



**The Monthly Newsletter of Arts Consulting Group
December 2007**

Guiding Cultural Organizations through Turbulent Times: Building Lasting Relationships

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Do we dare use the "R" word for the U.S. economy right now? Recessions have a specific economic definition and depending on which economist is quoted, the definition gets interpreted differently. With the sub-prime mortgage meltdown, corporate layoffs, trade imbalance, a weak dollar, high gas prices and stock volatility, we know for sure that we are in tough economic times and may be headed for more. But what can arts and culture managers and Board leaders do to weather the possible fiscal storms ahead? How can they position their organizations for the uncertain future? One answer is relationships. Building relationships and ongoing trust with a broad range of people in your community is crucial. During difficult times, these relationships are essential to maintaining buoyancy when the seas get rough.

Relationships with Donors

As corporations look for cuts, corporate giving and sponsorships to the arts and culture are often one of the first to be made. By keeping in close contact with corporate donors, cultural organization leaders will know when adjustments to annual gifts are arriving and be able to plan for a possible decrease. Or organizations can determine a better way to develop a mutually beneficial strategic partnership with their corporate donors that may combine cash, in-kind gifts, and governance roles. The same is true with foundations whose earnings are sometimes closely tied to the effectiveness of the stock market. When stocks are down, earnings are down, and the amount available to give to the non-profit world could be limited. But keeping foundations informed, even when their ability to provide funding in a given year may decrease, allows for a longer-term view of stability and growth. And finally, individual donors, those with whom your organization has a deep rooted connection through your mission and purpose, may run into their own financial challenges. Be kind with them, continue to cultivate them, and look forward to their ongoing participation in your organization's lasting cultural legacy.

As David H. Maister points out in his acclaimed book, *The Trusted Advisor*, "the truth is 'institutional trust' is an oxymoron. We don't trust institutions, we don't trust processes, we trust people. At its core, trust is about relationships. I will trust you if I believe that you're in this for the long haul..." During tough times, these relationships built on trust are even more important. Your donors become your trusted advisors. Make a phone call to each of your most important donors and see how things are going. Ask them what their thoughts are on the economic predictions and listen carefully. These conversations often reveal early warning signals for what a donor intends to do in the next year. Often, nonprofits wait until they receive the grant rejection letter to make a call and then it's too late.

Relationships with Staff

During tough times, staff morale can decline and people genuinely are concerned about their jobs and families. Take time to engage staff, at all levels of the organization, in conversations about the fiscal realities that your organization faces. Get their ideas on saving money, generating more income, or proposing program enhancements than can generate more bang for the buck and create positive community visibility. This is a good time to look carefully at each program in your organization and to determine its costs and benefits, the infrastructure that is needed to support it, and its relationship to the mission of the organization. Organizations often keep programs running long after their mission relevance wears off, so this is the time to make the tough choices that can help improve longer term financial results.

Relationships with Trustees

Now is the time to engage the board in generative leadership – empowering them to govern the organization as true leaders. What does this mean? So many boards fill their agendas with standing committee reports, review of gala plans, and discussion of past meeting minutes, but they don't allow time for focusing on the most important issues. Then, when the major issues present themselves through a fiscal or public relations crisis, the board is caught off guard and wondering how it happened. By engaging in real conversation now about the issues, economic and artistic, a board is focusing their full attention on influencing the future rather than dwelling in the past. Shifting financial reports to dashboards rather than pages and pages of detailed financial information is one easy way to make the transition. Dashboards focus on four to six key indicators of the financial health of your organization, just like the dashboard on your car, which allows the “non-financial” types on your board to more easily see the big picture. Meet one-on-one with trustees and discuss how they specifically can help with the fiscal health of the organization and listen. Most, perhaps all, board members are also generous donors to your organization. By engaging them in discussion, you'll learn their financial plans for the coming year.

Relationships with Patrons

Corporate America learned years ago to listen carefully to their customers and to make adjustments based on what they heard. Nonprofit arts organizations came to this realization later in the game but now they are finding ways to engage their patrons in conversations about their work. Blogs, online surveys, patron profiles, and lobby talks are just a few of the ways that arts and cultural organizations are talking with their audiences. Listen to what your patrons are saying and find ways to implement as many of their suggestions as you reasonably can. This is not meant to imply that audiences will now start making program choices - that is still the responsibility of the artistic leader. But your organization can learn things about buying patterns, suggested lobby enhancements, box office services, parking, and many other amenities that are important to patrons. Oftentimes a small change in your policies or procedures can mean a big positive result with your patrons.

Relationships with Educators

Tough times require arts organizations to focus intensely on their mission. If your mission includes education and audience development programs, now is the time to check in with teachers and school administrators to make certain that you are providing the best services that you can. Often in tough economic times, we view education and community engagement programs as cost centers rather than revenue opportunities. Many of our programs are subsidized by donors or government grants and rarely bring in enough earned income to fully cover all of the program expenses. But solid, successful educational initiatives provide the anecdotal information you need to generate compelling grant applications which may translate into more contributed income in the future. Creating a teacher advisory council that brings teachers together periodically to hear about what is really going on in the classroom and in their districts can make a tremendous difference. Touching base with superintendents and principals will allow your organization to see the longer-term needs in the region's school systems. Again, these conversations will provide early opportunities to refine or retool your programs to be the most competitive as funding priorities change. And, as we often discuss in the culture field, those who are most likely to be the future audiences for our unique services come from a base that is well-educated and culturally aware.

Relationships with the Press

Strong relationships with the media are essential during tough times. The media is the conduit for sharing the good news of what you are doing in your organization. Often journalists are quick to write the negative story about the financial crisis of a particular organization or the staff downsizing required because of tight budgets. Keep in close contact with the writers that usually cover your organization and provide them with consistent positive story ideas about what you are doing in the community. When it comes time to release bad news, these writers already have a broader context for your organization and can balance the negative with the positive. If possible, simply getting to know the journalists and media professionals as people “off-the-record” can also lay excellent groundwork for establishing a deeper connection with them.

Relationships with the Community

As Jim Collins observes in his popular book **Good to Great: Why Some Companies Make the Leap ... and Others Don't**, "A great organization is one that makes a distinctive impact and delivers superior performance over a long period of time." A cultural organization's relationship with its community is also measured by its distinctive impact and performance over time. Some arts organizations may have outlived their useful lives. How do you know this has happened or is happening in your organization? Attendance, donations, and participation are dropping. It has become difficult to recruit talented staff and board members. The media doesn't cover your events. Political leaders never visit and your organization has lost its relevance and connection to the community. How do you avoid this? By making certain that, even during difficult times, your organization is making a difference in your community. Listening to your stakeholders, making strategic course corrections, remaining flexible, and ultimately continuing to fulfill your clearly focused mission at a superior level will keep your organization at the cultural forefront.

As Jim Collins also reflects, "For a social sector organization, performance must be assessed first and foremost relative to the organization's mission, not its financial results. Notice that by this definition that you do not need to be big to be great. Your distinctive impact can be on a local or small community, and your performance can be superior and long-lasting without becoming large. You might choose to grow in order to have a wider impact and to better deliver on your mission, but it is important to understand that big does not equal great, and great does not equal big." So size does not matter when assessing your relevance to your community. But engaging community and political leaders in ongoing conversations about your organization's work will make them partners in delivering your mission.

Conclusion

In *The Experience Economy: Work is Theatre and Every Business a Stage* by James Gilmore and Joseph Pine, the authors observe that "actors may deploy a number of theatre techniques to develop ideas on how to fill an on-stage role with character. These include ... relationship mapping where actors create a diagram that assesses the relationship between each on-stage character." This technique can be a valuable model for arts organizations to follow by "mapping" the important relationships and seeing where they connect or overlap and using the map as a visual reminder over time to make certain that the most important relationships are being attended to on a consistent basis.

Arts organizations are known for their creative responses to limited resources, so with choppy economic waters ahead this turbulent period of time is one to flex your creative muscles, listen to your stakeholders, and renew and strengthen relationships with those most important to your organization. In the end, your organization will be stronger and make a distinctive impact that leaves a lasting legacy on your community.

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BUILD STRONGER RELATIONSHIPS WITH ITS STAKEHOLDERS,
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