REFLECTIONS AND RECOMMENDATIONS

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Report to The Value of Presenting Advisory Committee

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CANADIAN ARTS PRESENTING ASSOCIATION
ASSOCIATION CANADIENNE DES ORGANISMES ARTISTIQUES

Contents

This report is prepared for CAPACOA and the Regional Presenting Networks that spearheaded the 2-year study on the *Value of Presenting* from 2011 to 2013.

This report includes reflections that are not included in the *Value of Presenting* study's final report. These reflections summarize the consultant's observations and conversations from the last two years of this work. They point to areas in which presenters should consider further work to strengthen the sector and its long-term position as an indispensable part of the performing arts ecosystem. It does not prioritize recommendations. That determination should be made through internal discussion by members of the presenting field.

CONTEMPORARY STRATEGY AND ORGANIZATIONAL DESIGN

The research and consultations over the past two years confirmed how wide-spread concerns about the sector's financial structure are. It is clear that the demographic changes amongst audiences and the general public continue to challenge presenters as they work to balance their priorities. The effect of the rapid rise of digital technologies, the Internet and mobile technologies has been felt in the music industry already, but it is not clear how these technologies' direct impact on other performing arts might play out. Further, organizational capabilities and the need to foster increased professionalization pose a considerable concern for some presenters.

Ultimately, most presenting organizations are organized around artistic programming and ticket sales. Few organizations have operationalized community leadership roles, even though some fulfill them and the public perceives a wide range of community benefits through performing arts presentation. When there is a public focus it tends to be more narrowly focused on artist training or arts education.

During the consultations and workshops, many of these issues have been discussed. Usually they have been described as trade-offs against artistic integrity and curatorial vision. With the following strategic framework we hope to propose another way to look at these challenges.

Strategy Framework

In every organization, no matter its size or industry, the following eight strategic levers combine in the formulation and implementation of strategic plans. To begin the exploration of strategic options, it is key to understand which of these strategies are dominant and which take an influencer and which a supporting role.

Strategy	Description
Business Definition	Focus on mandate, positioning the organization
Organization Mgmt	Focus on people, allocation and management of authority and responsibility
Financial Mgmt	Focus on sourcing, allocation and management of capital
Programming	Focus on programming and operations, services in support of delivering programming
Marketing	Focus on identifying and capturing customers / patrons; stakeholder communications
Technology	Focus on creation and use of intellectual capital/ technology
Risk	Focus on the unacceptable and mitigate it, spectrum from risk seeking to risk averse
Growth	Focus on type and rate of growth, e.g. organic vs mergers and acquisitions

I propose that the eight strategies for most presenting organizations were arranged as per Figure 1 through much of the last 40+ years. By far the dominant concern was programming with the interpretation of the organization's mandate and the sourcing and allocation of financial resources being the key influencers and the other five strategies serving to support this strategic construct.

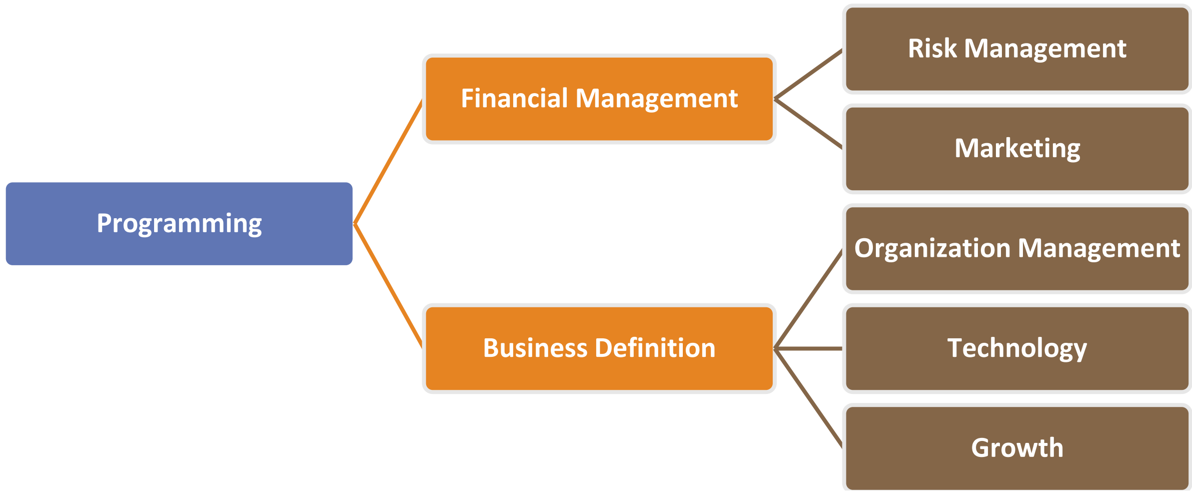

FIGURE 1 TYPICAL PRESENTING ORGANIZATION'S STRATEGIC ORIENTATION (ANNO 1985)

Indeed, given the proliferation of not-for-profit presenting organizations, it appears the desire to access specific types of funding have driven overall organizational design. Non-profit status means public funding and foundation funding can be received by presenting organizations. Charitable status means that private donations can be receipted for tax purposes.

In this vein, Pat Bradley, in her role as a panelist at the *Impact11 Symposium* suggested a rethinking of why arts organizations are structured as non-profit organizations. The suggestion was made that the primary reason for adopting a non-profit corporation structure is to become eligible for government funding, i.e. to "satisfy someone else's rules." She pointed to the costs involved in going after this funding: in administrative resources, proposals, responding to funder's priorities, and so on. Structurally, non-profit organizations must have quite elaborate administrative structures including a board of directors which must be recruited, nurtured and trained in order to be useful to the organization. Pat Bradley suggested that while government funding can be important, other ways of working and organizing may get some projects/organizations to their goal faster or more effectively. Importantly, this discussion did not suggest that public funding was unimportant. Rather, it aimed to open another avenue of contemplation in terms of how to meet specific artistic goals.

With the pressures presenters themselves see emanating from a range of external factors, much of the discussion has become focused on marketing, technology and risk. Especially the rapid and unpredictable rise of online and mobile communications technologies that have irrevocably changed how audiences behave and that has created myriad new opportunities for engagement and socializing has put pressure on presenters at a time when their long-time audiences are aging rapidly and are not being replaced necessarily at the rate required to sustain the old model. At times, it may have felt that programming, the *raison d'être* of the performing arts sector, has been usurped by some of these pressures. Rather, I propose that the unfolding challenges force a shifting in terms of the influencer and supporting strategies. When the influencing strategies shift, the primary one invariably shifts in some ways as well, but by no means is its supremacy in question.

Contemporary marketing and organization management are two areas that might well have to move to the forefront much more strongly than appears often the case today.

FIGURE 2 PROPOSED NEW CONFIGURATION OF STRATEGIES IN 2013 ONWARDS

Another alternative strategic outlook, shows technology to an influencer strategy. In this configuration financial management moves to an enabling strategy, rather than a key influencer one. That shift suggests that financial structures would be designed to meet the core strategy and influencer strategies rather than drive them. It also suggests a rethinking of the distribution model and related revenue streams.

Importantly, all eight strategies are important; this discussion centres on what drives an organization and how the influencers and enablers are arranged with particular focal points and goals in mind.

FIGURE 3 OPTION FOR FUTURE STRATEGIC ORIENTATION

Reconfiguring how the driving strategy lever, programming, is influenced and supported creates quite different organizations.

I do not expect that one solution will suite all presenting organizations uniformly. However, it appears clear that organizational design has to be reconsidered from the ground up to ensure relevance and sustainability in this rapidly changing world.

Recommended action: Foster capacity for change

The presenting model is likely to be under increasing pressure as demographics evolve and mobile technologies become ubiquitous.

Presenters should proactively re-consider their strategic orientation and how that orientation is connecting them to their markets and to their communities.

Presenting networks can take a lead role in providing the professional development needed to explore these intertwined issues and concerns and advance strategic level solutions that are applicable in individual organizations as well as to the sector.

Recommended action: Run it like a business

Notwithstanding that many arts organizations do not consider themselves as being ‘in business’, they are: many are incorporated not-for-profits that mirror commercial corporate structures. They may have a public service mandate, and may not have a profit motive, and yet without putting on performances that generate sufficient box office receipts it is unclear how they would be viable and continue to keep their doors open.

Embracing a public mandate does not assure relevance or survival by itself. Governance structures and senior arts leaders would be well served to examine their organizations with hard business model metrics in mind. They should work to close any gaps between what the mandate and mission states and how they operate in their communities.

What will it take to adopt the best in business practices, marketing practices and community leadership practices? This question should be discussed in the field so that sustainable organizations with well-defined market and community support can carry forward their work.

BUILDING MEANINGFUL STATISTICAL FRAMEWORKS

The best possible information should underlie strategic, sector-wide action. Yet, the presenting sector deals with incomplete information in several areas.

Attendance

The *Value of Presenting* as well as Statistics Canada's *General Social Survey* found Canadians reported attendance at live performing arts at such high rates that presenters initially met these figures with disbelief.

Audience development has preoccupied presenters precisely because they have been experiencing dwindling audiences, aging audiences or niche audiences.

Canadians self-reported attendance may be inflated, even though the *Value of Presenting* online-phone hybrid eliminates much of the social desirability factor often prevalent in interviewer-led phone surveys. However, there is no evidence to think any inflation of self-reported attendance would have changed over the five waves of the GSS surveys, so that the net result of increased attendance measured in 2010 and 2011 remains. Importantly, Statistics Canada reported performing arts companies' revenue and expenses[1] and found an increase in revenue between 2007 and 2010 of about 28%. This suggests that a rise in attendance not only ticket prices might be at play.

Another more concerning interpretation would be that presenters are increasingly being avoided in favour of producers presenting their own shows. If this, indeed, was part of the explanation, then presenters must consider how essential they are today in connecting artists and audiences. Or to what degree cost-structures within the ecosystem are threatening the role of the presenter.

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[1] http://www.statcan.gc.ca/daily-quotidien/120326/dq120326f-eng.htm - data relates to producers

Notwithstanding the reconciliation of these two facts presented in our final report, this area requires much more work in order to understand:

- how Canadians attend, participate in or consume the performing arts
- whether and how ecosystem cost structures drive new behaviours within the ecosystem
- how to effectively position presenters

Recommended actions: Common statistical framework

Presenters across Canada would benefit by developing a Canada-wide statistical framework that collects a variety of industry information, including attendance. Quebec already has a provincial cultural statistical framework. Orchestras Canada is another example of an entity that collects and shares back benchmark industry information from Canadian Orchestras. Other initiatives may exist that can be leveraged into the development of a single cohesive Canadian tracking system.

There are several measures of attendance that are particularly relevant to understand the dynamics in the market place and in communities include:

- Paid attendance (this will count a single person every time they attend a performance)
- Total attendance which includes all complimentary tickets
- Unique annual attendance (this will count each person only once, regardless of how often they attend)
- Unique annual attendance by art form (this counts each art form separately, so that individuals attending several art forms will be counted each time)
- Ticket sales revenue
- Number of shows and how often they are performed
- Paid attendance as a percentage of capacity

- Total attendance as a percentage of the geographic catchment area of the presenter
- Other industry information, from human resources, to venue, to assets

This information should be collected by discipline to enable specific analysis.

Cultural Statistics Program

This Statistics Canada program will change as part of government budget cuts announced in 2012. It has been announced that the surveys on government expenditures on culture will be discontinued. Information on culture will be available through the Labour Force Survey, the Census and some service industries' surveys.

Given these cuts, we cannot expect that any shortcomings of Statistics Canada's framework for measurement of the presenting field will be addressed. These shortcomings in my view include:

- Statistics Canada's Business Register classifies presenters under three different NAICS codes (711311 Live Theatre and Other Performing Arts Presenters with facilities; 711321 Performing Arts Presenters without Facilities; 711322 Festivals without facilities). These three categories are amalgamated with *Promoters (Presenters) of Performing Arts, Sports and Similar Events.* They include both performing arts and non-performing arts organizations.
- Statistics Canada produces a survey for *Spectator Sports, Event Promoters, Artists and Related Industries*. However, data for some relevant information – s*ales and revenues, admissions to live performing arts performances, fairs and festivals* – is suppressed to meet the confidentiality requirements of the Statistics Act.

- Statistics for performing arts producing companies are collected and published. However, they do not include most presenters.
- Statistics Canada classifies organizations by their primary business activity, which means that organizations with a different primary mandate are likely not captured.
- The fluidity of activities within the presenting field is not captured, for instance, some theatre companies also present festivals, festivals also present year-round programming, artist-presenters who act as presenters for themselves and at times other artists are not captured in presenting statistics due to sub-optimal classification.
- Volunteer presenters, a considerable part of the presenting field, and others that may not constitute an organization in any conventional way are unlikely to be captured in Statistics Canada data at all.

Recommended actions: Mapping of sector

As a result of this project, CAPACOA is already working on mapping all entities across Canada engaged in presenting performing arts. In essence, there is no complete, regularly updated contact list of all organizations and individuals who present live performing arts regardless of their primary business activity.

The field should decide who is a presenter, taking as broad a view as possible, and take actions to begin collecting vital industry information.

Similarly, performing and touring activities by artists and companies should be tracked and made available to the sector. In this way, a complete picture could be drawn of the impact of the sector within the performing arts ecosystem as well as in communities.

A second step requires establishing meaningful definitions for various purposes, including collection of statistics and surveying.

Creating a comprehensive map of the presenting field will go a long way toward reconciling Canadians' self-reported attendance with verified actual attendance at events across the country.

There is significant opportunity for advocacy and public relations work to quantify the contributions made by all presenters. Knowing the complete universe also enables greater cohesion in terms of sector wide action. While professionalization of the presenting field has been a priority, it is clear that presenters exist in a multitude of environments.

ROLE IN THE COMMUNITY

We have gathered powerful data and evidence of the tremendous benefits of performing arts on many dimensions of the lives of individuals and communities.

There has been great hesitation evident in presentations and workshops over the last two years related to embracing the presenter's community leadership role. At times this seems to stem for a degree of uncertainty on how these profound benefits result from the presenter's work. That means presenters do not feel they work to make these benefits happen, but rather that these benefits are a by-product of their core artistic activity.

Without a doubt primary functions of presenting relate to the artistic expertise needed to develop programming and to connect artists and audiences. The business acumen needed to operate in a relatively complex ecosystem, ranging from organizational strategy, financial management, human resources and venue operations is considerable. These competencies can be shared among several people in large organizations, while they can be concentrated in a single individual in smaller organizations.

The far-reaching benefits of attendance of performing arts on the health and well-being of Canadians confirm that presenters' impact reaches beyond the already identified arts-specific skills. As such the *Value of Presenting* study has identified two areas that are part of many presenters' work but that are not currently included in the CHRC's Competency Profile:

- Skills and expertise in partnership building and collaboration not only within the arts sector but with non-arts partners ranging from health to social services to security.
- Skills in community leadership and in community building; that is skills that reach beyond the performing arts.

Recommended actions: Competencies and professional development

Given the pervasiveness of activities in these areas, thought should be given to updating the Competency profile to reflect this important expertise and skill. Doing so, would help develop professional development or educational programming to help presenters acquire these skills with the same rigour they do other arts management skills. This would also set a trajectory of the presenter function toward being recognized as being a valued community leader, rather than merely a ticket seller or venue operator.

In essence, presenters - along with other members of the arts and culture sector - should be at the table when communities, provinces and the nation discuss their future priorities and make long-term plans for social, civic, cultural and economic development.

To be invited requires pro-active effort and active positioning of the full skill set.

A third area of skill to consider reflecting in the Competency Profile relates to the use of technology, and in particular digital or mobile technologies for the future dissemination of performing arts. It is discussed in more detail below.

Recommended actions: Awareness raising

Continue efforts to raise awareness of the role and benefits of presenting: We have found that presenters themselves are not seen as community leaders by the public to the most part. In fact, the public has little idea about what a presenter is or what a presenter contributes.

Importantly, the public only gets invested in things that matter to them. As such, it will be crucial in awareness raising that presenters speak the language of the public at large and address how they improve the lives of Canadians <u>through</u> their work.

DEMOGRAPHY AND ACCESS

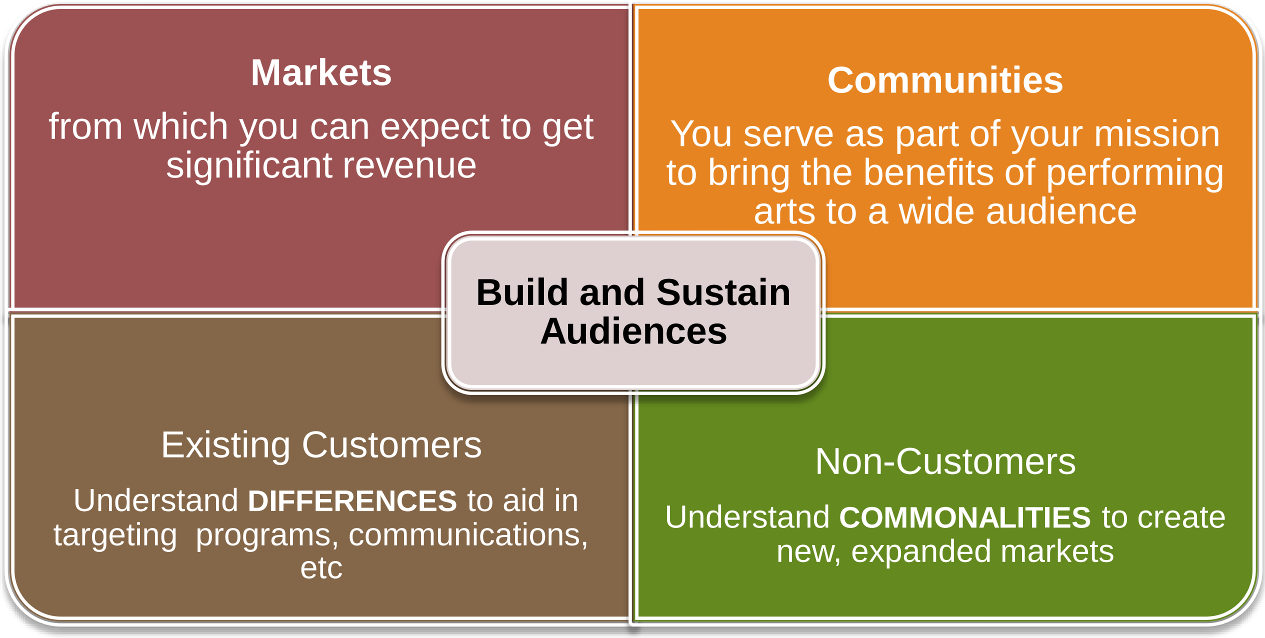
Tremendous demographic change is upon us. Presenters have the opportunity to expand their adult market from a 40-year horizon in 1971 to a 60-year horizon by 2031. That means the sector could enjoy even longer-term relationships with audiences. And it challenges presenters to learn how to address effectively the more diverse and larger number of generations within their audience.

Recommended action: Know your community; know your market

Presenters should be experts at understanding their local demographics and how to respond to a changing community through programming, marketing, community relations and any other tools at their disposal. This goes beyond the old ways of viewing demographic change as a problem – it happens regardless – to new ways of connecting with audiences and publics.

Presenters should review their organizations in light of these changes and develop new strategies and organize themselves to adapt to these new and persistent demographic realities while keeping their ultimate goals at the forefront of consideration.

This graphic proposes a way to consider audiences from the perspective of markets (= revenue) and communities (=mandate). Additionally, in terms of markets, it is useful to understand segmentation not only of existing customers, but also in terms of the commonalities among non-customers that can be leveraged to increase market potential.



Recommended action: Access for seniors

With a generally aging population, it should be expected that many will increasingly deal with age-related changes in abilities. That means now is the time to consider what access to performing arts facilities will mean when close to 1 in 4 audience members will be over 65 years of age with many over 75 years old. (Technologically-enabled access is discussed under technology.)

Recommended action: Partnerships with Aboriginal peoples

Considering the fractured relationship between Aboriginal peoples and Canada, it stands to reason that the performing arts could make a meaningful contribution to reconciliation, healing and moving forward by continuing to build mutually beneficial and respectful relationships. Depending on the specific community they work in, presenters may have profound opportunities to forge such relationships.

A common perception among Aboriginal artists is the lack of spaces to present their work. Forms of expression are culturally based. Aboriginal cultures are usually participatory in nature. Presenters can evolve ways to better modify spaces to allow for a multitude of such artistic expression and performance. Considering the rapid growth of this population, some presenters are likely to have considerable new opportunities by forging new, mutually beneficial partnerships.

Recommended action: Partnering with Immigrants

Considering the shift in immigration patterns, consideration should be given about how to better integrate multiple rich artistic traditions in new ways.

For instance, regardless of this population diversification, the supply of Canadian performing arts is still largely based on the European tradition. Moreover, the way these artists are presented is also based on these traditions: with audiences expected to sit quietly, to listen attentively but passively, to clap only when invited. Just like asking this of Aboriginal peoples fails, asking it of audiences from Haiti or from Cameroon is bound to fail. Many cultures have a strong tradition of audience participation; many do not create an artificial divide between the stage and audience.

Presenters and presenting networks should explore, what changes might be needed to programming and formats and what changes might be needed to marketing and outreach activities to effectively engage new and recent immigrants in the performing arts.

Additionally, the performing arts have the proven capacity to engender a wide range of benefits for the community at large. This knowledge could be used to create understanding between people from different cultural backgrounds and to foster socially cohesive, diverse communities.

Immigrant artists, like Aboriginal artists, have reported difficulty in gaining access to presenting spaces. New approaches to programming and to partnership building can make a large difference to artists and presenters as well as the communities in which they work.

DIGITAL, ONLINE AND MOBILE TECHNOLOGIES

The rise of digital technologies, the Internet and mobile communications have been felt deeply in the music industry. In short, since the late 1990s the power in the industry has moved toward online distributors and toward musicians and fans themselves. The intermediaries, i.e. labels, have lost much of their former position of power and control. Moreover, while the industry fought lawsuits, the opportunities of emerging technologies were harnessed by individuals and organization outside the traditional music industry. Furthermore, the industry has struggled to redesign revenue streams in order to sustain the music business.

How technologies will ultimately impact other performing arts like opera, dance or theatre is not clear. Generally, presenters have left this new playing field to artists and producers that have been experimenting with digital delivery of live performance experiences. The traditional presenter appears not needed in this scenario.

Recommended action: Embrace online and mobile distribution

Patrons are already taking photos and making private recordings for Facebook or YouTube postings at music festivals. As mobile technologies improve rapidly, these kinds of trends should be expected in theatre, dance and other art forms.

Rather than wait for someone else to develop the requisite platforms, or to let patrons take charge, the presenting field should develop suitable sharing platforms and develop a new business model for it.

Recommended action: Strike a cross-functional working group

This working group – comprised of presenters, unions, producers, venues, technology leaders, digital developers, online business leaders – should be constituted with a strong mandate and sector-funding to explore:

- How to remove barriers to rapid adoption of content re-purposing and digital media applications such as union contracts or producers rights.
- How to gain the requisite knowledge and know-how in emerging mobile technologies
- How to launch a collaborative pilot as a proof of concept to capture and distribution of live performance for market distribution
- How to stake its claim in this emerging mobile streaming world and build new business models to support digital distribution of a full range of performing arts for the benefits of the performing arts ecosystem?
- How to extend access to live performance to increasing number of Canadians not able to physically attend shows.

REDEFINING COMPETITION

Many times, workshop participants reverted to a language of competition between arts organizations to explain their difficulties. Yet, the fact is that the performing arts are not a zero sum industry, where a finite market is divided up between various players. It actually accumulates: those who attend performances are most likely to attend more. This makes arts organizations complementary to each other not competitive.

This notion supports the view that seeking partnerships within the arts for a variety of purposes including building audiences together is a powerful avenue to create benefits for all partners.

The True Competition

In my view, those unrelated industries that offer value propositions similar to the benefits identified by Canadians are the true competition for presenters and the live performing arts in general. The top individual benefits of attendance Canadian identify include entertainment and fun, stimulating experiences (intellectually, emotionally, spiritually), learning/experiencing something new, exposure to different cultures, socializing.

There are a number of sectors that come to mind when considering this competitive landscape.

COMPETITORS	Industry Value Proposition	Arts – Competitive positioning
Movie theatres	Great stories, star-powered, escape to the movies, big sound, big screen, pop culture	Real stories – live action Connect with the stars Co-create theatre
Home entertainment	Great stories, high quality in comfort of your own home and sound system. Anytime entertainment.	Live action, real stories, your Magnetic North.
Spectator sports	Entertainment, action, tribal connection, heroes, victory. Community engagement.	Up close and personal with the stars. Backstage tours, encounters, participation. Audience as hero.
Spas	Pamper yourself. Wellness, stress reduction, spiritual connection, body connection	Escape to the theatre. Refresh your mind, body and spirit. Rejuvenate your senses.
Cosmetic treatment	Improve self-image, de-stress, fulfillment	Come as you are – and be changed forever
Restaurants	Friends. Food. Social. In crowd.	Socialize. Social capital. Vibrant and energetic. Arts vibe.
Video games, Xbox, PSP, WII	Action. Heroes. Play. Relaxation.	Amazing sound, real stories, live action. Be in the middle of the scene.

Recommended action: Define your competitive value proposition

These insights should rise to the foreground as brands and audience-facing key messages are developed and marketing executions are designed. Marketing channels themselves will need to evolve to meet the demands of a much more savvy market and community.

EXPERIENCE DESIGN

The presenter can be at the heart of a great performing arts experience as much as the act on stage. To achieve this, all aspects of the audience experience have to be considered holistically as part of a single continuum from the perspective of the audience.

This graphic represents key elements of the experience design. All have the power to make or break the audience experience, put up barriers to attendance or enhance the experience and make it more memorable.

By applying end-to-end design thinking including all the ways in which audience members can amplify a presenter's message and reach out among their networks, presenters can take on a significant leading role in the industry and in the community.

Recommended action: Brand-first relationship building

This approach makes clear that the brand is more than a logo; it is the presenter's way of being and interacting in the world.

Pricing and packaging are aspects that are often taken for granted due to a belief that the arts do not suffer from sticker shock; that if someone really wants to see a show they make it happen. Well, price elasticity is real in the arts, too. The higher the price, the fewer people will consider attending. Therefore, considerations should be given to how to price shows that are not expected to sell out at a given price point or that are not selling out despite expectations of that.

A fundamental question might be: is it better to have 50% capacity sold at $45; or 90% capacity at $30. In a theatre seating 400, the difference in revenue is $1,800 in the positive despite a 30% reduction in price. Another equally fundamental question might be: if I believe the paying audience for a show is a maximum of 50% capacity sold, how can I make the best use of the remaining tickets and ensure a full house? In that case, community outreach, targeted and purposeful community engagement could be the answer, especially if it brings people to the theatre who might otherwise not attend. Such use does not have to be free, but it could be offered at a strongly reduced rate in order to ensure that a value exchange takes place.

Presenters may need to shift their thinking about their audiences to a much more nuanced understanding of the role price and the offer plays in their specific attendance patterns

Brand-first marketing, rather than last minute pushes to place tickets provides the best avenue to remedy these types of issues effectively.

Recommended Action: Secondary market

The secondary market is the flip-side of the price and packaging discussion. It is a factor that at times is pushing presenters toward higher pricing: if tickets are priced lower than some part of the market will bear, presenters run the risk of having resellers scalp tickets.

With online technology advancing and strong search engine marketing skills, resellers may increasingly offer tickets that they haven’t even yet bought, thereby expanding scalping to ever smaller presenters.

Presenters should consider how to balance this issue with issues of providing access through varied price points within a hall.

One example of working on these market issues are experiments with demand-based pricing.