

## **Russell Willis Taylor, National Arts Strategies**

### ***Creating and communicating real value***

#### Introduction

Russell has been working in the arts and not-for-profit sector for over 25 years, in strategic business planning, financial analysis and all areas of operational management. Educated in England and America, she started her career in the arts as director of development for the Chicago Museum of Contemporary Art before returning to England in 1984 to work with the English National Opera. She has lectured on graduate programs throughout Britain, held a number of non-executive director posts in the commercial sector, and worked on projects such as the establishment of a private foundation for the arts. In 1997 she rejoined the ENO as Managing Director.

Russell is a fellow of the Royal Society of the Arts and the recipient of the first Garrett award in Britain, an annual recognition of an individual's outstanding contribution to the arts. She returned to the United States in 2001 to take up the post of President and CEO of National Arts Strategies and is also on the advisory boards of The University Music Society University of Michigan, the Salzburg Global Seminar and the Center for Nonprofit Excellence in Virginia.

Jo Taylor, chair of the AMA, introduced the final keynote by congratulating everyone present for staying till the end of what had been a stimulating and fascinating conference. Russell Willis Taylor would look finally now at how we respond to the situation we find ourselves in, looking at how find value in what we do.

#### Marketing is mission

In the words of the tv evangelist, my job is to *'bring it home'*

The link between marketing and mission is an iron clad link. We are beginning to see what happens when we don't forge that link strongly enough and to see what tremendous opportunities are open to us when we do.

Great things can happen when we realise that marketing isn't just a limited function within our organisations. Rather than the hand maiden of the artistic side it can be the voice of our organisations and at the heart of mission.

These are very interesting times for us. We are dealing with existential questions right now. Non-profit organisations throughout the world are facing an existential challenge that has been increasing for a number of years. The simultaneous pressures of shrinking of resources, new consumer behaviour, increasingly diverse populations and commercial entrance into a space that has been made profitable by new technologies have all combined to highlight the creative challenges of running a mission driven organisation in a market driven world.

The mission of an arts organisation cannot merely be the perpetuity of that organisation. We exist to prove that not all value is created in markets and we do it by engaging, supporting and creating communities that we don't then commodify.

Last year I was asked to talk to the League of American Orchestras to talk about what I thought was really long with the field. I made up a few rules about how to fail in business and I will share some of these with you today. Unfortunately, although it was received well, some of the audience didn't understand that it was meant to be ironic. Hopefully, this does not need to be explained here.

We are not the only industry in trouble. This is a great phrase. I think, by 'excess optimism leading to paralysis' he just means *'terrible judgement'*

*'The chemicals industry is experiencing a mix of denial and excess optimism that has led to paralysis. As a result, strategies and operating models have been slow to evolve.'*

Joachim Roterer, Strategy and Business, March 2010

### How to fail in business without really trying

It's easy to fail, here are some top tips.

#### **Rule 1. Blame your customer**

It's much easier to think that your customer is to blame for your situation. It's emotionally very satisfying; not smart enough, they're not well enough educated, not tall enough, not grateful. Even if this were true, it does not matter. In today's world, we are overwhelmed with data.

*The modern world overwhelms people with data and this overabundance is both 'confusing and harmful' to the mind'*

Conrad Gessner, Swiss scientist, re: Guttenberg Press

Of course this is true. It was written in the fifteenth century.

#### **Rule 2. Never make empirical decisions. Ignore data.**

It's disconcerting, irritating and all too often tells us that the decision we took yesterday was not the right one for tomorrow and if you can ignore the data then great. As a marketer, you are the voice of the outside world. You are the embodiment of the data that we need to make decisions about how we can create value and achieve mission. It's not an easy job because frequently it is news that we want to hear. We now know that institutions need to be about something and for somebody and you represent the for people.

#### **Rule 3. Pursue transactions rather than relationships.**

We don't want to replicate the feeling that someone is paying attention to us because they want something from us all day long. Neither do our audiences.

*'You can charge less than a NASCAR grandstand seat for an opera premiere and it won't much alter the demographic profile of either spectacle.'*

Mark Kingswell, Harpers, November 2009

NASCAR is stock car racing establishment. It is the second largest sporting activity in terms of numbers of viewers, participants and profit in the USA (second only to American Football).

The quotation says a lot about perceptions of opera and stock car racing. Regardless of the price charged there will be people who will not be interested in the other type of activity. Even if you see opera as being like a long country song (which in some ways it is), it's still unlikely that you will convince people to be interested.

In Grand Rapids, Michigan, USA, the city decided to market itself through the arts. They had had enough of being knocked back and regarded as a city damaged by the recession. So they decided to do something creative about it.

*Russell Willis Taylor then played a video of the Grand Rapids Michigan Lip Sync of American Pie (<http://www.youtube.com/watch?v=ZPjjZCO67WI>). 5000 people from the city took part in the video and none of the people in front of the camera were professionals.*

The only way that the community could fight back was to use the arts. It was a four day filming project. Many people in Grand Rapids say it was the best thing they'd ever done, much better value than the millions they had spent on economic development.

### Shifting Boundaries

We are dealing with audiences who are time poor and option rich and we know that the boundaries are shifting.

*A young person who likes classical music is nearly two times more likely to enjoy rap music than a young person who does not like classical music.*

The value of what we do has never been more needed but there's an irritating thing about value.

*'Price is what you pay, value is what you get.'* Warren Buffet

We don't get to decide the value of our work. It's the audiences that do that for us.

For a long time we looked at economic arguments and we said that in addition to producing great art we also make it possible for economic situations within cities to change. This city [Glasgow] made a big stand on this issue when it became a European Capital of Culture, very successfully altering its identity.

But John Kay, writing specifically about the value of the arts, said in The Financial Times in August 2010:

*'Activities that are good in themselves are good for the economy, and activities that are bad in themselves are bad for the economy. The only intelligible meaning of "benefit to the economy" is the contribution – direct or indirect – the activity makes to the welfare of ordinary citizens.'*

He's arguing that we should get away from some of the instrumental ideas about the arts. The example he gave was of the Health Care which is also a big contributor to the

economy. He said if the Government really cared about the economy they would make more people sick.

What we have to offer does not need to be framed economically as our principle argument; it needs to be framed in personal terms to every single person who experiences what we have to offer.

### This house proposes

The moral high ground has been a comfortable place for all of us in the not-for-profit sector. We know the space, we've completely inhabited it, we're not just involved in art which gives us the halo, but we lose money doing it, which gives us the wings. But that's not a great value proposition.

YouTube are currently advertising themselves as a force for good.

In London, this (right) has been sponsored by General Electric. It has 8000 living plants in it and when it is fully grown it should look like a Van Gogh painting. This is what they had to say about it:



*The living painting is a creative manifestation of GE's commitment to the environment through its 'ecomagination' business strategy, which is concerned with meeting customers' demands for more energy-efficient products. GE is also working to improve the Gallery's carbon footprint by supplying one of its environmentally-friendly Jenbacher cogeneration heat and power engines (a JG5412), which will contribute significantly to the Gallery's electricity requirements.*

It's great that they did it, but honestly!

But what they are doing is connecting art and the environment with their image. They do this because they know their customers care about it.

We can't just say 'lots of people are taking part'. That's great but there has to be more.

*The value of culture cannot be expressed only with statistics. Audience numbers give us a poor picture of how culture enriches us.*

John Holden, Demos

A world without marketing?

What happens when...

- ... one of the world's greatest violinists
- ... plays some of the most elegant music ever written
- ... on one of the most valuable violins ever made
- ... dressed in street clothes
- ... at a busy metro station in Washington D.C.
- ... before roughly 1,000 morning commuters?

What happened?

- Bell played for 43 minutes
- 1,079 people passed by
- 3 minutes went by before something happened (a man turned his head, but kept walking)
- 6 minutes into the performance someone stood still to listen
- in total, only 7 people stopped and lingered
- not counting \$20 donated by a woman who recognized Bell, 27 people together gave him \$32.17 (most of them on the run)

Some reactions from passers-by

*"Most people, when they play music, they don't feel it. Well, that man was feeling it. That man was moving. Moving into the sound."*

*"It was a treat, just a brilliant, incredible way to start the day"*

*"It sounds like generic music, the kind the ship's band was playing in "Titanic," before the iceberg."*

*"Where was he, in relation to me? Four feet? Oh."*

Three days earlier Bell filled Boston's Symphony Hall with tickets selling from ticket touts at over \$300. Bell said:

*"It was a strange feeling, that people were actually, ah... ignoring me"*

Editors at *The Post Magazine* had discussed likely outcomes:

*"The most widely held assumption was that there could well be a problem with crowd control: In a demographic as sophisticated as Washington, the thinking went, several people would surely recognize Bell. Nervous "what-if" scenarios abounded. As people gathered, what if others stopped just to see what the attraction was? Word would spread through the crowd. Cameras would flash. More people flock to the scene; rush-hour pedestrian traffic backs up; tempers flare; the National Guard is called; tear gas, rubber bullets, etc."*

He didn't get noticed because there wasn't any marketing.

On the marketing seminar at National Arts Strategies we have two great professors from Harvard. This is what they argue:

*To capture the attention and time of those we want to reach, we must integrate the marketing perspective with all senior-level decision making.*

We need to move from the 'little m' of marketing. This is the traditional view with the board of directors, ceo, artistic director over on one side of the wall then they pass the product over the wall so that the marketers can deal with the public. Marketing is seen as a pure cost, or a necessary evil ... or pure evil.

Compare this to the 'big m' of marketing which gives you a different sense of capturing value starting with the market segment or customers that you want to reach, then you can think about how you will organise to reach those people, have a look at competitors and collaborators and decide how value can be created.

It means marketing is included in the whole process. You're not just about something you are for somebody.

Marketing identifies and creates value.

*'Marketing is the process via which a firm creates value for its chosen customers. Value is created by meeting customer needs. Thus, a firm needs to define itself, not by the product it sells, but by the customer benefit it provides.'*

Robert Dolan, Note on Marketing Strategy, HBS Case # 598-061

We all know this, but how many of our organisations *really* understand. Marketing is not just a break on optimism, it is mission.

### Positioning

You've probably familiar with this sort of exercise which we use on our seminars in which you have to take the through line about why what you do would matter to any body:

*Google is for web surfers (target market). Google (product, offering) is the best way to search the internet (single most important claim) among all search engines (competitive frame), because its patented technology makes it faster and smarter (most important support).*

Google will have to rethink some of the 'smart' bit because some people are getting creeped out by just how smart Google is.

For these sorts of companies the mission and the market are exactly the same. For all of you, surely the market and the mission is the same.

We're very proud of the fact that we are mission driven and wary that we are or could be market driven. But if you are going to be for somebody as well as about something you are going to be market driven. It's not the worst thing you can be, it's the best thing you can be.

## Art Matters

Art matters now more than ever and marketing tells us why.

This quotation from CS Lewis is especially important for us now. It's easy to think this is the worst time for us to be doing what we do, but CS Lewis on the eve of the Second World War said this in a lecture in 1939:

*'Human life has always been lived on the edge of a precipice. Human culture has always had to exist under the shadow of something infinitely more important than itself. If men had postponed the search for knowledge and beauty until they were secure the search would never have begun.'*

C.S. Lewis, Learning in War Time, Oxford lecture, 1939

It's important to remember that this is not the worst time to be doing what you do because you tell the story of why creative expression matters to everyone.

Without marketing, we are Joshua Bell – excellent, extraordinary ... and ignored.

Good luck to everyone!