classes, salons, and other activities that accomplish this purpose.
- Still others wish to affiliate with organizations of prestige, defined by the caliber, quality, visibility, and scale of the programs, people, and talent they attract. These donors seek personal **status** through recognition among groups of peers with whom they share social or professional interests.

Once a gift is secured, effective fundraisers quickly turn to stewardship. They ensure that their organizations properly recognize the gift, fulfill promises made during cultivation, and return the donor to an enjoyable cycle of artistic and marketing efforts. This begins the process of renewing the gift: of progressively engaging and informing the donor, and ultimately identifying the next good fit.

No matter how large the organization or its capacity, however, the pressure to renew and expand one's family never subsides. This is because, fundamentally, the gap between the cost of performing one's mission and what buyers are willing to pay to experience it grows wider each year.

While the cost of doing business in the arts increases yearly, our productivity—the time and human resource required to get the job done—stays roughly the same. In point: Mahler's Symphony No. 5 still takes just about 70 minutes and 103 musicians to perform, the same as when it premiered in 1904, even though the cost of employing those musicians and producing the work has increased exponentially.

For years, governments and corporations helped close this gap. While government and corporate giving officers remain important members in many families, for all but a few these sources are now marginal. Even where they remain, managers know their future is unpredictable and presents no basis for sustainable growth.

Nor does reliance on foundations, whose giving focus and capacity is subject to frequent and dramatic change. When an economy suffers, so do the endowments that determine their giving. Loyal program officers change jobs. Giving priorities change. And once an organization has approached all institutions that fund its type of activity, there is nowhere else to turn. While managers must work hard to cultivate and retain these influential family members, for all but the youngest organizations, support from foundations presents little room for growth.

Consequently, arts managers must be creative and constant about building a diverse family of individual supporters who expand their ranks year after year. While it is true that in most communities there are a few, highly-visible, sought-after donors, there are literally hundreds or thousands more within range of an enthusiastic family backed by an effective institutional marketing campaign. Too many organizations depend on too few donors and suffer disproportionately when even one loses the interest or ability to give. On the other hand, those that build robust, diverse families can comfortably, if regrettably, say good-bye to any individual if he or she can no longer give (or becomes a nuisance).

The manager who plans art well in advance, markets aggressively—especially among key game changers—and cultivates joy and ease among family will enjoy incremental, organic, sustainable growth year after year.

At year-end, rather than crisis, the successful manager faces another critical decision: how and where to reinvest.

## INCREMENTAL FUNDRAISING

A strategy for sustainable growth that joins long-term artistic goals, an energized family, and logical options for investment to build organizational resources donor by donor, week by week, month by month, year by year.

# CONTROLLING COST, REINVESTING, BUILDING CAPACITY

Of course, creating great art and marketing it aggressively will not alone ensure sustained success. One must also control cost, reinvest wisely, and build capacity in sync with the scale of one's ambition.

All great artists are insatiable dreamers (as are all great managers). Our nature is to produce more, bigger, better art, year after year. And this is as it should be.

But, for this reason, nearly every organization grows to the point where it is financially uncomfortable. A new \$50,000 grant rarely translates into a financial reprieve; more often, it means a new \$50,000 (or \$75,000 or \$100,000) program that requires even more funding and capacity to continue year after year. (A related phenomenon belies the endowment fantasy: rather than turning that first distribution into a rainy-day fund or cash buffer, the dreamer-artist-manager complex typically expands programming expense by exactly the same increment.) The next year, the battle for a balanced budget begins anew.

Therefore, the responsible manager must differentiate between our nature as dreamers and our job to dream sustainably. Artistic plans must be tied to realistic marketing plans that estimate the earned income potential of each venture. Artistic directors, executives, and boards must accept the financial implications of each artistic decision. Organizational capacity to absorb failure must parallel artistic risk. (We suggest budgeting for one or two failures each

year.) Fundraising goals must close the gap between earned income and cost projections.

Throughout each season, effective managers regularly correct for aberrations from this plan. Mid-course cuts to "backstage" and administrative budgets must account for a lackluster appeal, underperforming campaign, or poor sales run.

We all know that arts managers are ruthlessly efficient and that few organizations in distress face an expense-side problem. (More often, they have failed to develop adequate income.) It is in our nature to relentlessly control cost, actively negotiate with vendors, and reward parsimonious staff who find creative ways to save without harming the art. But it bears repeating that, especially in capacity-strapped, growing organizations, there is no room to waste a single dollar, hour, opportunity, or iota of goodwill. If one can accomplish a task for less and doesn't, one reduces the resources available to support projects that help achieve one's mission.

All managers must perfect this balance of dreaming big, curtailing cost, maximizing sales, and capitalizing on "familial" goodwill.

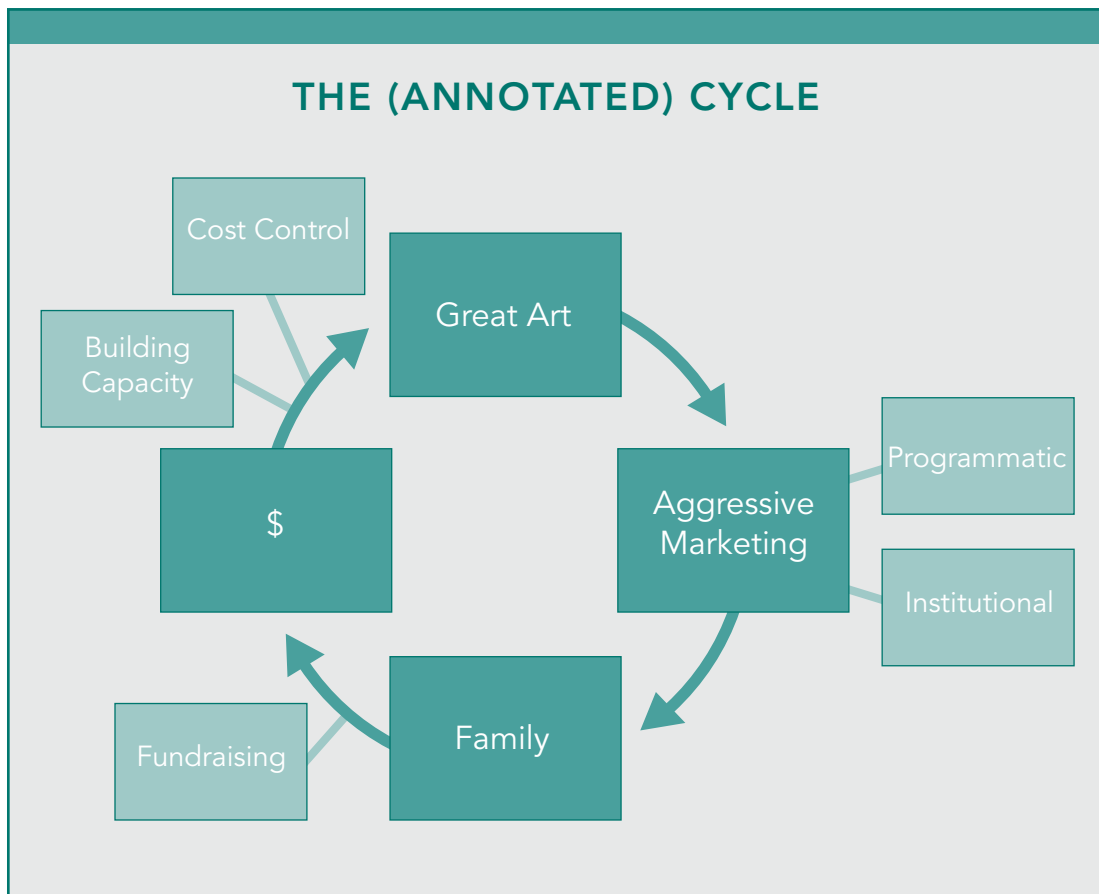
Finally, most successful, growing organizations will require additional manpower to match the increasing scale of their work. Strategic capacity-building as part of the reinvestment process should focus first on increasing revenue-producing potential. Organizations struggling to pay for existing, successful programming rarely



need additional programming manpower more than they need more flexible, ample capacity to promote that programming among potential buyers and donors. While the production of great art must remain the overarching priority, before an organization can dramatically expand the scope or scale of that art, it must increase the financial margin on its current success so that new, more ambitious art can be made, marketed, and capitalized with equal quality and success.

Adding staff is rarely financially comfortable in the short-term, especially for early-career organizations. However, a long-term shortage of professional staff can drain even the most ambitious, hardscrabble artistic entrepreneur. Therefore—lacking a dedicated grant for building staff capacity—a balance must be struck between relying so heavily on so few that the operation fails to deliver on its mission and taking an unsustainable plunge.

An incremental approach to building staff capacity—in line with commensurate increases in family, resources, and programming—will add manpower in stages. A part-time grant writer—armed with a long-term artistic plan; a dedicated, ambassadorial board; and a robust, creative, and cost-effective institutional marketing plan—will quickly pay for himself. Before long, he is working full-time and organizational attention can turn to part-time marketing assistance focused on converting marginal buyers into regular ticket-buyers and subscribers. In the end, this enhanced capacity to produce a margin on successful art strengthens the operation on all fronts. Disciplined, incremental growth in capacity—after artistic obligations have been fulfilled—is a natural evolution of cyclical success.



# CONCLUSION

This model—the cycle—presents a theory, founded in observation and practice, of how to build an organization into a sustainable institution, donor by donor, day by day, season by season. At its heart is a dedication to, and dependence upon, long-term planning.

We understand that this will not come easily for all organizations. For many, the process of beginning to plan multiple seasons in advance will *itself* be a multiseason effort. It will take time to transition from a six-month plan to one that extends a year or two in advance. In some cases, it may take several seasons before an organization develops the capacity to produce a true five-year plan.

Because planning requires an investment of time and energy, some will argue that the process is, in itself, an unwelcome drain on limited capacity. Skeptics cite an industry fraught with constant change and argue that long-term planning is neither practical nor expedient. But to these critics we respectfully respond: if we do not plan, we cannot grow. Our business is just too complex, too expensive, and too dependent on others to create the best art, with the best outcomes, in a rush.

And when we talk about building capacity—this is where that process starts. The organization that fails to plan is the organization that goes on suffering the most from fatigue, poor morale, disengagement, and chaos. (Sadly, even organizations that produce great art are not exempt from this rule.) On the other hand, the organization that starts to think out 18, 24, 36 months further in advance gives itself the *luxury of time* required to build toward bigger art—including the time to hire, train, and pay for that extra staff member to get it done well.

We do not hide the fact that this kind of planning may require a meaningful change in habit and

priority. It takes dedication and focus to dedicate time to focus on planning, especially with vendors knocking at the door, staff out sick, final reports due, the opening next week, and so on.

But we also believe that this process of planning our art, marketing, and fundraising further and further in advance must start before an organization can truly begin upon the path to institutionalization. It must become, in a very real sense, a way of life for the organization and the people who run it.

In the end, this cycle—including its process of containing cost, building capacity, and reinvesting wisely—is our best buffer against the latent crises waiting patiently at our door. We all know too well that our industries are volatile, that most organizations are a single bad season, or single unsuccessful production, away from crisis. These principles are designed to protect the artistic process—and the people who make that process possible—from the fear and instability that deplete our ranks and dilute the potency of our work.

But, don't take our word for it. Take another close look at the cultural organizations in your city—large and small—that are thriving: that are the talk of the town, grow year after year, and seem to constantly surprise with their ingenuity, style, quality, and grace. We will wager that each one of them regularly produces bold, exciting, transformational art; that they market that art, and the institution behind it, creatively and consistently; that the number of people surrounding them, wanting them to succeed, expands day by day; and that, when it comes time to spend the resources produced by that family, they stay focused on their mission and put it toward even more great art.

That joyous picture is the cycle in action.



**Michael M. Kaiser** is President of the John F. Kennedy Center for the Performing Arts. He has expanded the educational and artistic programming for the nation's center for the performing arts and has overseen a major renovation effort of most of the Center's theaters. Dubbed "the Turnaround King" for his work at numerous institutions, including the Royal Opera House (London), American Ballet Theatre, Alvin Ailey American Dance Theater, and the Kansas City Ballet, Michael has earned international renown for his expertise in arts management. He advises performing arts organizations around the world, working with arts leaders in nearly 70 countries. Upon joining the Kennedy Center in 2001, Michael created the Kennedy Center Arts Management Institute, renamed the DeVos Institute of Arts Management at the Kennedy Center after a \$22.5 million commitment from Dick and Betsy DeVos, which aims to train the current and next generation of arts leaders. The Institute features a variety of initiatives and programs, including an online education forum for arts administrators at [artsmanager.org](http://artsmanager.org), where professionals and students in the field can share experiences, seek employment, and post opportunities. He founded *Arts in Crisis: A Kennedy Center Initiative* in February 2009, and embarked on a 50-state tour to spread his arts expertise across the United States.

**Brett Egan** is Director of the DeVos Institute of Arts Management at the Kennedy Center. In this capacity, Egan leads the Institute's team of consultants and teachers in two national capacity building programs as part of the Ford Foundation's *Space for Change* initiative; regional capacity building programs in seven American cities; international arts management fellowships for 37 participants from 28 countries; a nine-month fellowship for mid-career North American arts executives; international arts management symposia; and long-term consultancies with organizations, agencies, and municipalities in the United States and abroad.

For more information about the DeVos Institute of Arts Management at the Kennedy Center,  
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