

## Keynote presentations

### Diane Ragsdale

#### Introduction

Diane Ragsdale is a doctoral student in cultural economics at Erasmus University in Rotterdam, where she is researching the impact of economic forces on US not-for-profit regional theatres. For the six years prior to moving to the Netherlands, she worked in the Performing Arts Programme at The Andrew W. Mellon Foundation in the United States, where she was responsible for all theatre, dance, and technology-related strategies and grants. Previously she has served as managing director of the contemporary performing arts centre, On the Boards (Seattle, Washington), and was executive director of a destination music festival in Sandpoint, Idaho.

She has also worked as a communications and planning consultant and, early in her career, as an actor, director and independent producer. She is a frequent panellist and speaker at performing arts conferences in the US and abroad.

At late notice, it was not possible for Diane to be at the conference. A video link also didn't work and had to be curtailed. The transcript of what she had planned to say follows below.

#### How is the economy changing?

I've been asked to speak about challenges and opportunities arising for arts organisations as a result of changes in the economy. As my time is limited, I've tried to identify a few areas that I hope will be relevant to you (who are engaged in marketing and PR strategies for your organisations). To begin, it's important to distinguish between the impact of the current economic crisis and the ongoing transformation of the economy in response to globalisation, technology and other forces. Let's start with the recession.

I'm sure I do not need to tell you about the immediate effects of the recession: changing consumer spending patterns, reductions in available government, corporate, or private foundation support, increased competition for support. Depending upon which report you read, and which day of the week, it seems the economy is either showing signs of recovery, or not. So we need to prepare ourselves for the fact that recovery may be a long time coming.

Which perhaps begs the question: *what will be the lasting impact of this recession on arts groups, particularly non-profits or those reliant upon subsidies and contributions?*

In early 2009, when the recession was in full bloom, a professor at New York University, Paul Light, speculated four futures for the non-profit sector in the US (our subsidised social sector) arising from the economic downturn.<sup>1</sup>

- The first scenario he called **Rescue Fantasy** - the idea that contributions would spontaneously rise to meet the level of need. The name alone tells you how likely he believed this scenario to be.

- The second scenario he called **Withering Winterland** - the possibility that organisations would simply try to operate with fewer resources but that, over time, many would run the risk of scaling back to the point of being ineffective, unable to fulfil their missions or have positive social impact.
- The third scenario Light calls **Arbitrary Winnowing**, which projects the thriving or survival of some organisations but not others. However, Light cautions that the 'fittest' in this scenario would not necessarily be those providing greatest value to society but, more likely, those with access to cash or connected to money and power.
- The final scenario he calls **Transformation** - by which he means a broad and strategic redesign of the sector that leaves it stronger, more vibrant, more sustainable, and more impactful.

Light wrote: *The nonprofit sector can always let the future take its course ... but in doing so, it would almost surely experience either the withering of organizations that comes from inaction or a random winnowing based on influence and ready cash, not performance. It can reap the benefits of transformation only by deliberate choice.*

Transformation is not to be confused with coping strategies. Lester Salamon, a professor at Johns Hopkins University calls the non-profit sector in the US the 'resilient sector'<sup>2</sup> because of its ability to adapt and find new revenue streams and persevere despite setbacks and challenges. Resilient. Sounds encouraging, right? And I know we're going to be hearing about resilience at this conference. However, Salamon posits that the strategies that nonprofits have employed to survive and thrive have, over time, moved them towards commercialism and further away from their missions. Over time, he cautions, this trend may result in an erosion of the distinctive role that nonprofits were created to provide.

What these scenarios suggest is that we must keep our sights on our long-term social and cultural goals. If our present day coping mechanisms become our long term strategies we may stay alive, but we and those we exist to serve in society may find ourselves questioning to what end and at what cost.

Which brings me to my next point: how are we measuring progress? A few weeks back the *Economist* featured a debate on Happiness. While I am not entirely persuaded by the notion of the Happiness Economy, I was encouraged by the statement in the *Economist* that sparked the debate: *"This house believes that new measures of economic and social progress are needed for the 21st-century economy."*<sup>3</sup>

Ironically, as the arts sector has been conceding to or even embracing economic impact studies and arguments, at least some economists have been coming around to the idea that you can't measure the progress of society by GNP alone. Assuming that the arts are having the impact on society that we say they do, this should be good news. Not only are there, arguably, more important things to measure than our economic impact, but economic arguments can be a double-edged sword. The fact that the arts create jobs or may help sustain taxi drivers, restaurants and hotels has shifted from being a positive spill over effect to being, in many cases, the justification for art support. We are on thin ice if, by failing to improve the economy, the arts are perceived to have failed in their purpose.

It is critical that we understand and assess what the arts mean to *people*. The tools are out there. We need to use them. What's more, a recession is a great opportunity to figure out where we stand in relationship to our patrons. As they say about life in general, you find out who your real friends are when times are tough. If you don't have many true friends (or fans) sticking by you during this economic rough patch, it may be time to ask yourself why that is and what you may need to do differently if you want to change that situation.

So, this is a time of reckoning. It's a time for individual organisations and the arts and culture sector as a whole to take stock, draw up the balance sheet: *What are our greatest assets? Are we contributing to social progress? Based on what indicators?*

We are not alone in this reckoning. This recession has revealed that we don't simply have some failing organisations here and there that need to close or be restructured. Rather, we have entire industries, sectors, cities, and even countries that cannot be sustained and that are questioning what makes the world go round and how they will generate sufficient revenue to stay alive in the future.

This brings us to the ongoing transformation of the economy as a result of the combined forces of technology and globalisation. Into what are we transforming and how can we prepare for it? Some say we are transitioning to a knowledge economy (a conversation that has been going on for about 20 years); some have extended this and describe the future as a 'creative economy' (an idea that has been circulating for around ten years and has been particularly prevalent in the UK). One would think that since we produce and disseminate artistic goods that living in an era defined by creativity would be great for the arts. But *this* creativity era has less to do with artistic imagination and more to do with technological change. And it brings us as many challenges as opportunities. I tend to see them as one and the same. I'm going to mention three, and only briefly, as I suspect that other panellists may delve into these areas:

### **1 - The consumer is increasingly powerful.**

A blogger for the website The Craptacular, which covers the Broadway scene, recently posted a blog taking on producers of two shows for comments made during their curtain speeches. In one case, a producer essentially asked the audience to stop listening to all the negative press the show was getting, because it was nonsense. In another, the audience was asked not to blog or tweet or otherwise converse on the internet about what they were about to see. The blogger wrote a passionate and critical response, including the following two comments:

*'To tell me not to blog is essentially telling me not to think. Or not to chat with my friends. It's telling me to enjoy theater in a vacuum. It's also telling me to enjoy art in a way that is only useful to the artist.'*

*'As a blogger and an audience member, I straddle a weird line. But this is the future of theater, baby, so all the producers and audience-dev types, all the PR mavens and the marketing gurus, I have a message for you: Get used to it. We are not going away. Your audience is only going to get louder, and savvier, and they will embrace the newest technology before you will.'*<sup>4</sup>

The growing strength of the consumer is particularly impactful for arts organizations because we produce symbolic and experience goods and services whose value is often uncertain and determined within a social context. Consumers thus have growing power to influence your reputation, your box office sales, and your community support. They are listening to each other more than to you. But here's the thing: many of them are saying things that it would benefit you to hear.

Which brings me to a related shift ...

## **2. Consumption and production are collapsing into one another.**

Video game producers are actively seeking input from their most passionate and skilled users to make their games better; Nike is selling consumers shoes that they design themselves; News outlets are soliciting stories, pictures, and videos from citizen journalists. These examples speak to the fact that, particularly with regard to creative goods and services, the engaged consumer is increasingly seen not as a *pest* but as a *valuable* co-producer – helping firms make decisions about future strategies, find solutions to seemingly insoluble problems, or generate creative ideas.

It's particularly difficult for the arts to give up control. We've held onto the Romantic notion that artists and curators should be isolated from society to make their best work. We (rather self-servingly) cling on to the idea that only those with professional credentials merit the title of 'expert'.

Loyal, invested, passionate, experienced consumers want in. The question is no longer whether or not to let them in, it's how will you let them in? And more importantly, will you trust them to show you the future of art?

TwitterTheater (and I use this term as a placeholder for whatever the future in art will be) is here but, by and large, exists outside of the establishment or so-called legitimate arts sector. Will we embrace the future or will we leave the door open for more entrepreneurial types to capture the revenue streams and, more importantly, the social capital? Which brings us to the third challenge/opportunity ...

## **3. Social networks are morphing and becoming more powerful.**

I recently participated in a convening in the Middle East on the future of the arts at which I met an artist running a quite popular contemporary art gallery in Vietnam. Within several weeks of the revolution in Egypt, the 'authorities' began monitoring the activities at his art gallery in Vietnam. He eventually received word that his email activity was being curbed and that he was no longer permitted to advertise 'opening nights'.

The authorities did not appear to be nervous about the content of the art in the galleries; they were nervous about the large size of his email list and his ability to convene a segment of society. I think it's important to understand what this example conveys about the significance of the networked society and the fact that social structures have begun to shift (albeit, more dramatically in some places than others).

There's a lot of talk about capturing young audiences, but the point is not simply to replace old bodies with young bodies so that you have ongoing revenue (although a sustainable

revenue stream is critical). The point is that you need to be part of the cultural *conversation*, the cultural *zeitgeist*. To the degree that your organisation's value is reliant upon *old* institutions, *old* habits, and *old* social networks (centred around an *old* concept of 'the cultural elite') you may very well be in a weaker position in the future, as the structures that have undergirded your organization for years may be eroding.

While this unstable environment is disconcerting and makes long term planning challenging, it is also potentially more supportive of experimentation and change. Moreover, if the rules of the game are changing, if the *status quo* is being disrupted, there may be opportunities for those that have been on the bottom of the dog pile to make a move. The good news (except perhaps for complacent incumbents) is that the future is up for grabs.

*Conclusion:*

There is a vital role for those we currently call arts marketers in helping their institutions weather the current recession and embrace the opportunities inherent in the transformation that is upon us. You are uniquely situated to:

- Help your organisations draw up a balance sheet and determine whether you have enough supporters and, if not, what needs to change;
- Use new tools to measure your progress towards social and cultural goals and craft better arguments for the contributions of the arts to the quality of life; and
- Help your organisation shift its relationship to consumers, understand and strengthen its role in social networks, and join the cultural conversation.

Transformation requires collaboration with all stakeholders, including your 'competitors'. You can compete against one another for the limited funding that exists and watch as winners and losers emerge, or you can work together to understand and make transparent to policy makers, funders and other stakeholders, which are the most critical functions, links, structures, pathways, and resources within the arts system and to ensure that they continue to be supported.

We are in the midst of an economic transformation. We are living in the unstable space between the way things have worked for a long time, and the way they might work in the future (both don't yet, at least not reliably).

My advice: Embrace the disequilibrium and *collectively* make a move.

Diane Ragsdale: References

- 1 Light, Paul "Four Futures" (2009) Available at the Nonprofit Quarterly Web site at [http://www.nonprofitquarterly.org/index.php?view=article&catid=67:nonprofit-infrastructure&id=806:four-futures&format=pdf&option=com\\_content&Itemid=28](http://www.nonprofitquarterly.org/index.php?view=article&catid=67:nonprofit-infrastructure&id=806:four-futures&format=pdf&option=com_content&Itemid=28)
- 2 Salamon, L.M. (2003). *The Resilient Sector*. Washington, DC: Brookings Institution.
- 3 "Happiness". *The Economist*, August 8, 2011. Available at <http://www.economist.com/debate/overview/204>
- 4 Lucky, "Stop Telling Me What To Think About Your Show: A Manifesto of Love and Annoyance", a July 12, 2011 post on the blog *the Craptacular: Broadway and everything you never needed to know about it*. Available at <http://thecraptacular.com/2011/07/stop-telling-me-what-to-think-about-your-show-a-manifesto-of-love-and-annoyance/>