

Hard Choices in Tough Times: Making Decisions That Can Sustain Your Organization through the Recession

by Stephanie Golden

As they respond to the economic crisis, community arts education (CAE) providers must make difficult choices about programming, fundraising, and cost-cutting. To help its members develop strategies to sustain key programs while keeping operations lean and efficient, the Guild convened a panel of CAE leaders who shared their experience and responded to members' questions via teleconference.

Moderated by John M. McCann, President of Partners in Performance, Inc., the panel included Joyce M. Bonomini, Director, Marcia P. Hoffman Performing Arts Institute at Ruth Eckard Hall, Clearwater, FL; Stephanie Riven, Executive Director, Center of Creative Arts, St. Louis (COCA); and Stephen R. Shapiro, Executive Director, Community Music Center, San Francisco (CMC). Ninety-eight people participated in the teleconference; many submitted questions both before and during the call. Participants also posted their own helpful strategies online.

The current recession is particularly disturbing, panelists agreed, since the economic future is so uncertain. In this situation, it's essential to be clearer than ever about your mission, since that will guide tough decisions. As Riven said, "Businesses and organizations that stay true to their values, whatever these are, are the ones that do well." Bonomini thinks the economy is undergoing a major shift, but stressed, "I believe this is a time that can result in a new renaissance." One clear theme running through comments by both panelists and participants was that in every area of operation, communication is crucial—keeping funders, boards, staff, and faculty informed and maintaining their feeling of connection to the institution.

Plan, plan, plan

All the panelists emphasized that planning is crucial. Start with a thoughtful look at your mission, said Shapiro, and plan for this year, next year, and 5 or 10 years down the road. Include all components of your organization. For example, for its new five-year plan CMC will hold separate facilitated sessions with staff, faculty, and board. Conduct both market research, to find out why people enroll and donate, and economic modeling, to develop alternative scenarios. "You plan every possible scenario that may happen, choose the one you want to go for, but always have the others on the shelf," added Bonomini. McCann recommended *The Art of the Long View: Planning for the Future in an Uncertain World*, by Peter Schwartz, which offers a method to rehearse different possible futures and develop a plan for each. "It's very helpful in moving away from management by objectives planning toward planning by building scenarios," he noted. Objectives planning involves establishing key objectives and developing strategies to achieve them that are rigidly adhered to. In an uncertain time, however, the ability to adapt your strategies is a key organizational strength; scenario planning allows you to create a

set of scenarios through which to rehearse strategies that are more responsive and timely.

Some participants reported doing rolling 13-week cash flow analyses and frequent budget projections based on cash flow. They can then respond quickly to sudden changes.

Stay connected to donors

An important aspect of planning is staying close to your donors. "I spent more time at lunch in the past four months than I have for years," with major donors and also peers from other organizations, said Shapiro. He invited people new to CMC for a personal tour of the site and discussion of CMC's mission, history, and current programs, and encouraged board members to bring new people to visit.

Shapiro also called foundations that had supported CMC in the past or might in the future and asked how they were doing, what their future interests might be, whether an application was appropriate, and if so, what kind of application. Though he was careful not to ask specific questions about funding, he still sometimes received such information. But even answers to more general questions helped shape a picture of funding prospects that made possible a realistic budget for the following year.

Shapiro cautioned that foundations do not want to fund organizations that seem headed for destruction. Rather than say that without their funds you will go under, let them know that your programs are working, and your institution is worth investing in. McCann advised making a list of the 25 people in your community who hold the most sway over the future of your organization and taking each of them to lunch. Participants reported calling individuals who had donated in the past and focusing not just on major donors but on engaging more small donors.

Work with your board and staff

Every organization should have a board responsibilities list, drawn up by the board governance committee and adopted by the entire board, clearly outlining everything that being a board member entails, Shapiro said. You also need a written form that lays out specific commitments—not merely giving, but advocacy such as bringing people to performances or writing notes to friends. Clarifying these commitments means you will have a board that can step up to the plate in a crisis.

Riven again emphasized the value of communication: the more board members know about what's going on, the more responsive they can be, financially and otherwise. COCA's response to the crisis was to reach out to its board and top donors with details of its financial situation and a review of its core mission and values; during the planning process, the board's engagement increased. "The idea was to make this a shared problem—not a staff problem—that was worth solving for the benefit of the St. Louis community," Riven explained. COCA's board has fifteen committees, each of which works with a staff member and a program or divisional area. "When key department heads work with board members, they appreciate each other in a deeper way. So when staff works on strategic planning with the board, they trust the process because they know the staff is so talented." Bonomini

stays in daily contact with her board, which is involved in long-range planning and ensuring fiscal responsibility.

Another valuable board function is keeping up morale. The Institute's board made sure staff knew the board believed that the current crisis was not caused by anything the staff did wrong, Bonomini said. Two long-time board members held a Valentine's Day party for Institute staff to make it clear that "they not only love what we do, but they love and care about those of us doing it." CMC's board hosted a faculty reception at a board member's house. "This meant a lot to the faculty, and sent a message that the board is engaged on that human level," said Shapiro.

Both the panelists and many participants stressed that open communication with staff is critical, especially to ease fears about layoffs. "I'm impatient with quotes coming out of Washington that the crisis is a wonderful opportunity to make better organizations," Shapiro exclaimed. "For an organization facing layoffs and cash-flow difficulties, this feels smug and insulting." He recommended communicating as broadly as possible, while still not abdicating responsibility for making tough decisions.

Riven agreed: "The leader's job is to be very honest," because that is what inspires trust among staff. Be sure to prepare people for what may come. COCA has had to lay off six people; the administration spoke at length to staff about the situation beforehand, so that when the cuts came, they were prepared. "I don't think you can really quell people's fears," Riven said. "This is a scary time. If you're supportive and your staff is trusting and prepared, that's all you can do."

Cost cutting

Even when layoffs may not be required, cost cutting is inevitable. Once more, communication is key. The message should be that if budgets are not fiscally responsible, the organization will suffer, but that the administration cares about people. Staff can examine their own departments to come up with savings that don't imperil the mission. Shapiro discussed cost-cutting at a meeting where he invited staff to suggest ideas (privately if they wished). One person proposed saving a considerable sum by cutting 12 pages of faculty bios from the printed catalog. Another came up with the idea of putting the bios on a simple handout at the front desk—a solution that saved money while still communicating the information.

Panelists and participants shared a variety of cost-cutting tips:

- Shop around for a better deal on credit card fees. Since more and more people pay by credit card, this can save a considerable sum.
- Rent out space in your facility.
- Use the internet instead of printing newsletters and other communications.
- Shift part-time faculty to contractor status to save payroll taxes.
- Merge positions: at one school, when the front desk position was vacated, everyone staffed the desk cooperatively.
- Change building operation times; reduce the workweek; cut maintenance costs associated with longer hours.

- Form partnerships to maintain programs, e.g., merging a summer program with one at a charter school or creating a presenting partnership so that performances can continue.
- Cut administrative salaries to preserve programs.
- Encourage prospective students who cannot afford tuition to barter services for classes.

Maintaining programs and enrollment

Panelists did not favor reducing fees to attract more students. They felt this would send a message that quality and value had decreased. Riven said that COCA might actually add benefits, such as discounts on before-care and after-care for its summer camp program or additional tuition benefits for members. The Institute created package buys giving a discount for having a child in more than one program, expanded its payment plan options, or extended the plans. Both organizations are considering raising tuition and/or ticket fees, but neither has yet decided to do so. CMC, by contrast, offers open-ended financial aid with no cap; having lost much of the foundation income on which it depended, it will need to raise tuition fees more than usual.

Good communication also helps with collections, which can be a problem when money is tight. When payment is slow, COCA's registrar phones families and helps them work out payment plans, preserving the relationship as well as bringing in the funds.

Another strategy to fill in budget gaps is increased grassroots and online marketing. The Institute has tapped parents with long-time connections to the school as advocates telling friends and neighbors what the school offers. In particular, since its beautiful new building makes it appear expensive, they spread the message that it is inclusionary and affordable for people with modest incomes. The Institute also sends frequent emails to anyone who has ever enrolled or attended a performance, describing the wide range of programs available for both youth and adults. After a year of regular messages, Bonomini said, she sees a payoff, in that enrollment has not declined.

Marketing partnerships are also useful. The Institute partners with the local school district and sometimes with organizations like the science or children's museum, each making the other's information available to its patrons. CMC actively seeks program collaborations; for example, next year teens from CMC, a Latino youth program, and a dance company will perform together at another site, making more people aware of CMC.

Faculty members are also a resource for attracting students. COCA decided to incentivize departments, rather than individual teachers, to meet enrollment goals, thereby avoiding competition among teachers. "There's a great spirit around it, a feeling of working together, and it's been effective," Riven reported.

One participant noted that cost-cutting in public schools offers opportunities for CAE organizations to provide the art education that the schools can no longer afford. Another offered unemployed people free places in classes that were not fully enrolled, with the goal of building audience.

In addition to realistic plans for coping with present difficulties, panelists emphasized that a crucial part of leadership was to maintain a focus on the great value of the services a CAE organization provides—and, indeed, to be visionary. In fact, said Riven, COCA is planning exciting new ventures that have “reinvigorated the spirit and commitment of our staff and board.”

Most optimistic was Bonamini, who declared, “We can’t be too prepared, too visionary.” To her the present time, in which “the entire country is reexamining what matters,” offers the chance to place arts education and training “on an equal plane with technology, science, and math.” In this way, the “new renaissance” she projects can flower.