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*Americans for the Arts
Environmental Scan*

Redefinition, Renegotiation, Redesign

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Prepared by AMS Planning & Research Corp.

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REDEFINITION, RENEGOTIATION, REDESIGN

The non-profit arts field in America is relatively young. For many working in the field it has emerged, grown and matured during their professional lifetime. Over the past ten months, AMS Planning & Research (AMS) has had the unique good fortune to explore the state of the arts sector and its challenges and opportunities from nearly 6,000 different sources.

We have explored the relationship between the interaction of non-profit, commercial and informal organizations; the economic models that form and sustain cultural endeavor; the role and behavior of individual and organizational philanthropy; the boundary between professional and amateur artists; the artist, audience and arts experience; and the perceived place of expressive activity in the civil society among many other topics and inquiries.

We have seen that the arts sector is confronted by change on a scale and at a pace that it has not experienced before. Many long-held assumptions are being tested, strategies that had been effective are no longer as productive, and boundaries that were thought to be understood are no longer valid. The relationships, expectations, balances, standards of practice, and organizational models that had defined the professional non-profit arts industry for nearly five decades are being redefined by societal changes, and accelerated with the introduction of universal, on-demand access to content, information and communication tools, courtesy of the Internet.

As a result, the non-profit arts field is being redefined by its practitioners, customers and supporters. Everything from what art is and who makes it, to how and where art is delivered is being tested. Long-standing assumptions are being renegotiated; from funding models to business relationships. And importantly, the increasingly rapid pace of change and growing breadth and volume of competition that the arts sector faces calls for the redesign of the structures, relationships, and systems that enable the arts sector to thrive and serve American society as observer, commentator, historian, educator and community builder.

BACKGROUND

In December of 2006, AMS was engaged by Americans for the Arts (AFTA) to conduct a Scan of the arts environment as the first stage in developing an updated Strategic Plan for the organization. AFTA's last scan was conducted in 2003 as part of the 2004 – 2008 strategic planning process. The four primary goals of the Scan were to:

1. Conduct a broad reaching effort and provide AFTA with recommendations for the next phase of their strategic planning process.
2. Obtain feedback from a diverse pool of stakeholders.
3. Understand key issues and needs facing the field today and in the future.
4. Learn about the use and utility of AFTA's programs and services.

WHO IS AMERICANS FOR THE ARTS?

Americans for the Arts serves a diverse group of constituents that includes arts administrators, art-makers, supporters, stakeholders and beneficiaries. They are most succinctly described, by Bob Lynch, AFTA's CEO, in five groups:

- 1) **Enabling organizations.** Whether formal or informal, large or small, these are organizations (from community-based to national) that aid in production, delivery and participation in the arts and arts education.
- 2) **Citizens Members** are individuals who engage with the arts sector through participation as audience or visitor, student and/or as a supporter (financial or otherwise).
- 3) **Grass "tops" Leaders** represent many sectors, from business to education, government to entertainment and beyond. This group of stakeholders and decision makers delivers key visibility and support to the arts sector.
- 4) **Strategic Alliances** are organizations within and outside the arts sector that join with AFTA in leveraging the visibility, impact and success of the arts sector to build better communities.
- 5) **Funding Partners** include individuals, corporations, foundations, governments and other agencies that are all indispensable partners supporting the financial infrastructure of the non-profit arts industry.

AFTA delivers its programs and services through five programmatic areas:

- 1) **Research and Policy** explores timely topics, including arts education, cultural exchange, and the implications of political decisions, as well as the economic impact of the sector and other trends. Through larger research efforts, AFTA engages constituents in a continuing dialogue surrounding many key issues and trends.
- 2) **Professional Development** programs and services are designed to advance the sector by providing multi-level development experiences through training, networking, convening and technical assistance opportunities.
- 3) **Visibility and Recognition** strategies increase exposure and understanding of the arts to diverse groups. AFTA seeks to promote the value of the arts on the local, statewide and national levels.
- 4) **Advocacy** efforts, both private and public, are intended to increase investment in the arts and demonstrate the value of giving in this area. **Public** advocacy efforts are designed to inform local, state and national leaders about the value of the arts. **Private** advocacy initiatives seek to increase corporate, foundation and individual support of the arts.

- 5) **Strategic Partnerships** on the local, state, national, public and private sector levels enable relationships that can advance arts sector participation and support.

METHODOLOGY

AMS crafted a three-stage approach to the Environmental Scan:

- Stage 1 (Learning and Listening) allowed AMS and AFTA staff to revisit the current environment and gain insight into key issues facing the arts sector. This first stage involved internal conversations and workshops, program review, a field inventory, an external review of arts related research over the past several years¹, and a series of depth interviews with AFTA board leadership.
- Stage 2 (Data Collection and Analysis) focused on gathering input from within and outside the field. Our goal was to understand key issues facing organizations and individuals in the arts sector, connected to the arts sector, and supportive of the arts sector. Tools included leadership workshops and conversations, a nationwide online survey with over 5,200 responses, focus groups at the AFTA convention in Las Vegas, sessions with AFTA councils, an AFTA staff retreat and a broad series of leadership interviews. During this stage, input was evaluated across many distinct analysis groups: from long-term industry veterans to emerging leaders; from volunteers and board members to customers.
- Stage 3 (Consensus-building and Dissemination) was focused on compiling what we learned, testing with leadership and senior staff of AFTA, and preparing this report.

We were largely successful in achieving project objectives and with the support and guidance of AFTA's senior staff and board leadership have learned a great deal about the arts sector, documented the challenges and opportunities it faces, and developed a framework through which AFTA leadership can embark on the next steps in its strategic planning process.

LEARNING

After reviewing resource material and several months of field input and data collection, we came to understand that the challenges and opportunities faced by the arts sector are organized around five key themes:

- Money. Funding shifts over the past several years, including a more hands-on approach with a focus on outcomes and return on investment combined with the loss of many traditional funders (whose interests are shifting away from the arts due in part to corporate consolidation) results in increased need to identify new revenue

¹ See accompanying research paper prepared for this study: *Renegotiation: An Overview of U.S. Arts Industry Insights, 2003-2007*, prepared for AMS Planning & Research Corp. by Andrew Taylor, Director, Bolz Center for Arts Administration, University of Wisconsin-Madison School of Business.

streams. With shifts in process, product and delivery, it is likely that the traditional non-profit arts business model will also be subject to reconsideration and reconstruction. As all business sectors are facing increased scrutiny and accountability, there are also changing expectations for boards of non-profit organizations.

- Change. The continuing diversification of America places demands on arts organizations to learn about, engage with and explore different traditions, cultural expressions and delivery systems. Generational change is impacting transitions in staff, board and philanthropic leadership. Unique to this time, as artistic “founders” begin to transition from the arts field, a significant transfer of stewardship and leadership will place new demands on their successors and boards. As our communities grow and evolve, the impact of regionalization, competition between places and a global society gain importance in day-to-day decision-making for the arts sector.
- Value. How the arts are valued by participants and supporters is changing more dramatically than in previous years, and vocabulary plays an increasingly important function in describing impact and effectiveness. We heard many say that creativity is not limited to traditional artistic disciplines and that whether formal or informal, the consumer may not make the distinctions that many producers or presenters do. The essential role of arts education and the role the arts sector plays in providing and supporting arts education is a key issue as well. The value of the arts sector in promoting mutual understanding in a global context is another important focus.
- Delivery. The emergence of universal, on-demand access leads many arts leaders and others to question the continued utility of the traditional venue (theater, museum, gallery, etc.) as the primary delivery mechanism for the arts. The highly passive relationship with audiences and visitors (e.g. ‘sit and listen’ or ‘stand and look’ activities) may not be as relevant for today’s emerging forms or audience expectations. Given the tremendous capital investment in cultural facilities and the ongoing costs to operate these buildings, exploring solutions to accommodate changing forms, audience desires and production requirements is an essential task; especially as traditional boundaries are blurring as artists intentionally and continually move between commercial, non-profit, and informal settings. These changes are amplified by technological shifts in communication, which impact how the arts sector delivers its programs, services and messages.
- Content. Finally, but by no means least important, the emergence of the “Pro-Am” revolution² (amateurs pursuing arts activities to professional standards) has forced the sector to question the definition of an art maker and the role of the expert in a self-curated world. As content providers continue to become varied and increasingly

² Leadbeater, Charles and Paul Miller, “The Pro-Am Revolution: How enthusiasts are changing our economy and society,” DEMOS, November 24, 2004. <http://www.demos.co.uk/publications/proameconomy>

informal, and as access to the marketplace becomes easier and less expensive, approaches to reaching arts consumers must also shift. The new connected, empowered and creative “I’ll decide, not you” generation³ demands control of what and how they engage, and this has significant implications as to how the arts sector progresses.

In the online survey, AMS also tested the perceived effectiveness of AFTA programs and services. Eight key areas, including research, information services, professional development, promotion and recognition, public funding advocacy and awareness, individual and community action, private sector engagement, and building partnerships were evaluated. Most respondents agreed that AFTA programs and services are appropriate and relevant. Many of the expectations of arts and culture leaders are being met by AFTA through current activities, while some areas may require adjustment or further exploration as information channels continue to evolve and changes in leadership accelerate.

AMS tested the value of these AFTA’s programs/services, along with the five themes that emerged from Stages 1 & 2, with leaders in the arts sector and in other fields in Stage 3. Feedback from these interviews re-affirmed early conclusions and emphasized the following other areas for consideration:

Managing change requires a strong and prepared **leadership** empowered to take risk and address internal and external changes. Training and leadership development will be essential to success going forward.

The marketplace’s **broadened definition** of art and artist is a fundamental shift and most (if not all) traditional descriptions no longer stand. Insisting on maintaining conventional dichotomies, such as formal vs. informal, professional vs. amateur, and non-profit vs. commercial, will only hurt the sector in the long run.

Developing strategic alliances, connections and **collaborations** within and beyond the sector is critical to maximize impact, leverage support and push the sector forward.

Technology is at the forefront of most conversations. It impacts the definition and delivery of “art” and how the sector communicates and markets itself. Technology is dramatically shifting the way we do business right now.

Through many different lenses, **arts advocacy** is seen as an essential action requiring clear and consistent strategic thought moving forward. The need to communicate the value of arts in education, as well as economic impact and the arts’ role in creating community vitality,⁴ is the greatest it has been in years. An effective vocabulary and concrete outcomes and **measures** are critical to success.

³ John Hayes, American Express Chief Marketing Officer.

⁴ December 15, 2006 monograph, *Cultural Vitality in Communities: Interpretation and Indicators*, produced by the Urban Institute and authored by Maria-Rosario Jackson, Florence Kabwasa-Green, and Joaquin Herranz.

FINDINGS AND OBSERVATIONS – 12 KEY ISSUES

In synthesizing the Environmental Scan inputs, findings and observations, we determined that there are 12 key issues or priorities that AFTA should address to best serve the field over the next several years. Several of these issues are not new (though subtle shifts are present in most every issue common to the 2003 scan), others have emerged over the past four years and some are recognized by thought leaders, while not currently priorities for practitioners. There is no issue that was of interest in 2003 that has been resolved fully. The conversation has become more nuanced and the need for direction more clear. AFTA should organize itself to help the field address these issues, emphasizing products and services that enable exploration and resolution.

1. **The state of the American economy** remains a concern. Now past a period of economic expansion, we face a period of post-expansion uncertainty. The field remains highly sensitive to shifts in funding, be they brought about by changing priorities, corporate consolidation or competing demands. Growing requirements to demonstrate “impactfulness” and how that the arts can be leveraged for other gains place increasing pressure on the sector.
2. **Changing demographics** continue to impact how the sector addresses diversity and approaches to community and audience development. The role and importance of the arts in creating “place” and enhancing communities has resulted in an invitation to arts leaders to participate in many new and unfamiliar conversations and roles.
3. It is critical to build **leadership capacity** with regard to skills, risk taking, innovation and entrepreneurship given the impending generational transitions in artistic leadership, professional staff, board and philanthropic leadership.
4. **The impact of technology** on artistic production, issues of intellectual property and concern about quality/accuracy of information is a highly charged issue. The influence of technology, unconstrained access, and the new immediacy of communication on traditional and new and evolving production/delivery mechanisms is not yet entirely understood.
5. **Making the case for the productive link between arts and education** and creating an agenda of inclusion and change is a high priority; important to a successful and vibrant future for the arts sector.
6. Now that **the message of the arts** sector is more centered around the “value” of arts, there has been an evolution of the vocabulary from “Risk & Reward,” to “Creativity & Innovation,” and ultimately to “Community Vitality.” The traditional boundaries between disciplines, and in fact forms, continue to blur (e.g. formal/informal, commercial/non-profit) and educating the arts sector and our stakeholders of the benefits of a broad definition is essential.

7. **Artists and arts organizations** should be at the center of the case for the “value” of the arts sector as questions arise about the relevance of the [traditional] delivery system and the impact of the shift from passive to active participation in the arts. The role of experts in a self-curated society also test basic assumptions.
8. As **the mix and composition of financial support** changes, understanding the impact of a more hands-on giving approach focused on outcomes and return on investment or “strategic philanthropy” requires new skills, while at the same time the loss of many traditional “national” funders and a perceived shift away from arts funding places more emphases on innovative earned revenue strategies.
9. As **cities and places compete** to attract “creative class” knowledge workers there has been significant effort studying and building “metro” communities which calls on the arts sector to pay more attention to regionalization.
10. With shifts in content, delivery and consumption, **the traditional non-profit arts organization business model** will likely be subject to significant reconsideration as its effectiveness as an economic system is tested. Simultaneously, the non-profit sector is now impacted by issues of transparency (e.g. Sarbanes-Oxley Act of 2002) and need to prioritize responsible and visible reporting and accounting.
11. **Support for individual artists** and the creation of new work, while not at the forefront of many conversations, is an important issue discussed by many thought leaders, suggesting more attention is needed moving forward.
12. Likewise, while **the international role for the arts** is also not at the forefront of today’s issues, there was importance placed on promoting the arts sector’s role in enabling mutual understanding, and managing the impact of globalization.

AMERICANS FOR THE ARTS: MANAGING CHANGE THROUGH LEADERSHIP

Jeff Gaspin, President of NBC Universal, noted in a recent New York Times article that, “*The shift from programmer to consumer controlling program choices is the biggest change in the media business in the past 25 or 30 years*”⁵. Likewise, arts consumers and participants are taking direct control and making choices about what they consider “the arts” to be and how, and when, they engage. Enabling the arts field and its supporters to manage this fundamental shift, and others highlighted in this report, calls for innovative leadership.

Americans for the Arts delivers its important services and essential message: “Art. Ask for More” through five distinct channels: Research & Policy, Professional Development, Visibility & Recognition, Advocacy-Public & Private, and Strategic Alliances.

⁵ New York Times, September 20, 2007.

Building on this foundation, in this time of dramatic yet nuanced change, **AMS believes that AFTA should more formally acknowledge its leadership role as an industry innovator, advocate, and service provider.** Managing change calls for AFTA to proactively leverage its strengths, its expanding membership base of organizations, individuals and partners and its myriad of services to **lead** the arts sector (and dialogue surrounding the arts) into the future. Given the emphasis throughout the Scan on generating resources and managing effectively in a changing environment, AMS suggests that AFTA focus its investment on demonstrating value, building skills, networks and partnerships that leverage resources, and communicating the benefits of a vibrant and connected arts sector. **This calls for a continued transition from an organization largely focused on member service to an enterprise dedicated to advancing the entire arts sector** and connecting it to broader goals of community vitality, competitiveness and innovation.

AMS suggests that in order for AFTA to continue to be effective moving forward, it must address eight fundamental actions in the following areas:

Redefinition

In light of the ongoing blurring of sector lines (for-profit/non-profit, informal/formal, amateur/professional, etc.) and many other boundaries as traditionally understood by the non-profit arts field; and as the sector seeks to balance competing demands, new tools to communicate value to policy-makers, potential funders, other partners and the general public at large will be called for. As the **redefinition** of the arts sector evolves, AFTA should focus its work in two areas:

1. AFTA should document and communicate the breadth of activity that the marketplace considers participation in the arts. AFTA should educate those within and outside the arts sector of the value of an inclusive definition through which the artist and art-maker (professional or not), the customer and the investor can find themselves represented.
2. AFTA should continue to invest in demonstrating a compelling and well-documented case of value of the arts and arts education to drive greater support of the sector from policy-makers, supporters and the general public.

Renegotiation

Broadening the definition of “art” is only the first step in moving deeper into the 21st century. Understanding the forces that will impact the sector and strategies that will contribute to success is also critical.

A **renegotiation** of the direct (e.g. leisure time, money, pursuit, avocational participation) and indirect (e.g. communities, globalized world) environmental impacts that the sector confronts will dictate how successfully it can maneuver in the future. AFTA might respond in three ways:

3. AFTA should build a vocabulary that communicates the benefits of the arts and arts education, and demonstrates the value of partnering between and among organizations within and outside the arts sector. This vocabulary should be embraced

throughout AFTA's internal organizational dialogue, imparted at convenings and conveyed through networks, research, resources, ad campaigns, and advocacy efforts.

4. AFTA should continue to actively facilitate the development of networks through which arts professionals, arts organizations and artists can connect to gain leverage and develop expanded resources. This includes exploring emerging topics with existing networks and investigating new/expanded stakeholder associations that develop.
5. AFTA should continue to demonstrate, by example, how efficiency and effectiveness can be maximized through collaborations and partnerships.

Redesign

Armed with an understanding of what the arts sector looks like, its value, and the environment in which it must thrive, the next challenge is to help prepare the arts field to enact the organizational and structural changes that may be necessary over the next three to five years.

A fundamental **redesign** of the arts sector's organizational models, management capacity, leadership, financial resources and partnerships is called for to yield a less risk-averse, more broadly innovative, inclusive and successful future.

6. AFTA should explore and document new models of governance and operation.
7. AFTA should develop and invest resources to experiment with new solutions to make and deliver the arts.
8. AFTA should disseminate successful results and essential learning to enable the arts sector to manage change effectively, while maintaining their contribution to the sector's ecology.

Americans for the Arts is uniquely positioned to lead the arts sector forward. The foundation of services and products it now offers are the starting point for a forward-looking plan that can propel the arts sector ahead of the curve. AFTA can enable the sector to not only manage the challenges and opportunities it is confronted with each day and to compete effectively for resources, but it can play a key role in shaping an environment where the sector can confidently explore and embrace long-term solutions for the key issues identified in this Scan.

AFTA's focus on demonstrating value, creating means to leverage expanded resources and positioning the arts sector as a vital contributor to a civil society are essential; so that each American can make the arts part of their life.

This is only the beginning of the process. Starting in January with the Board Retreat, 2008 will be a year of intense exploration and planning as AFTA crafts a strategic plan that will not only serve to guide the organization in the next three to five years, but will position the arts in America to thrive in the future as well.