THE CYCLE

PLANNING FOR SUCCESS IN THE ARTS

By Michael M. Kaiser
and Brett Egan

DeVOS INSTITUTE
OF ARTS MANAGEMENT
AT THE UNIVERSITY OF MARYLAND

About the DeVos Institute of Arts Management

The DeVos Institute of Arts Management provides training, consultation, and implementation support for arts managers and their boards.

It operates on the premise that while much is spent to train artists, too little is spent to support the managers and boards who keep those artists at work.

At the same time, rapid changes in technology, demographics, government policy, and the economy have complicated the job of the manager and volunteer trustees. These changes continue to accelerate.

Organizations that have mastered these trends are flourishing—even leveraging them to their advantage.

For those that have not, however, the sense that "something's not quite right" can seem unshakable. For too many, these changes have led to less art, decreased visibility, diminished relevance—even financial collapse.

These challenges inform the DeVos Institute's approach. Never has the need to balance best practices and new approaches been so urgent.

Institute leadership and consultants—all arts managers themselves—understand that, in today's environment, there is no time or resource to waste. Therefore, Institute services are lean, direct, and practical.

The Institute has served more than 1,000 institutions from over 80 countries since Michael M. Kaiser founded it in 2001 during his tenure as President of the John F. Kennedy Center for the Performing Arts in Washington, D.C. While environments, objectives, and disciplines vary, each Institute client shares the desire to create, market, and sustain exemplary cultural programs.

The DeVos Institute has designed its services to assist a wide range of institutions, from traditional performing and presenting organizations, museums, galleries, art schools, and libraries to botanical gardens, glass-making studios, public art trusts, and nonprofit cinemas, to name a few.

Now at the University of Maryland, the Institute continues to offer support to individuals, organizations, and—in collaboration with foundations and governments—to communities of organizations around the world.

For a full-length discussion of the ideas introduced here, please see:
The Cycle: A Practical Approach to Managing Arts Organizations by Michael M. Kaiser with Brett E. Egan. This volume describes the DeVos Institute's approach to managing sustainable arts organizations through a series of practical examples, illustrations, evaluation templates, and planning tools. (Available on Amazon and in select bookstores)

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Introduction: What Is The Cycle?

The Cycle

A theory of organizational activity that prioritizes investment in great art: When bold art is marketed aggressively, an organization attracts a family of energized ticket-buyers and patrons. The income produced by this family is reinvested in more art that, when marketed well, builds a larger, even more diverse family. When this cycle repeats year after year, the organization incrementally and sustainably builds capacity, presence, and health.

Regardless of art form, geography, or size, thriving arts organizations hold several core characteristics in common:

- Their programming is bold, mission-driven, and balanced;
- They aggressively market that programming, as well as the institution behind it;
- The resulting visibility produces a swell of interest and enthusiasm among a “family” of ticket-buyers, students, board members, donors, funders, and volunteers;
- They make it easy and enjoyable for that family to get more involved—to contribute money, time, or connections; and
- They reinvest revenue produced by that family in even bolder programming that, when marketed well, entices an ever-larger, more diverse, generous, and connected family.

When this repeats year after year, all stakeholders—staff, board, and family—sense they are part of a strong, successful enterprise, and they grow more generous and productive. Their organizations grow incrementally, donor by donor, and slowly build and maintain artistic and financial health.

In our work at the DeVos Institute of Arts Management at the University of Maryland, we see this cycle in successful organizations of all types and sizes, urban and rural, and in the United States and abroad. We see it not only in performing and presenting organizations, but also in museums, arts schools, and other nonprofit endeavors like service organizations, historical societies, public libraries, university programs, advocacy organizations, botanical gardens, and zoos.

Indeed, any nonprofit organization that must fundraise to support its work can benefit from these principles.

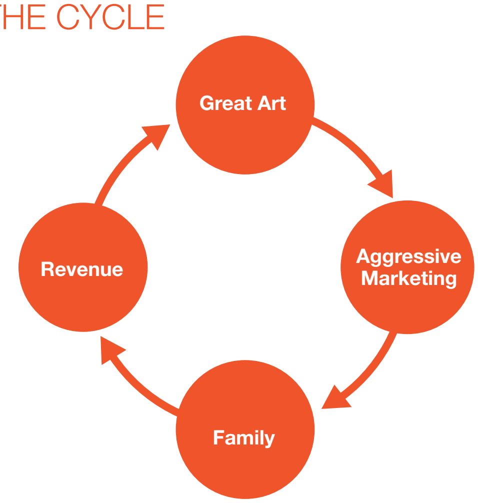
The cycle we have identified is more than a theory of how to build and maintain health. It is also a practical management tool that defines relationships among artistic, executive, and board leadership. Each party has specific responsibilities in a functioning cycle, and each depends on the others to succeed.

An unwavering focus on long-term planning lies at the heart of our approach. Without sufficient time to fund and market bold, transformative art, our art will suffer, our audiences and donors will stagnate, and our seasons will—at best—plateau in scale and ambition.

The remainder of this booklet discusses each aspect of this cycle—planning great art (or programming), marketing, building a family, fundraising, reinvesting—and how to avoid common pitfalls in each area.

In the end, this cycle presents a step-by-step, logical framework for creating strong, sustainable enterprises.

THE CYCLE



Artistic Planning

An organization's health—indeed, its survival— relies on the quality, imagination, and distinctiveness of its programming. If we fail to produce superior programming, educational opportunities, and productions, we cannot say with conviction that we are fulfilling our mission or that we deserve support. And most likely, our donors and ticket-buyers will soon come to agree.

What conditions are required to create truly transformational programs that stretch our capacity? What must we have in place to produce—at the quality and scale we desire—that citywide festival, risky commission, visionary service, or landmark exhibition that forces audiences to pay attention, engages current supporters, and attracts new ones?

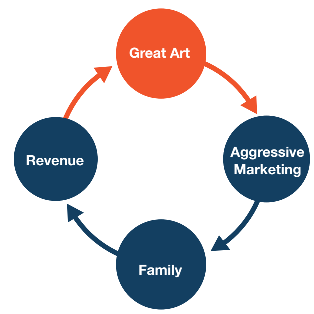
First, the most exciting, adventurous programming requires careful, long-term planning. The most truly transformative projects—which often rely on new funders, collaborators, and outreach to build support and demand—are simply too expensive and too complicated to rush.

Therefore, we recommend planning major programs three to five years in advance. For some organizations, especially smaller ones, this may seem daunting, unnecessary, or even impossible. But it is fundamental to building sustainable organizations. This is especially true for growing companies that want to significantly increase the scale of their offerings. Without the time to create, fundraise, and market increasingly ambitious art, their seasons will stay roughly the same size, quality, and character year after year. Without additional manpower and resources to build a more sophisticated offering for new and larger audiences, growing companies will—at best—plateau and hold on. At worst, their donors will lose interest after several interchangeable seasons and begin to direct their attention and money elsewhere.

Long-term artistic planning is the simple process of recording dreams on paper. Because it envisions activities years in advance, it does not necessarily depend on the current capacity of our budget, staff, or board. This planning does not need to happen during business hours or on a special retreat, and it does not require expensive technology. All this process requires is a sheet of paper, a pencil (with an eraser), time, and imagination.

We believe that:

- Planning increases an organization's chances of securing the funding necessary to pull off a "big idea." Meeting a fundraising target that exceeds current capacity takes time. It is scary enough to program daring work—but it is crippling to do so without sufficient time to fundraise for it. Without sufficient planning, our seasons and our art stay essentially the same year after year.
- Planning ahead also strengthens the donor relationship. It is far more practical and enticing to offer a "menu" of potential investments taking place over the course of several years than to try to entice donors with the next, most urgent project, regardless of its fit with their interests.
- The large, experimental project requires marketing and educational efforts to identify, engage, and solicit current and new audiences, and these efforts take time to conceive, budget, and implement.



Transformational Programming

Bold, exciting, surprising, "big idea" programming: This is an organization's primary means to energize and galvanize audiences and donors. Planned sufficiently in advance, it forms the basis for aggressive marketing, successful fundraising, and incremental growth in institutional capacity.

SAMPLE ARTISTIC PLAN FOR A REGIONAL OPERA COMPANY

	Year/Season 1	**Year/Season 2**	**Year/Season 3**	**Year/Season 4**	**Year/Season 5**
Program/Date	New production of opera “A”	New production of opera “B”	New production of opera “C” with lighting and multimedia design by “X” designer	New production of opera “D” directed by “X” director	New production of opera “E” with orchestration played by “X” orchestra and dance sequences performed by “Y” company
Program/Date	Annual production or series	Annual production or series	Annual production with guest director “A”	Annual production with guest artist “B” and exciting space ”X”	New annual production to celebrate our “X” anniversary
Program/Date	Collaboration with institution “A”	Festival featuring multiple works by composer “B”	Collaboration with institution “A” to produce a new production “X” by composer “B”	Co-commission of dream composer with “X” international festival and “Y” media lab	Festival in collaboration with “A,” “B,” and “C” institutions on theme “X” to celebrate our anniversary
Program/Date	Work in progress series with “X” orchestra company	Commission of emerging composer “A”	Work in progress series staged with director ”X”	New works from ”X” country festival in partnership with the regional community from “X”	Anniversary retrospective of 10 works premiered in the past 10 years
Program/Date	In-school work with “X” number of school districts	Begin master class series featuring “X,” “Y,” and “Z” celebrity artists working with schoolchildren	Expand in-school work to “X” additional districts in partnership with “Y” and “Z” local organizations	Virtual learning hub added to website to provide access to repertoire and that of “X” and “Y” collaborators	Festival of young composers and singers to celebrate “X” years of work in the community

This sample template is just one of any number of ways to organize a five-year plan. (There is nothing sacred about this system, but it is simple and effective.) In each “Year/Season” column, we write down program names (when we have them), as well as ideas for key collaborations, educational programming, festivals, commissions, artists, etc. As the seasons progress, so do the complexity and scale of our offerings. This sample includes examples in every slot, but an effective five-year plan need only indicate major programming as far out as possible.

- Planning enhances impact and visibility. With time, we can organize auxiliary efforts such as master classes, lectures, and special events, as well as develop the alliances often necessary to produce larger projects by leveraging shared resources, visibility, and audiences.
- In such arts industries as opera and orchestral music, one must contract the best talent years in advance because the stars get booked early. Service and advocacy organizations that rely on collaboration among multiple stakeholders must budget time to build necessary alliances and research. The most sought-after playwrights, composers, and choreographers can require years to respond to a commission. Without sufficient planning, we simply forfeit access to the best art.
- Because the creative process is rarely neat, advance planning provides time to develop, challenge, edit, and restart, accommodating the “messiness” that is part of creating great art.

Rather than listing every program in every year, an effective long-term artistic plan should define major programming “spikes.” These are exciting, bold, transformational work that require additional fundraising and marketing capacity to support. Other, smaller programs can fall in later.

Effective planning requires a sensible combination of forethought and entrepreneurialism, and your long-term plan can—and will—change. For presenters, a last-minute, must-have opportunity can replace an "any season" program. (With proper care, funds raised for an aborted project can often be diverted to another.) Experimental producers and artists who create their best work in the moment can nonetheless plan key partnerships, engagements, tours, educational work, and anniversary celebrations well in advance. And big-idea programs must be vibrant, exceptional, and surprising; they do not need to be big-budget programs.

But remember: This kind of planning cannot be rushed. Too often, we are so focused on delivering this year's (hastily planned) programs that we fail to properly plan for the next. In desperation, we resort to mimicking what has worked for others or what has worked in years past so we can simply fill a "slot" (the holiday show, the family attraction, etc.). In doing so, we resign ourselves to following the taste of our audiences and peers rather than fulfilling our role as cultural leaders.

The best programmers—even those who appear to design extraordinary seasons, effortlessly and year after year—are working each day to identify and secure the most exciting artists, premieres, and collaborations. They are dreaming years into the future; securing a pipeline of the most attractive talent; enticing donors and staff with visions of what is to come; modifying when necessary; and developing auxiliary content to extend the impact and visibility of their most notable projects. In doing so, they maximize their chances of producing highly competitive, diverse, transformative seasons each year.

The ability to surprise and energize audiences on a regular basis has become ever-more critical as our industries proliferate with talented peers and cheap, electronic alternatives. While virtual performances cannot offer the same experience as a live event, many audiences—particularly younger demographics—consider them to be "close enough" substitutes.

At the same time, such diverse and pervasive competition means we have to fight harder—and offer more—to achieve and maintain visibility. Couple this with reduced funding from fewer institutional sources and more places for individuals to spend less discretionary income, and the organization that fails to consistently surprise and excite its audiences will fade. Its family and its resources will dwindle. And it will be left with even less to reinvest in the next year, making its trajectory ever-harder to alter.

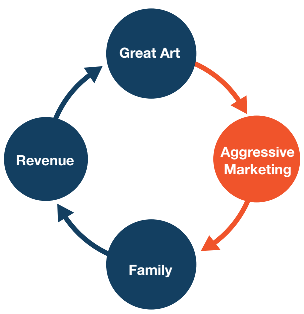
This is why daring, "big idea" programs are so critical, particularly during recessionary periods when competition intensifies. They operate like a mental "reset" button, forcing audiences to pay attention (again) and keeping our work top-of-mind in a crowded field.

It is easy to claim that long-term planning is nearly impossible for capacity-strapped organizations. It is equally easy to say that it must be done. But one fact is clear: Effective planning offers the highest odds that a major project will happen, will happen well, and that it will produce the excitement, enthusiasm, and resources required to build success year after year.

Capacity

An organization's ability to fulfill its mission year after year, as measured by its *manpower*; the *knowhow*, or skill, possessed by that manpower; the quality of *strategy* developed to integrate and leverage that knowhow; the *resource* produced as a result; and the *sustainability* of these factors. An organization with adequate capacity marshals each element to fulfill its mission year after year. An organization with insufficient capacity lacks the manpower, know-how, strategy, resource, or sustainability to fulfill its mission year after year.

Programmatic and Institutional Marketing



To produce increasingly adventurous and meaningful art that asks our audiences to follow us—especially along that transformational, less familiar path—we must be prepared to compete aggressively for their attention and loyalty.

This is the role of marketing, which we consider through two perspectives.

PROGRAMMATIC MARKETING

First, programmatic marketing consists of the tools and strategies we use to build an audience for our work: to sell tickets, educational programs, lectures, exhibitions, etc. It uses both such traditional means as print, radio, and television media; direct mail; telemarketing; community partnerships; special incentives; discounts; and networks. It also harnesses the growing power of electronic, viral, social, and mobile media.

Effective programmatic marketing develops a long-term, multipoint relationship with the buyer. It asks us to identify target audiences and tailor a strong message, to promote that message through appropriate channels, and to price services competitively. It also asks us to drive demand to point of sale, to contextualize and educate around the service, to ensure the quality of the experience itself, and to lay the groundwork for future loyalty.

We must thoroughly research each program to determine whether its potential buyers are among our existing, core audience or whether "marginal" or new prospects will need to be targeted as part of a special campaign. Understanding where each attraction sits along this spectrum is central to developing efficient programmatic marketing campaigns.

Certain programs that feature recognizable, popular repertory or stars—*The Nutcracker*, Picasso, an annual conference, etc.—do not require expensive, expansive campaigns. These programs require what we think of as informational marketing efforts: a program name, location, photo, date, and phone number should be sufficient to incite a sale.

However, the more daunting, transformational projects—those that challenge our audiences with less familiar art—require what we think of as a missionary marketing effort. An unknown international attraction, a world premiere, an experimental artist, a new service: These programs require us to make a special effort to communication to potential buyers all that is unique and worthwhile about the proposed experience. This type of marketing requires that we plan and budget for additional research, outreach, and community engagement to build appropriate earned revenue for the project.

Programmatic Marketing

The tactics used to identify and target potential audiences for each attraction, create awareness and demand, and drive a sale (of tickets, classes, services, or other experiences). Effective programmatic marketing extends beyond the transaction to contextualize each offering, ensure a high-quality experience, and lay the groundwork for a long-term relationship with the buyer.

INSTITUTIONAL MARKETING

Institutional marketing is the second, less familiar approach to producing visibility for our work. Rather than sell a specific show or program, these efforts focus on generating awareness of and enthusiasm for what and who we are as an institution. They strive to create so much excitement and magnetism around our work that ticket-buyers and donors actively want to take part—regardless of their attraction to any specific program or offering.

This effort recognizes that audiences and donors have limitless options of where to spend their leisure time and money, and it competes to keep one's institution and its offerings top-of-mind in an increasingly crowded marketplace. Simply put, this effort aims to make the people and institution behind one's art more "famous" and irresistible.

Institutional marketing uses all institutional assets: physical (buildings, costumes, collections, etc.); human (internal or external); or experiential (artistic process, dinner at a special home, backstage tour, etc.). These various assets are used strategically to soften potential "buyers" (audiences, members, donors, board members, collaborators, presenters or exhibitors, volunteers, and even staff) to the extent that they are likely to buy or support our work without a "hard sell."

Like programmatic marketing, this takes time, rigor, and dedicated capacity. Yet because it relies on the imaginative deployment of existing assets, big ideas, or the creative characterization of work we plan to do anyway, institutional marketing should be inexpensive or even almost free to carry out. And because excitement and awareness are crucial to effective fundraising, an investment in institutional marketing is a direct investment in our effort to raise money.

What does effective institutional marketing look like in practice?

- Bold, surprising, transformational programming is in itself our primary—and best—form of institutional marketing. Major festivals, innovative programs, provocative collaborations, and unique or high-profile artistic talent all "spike" excitement and enthusiasm, the hallmark of successful institutional marketing. True, successful programs also sell tickets. But more importantly, they cast our organizations as alluring, exciting, unique, and impossible to ignore.
- Creative, well-produced announcements of future work—even two or three years ahead of time—suggest a vital, robust, energized organization, which is particularly important for organizations in a turnaround. A live season announcement attended by donors, staff, press, and partners builds excitement and a sense of belonging. The public celebration of a new strategic plan, rendering of a future home, or collaborative partnership can be equally effective.
- Ensuring that press—a favorable preview, review, or other mention—reaches key decision-makers and likely buyers is essential institutional marketing. We are often elated (or traumatized) by reviews that no one else sees. (Or if they do, they forget about them immediately; we often assume we are much more famous than we actually are.) Great press suggests a vital organization—but only if one's buyers actually read it.
- Auxiliary activities that celebrate the individuals or process behind our programs, and extend the impact and visibility of our art, can be equally effective. These relatively inexpensive tactics, for example, could include master classes with celebrity guests (everyone can reach someone more famous than they are); special events to welcome a new artistic director; lectures, backstage tours, competitions, exhibitions, open rehearsals, online exposés; and open houses, neighborhood strolls, or exhibitions featuring new members of a service organization.

Institutional Marketing

The creative use of organizational assets to create spikes in awareness, energy, and enthusiasm around an organization, beginning with the presentation of transformational art itself and continuing through activities that heighten awareness about the people, process, and other institutional assets behind that art.

- Leadership ideas that galvanize the activity of multiple collaborators are especially effective at building visibility, while simultaneously limiting investment of time or other resources. For example, the company that organizes others to program on its theme (e.g. a citywide festival celebrating the art of a specific country, era, or anniversary) generates activity and excitement that points back to the leadership of the organization behind the idea. This type of institutional marketing makes us appear much larger than we actually are.
- All of the above have increased impact and traction when timed with an historical moment, global cultural event, or social movement that has captured the greater public imagination, such as anniversaries of artists or nations, inaugurations, the Olympics, an environmental or humanitarian concern, etc.

Like all forms of marketing, institutional marketing is only effective if repeated again and again. Therefore, we find that the most successful organizations build a calendar of regular activity—integrated with their program calendars—to organize these efforts.

Like artistic planning, all that is required for this process is imagination, a piece of paper, a pencil, and time. As the chief architect of this campaign, the executive director must toil as rigorously on this plan as the artistic director does on his or hers.

EXAMPLE INSTITUTIONAL MARKETING PLAN

	Institutional Marketing Initiative
September	New production and special season-opening event open to the public; press push; circulate resulting coverage to game changers
October	Citywide festival based on our programming (“leadership idea”)
November	Launch a master class series featuring master artists in conversation with students
December	Host a free meet-and-greet with artists in a collaborator’s space for their donors, audience, and family
January	Hold a party to release the new strategic plan; send a copy to all game changers and funders
February	Announce a new commission with the artist present; game changer event afterwards
March	Live announcement of upcoming season (as a group with other organizations?)
April	Premiere of provocative collaboration; press push; circulate resulting coverage to game changers
May	End-of-season gala; circulate resulting coverage to game changers
June	Open an exhibition at a neighboring cultural center or museum
July	Everyone’s at the beach, no one is reading the paper…take a break!
August	Really…take a break! No one cares what happens in August! Plan for next year!

Smaller organizations should aim for approximately four institutional marketing initiatives each year. Mid-size and large organizations should aim for approximately one institutional marketing initiative each month.

To create sufficient visibility, large organizations need at least one major institutional marketing advance each month. For smaller organizations, three or four spikes per year will make a substantial difference.

There are two audiences for this effort. The first is the general public, comprising potential ticket-buyers, students, visitors, etc. A successful general campaign results in increased earned income by inciting a large volume of small transactions such as ticket purchases.

The second audience for this campaign is our current and potential family members—particularly our major donors, program officers, board members, and primary partners. Because these relationships are central to fundraising, managers must make a special effort to ensure that institutional marketing reaches this core group.

Especially in capacity-strapped organizations, managers must think strategically about where, between these two audiences, they direct their attention. In many smaller organizations, managers do not have the time or resources to direct an institutional marketing campaign at a vast, unknown audience hoping that these efforts will lead to a mass of unsolicited, spontaneous donations. In fact, most organizations only need to target 100 to 300 (and there is no magic to this number) key individuals who, with the stroke of a pen or a single decision, can change its future. It is critical that each of these "game changers" is aware of as many of these spikes as possible.

This is why institutional marketing is even more important for small or rural organizations than for their larger, more accessible counterparts. They have less capacity for programmatic marketing and must create more visibility with fewer resources. An aggressive institutional marketing campaign can propel even a small, out-of-the-way organization to the forefront of the local, regional, or national consciousness and dramatically expand its pool of potential ticket-buyers and donors. More importantly for fundraising, their energized families are likely to become more generous and willing to compel their friends into action.

There are myriad other benefits of an effective institutional marketing campaign:

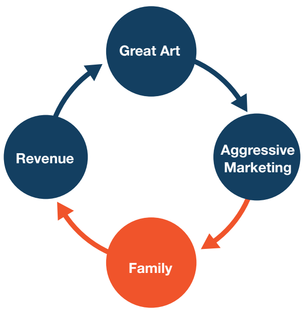
- It should lessen programmatic marketing expense—especially in the case of missionary campaigns. If audiences are inclined to follow us because they believe in what we are as an institution, it is more likely they will buy a subscription for an entire season or attend a risky premiere—prior to reviews or word of mouth—because they trust our brand of artistic leadership. This baseline of support should embolden our artistic decision-making.
- It can bring an ailing board back to life. Underproductive boards are usually also underwhelmed—or even embarrassed—by the art or finances of the organization. A bad review or balance sheet has given them pause; they have grown hesitant to involve their friends in a lackluster, financially precarious endeavor. An effective institutional marketing campaign can change this mindset and renew these game changers' energy and enthusiasm in the organization.
- Institutional marketing ultimately saves time. For the capacity-strapped executive director of a small organization (with little or no marketing staff), an effective visibility campaign can motivate multiple game changers at once. For the busy trustee, a focused institutional marketing campaign provides the basis of pride, visibility, and public confidence necessary to engage others swiftly and successfully.

But most importantly, audiences and donors that are excited by who we are, fundamentally, will be much more inclined to contribute generously, making effective institutional marketing the cornerstone of fundraising success.

Game Changers

A relatively small group of people—key funders, board members, high-value individuals, civic officials, artistic or institutional collaborators, presenters, distributors, members of the press—who have the ability to change the future of an organization and therefore merit special, ongoing cultivation and stewardship. The addition or loss of these individuals from the institutional family has a significant, bottom-line impact.

Building and Engaging the Family



With bold programming and aggressive marketing, the number of people who want to support the cycle-driven organization—through patronage, time, and contributions—grows naturally.

This family's purchasing power provides a healthy base of earned income, and its generosity anchors and strengthens the fundraising effort. Managed with care, this family grows one by one, week by week, month by month, season by season—incrementally increasing revenue and capacity over time.

For this reason, "family" is more than a polite pseudonym for "donor" or "ticket buyer." It is a strategy for incremental, sustainable growth, and well-informed, engaged families are an indispensable marketing tool. Managers who understand the power of an educated family develop a "patter"—a rotating menu of future projects, initiatives, and events—to excite these critical players and focus their attention. (Artistic and institutional marketing plans populate this campaign.) This rolling "talking points memo" turns family members into enthusiastic, effective ambassadors.

The heart of a generous family—and a manager's most important fundraising ally—is a joyous, engaged, and excited board. For this reason, family-centered managers ensure that serving on their boards is productive and pleasant. They recognize that trustees are not only uncompensated volunteers who are expected to contribute, but that any community offers them myriad organizations in which to perform this role. Therefore, they must compete well for the loyalty and attention of these precious family members. If our meetings—one environment under our control—are dull and procedural, we put ourselves at an unnecessary disadvantage. A brief performance, special guest, or discussion of a new artistic venture can remind them why they sacrifice time and resources on our behalf.

Board members' primary reward is a feeling of importance to the success of an organization they hold in high esteem. Too often, capacity-strapped managers come to regard "The Board" as a homogenous whole with uniform interests and assets. In reality, each individual has their own motivation for involvement, and each seeks a unique blend of experiences from their affiliation with the organization. The manager who understands this will work hard to connect each member with a specific, mission-driven project that reflects their interests and priorities. (This approach requires a multiyear portfolio of projects, both artistic and institutional, seeking support.)

These managers then work to provide each member with a real stake in their project's success and provide them with reasonable jurisdiction in non-artistic matters. Board members report on the project's status at each meeting; they are supported in their effort to engage their friends and associates; and they are publicly aligned with the project's success at completion. This produces a vital sense of belonging, ownership, and pride in the organization and its activities—the definition of engagement.

Conversely, discouraged board members—depressed by moribund meetings, a lackluster production, a frightening ledger, rushed campaigns, or unresponsive staff—find any number of reasons to disengage. The best strategy to counteract a dispirited, unproductive board is a renewed commitment to planning and a robust institutional marketing campaign. This union plays an essential role in laying the groundwork for reengagement.

Board members can become bored: After years of being asked to perform only one role—plan galas, review contracts, or authorize budgets—members may be tired of their relationship with the organization. Family-centered managers understand that multifaceted, multitalented members often have more than one gift to give. By engaging board members' other interests—to help bridge a new institutional alliance, evaluate a program, or participate on a strategic planning committee, for instance—the effective manager opens a new door into the life of the organization. Asking board members to flex a different muscle to advance the organization increases the chances of reengagement.

Effective managers take equal care to market a sense of belonging and importance among volunteers. A corps of energized, trained volunteers can make the difference between a project that breaks even and one that does not; proud, well-equipped volunteers can ensure a positive patron experience in areas that staff capacity cannot reach. This is even more relevant today, as a growing number of institutions engage unpaid volunteers (or interns) to fill roles previously performed by staff.

Lastly, successful managers do not overlook the role that subscribers, members, and ticket-buyers play in a growing, dynamic, and diversified family. Well-marketed, exciting art increases the pool of energized participants at performances, events, and auxiliary activities. In the short-term, this participation provides earned income, and goodwill produced by a positive experience forms the foundation of future, more generous relationships. The efficient manager sees in each ticket-buyer a potential subscriber; in each subscriber, a potential member; in each member, a future donor.

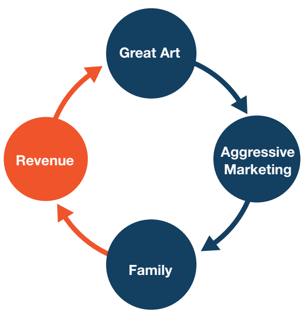
Effective managers make a special effort to excite their valuable family members with institutional marketing, incentivize increased involvement as volunteers or contributors, and encourage them to get their friends involved. They also present ample opportunities for family members to self-identify at higher levels of engagement and make giving easy. (It is bewildering how remarkably difficult it is to get involved and stay involved with certain organizations.)

A well-informed, joyous, rewarded family is likely to be productive, ambassadorial, and generous. Managers who effective create and promote joy among this group of supporters are rewarded as the capital—human and financial—around their mission continues to swell. In cycle-driven organizations, joy itself is a strategy.

Family

An energized, enthusiastic group of ticket-buyers, members, donors, trustees, and volunteers that anchors an organization's financial health through its commitment of time, talent, connections, and financial resources.

Fundraising



Effective fundraising pairs each family member with a logical, financial action in support of the organization's mission.

Guided by their programmatic ambitions, sustainable organizations dedicate themselves to building families incrementally: one at a time, volunteer by volunteer, donor by donor, trustee by trustee. These organizations plan large, daunting projects well in advance, and they identify and cultivate new family members to support the expanded vision along a feasible—if ambitious—timeline. This type of incremental growth limits the risk and fear that result when scale outstrips capacity. This type of growth reflects true sustainability.

Armed with long-term artistic plans, efficient fundraisers engage each prospect in an open conversation about which projects interest her or him the most. Rather than make an urgent plea for support of the next, most needy program, they come to each potential donor prepared to listen—not coerce. With a "menu" of options for investment, the manager maximizes the chance of finding the right, even *logical*, opportunity for each donor and, once that interest has been identified, simply asks: "How can we get you involved in this program?"

On the other hand, fundraising by blunt force—in which frantic managers and trustees pressure friends to support an underfunded program in which the prospect has little interest—is rarely productive or sustainable. (It is also not much fun.)

Managers who understand the power of the cycle leverage institutional marketing, and they time their "ask" to coincide with peaks in enthusiasm created by great art and exciting auxiliary programming. They understand that people give to causes that energize and excite them, and managers must work hard to maintain that environment.

Effective fundraisers make it easy for donors to participate with an amount that feels right, and they craft benefits—both tangible and intangible—at tiered levels to recognize escalating levels of giving. Their benefits are inexpensive and easy to produce. (For instance, one attractive benefit that costs nothing to offer is the privilege to purchase advance tickets to popular attractions.) Managers who promise expensive, labor-intensive perks they cannot deliver will find that donors accustomed to greater levels of customer service will drop from their rosters.

Effective fundraisers also recognize that donors' interests vary. They use programmatic and institutional marketing assets to build opportunities that appeal to multiple donor mentalities and motivations:

- Our favorite donors value our mission, programs, and art and want to see us succeed, simply because they believe in what we do. These donors seek opportunities to engage with the process and people behind our programs: our artistic directors, curators, artists, students, and collaborators, as well as our rehearsals, master classes, season announcements, readings, creative meetings, and performances.
- Other donors seek access to otherwise unattainable people, experiences, places, or objects. Effective managers constantly replenish an inventory of assets to which donors can gain access through support of their organizations. These assets include their board members, power brokers, experts, or celebrities; special

collections, archives, or performance ephemera; and unique spaces (theirs or others), board members' homes, backstage, etc.
- Other donors want exciting social interaction: a place to go again and again, to see the same people in a comfortable environment, to find companionship, or to develop personal or professional interests. Organizations with physical spaces and regular programming are best equipped to service this mindset. But even a touring dance company, for example, can partner with a cultural center in its hometown to provide an ongoing and mutually beneficial series of workshops, master classes, salons, and other activities that accomplish the same objective.
- Still others wish to affiliate with organizations of prestige, defined by the caliber, quality, visibility, and scale of the programs, people, and talent they attract. These donors seek personal status through recognition among groups of peers with whom they share social or professional interests.

Once a gift is secured, effective fundraisers quickly turn to stewardship. They ensure their organizations properly recognize the gift, fulfill promises made during cultivation, and return the donor to an enjoyable cycle of artistic and marketing efforts. This begins the process of renewing the gift: of progressively engaging and informing the donor, and ultimately identifying the next optimal fit.

However, no matter how large the organization or its capacity, the pressure to renew and expand one's family never subsides. This is because, fundamentally, the disparity between the cost of performing one's mission and what buyers are willing to pay to experience it grows larger each year.

While the cost of doing business in the arts increases annually, our productivity—the time and human resources required to accomplish a project—stays roughly the same. In point: Mahler's Symphony No. 5 still takes approximately 70 minutes and 103 musicians to perform, just as when it premiered in 1904, even though the cost of employing those musicians and producing the work has increased exponentially.

For many years, governments and corporations helped close this gap. While government and corporate giving officers remain important members in many families, these sources are now marginal for all but a few organizations. Even where they remain, managers know their future is unpredictable and presents no foundation for sustainable growth.

Nor does reliance on foundations, whose funding priorities and capacity are subject to frequent and dramatic change. When an economy suffers, so do the endowments that determine foundation giving. Loyal program officers change jobs. Giving priorities change. And once an organization has approached all institutions that fund its type of activity, there is nowhere else to turn. While managers must work hard to cultivate and steward these influential family members, support from foundations presents little room for growth for all but the youngest organizations.

Consequently, arts managers must be creative and constant in their efforts to build a diverse and growing family of individual supporters. While it is true that in most communities there are a few, highly visible, sought-after donors, there are literally hundreds or thousands more within the reach of an enthusiastic family backed by an effective institutional marketing campaign. Too many organizations depend on too few donors, and they suffer disproportionately when even one donor loses his or her interest or ability to give. On the other hand, those that build robust, diverse families can comfortably, if regrettably, bid farewell to any individual if he or she can no longer give (or becomes a nuisance).

The manager who plans art well in advance, markets aggressively—especially among key game changers—and cultivates joy and ease among family will enjoy organic, sustainable growth year after year. And at year-end, the successful manager faces another critical decision: how and where to reinvest.

Fundraising

A strategy for sustainable growth that joins long-term artistic goals, an energized family, and logical options for investment to build organizational resources donor by donor, week by week, month by month, year by year.

Controlling Cost, Reinvesting, and Building Capacity

Of course, creating great art and marketing it aggressively does not ensure sustained success. One must also control cost, reinvest wisely, and build capacity appropriate to the scale of one's ambition.

All great artists are insatiable dreamers—and so are all great managers. Our nature is to produce more, bigger, better art, year after year, and this is as it should be.

But for this reason, nearly every organization grows to the point where it is financially uncomfortable. A new $100,000 grant rarely translates into a financial reprieve; more often, it means a new $100,000 (or $150,000 or $200,000) program that requires even more funding and capacity to continue year after year. (A related phenomenon belies the endowment fantasy: Rather than turning that first distribution into a rainy-day fund or cash buffer, the dreamer-artist-manager complex typically expands programming expense by precisely the same increment.) And the struggle for a balanced budget begins anew the following year.

Therefore, the responsible manager must differentiate between our role as dreamers and our responsibility to dream sustainably. Artistic plans must be linked to realistic marketing plans that estimate the earned income potential of each venture. Artistic directors, executives, and boards must accept the financial implications of each artistic decision. Organizational capacity to absorb occasional failure must parallel artistic risk, and we suggest budgeting for one or two failures each year. Fundraising goals must close the gap between earned income and cost projections.

Throughout each season, effective managers regularly factor in aberrations from this plan. Mid-course cuts to "backstage" and administrative budgets must account for a lackluster appeal, underperforming campaign, or poor sales run.

We all recognize that arts managers are ruthlessly efficient and that very few distressed organizations face an expense-side problem. (More often, they have failed to develop adequate income.) It is in our nature to relentlessly control cost, actively negotiate with vendors, and reward frugal staff who identify creative ways to save without diminishing the art. But it bears repeating that, especially in capacity-strapped, growing organizations, there is no room to waste a single dollar, hour, opportunity, or iota of goodwill. If a manager can accomplish a task for less and doesn't, that manager reduces the resources available to support projects that help achieve one's mission.

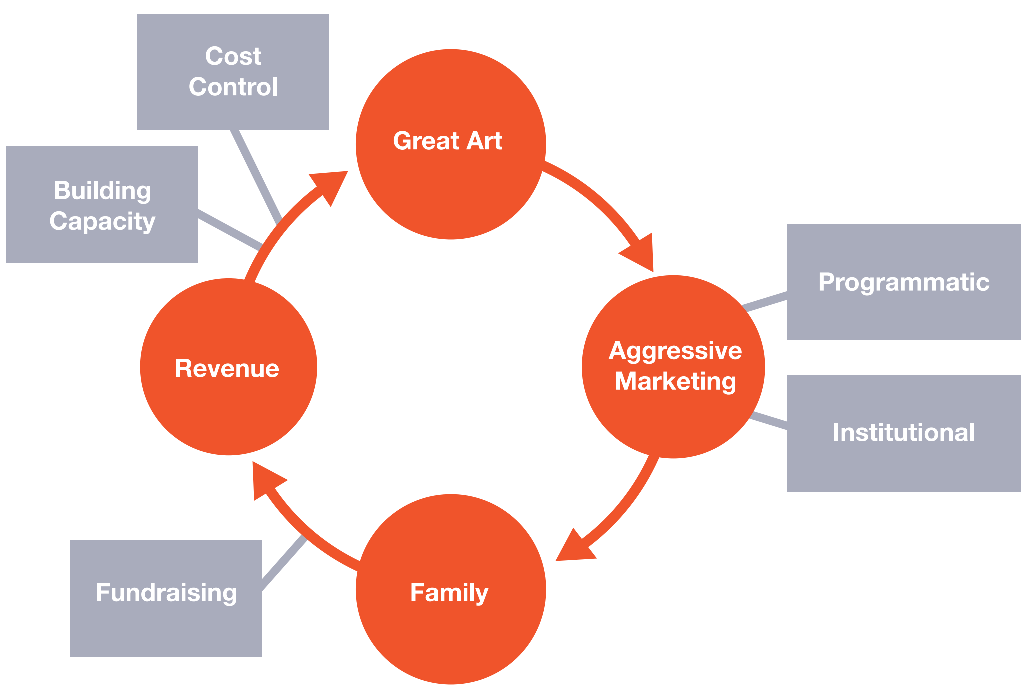
All managers must perfect this balance of dreaming big, curtailing cost, maximizing sales, and capitalizing on the goodwill of the family.

Finally, most thriving organizations will require additional manpower to match the increasing scale of their work. Strategic capacity-building as part of the reinvestment process should focus first on increasing the potential to produce revenue. Organizations struggling to pay for existing, successful programming rarely need additional programming manpower more than they need more flexible, ample capacity to promote that programming among potential buyers and donors. Before an organization can dramatically expand the scope or scale of its art, it must increase the financial margin on its current success so that new, more ambitious art can be made, marketed, and capitalized with equal quality and effectiveness.

Adding staff is rarely financially comfortable in the short-term, especially for early-career or smaller organizations. However, a long-term shortage of professional staff can drain even the most ambitious, hardscrabble artistic entrepreneur. In the absence of a dedicated grant for building staff capacity, a careful balance must be struck between relying so heavily on so few that the operation fails to deliver on its mission and taking an unsustainable plunge.

An incremental approach to building staff capacity calls for manpower to be added in stages, in conjunction with commensurate increases in family, resources, and programming. A part-time grant writer—armed with a long-term artistic plan, a dedicated board, and a robust institutional marketing plan—will quickly pay for himself. Before long, he is working full-time, and organizational attention can turn to part-time marketing assistance focused on converting marginal buyers into regular ticket-buyers and subscribers. In the end, this enhanced capacity to produce a margin on successful art strengthens all aspects of the operation. Disciplined, incremental capacity development—after artistic obligations have been met—is a natural progression in the cycle.

THE (ANNOTATED) CYCLE



Conclusion

Founded in years of observation and practice, the cycle presents a theory of how to build an organization into a sustainable institution, donor by donor, day by day, season by season. At its heart is an unwavering dedication to—and dependence upon—long-term planning.

We understand that this will not come easily for all organizations. For many, the process of beginning to plan multiple seasons in advance will itself be a multi-season effort. It will take time to transition from a six-month plan to one that extends a year or two in advance. Indeed, it may take several seasons before some organizations develop the capacity to produce a true five-year plan.

Because planning requires an investment of time and energy, some will argue that the process is by nature an unwelcome drain on limited capacity. Skeptics cite an industry fraught with constant change and argue that such long-term planning is neither practical nor expedient. To these critics we respectfully respond: If we do not plan, we cannot grow. Our business is simply too complex, too expensive, and too dependent on others to rush the best art and the best outcomes.

This is where the capacity-building process starts. The organization that fails to plan is the organization that goes on suffering the most from fatigue, poor morale, disengagement, and chaos—even if they currently manage to produce great art. On the other hand, the organization that starts to think out 18, 24, 36 months further in advance gives itself the luxury of time required to build toward more ambitious art—including the time to hire, train, and pay for that extra staff member to get it done well.

We do not hide the fact that this kind of planning may require substantial change in habits and priorities. It takes dedication and focus to allocate time to focus on planning, especially with vendors knocking at the door, staff out sick, final reports due, the opening next week, and so on.

But we also believe that this process of planning our art, marketing, and fundraising further and further in advance must start before an organization can truly embark upon the path to institutionalization. Such planning must become, in a very real sense, a way of life for the organization and the people who run it.

In the end, this cycle—including its process of containing cost, building capacity, and reinvesting strategically—is our most effective buffer against the latent crises waiting patiently at our door. We all know too well that our industries are volatile and that many organizations are a single bad season, or single unsuccessful production, away from crisis. These principles are designed to protect the artistic process—and the people who make that process possible—from the fear and instability that deplete our ranks and dilute the power of our work.

But don't take our word for it. Take another close look at the thriving cultural organizations in your city, both large and small: those that are the talk of the town, growing year after year, and constantly surprising with their ingenuity, style, quality, and grace. We will wager that each one of them regularly produces bold, exciting, transformational art and that they market that art—and the institution behind it—creatively and consistently. We further wager that the number of people invested in the success of these organizations expands day by day and, when it comes time to spend the resources produced by that family, these prudent institutions stay focused on their missions and dedicate their new resources into even more great art.

That joyous picture is the cycle in action.

Michael M. Kaiser is Chairman of the DeVos Institute of Arts Management at the University of Maryland. From 2001 to 2014, Kaiser served as president of the Kennedy Center, the nation's center for the performing arts, where he expanded the education and artistic programming, oversaw a major renovation effort of most of the center's theaters and led the country in arts management training. In 2001, Kaiser created the Kennedy Center Arts Management—renamed the DeVos Institute of Arts Management in 2010—to train the current and next generation of arts leaders; the Institute transitioned to the University of Maryland in 2014. Kaiser previously served as executive director of the Royal Opera House in the United Kingdom, the American Ballet Theatre (ABT), and the Alvin Ailey American Dance Theater Foundation, as well as the general manager of the Kansas City Ballet.

Before entering the arts management field, Kaiser was a management consultant in the corporate sector. Kaiser received his master's degree in management from the Massachusetts Institute of Technology's Sloan School of Management and his bachelor's degree in economics magna cum laude from Brandeis University. Kaiser has received numerous awards for his contributions, including the George Peabody Medal for Outstanding Contributions to Music in America and honorary doctorate degrees from Georgetown University and the University of Missouri-Kansas City.

He is the author of eight books: *Curtains? The Future of the Arts in America* (2015); *The Cycle: A Practical Approach to Managing Arts Organizations* (2013); *Conversation Starters: Arts Management Topics for Today* (2011); *Leading Roles: 50 Questions Every Arts Board Should Ask* (2010); *The Art of the Turnaround* (2008); *Strategic Planning in the Arts: A Practical Guide* (1995); *Developing Industry Strategies: A Practical Guide of Industry Analysis* (1983); and *Understanding the Competition: A Practical Guide of Competitive Analysis* (1981).

Brett Egan leads the Institute's team of consultants and teachers in projects on six continents, supporting organizations and executives in every arts industry on a range of short-and long-term concerns, including strategic planning, artistic planning, marketing, human resource development, and fundraising. As President of the DeVos Institute, Egan leads multiyear, capacity-building initiatives in partnership with the Ford Foundation supporting community-based organizations from Ajo, Arizona and Anchorage, Alaska to Providence and Miami; regional training intensives in such cities as Detroit, Grand Rapids, New York City, and San Jose; and long-term consultancies with private clients.

From September 2011 until December 2012, Egan served concurrently as Interim CEO of the Royal Opera House Muscat (Oman), working with local leadership to open this first-of-its-kind institution on the Arabian Peninsula. In 2013, Egan again joined the Opera House, this time to lead the Institute's team in planning support for the first library of musical arts and education on the Arabian Peninsula. From 2006 to 2009, Egan served as Executive Director of the New York-based modern dance company, Shen Wei Dance Arts, which toured an average of 22 cities per year on four continents, was a Kennedy Center resident company and principal contributor to the 2008 Olympic Opening Ceremonies in Beijing. Prior to 2006, Egan worked with a variety of cultural organizations including Lincoln Center Theater, New York Theater Workshop, the Annie Leibowitz Studio, and Santa Fe Opera.

Egan graduated magna cum laude from Harvard University with a degree in Cultural and Performance Theory. He is the co-author, with DeVos Institute Chairman Michael M. Kaiser, of *The Cycle: A Practical Approach to Managing Arts Organizations* (University Press of New England, 2013).

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