

**Hartford Foundation for Public Giving
Evaluation of the
Arts Marketing Initiative**

Summary Report

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Evaluation of the Hartford Foundation for Public Giving's 1999-2004 Arts Marketing Initiative Summary Report

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Executive Summary

The Arts Marketing Initiative The Hartford Foundation for Public Giving (the Foundation) launched the Arts Marketing Initiative in 1998 after an assessment of arts leaders cited marketing as their greatest need¹. In 2002 the Foundation's Board extended the initial three-year program through 2004. Eight greater Hartford arts organizations and their constituents benefited from the program. The Foundation invested \$2.49 million in the program over six years².

Bottom line The Arts Marketing Initiative was successful and is worth adapting for additional arts organizations or other Foundation constituents. The Initiative was intended to build marketing capacity (e.g., strengthen performance and impact³) through marketing planning and implementation. The five organizations completing the Initiative reported better results than the three that did not complete the program. Participating arts organizations did increase earned and contributed revenues and improve their ratio of earned and contributed revenues as intended. We can observe trends, though most participating arts organizations experienced significant annual variations, up and down, in income from all sources throughout the period. Results were mixed for audience development. Representative leaders all believed the program helped their organizations achieve increased capacity for marketing.

Environmental forces and leadership were even more significant in determining organizational success than the Initiative interventions. Not all participating organizations

¹ An ArtsMarket consultant conducted roundtable meetings of cultural executives.

² Including: \$2,125,000 in direct grant support, \$355,000 in consultants' fees, and \$14,000 in administrative expenses. On average, the Foundation invested nearly \$416,000 per year or about \$52,000 for each organization per year.

³ The Conservation Company defined capacity building as "any activity that strengthens nonprofit performance and impact." The Urban Institute defined capacity building as "...strengthening nonprofits so they can better achieve their mission."

succeeded. Significant reductions in fund balance indicated serious problems for three organizations, none of which completed the Initiative.

This comprehensive capacity-building program featured *regular professional instruction, individual on-site assistance, marketing planning, peer learning, attention to results, and funding to implement marketing plans* of up to \$150,000 each for the first phase (three years) and up to \$105,000 for the second phase (three years). To successfully complete the program, organizations conducted an initial marketing assessment, developed a marketing plan, participated in training and one-on-one coaching, met benchmark targets, and submitted a final marketing plan for the post-Initiative period. Many participating organizations also used the Foundation's Nonprofit Support Program for assessment and training, consulting, and assistance with financial and technological systems.

Initiative goals The Initiative responded to the highest priority needs determined through a formal needs assessment for "...developing marketing skills with the key goals of increasing individual and community participation in the arts...; increasing revenues; improving balance between earned and contributed income; ...increasing attendance...and 'institutionalization of the marketing function within each organization..."⁴ The phase two goal of the Arts Marketing Initiative evolved to "build their capacity and sustainability."

Methods Craig Dreeszen worked with Foundation staff and the lead Initiative consultant and reviewed her annual reports, including frequent formative evaluations. He interviewed fifteen participating arts leaders. He analyzed 990 IRS statements for participating and comparable organizations, and reviewed Foundation and Greater Hartford Arts Council grant data. Data are synthesized here as a summative evaluation. Except where noted, analysis excludes one participating organization, for which comparable data are not available after its merger.

Graduation rate Five arts organizations entered the program in 1999 and three more entered in 2000. One organization subsequently ceased operating as an independent organization and merged with a larger agency and another struggled through leadership changes. All of the other participating organizations were accepted into the second phase. All but one of the Phase II participants completed the program.

Participating and comparable groups defined This evaluation focused on the eight organizations selected into the program. While the program was not set up experimentally, there are two groups of comparable organizations, which may serve as defacto control groups: eight finalists (similar arts organizations considered but not accepted into the Initiative) and eight major institutions (Hartford's largest cultural organizations, not targeted with this program). Note that a true control group would be very similar to the participating group to isolate program interventions as the sole variable. These non-participating groups differ enough so this cannot be considered a rigorous comparison or verifiable experiment. Comparisons are useful, but approximate.

⁴ O'Meara update memo to Foundation Board of Directors, January 28, 2002

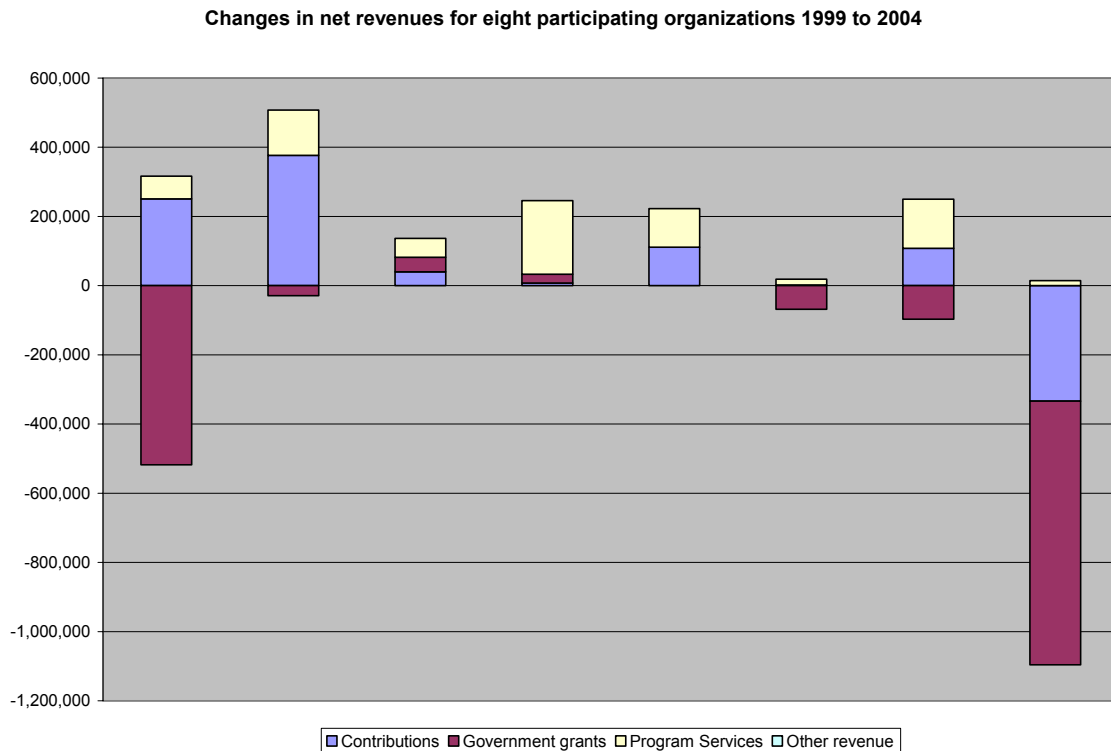
Results

Did contributed revenues increase? *Yes. All participating organizations increased contributed income except the organization that ceased operations as an independent nonprofit. Gains came mostly from individual donors offsetting significant losses in public funding, as all but two organizations experienced a significant loss in government grants.*

All but two participating organizations' budgets also increased. Two of the Initiatives' mid-sized organizations moved up in the Greater Hartford Arts Council (GHAC) funding system from mid-sized Tier B to major Tier A organizations, with budgets exceeding \$1 million.

Did earned revenue increase? *Yes. Participating organizations increased earned revenue from programs, using the fiscal year ending in 1999 as the baseline and 2004 as the end. Changes varied from 2% to 100%. There was one exception.*

The chart below illustrates changes in revenues from contributions, grants, and program services from 1999 to 2004: Net gains are shown with bars above, and losses with bars below the zero base line.



Ratio of earned to contributed revenue *All participating organizations⁵ shifted their balance of earned and contributed revenue appropriately. For most, the ratio varied*

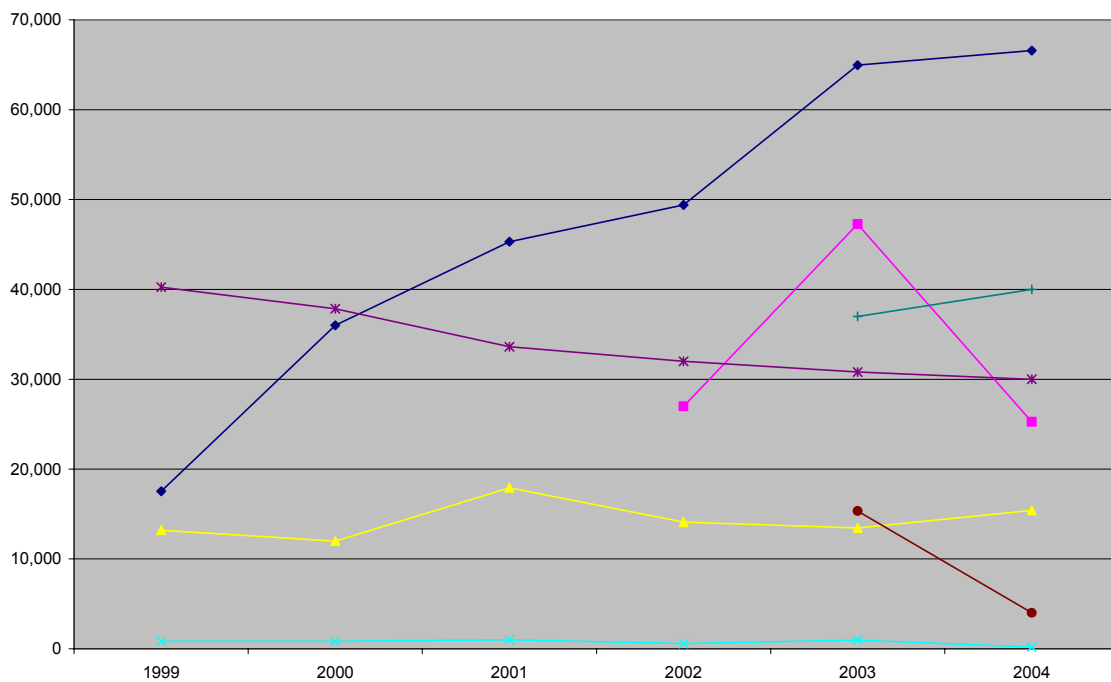
⁵ This analysis excludes one organization for which we have no comparable data.

annually, but the trend indicated a better balance for their situation. Most increased the proportion of earned revenue compared with contributions.

Fund balances *Half the organizations increased and half decreased their fund balances over the Initiative period. For four organizations, changes in fund balance were not significant. One increased significantly. Significant reductions in fund balance indicate problems for three organizations; none of these three completed the Initiative.*

Did audiences increase? *Yes, no, and maybe. Attendance results are mixed. It appears that attendance grew for three, declined for three, and stayed nearly level for one⁶. Declining audiences were reported in two organizations not completing the Initiative. Audiences also declined for one organization, which focused on strengthening relations with existing audiences rather than growing new audiences⁷. One organization reported impressive gains in audience and another cited dramatic losses. However, some audience data reports to funders and IRS are inconsistent. Therefore, conclusions about audience growth must be tentative.*

Attendance trends for eight participating organizations



Audience trends in comparable organizations To find comparable audience data, we used Greater Hartford Arts Council reports for 2003-2005. In that period, Arts Marketing Initiative organizations increased audiences better than most major arts organizations in Hartford. However, Initiative organizations did not increase audiences as well as most

⁶ We have no data for one organization, which dropped out of the program and merged.

⁷ This organization's staff learned to track audiences more rigorously through the Initiative, so some reported audience decline may reflect increased accuracy in recent years.

finalist organizations⁸. Finalist organizations, except one, are smaller in budget and audiences. Six Initiative participants funded by GHAC averaged an 11% audience loss (all losses from two organizations). Major, non-Initiative institutions in the same period on average, lost 29% of their audiences (including one organization, which closed). Finalists, mostly smaller organizations that did not participate in the Initiative, lost just 2% in the same period.

Survivals One participating arts organization and two from the comparable group ceased operations during the Initiative years. Most Hartford area arts organizations survived. Even the organization which merged continues as an historic building managed by the larger organization.

Overall capacity Judging by trends in their fund balances, the five organizations that completed the Initiative were in relatively good financial condition in 2005. Two, not completing the Initiative were less stable. One merged with another agency.

Comparative capacity Arts Marketing Initiative participants increased earned and contributed revenue better than most comparable, non-participating organizations (finalists and majors), however, one finalist did well. In the comparable group of finalists not accepted into the Initiative, one organization ceased operations, three may be in precarious financial position, and three seem relatively more stable. We did not analyze the capacity of the majors, but one ceased operations in the study period and GHAC staff report at least two major organizations are fiscally precarious.

Interviewee perceptions All fifteen interviewees reported positive experiences. Each believed that his or her organization had improved its capacity through marketing and that they had grown professionally. Each said that many of his or her capacity-building objectives for their organization had been met.

All reported the economy influenced their operations. The 2001 attacks and subsequent economic slump changed everything. Most participant organizations were hit three ways: significant cuts in government grants, reduced or cancelled corporate contributions or sponsorships, and reduced ability of audiences to pay. Meanwhile, costs increased, especially for insurance and energy. Interviewees reported that arts participation in the Hartford market was declining for most arts presenters. Usual forces like aging audiences were exacerbated by increased competition for entertainment spending.

Leadership changes and staff turnover were significant factors for many of the participating organizations. While some reported their boards were supportive, others said their boards either did not understand the Arts Marketing Initiative or would not help.

All interviewees reported that their organizations significantly changed how they approached marketing and had integrated marketing as a way of working. Organizational

⁸ Finalist organizations were comparable arts groups, not accepted into the Initiative, which serve as a defacto control group.

cultures shifted to a marketing mindset that persisted even in most of the organizations whose Initiative-trained personnel left for new jobs.

Interviews indicate that the arts leaders understood the importance of an audience orientation and cultivating relationships with constituents; appreciated the links between programs, marketing, and development; were continuing to use market research; and were evaluating the costs and benefits of marketing and adjusting tactics accordingly. All reported that their marketing materials and web sites were much improved as was their capacity to track audiences and donors.

All credited the program with increasing their own and their staffs' professional development. This was very important for nearly all interviewees.

Interviewees consistently cited four elements of the Initiative as most helpful: peer learning; professional instruction and coaching; funding; and multi-year support. These worked together. All were grateful to the Foundation for the opportunity to participate.

Most could think of no changes for future initiatives. The few suggestions primarily related to the training. Some found it difficult to sustain the interest of their boards with training in the staff-driven function of marketing. Several participants wished for better ways to accommodate new people who enter the program after it is underway. High turnover worked against a cohort of learners moving together from basic to more advanced learning. Some wished for different modes of learning.

Lessons learned

1. **The Arts Marketing Initiative definitely worked to enhance capacity of most participating organizations.** If we accept that increased revenue and audiences are good indicators of increased capacity, then five of eight participating organizations increased their capacity as Initiative planners intended. Earned and contributed revenue increased for all but one organization compared with the baseline year of 1999. Revenues went up and down for most participants, though the overall trend was positive. Most participating organizations did better than most comparable Hartford area arts organizations. However, some comparable organizations outside the Initiative did as well and at least two participating organizations remain financially vulnerable.
2. **External economic forces and internal leadership changes were larger factors than the Initiative in determining sustainability.** Stability has become relative. After 2001, the economy dropped, corporations reduced funding, public agencies reduced grants, costs went up, and audiences became less able to buy tickets and less likely to subscribe. The Initiative certainly helped buffer participating organizations from these environmental stresses, but Foundation funding and support could not prevent failure. Of the eight Initiative organizations, five are currently doing well, two are struggling, and one merged with a larger organization. The interviewed

participants clearly attribute their organizations' increased capacity and their professional development directly to the Initiative.

3. **Leadership turnover is inevitable.** Changes in executive directors and board leadership made a profound difference to enhance or diminish the organizations' capacity. Four organizations replaced executive directors during the Initiative. Two organization directors cited board leadership changes as critical problems. Junior staff cited a desire for professional advancement and increased compensation and benefits. All but one of the junior staff hired and trained during the Initiative moved on, most to larger arts organizations within the Hartford arts community, providing increased capacity for some major institutions.
4. **The design of multiple-year funding, professional education, peer learning, ongoing evaluation, and coaching was effective.** The Initiative was based on arts leaders' expressed need for help with marketing. The program's individual elements worked well together. The program included: participant selection based on assessed readiness; peer exchanges; multiple year commitments by all; comprehensive training; one-on-one assistance; regular formative evaluation, and adequate funding to implement marketing plans. Commissioned market research, while not part of the original design, became an important resource through a cooperative agreement among the arts leaders. The lead Foundation staff, Sharon O'Meara, observed that the agreement to jointly fund research was a turning point to create a peer network.

Participating organizations took good advantage of the Foundation's Nonprofit Support Program. Consulting help, technology upgrades, financial assessments, and training enhanced the impact of the Arts Marketing Initiative. An unintended benefit was that organization leaders became more familiar with Foundation staff and programs and vice versa. Relationships were strengthened.

5. **Organizations and their leaders' experience, education, learning needs, and capacity varied.** The Initiative carefully limited the Initiative to small and mid-sized arts organizations and assessed readiness through an intake assessment. Nevertheless, experience, education levels, needs and capacity for learning varied widely. The learners had high school diplomas, Ph.D.s, and everything in between. Individuals' learning styles varied too. Some relished the blend of theory and practice that was "just like graduate school." Others struggled with abstractions and wanted simple, practical tools they could apply to immediate problems. While they were all understaffed, the larger organizations could devote more staff time to training and assignments without unduly disrupting other operations. A few said the training and homework assignments were more time intensive than they had anticipated. Some more experienced leaders wanted to move to more advanced issues. Some liked big ideas. Others valued detailed how-to tips. Frequent staff turnover made it even more difficult to move a cohort of students through a sequential curriculum.

6. **Selection of participants was important.** The Initiative targeted small and mid-sized arts organizations. These evaluation findings support the Foundation’s decision to focus on this scale. Participants were selected and finalists rejected based on readiness defined with a set of selection criteria.
7. **Continuous evaluation and flexibility are necessary.** Foundation staff and board, the consultant, and participants regularly evaluated progress and adjusted the program. A multi-year program, especially in a fast-changing environment, needs ongoing adjustments in consultation with those affected.

Evaluator’s Recommendations

1. **This is an exemplary program that could be successfully replicated. The multiple-year program blending funding, professional assistance, and peer learning works well.** Most other capacity programs focus on one element: grants, training, or consulting. This more comprehensive program could be successfully repeated with a new cohort of mid-sized arts organizations or with another nonprofit sector. Other foundations or public agencies could apply the model.

The program would not likely be as effective for smaller organizations, without staff capacity to focus on the necessary developmental work. A less intensive program could be designed for smaller organizations. A simple incentive of funding to implement planned improvements is a very good model that could be scaled up or down.

The evaluation data do not provide the basis to determine if the program would work with major institutions. Certainly, capacity building programs with similar elements have been used in other areas. Assuming more experienced staff in the larger institutions, advanced instruction would be required. It would take a sizeable investment to apply a similar program and make a significant difference with the larger cultural institutions of Hartford.

2. **If capacity building is the goal, address both management and governance development.** The Initiative focused at first on marketing instruction and planning to increase audiences and revenues. This responded to priorities described by mid-sized arts leaders. The program shifted, as the world changed in 2001, to sustain and institutionalize increases in marketing capacity in the face of increased economic stress. Sustained capacity became a priority.

Had the Initiative been designed from the start to increase overall capacity, a focal topic that blended management and governance, like funds development, may have been even more effective. The program did include six fundraising workshops. Or the Initiative might have taken a more comprehensive approach to learn and apply planning, board development, marketing, and fundraising. The program’s title, “Arts Marketing Initiative,” may have led board members and CEOs to think of the

program too narrowly as a marketing staff function. Ms. Chen-Courtin, the Initiative's lead trainer and consultant, taught more broadly to develop an organizational culture that fosters audience engagement and retention and the cultivation of donors. Chen-Courtin and interviewees agreed the Initiative considered programming, marketing, development, personnel, and information systems as interrelated.

Capacity, like marketing, is all about relationships. However, marketing is primarily a management function within the responsibility of staff. Some board members were actively engaged in the Initiative. However, governing board members are typically not much involved in the practice of marketing. Most board members did not seem to sustain their interest in the Initiative. Capacity-building literature affirms that effective board governance is critical to organizations' capacity.

3. **Be ready to adjust the program and design often.** With board approval, Sharon O'Meara and Dorothy Chen-Courtin recommended substantial changes to the program, based on continual evaluation of the Initiative and monitoring of the environment. They kept senior Foundation staff and board members informed with regular reports and requests for approval of major changes. Chen-Courtin and her guest instructors also worked hard to accommodate the differing needs and experiences of their participants. They offered workshops requested by participants. The workshop structure, instructors, pedagogy, timing, and mix of participants might also change as the program proceeds.

Consider more individualized learning plans. Since learning styles, needs, and capacity are so varied, individualized learning plans that allow more choice may increase motivation and learning. Some continuing professional education programs employ learning contracts that clarify learning objectives, methods, expectations, and commitment. This may also address some participants' concern that they were unprepared for the time required for learning and planning.

After reviewing a draft of this report, Sharon O'Meara observed, "...we should have given participants more choice in learning. For example, selecting a number of workshops as a minimum rather than making attendance mandatory. Also, I think that we should not have tied funding so closely to participation in the second phase for all organizations. We should have based this on progress to date and responded differently to each organization." These are good suggestions.

4. **Consider a team of experts.** Chen-Courtin was a very good choice to lead the Initiative, especially because it was focused on marketing. For many, she was the primary reason the program worked well. She also brought in guest presenters. If the Initiative were replicated as a more comprehensive capacity-building program, consider a leadership team including a fundraiser and governance expert so that expertise could best match to each group's most compelling capacity needs. A team would also provide different approaches to teaching and group facilitation to help balance differing learning styles of participants. This could increase costs so

alternatives like local practitioners may complement the professional consultants.

5. **Capacity building requires a comprehensive approach.** The Arts Marketing Initiative worked because it was comprehensive. The Initiative featured funding, training, coaching, peer learning, and attention to results. Additionally, participants had access to the Foundation's Nonprofit Support Program's training, consulting, and funding for technology. Future initiatives should also take a comprehensive approach tapping multiple resources within the Foundation and community.

The Greater Hartford Arts Council provided funding for operating support to all but one participant. The Arts Council also helped with visibility and marketing. One participant suggested that more coordination with the Arts Council may have linked the Initiative more explicitly with other marketing initiatives locally, regionally, and nationally.

The Foundation and Arts Council have distinct roles. They also have overlapping interests and common constituents. The Arts Council provides ongoing general operating grants and the Foundation provides primarily project and other limited-term grants. The Foundation also provides nonprofit management training and assistance. For the duration of the Arts Marketing Initiative at least, both organization shared a concern for arts marketing. Both agencies also share a commitment to capacity building for cultural organizations. Planners of future initiatives should explicitly coordinate what each agency will undertake, as the Foundation and Arts Council are now doing, as they consider stabilization options for major cultural organizations.