

**ONWARD THROUGH THE FOG:
FINDING OUR WAY IN UNFAMILIAR 21ST CENTURY TERRITORY**

**KEYNOTE
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I would like to thank Judy Wiener for the invitation to speak with you today on the challenges and opportunities we face in the coming years as advocates, leaders and funders of the nonprofit arts. **[opening slide: Onward Through The Fog]**

Judy made an interesting revision in the version of the subtitle of my remarks that appears on some of her email blasts: rather than “Finding our way in unfamiliar 21st century territory,” **[subtitle comes up on slide]** it reads “Funding our way...” **[slide]** At first I thought to ask her to correct it, but then I realized I neither can nor should speak as if I know exactly what arts organizations can do to respond to the murky economic and cultural weather we are groping our way through. But I am able to talk with you about what funders are thinking about, what keeps us up at night, and how some of us are aligning our programs and policies to attempt to help the arts community today and tomorrow.

But first, I want to tell you a bit about the title of my speech: Onward Through The Fog. **[slide of fog]** It comes from a t-shirt given to me by Janet Rodriguez, whom some of you may know. She is Vice President of Corporate Philanthropy and Sponsorships at JP Morgan Chase. She and I were both participating in a story circle at a conference, in which participants were each asked in turn to tell a story about a challenge or difficulty we had faced in our work as funders of arts and

culture, and how we had overcome it. When I was ready to speak, I described the painful experience of closing down a national initiative, in 2002 in the aftermath of the last recession and the upheavals of 9/11. The initiative, focusing on arts policy research and information, was one I had developed and felt passionate about, but in those tough times it just didn't cut the mustard. Pew's decision to close the program was absolutely correct, though it was disappointing to me personally. It took me a while to put aside my feelings and get on with doing my job, which involved then, as it does now, being as smart as possible in directing Pew's resources to support the cultural sector and thereby to contribute to the cultural and economic well being of our community. **Slide: picture of t-shirt** The next day Janet gave me this t-shirt, which comes from a boutique she owns in Harlem.

Things got better after 2002, but given the market and the economy today I think we are in for another bout of very bad weather. Time to get out the t-shirt.

I want to shift my metaphor to part two of the title, the uncertain terrain we are facing. **[slide 21st Century challenges and opportunities]** We've been hearing a lot about the changes we face today—indeed it seems as if everything is changing, faster and faster. We know that holding on to the status quo won't work, but what is required for us to thrive in this brave new world is not so clear.

[slide of old map of New York/New England] This is what New York looked like to adventurers in the 1500s. Feels pretty much like what the future looks like today, especially the "parte incognita."

A lot has been written recently by a lot of very smart people about what the challenges and opportunities are. I am going to give you the 25 cent tour of my

version. These topics are driving me and my colleagues at Pew and at many other foundations to re-think our policies and priorities, so as to help cultural organizations navigate in a mapless world.

[slide: Digital Technologies Are Creating New Cultural Frontiers]

- Cultural critics, who are potential guides to this brave new world, are also losing their jobs at main stream media and colonizing the blogosphere where cultural authority seems to be determined by distinctiveness of voice rather than reliability of content
- 2007 Pew Internet Survey: The survey found that content creation is not just about sharing creative output; it is also about participating in conversations fueled by that content.
- Wikipedia lists 132 social networking sites (from AdultFriendFinder to Zude) as of September 17, 2008

[slide: World of Warcraft]

- *World of Warcraft* (commonly acronymed as *WoW*) is a [massively multiplayer online role-playing game](#) (MMORPG).
- It's hard to imagine competing with World of Warcraft for the hearts and minds of young people.
- But gaming has become much more complex and multifaceted.

[slide: Pew Internet gaming study]

- A Pew study finds that virtually all American teens play computer, console, or cell phone games and that the gaming experience is rich and varied, with a significant amount of social interaction and potential for civic engagement.
- Game playing is universal, with almost all teens playing games and at least half playing games on a given day. Game playing experiences are diverse, with the most popular games falling into the racing, puzzle, sports, action and adventure categories.
- Game playing is also social, with most teens playing games with others at least some of the time and can incorporate many aspects of civic and political life.
- The fact that computer and online gaming have grown from an obscure subculture to an entertainment industry that is poised to outstrip movies and music in terms of overall economic activity is yet another testimony to the universality of people's desire to express their own creativity, often in social settings.
- The ascendancy of gaming can be seen as dangerous competition to the live arts (though perhaps not to artists—visual artists, designers musicians and script-writers all have a potential new outlet for their skills).
- But I believe the opportunity for the art world is peerless: to be part of a wholesale rethinking of cultural content, what it means, why it is important, who has access to it and what it might tell us about ourselves as individuals and a society.

[slide: Demographic shifts are driving changes in cultural expectations]

[slide: pie chart]

- Is this the audience for whom we are creating our cultural experiences? Not so much today. And in the future their voices will be louder, their expectations more insistent. And the arts will need their loyalty to thrive.

[slide: Aging Population, Aging Audiences]

- There is a lot of angst about aging audiences, particularly in light of the different cultural predilections of young people. But I see an opportunity here. There will be more of them, and they are likely to continue as core audiences for the arts.
- But just as we are not serving teens as well as we could, we are not serving the elderly. Both groups need more enriching, interactive experiences yet we often treat them as passive consumers of culture.

[slide: Generational leadership transitions are re-shaping organizations]

- Forty years into the 1970's beginning of the cultural boom, many founders are retiring or dying. We are losing our first generation of elders.

[slide: Cultural organizations are profoundly undercapitalized]

- Is the cultural system overbuilt? Yes, at least in some communities. There are more organizations than there are resources to sustain them. And, as I have noted before, there is a lack of alignment between cultural supply and the public's interest.

- Many organizations are in permanent crisis mode, unable to do the very thing most important to their survival, which is respond to the changing environment by reinventing themselves programmatically. If organizations do not find opportunities for transformation, and if funders do not help them, our system will shrink in ways that may not serve our society's best interest.
- What are alternatives to our current Darwinian approach—that is, let nature take its course?
- One solution would be for supporters and advocates to make more aggressive investments in capitalizing the organizations deemed essential in a given community
- Another would be to encourage organizations to consider partial or complete mergers, or even to assist some in going out of business
- Some combination of both approaches is likely

[slide: Agreement about the value of cultural nonprofits has eroded]

- The arguments about the importance of the arts and culture that fueled the boom years of the 1960s and 1970s have lost their effectiveness
- Nonprofits and our supporters have been slow to recognize this and to develop new definitions of cultural value.

- We have become quite proficient at advocacy and case making with policy makers, both public and philanthropic.
- What we are not so good at is talking with our other constituencies.
- We have an opportunity to engage in authentic dialogs with people outside the professional arts/cultural community to build an understanding of what cultural value is to them.

So—these days funders are looking for a **road map** to guide us as we try to help the nonprofit cultural sector turn these challenges into opportunities.

[slide, Schenectady 1986]

But all maps are maps of the past, not the present, much less the future. Granted this is an old map, not the kind you find on line or in a gas station. But every map starts to become obsolete the moment it is created. Just think of how many google maps you have pulled up for driving directions that didn't tell you about the construction that just started in the middle of your route.

In the absence of an accurate map of the future—remember “parte incognita?”—we each have a compass which reminds us which direction we are headed and provides a reference point for getting to our destination. **[slide of compass rose]**

I don't know where the arts are going—not to mention where this scary world of ours is going—but I do know the power and steadfastness of the beliefs which drew me to the arts in the first place:

- That the arts speak truth to power; that the “truth of the imagination” can offer hope and a sense of purpose when external reality is chaotic;
- And that every person has the capacity for creativity and is entitled to cultivate and express that capacity.

[slide: true north] These beliefs are my true north. They are the reference point that helps me chart my course in my life and work.

Of course, applying these beliefs to the practice of the arts, or to the kind of arts advocacy practiced by funders like myself, is no easy matter. And you would be right in thinking me either a fool or a cynic if I didn't recognize that our work is about to get a great deal more difficult still, in the face of current threats to our economy and society.

But in attempting to live up to my charge for today, I want to talk about how we at Pew, and many of our colleagues in the arts funding world, are thinking these days about what kinds of cultural organizations are most likely to find their way in this uncertain terrain we are traversing, and how we can best support them.

[slide, PCLP assumptions] At Pew, a recent evaluation of our operating support program showed us that most of our assumptions about what constitutes a healthy organization—assumptions we developed 15 years ago—still hold true. They are grounded in our belief that organizations can create powerful programs that are highly valued by others, and can assemble the necessary resources to support those programs, when they engage in continuous self-reflection and self-critique.

Key current assumptions include:

- In a healthy cultural organization that produces exciting, engaging and relevant experiences—whether those be for artists, for a specific audience such as school children, or for a broad general public, the alignment of mission, goals, programs and constituencies is broadly understood and embraced throughout the organization.
- There is strong leadership at both the board and staff levels. The board and the executive communicate closely and collaborate on achieving the organization's goals. Board and staff gather and use the necessary information about the organization's programs, audiences, finances and operations.
- Planning is an active, thoughtful and ongoing process—not just a compliance mechanism for funders.

[slide: tools and assistance] Pew developed and uses an Index of Organizational Health which identifies 37 measurable indicators of how an organization is doing on these and other fronts. Some indicators are quantitative, and many are qualitative. We also support a variety of ways to help organizations achieve high levels of organizational performance. Most notable is the Philadelphia Cultural Management Initiative. Most of its efforts are focused on the needs of Philadelphia area cultural organizations, but I recommend the Knowledge Center on its web page, which provides links to a variety of management, governance and leadership resources that are broadly applicable.

Most recently, the Cultural Data Project has begun providing organizations in Pennsylvania, Maryland and California with a web-based tool to collect and analyze their own data and compare themselves with other similar organizations.

[slide: instant annual report] This kind of fact based information that is

consistent across cultural organizations of all types and sizes, in many geographic areas, has been sadly lacking before now. The development of the Web now makes it possible—another way in which new digital technologies are changing our environment, for the better.

[slide: 21st century assumptions] But today and especially tomorrow, our grants and technical assistance, including the judgments we make about who should receive support, will not be as helpful or as relevant as they used to be unless we incorporate the new understandings about the environment and the constituencies for the arts that I talked about earlier.

- We have asked organizations to be thoughtful and self-critical about their internal structures and decision-making. But now more than ever, a keen awareness of the external environment, including an honest assessment of how an organization stacks up to its competition both inside and outside the arts, will be required. An organization that doesn't know what its market niche is and mobilize its assets accordingly will not survive for long.
- Pew and other funders have incurred the wrath of many cultural organizations by insisting that organizations balance their budgets in order to receive operating support. Evaluations of our strategy have shown that organizations do benefit from the discipline this requires of them—but only up to a point. We need to help organizations go beyond the short term balance sheet exercise of managing annual operations, and think about how they need to be capitalized in the longer term in order to fulfill their missions and stay relevant to the constituencies they want to serve.

- Consequently Pew is developing new tools and programs that will assist organizations with understanding what their business model should be, and with long-term financial planning to help them achieve success.
- Perhaps after this description you think our focus is all on the business and not on the art. First, with regard to the Philadelphia Cultural Leadership Program, our belief is that organizations can only focus their efforts on great programming when they are not worrying about making payroll. We seem to be entering a time when many organizations will need to invest substantially in transforming their programs—or at least their program delivery strategies—in order to stay artistically and culturally relevant in the 21st century. Adequate capitalization and intelligent business planning will be ever more necessary to support programmatic innovation.
- Second, while we invest about 40 percent of our annual program funds in the PCLP, another 45 percent goes to the Pew Center for Arts and Heritage, to support initiatives that are specifically focused on grants to artists and project support for adventurous, ambitious and innovative programming in the visual arts, performing arts and in history and heritage organizations. We see these two approaches to our work as symbiotic.

[slide: rethinking the role of cultural organizations]

But to return to the beginning of my talk, my colleagues and I are keenly aware that we are changing our own practices incrementally, at a time when the changes in the world around us are dramatic and whole-sale. As we venture into the fog, we want to take care not to make a wrong turn and do damage along the way. I

believe the moment will come, perhaps very soon, when what will be required is the intelligence to recognize the true contours of the paradigm shift that seems to be taking place in our world, and the courage to embrace and act upon that change.

For example, if, as I have come to believe, the responsibility of the arts sector is to help as many individuals as possible to cultivate and benefit from their own creative capacities, and not merely to experience the pleasure of observing the creative mastery of great artists, the nature of our sector will need to change dramatically over time. How to help that happen will be a great challenge.

For now, I believe the place for funders to start is by looking at our constituency with this new vision in mind; identifying the artists and organizations that are most thoughtful about their own progress toward it; and helping them on their journey.

Thank you very much.