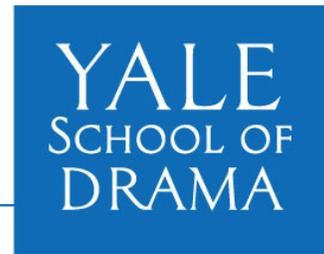


# Theater Management Knowledge Base

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Paper



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## **THE EVOLVED PERFORMING ARTS CENTER 2013**

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## The Evolved Performing Arts Center

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The North American performing arts center (PAC) is a highly evolved business. While modern arts centers dates back only to the 1960s, in their fifth decade, these organizations are sophisticated businesses run by highly trained professional staff and guided by deeply engaged Boards. In an environment of dramatic change that includes: rapidly changing communities, a fast and complex redefinition of the marketplace and new realities of operating economics it is critical that all aspects of the organization are highly functioning and well organizing.

The purpose of this paper is to describe how the role of the performing arts center has evolved over last five or six decades, explore how they are typically structured and suggest the most appropriate and effective roles for organizational leadership.

### *The Environment*

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The typical performing arts center is a highly visible and generally stable enterprise that is attractive to funders from the public and private sector. It is expected to exhibit the best characteristics of an efficient and effective organization. As the PAC is often one of the largest arts organizations in the community, it is also, typically, expected to be a leader in the arts sector and other civic priorities.

This places significant demands on the leaderships of a performing arts center. It is not enough to host local performing arts organizations and present visiting artists from across the country and around the world. The contemporary PAC has responsibility to be deeply engaged in the community, explore new opportunities to serve the market and set the standard for organizational success.

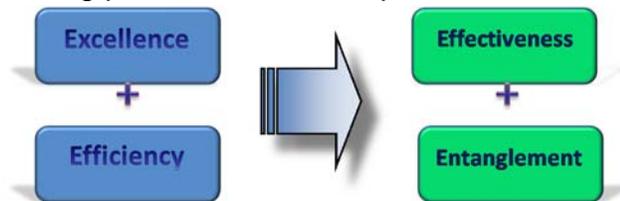
## Setting the context

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Over the past fifty to sixty years, the PAC has evolved through four generations as described below. In each evolution, there were identifiable factors that contributed to the next development.

Today, there are three factors present that are contributed to perhaps a fifth evolution:

1. Changing economic conditions demand an operating vision that continues to enable artistic excellence while encouraging creativity, innovation and most importantly, effectiveness. The long-held business model, which focused largely on operating “efficiency”, is being proven to be inadequate to address the changes required as a result to the two factors described below.



2. Changing communities call for strategies that are inclusive, relevant and authentic. The performing arts, in fact the arts in general, are no longer the purview of the elite; so the successful arts center must be “entangled” in the all the different elements of the community.
3. Changing customer expectations require re-imagining space in a manner that addresses “threshold anxiety<sup>1</sup>,” encouraging a sense of community ownership and broad participation while enhancing the public realm beyond the boundaries of the arts center.

## The evolution of the Performing Arts Center

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### Generation One – Arts Center as “Home”

While cities and their leaders have been building “theaters” throughout recorded history – from Greek and Roman amphitheaters to the great European opera houses – the prototypical modern performing arts center, comprised of a complex or campus, dates only back to the 1960s with the development of New York’s Lincoln Center and the Music Center of Los Angeles County in California and a small number of centers in other major North American and European cities.

These first centers brought together the traditional arts-makers; producers and, in the case of Lincoln Center and others, a public library or arts schools; providing a

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<sup>1</sup> “Threshold Anxiety” is a term coined by AMS for the characteristics of PACs, from imposing architecture to complex social norms and roles that often make it difficult for newcomers to feel welcome and understand how to behave at the Center or during a performance (i.e. “Do I have to dress up to attend a performance?”, “Why can’t I clap between movements (what is a movement anyway?) of a symphony?”)

home for the symphony, opera, ballet and theatre in a campus-like setting for the arts.

Perhaps best described as “showcases,” these centers focused on excellence, bringing the “best” of the traditional performing arts to the fore. These first modern performing arts centers created a nexus of activity largely targeted to the community’s elite. This strategy was about creating a “place” for the arts; a place to see and be seen.

### **Generation Two – Arts Center as “Place”**

By the mid to late 1970s, PACs had demonstrated a valuable secondary effect – the concentration of activity and people (artists, artistic companies, audiences) that they created resulted in secondary development (or redevelopment) in the neighborhood surrounding the Center. New developments and renewed investment in restaurants, retail, housing, business offices, or other amenities were attracted by arts and related activity. This effect continues to drive the development of new performing arts center even today.

Communities from Pittsburgh and Cleveland to emerging business cities of the west like Denver, Vancouver and Seattle witnessed the revival of New York’s Lincoln Square neighborhood and the focused energy, attention and resources of economic development success that an arts center represented. Cities around the world recognized that they (performing arts centers) could drive revitalization of their urban cores at a time when many residents and businesses were leaving for the suburbs. As importantly, investments in the arts had demonstrated that they could attract a highly desirable demographic. Planners and community leaders recognized the arts as a key anchor for city center vibrancy; breathing life through performances, the presence of artists and the support of their patrons. Younger cities like Calgary, Cerritos, Portland and others began to look to arts centers as tools to define the city center.

### **Generation Three – The Community’s “Center”**

The third evolution of PACs began in the early 1990s. Communities lacking complete arts systems<sup>2</sup> often used a new arts center as a magnet to attract established, touring companies from “out-of-town” to add diversity and credibility to their emerging local companies. Communities like Madison, Wisconsin and Greenville, South Carolina were among this class of performing arts centers.

At the same time, PACs began to carve out a broader role in the community’s fabric. They became a nexus of civic activity, interlocutors, meeting places and centers of discourse and learning. Their activities became about better community access, serving more children and families and bringing diverse communities together. Success now often includes extensive education

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<sup>2</sup> Meaning a full complement of producing companies as well as commercial and not-for-profit touring artists and entertainment

programs; even conservatories. During this evolution, we also began to see a frequent combination of the performing and visual arts within the same center or campus. Gen 3 centers often offer school-time performances, master classes, pre- (and post-) performance discussions, talent searches, scholarships, summer musical theater camps and more. These centers are outward facing providing multiple points of entry for the community. Whether through free programs like Lincoln Center's Mid Summer Night Swing or the programming at the new AT&T Center's Annette Strauss Square, the goal was to make the PAC more accessible to a broader and more diverse community. But, as the pace of change around PACs continued or perhaps even accelerated, further evolution was called for.

### **Generation Four – Creativity and Innovation**

Research<sup>3</sup> by the Urban Institute, a Washington, DC think-tank, in the late 1990s documented that one of the critical elements in successful communities is a concept they termed "cultural vitality." Cultural vitality comprises three elements, each of which can be found in performing arts centers that have or are now moving toward 'Generation 4.' These three elements are:

1. Facilitating the presence of opportunities for cultural expression
2. Enabling participation in arts and cultural activity
3. Providing support for arts and cultural activity

The Gen 4 PAC adds value and creates opportunity by assuring that diverse programs are accessible to diverse audiences and by providing support for high quality programs. But now, there is an added dimension – enabling innovation in content and delivery. To do this, the PAC must be nimble, provide a high level of technical and functional accommodation, and be able to take risks to supplement programs already present in the community. A Gen 4 PAC facilitates a learning environment through which new experiences are generated and new knowledge is created that enhances cultural awareness and expression.

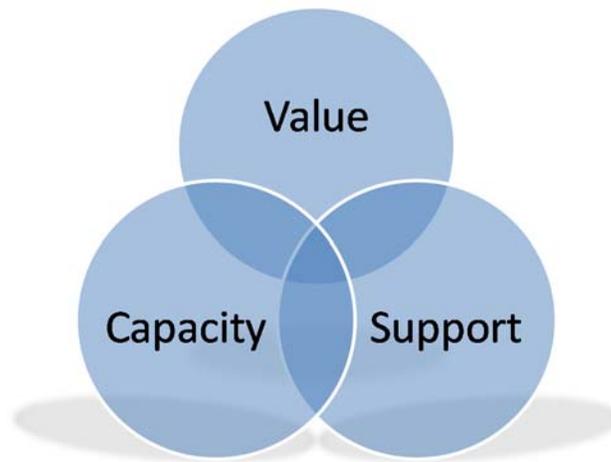
In order to accomplish this, the Gen 4 PAC measures success differently than in the past and is organized to maximize its "impact and outcomes"<sup>4</sup> rather than simply its "output." The Gen 4 PAC is much more than just a venue; its boundaries are not defined by its physical addresses. The Gen 4 PAC is a community resource offering services that increase the capacity of the arts and cultural organizations within and around them.

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<sup>3</sup> Cultural Vitality in Communities: Interpretation and Indicators" by Maria Rosario Jackson, Florence Kabwasa-Green, and Joaquin Herranz, December 2006.

<sup>4</sup> See Kellogg Foundation Logic Model for more information on these ideas

To be an effective Gen 4 PAC, we have recognized that there need to be significant changes in how PACs imagine success and are structured to accomplish their goals. Professors Mark Moore and Herman Leonard, at the Harvard Kennedy School of Government, have studied high-performing not-for-profits and NGOs and have developed a simple model<sup>5</sup> that serves as a starting point for guiding Boards and staff in determining how to be successful. As illustrated simply in the diagram here, success is achieved by aligning a service or good that is perceived to add value to the community (the programming<sup>6</sup> or output of the PAC) with institutional capacity (these physical and operational capacity of the PAC) and support (i.e. the willing of customers to purchase admission, community leaders willingness to invest political capital and philanthropists willing to make contributions).



Accomplishing this is easier said than done. Success requires an acute awareness of an institution's vision and mission, constant measurement and testing of the outcomes it produces as well as willingness, and resources, to adapt and change in a rapidly evolving environment. Most importantly, this means doing business differently than it has been done in the past. Two fundamental changes are essential in the operation of performing arts centers to enable an organization to be adept and agile enough to achieve these objectives.

For the past several decades, arts institutions have been encouraged to move beyond being simply “viable” to becoming “sustainable” enterprises. National foundations, the NEA and thoughtful leaders have suggested that by increasing the professional capacity of staff, investing in capital assets and building endowments and engaging their boards in thoughtful and generative roles it would be possible to achieve Moore and Leonard’s goal. But over the past decade, another step in the process toward success has become clear. Being sustainable is not enough; in order to succeed, defined as having an impact on the community and demonstrating added value (i.e. public value<sup>7</sup>), Gen 4 or Gen 5 PACs must become “vital.” This notion of vitality goes beyond traditional

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<sup>5</sup> See Mark Moore and Herman Leonard – “Strategic Triangle”

<sup>6</sup> Programming might include performances and presentations, education offerings, classes, functions, etc.

<sup>7</sup> For more information see many articles on public value published by Mark Moore

measures of activity and recognizes that only organizations that are appropriately resourced can achieve vitality.

### *The evolving role of the Board of a Gen 4 PAC*

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This means that the Gen 4 or Gen5 PAC needs to rely on its Board of Directors to do much more than the “oversight” role many not-for-profit Boards take as their primary responsibility.

A primary responsibility of the Board is generating access to “resources.” While this includes the usual “give or get” role it also adds other important functions. The board must also now be diligent when recruiting executive leadership; be clear about how success is defined and how it will be measured; and be deeply engaged in efforts to ensure adequate leadership and financial resources to achieve that success. This highly external role focuses on communicating the PACs “public value” to other stakeholders and gaining access to their resources – whether human, financial or political.

A second role for the Board that takes on increased importance in the Gen 4 or Gen 5 PAC is the role of advocate. Given the many challenges our communities face in the early 21<sup>st</sup> century and the complexity of negotiating competing priorities, it is essential that the Board of Directors be the PAC’s most ardent promoter. No matter how visible the organization's Chief Executive or how strong the staff, the PAC is, by definition, a community benefit organization held in trust by the Board. No one is better positioned than the Board to communicate the services provided, the values realized and the support needed than the individual and collective community leaders who have chosen to serve the organization.

The third important role for the Board is its critical responsibility to evaluate the performance of the organization and its chief executive. This means setting clear goals and outcomes, and providing resources to measure progress and regularly monitoring results. In the Gen 4 PAC, this means moving beyond a simple oversight and compliance role to a more generative one. An important responsibility of the Board is to ask the question “why?” – not at the micro level of this program or that brochure design, but at the macro level of vision, mission, impact and outcomes. What is it that the PAC does that makes the community a better place (“value” in Moore and Leonard’s Strategic Triangle)? What capacity does the organization need to create that value? And how can adequate support be generated?

It is sometimes helpful to have a checklist to be sure roles and responsibilities are clear. Boardsource, the national service organization of voluntary organizations, has created just such a list for Board of Directors of not-for-profit

organizations (along with many other very useful resources). The “Ten Basic Responsibilities of Non-profit Boards<sup>8</sup>” are:

1. Determine mission and purposes.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Ensure effective planning.
5. Monitor and strengthen programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Build a competent board.
9. Ensure legal and ethical integrity.
10. Enhance the organization's public standing.

Best practice suggests that the Board's own internal review process should include a periodic evaluation of its own functioning.

### *Organizing for success*

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As we wrap up this paper on driving success at a Gen 4 PAC, it seems important to include some thoughts about how a performing arts center is best structured to succeed.

AMS has been tracking the senior level staff (and compensation) of nearly three dozen major PACs since 1994. Over the past ten years, we've noticed that the role of the senior executive at a performing arts center has evolved in both title and responsibility. From the days of a General Manager or Executive Director, over 92% of the senior executives now hold the title President and Chief Executive Officer. Job responsibilities have also shifted significantly. The President / CEO is typically supported by a senior team that include individuals focused on facility operations, programming, marketing and communications, development and patron services. In organizations with budgets in excess of \$15 – 25 million it is quite typical now to find a second-in-charge or Chief Operating Officer who leads the internally focused team while the CEO focuses on external activities and close coordination with the Board chair. But, there are exceptions to the rule, based on the particular strengths of the CEO – for example, if perhaps the CEO is a programmer then an Executive VP of Development may have more external responsibilities and so on.

On the Board side, in addition to the usual standing committees (executive, nominating and governance, finance, audit), the Board structure is reflected in the organizational chart in a manner that assures effective staff support. There is no standard structure that we are able to discern. Some PACs support

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<sup>8</sup> Ten basic responsibilities of nonprofit boards / Richard T. Ingram. -- 2nd ed, 2009

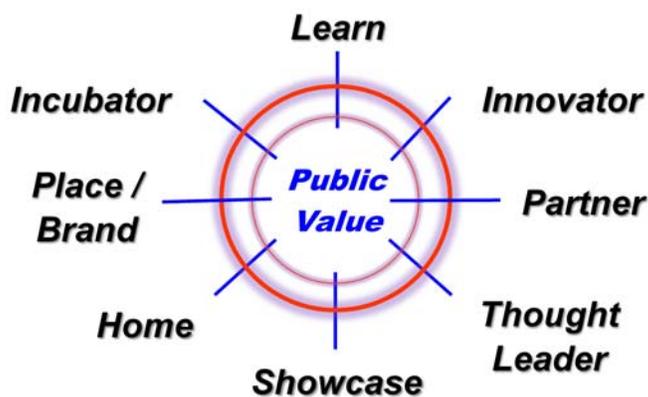
programming and marketing committees while others leave those responsibilities as the exclusive province of staff (of course, with regular reporting). Other Boards have created external advisory committees or task forces to enhance efforts to communicate and build public value for the institution. These unique structures need to be determined on a case by case basis and cannot be generalized in a short paper.

*To a vital and successful future*

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To conclude, as illustrated in the diagram below, in the future, the successful Arts Center will have many different roles, assuring that the community is served with the broadest possible arts and cultural opportunity. It must be nimble, provide a high level of technical and functional accommodation, and be able to take risks to supplement programs already present in the community.

The ‘next gen’ PAC is a sophisticated community resource; a public value generator; offering services that enhance the capacity of the arts and cultural organizations within and around them.



- **Home** to the traditional performing arts. The Gen 4 / 5 Arts Center **assures** a place for the presentation of established arts and culture programs in appropriate facilities.
- **Place / Brand.** The Gen 4 /5 Arts Center is a destination, a recognized provider of first-quality

activity.

- **Incubator.** The Gen 4 / 5 Arts Center is an **enabler** of new content and emerging organizations; providing facilities, technical support and management guidance that facilitate success.
- **Learn.** The Gen 4 / 5 Arts Center is a place of learning and celebrates exploration, diversity and inquiry. It recognizes opportunities in arts education and arts appreciation. The PAC **collaborates** to develop and offer programs that provide access for youth, the under-served and life-long learners.
- **Innovator.** The Gen 4 / 5 Arts Center **encourages** risk and manages exposure by developing leadership skills, tools, systems and financial resources that support exploration.

- **Partner.** The Gen 4 / 5 Arts Center recognizes that collaboration is an effective strategy to achieve shared goals. It invest resources in identifying and enabling partnership.
- **Thought Leader.** The Gen 4 / 5 Arts Center is a leader in exploring the evolution of the sector, arts forms, business models, delivery systems and audiences. They **advocate** for change and support.
- **Showcase.** The Gen 4 / 5 Arts Center **confers** legitimacy on a diverse array of programs by providing a platform for presentation and exhibition of the new, the different and the traditional

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