The Unsung Majority

An exploratory study of small and mid-sized arts organizations in Allegheny County, PA

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I. Introduction

Since 2007, the Pittsburgh Foundation Multicultural Arts Initiative and The Heinz Endowments have been working together in an effort to think more strategically about their approach to funding arts and culture organizations with budgets under $1.5M. Over time, that conversation expanded to include other critical funders of these organizations, including The Allegheny Regional Asset District, the Greater Pittsburgh Arts Council, and The McCune Foundation. The group eventually formed a formal working group and called itself the Consortium of Small Arts Funders (CSAF, or the Consortium). This group commissioned the research that follows.

Study purpose and core research questions

CSAF members noted a dearth of relevant data and published research as they attempted to identify ways to develop grant making and other strategies to support this cohort of organizations. They commissioned TDC to conduct research as a step toward filling that gap. The stated goal of the research was to help funders to develop strategies that might better position the region's small and mid-sized organizations (hereafter referred to interchangeably as the "target population") that work in specific disciplines to evolve and grow. CSAF placed emphasis on not only improving its understanding of the current circumstances of these organizations, but also on deepening its understanding of the ways in which the larger cultural ecosystem influences the group's challenges and opportunities.

The Consortium asked:

- Based on shared challenges or strengths, can cohorts of similar organizations be identified within this group, either by discipline, budget size, age, race and ethnicity, or other factors? What organizational factors position cohorts within the target population to grow audiences and evolve artistically?
- What are the characteristics of the Allegheny County ecosystem in which small and mid-sized arts organizations operate? To what extent do these organizations leverage connections within the ecosystem to advance their administrative and/or artistic practices?
- How does the target population define organizational strength? What are the operating characteristics of small and mid-sized arts organizations that are distinct from those of their larger counterparts?
- Given the answers to these questions, what can be done at a system level to enhance small and mid-sized arts organizations' opportunities to grow audiences and evolve artistically?

This study seeks to progress the answers to these questions from anecdotal to data-driven, and to spark discussion within the Pittsburgh region and beyond.

Why small and mid-sized organizations matter to funders

In 2010, the eight performing arts organizations in the Pittsburgh region with budgets over $1.5M collectively spent $130M to bring their work to the stage. The two largest organizations in this group spent a combined $90M and attracted $13M in institutional donations. [1] In contrast, the 57 organizations that participated in our study had combined budgets of just over $13M, and a median budget of $125,000. TDC estimates that this sample reflects about a third of all small performing arts organizations in the region. We therefore estimate that the total combined budget for all small to mid-sized arts organizations is about $40M, or less than a third of the total spent by the eight largest organizations.

In short, even though the vast majority of **organizations** are small to mid-sized, the vast majority of **dollars** are directed to a just a few large organizations. CSAF further observes that large organizations benefit from funders', researchers', and professional associations' efforts to find solutions to the many challenges non-profit arts organizations face as audiences change and financial pressures grow. In contrast, small and mid-sized organizations remain relatively unstudied, and lack the benefit of strategic, integrated policies that improve their ability to succeed.

Yet, CSAF recognizes that small and mid-sized organizations contribute to a vibrant and diverse cultural ecology. CSAF would like the community of arts supporters (including foundations, government entities, corporations, volunteers, audiences, and the artists and administrators of the organizations themselves) to work collectively to create an equitable and fertile environment for all of the arts organizations that contribute to the region's cultural vitality. The ultimate purpose of this study is to inform an ongoing dialogue about what those efforts could look like for small to mid-sized organizations specifically.

Institutional funders are among the few arts and culture supporters that are inclined to take an ecosystem view of the sector and develop their support strategies accordingly. Most arts patrons give based on personal passion; institutions give with larger goals in mind. As such, institutional funders are best positioned to work to strengthen the arts and culture sector at all levels. Today, Pittsburgh area funders have an opportunity to reprise their role as innovators through their efforts to support small and mid-sized arts organizations. This study builds our collective knowledge of Allegheny County's small and mid-sized performing arts organizations. CSAF and TDC hope that this research marks the beginning of conversations that will pave the way for the next phase of understanding and action.

[1] Source: 2010 Cultural Data Project

II. Methodology and Sample Characteristics

Evolution of the research approach

To prepare to answer the primary study questions, TDC first spoke with a sample of 31 small and mid-sized organizations and conducted a detailed literature review.

- **The goal of the interviews** was to orient the research by gathering a sample of organizations' perspectives on their perceptions of the operating environment as well as their individual challenges and goals.[2]
- **The goal of the literature review** was to provide baseline information on small arts organizations from which our work could build, and to explore system analysis frameworks that might help us identify leverage points for interventions.

The literature review on the target population confirmed CSAF's initial belief that this group has received limited research attention, with the notable exception of a recent study on California's cultural ecology released by the Irvine Foundation.[3] Beyond anecdote and experience working in the sector, we had little information on how small and mid-sized organizations operate on the ground or relate to other arts organizations. Although some general sector-level background information exists, we recognized that we were planning a unique study.

This study would require both substantial baseline information gathering and an iterative and tailored approach in order to yield meaningful findings. As such, TDC built on our experience and the insights gained from interviews and the literature review to generate a set of hypotheses describing the target population's operating practices, its connections to its environment, and resources needed to facilitate audience growth and artistic evolution.[4] TDC then designed and fielded an online survey to test the study hypotheses.

Gathering data

To gather data, TDC fielded a comprehensive online survey among small and mid-sized performing arts organizations in the region. A list synthesized from funders' records identified 157 small to mid-sized performing arts organizations in the selected target disciplines (music, dance, and theatre) that would likely be eligible to participate in the study. To be eligible, organizations' primary activity had to involve the creation or presentation of performances for audiences, and their operating budgets had to be under $1.5M, with no lower limit. Within this group, TDC defined organizations with budgets under $250,000 as *very small*; budgets between $250,000 and $500,000 as *small*; and those between $500,000 and $1.5M as *mid-sized*.

Of the organizations contacted, 39% completed the survey. No incentive to participate was offered. A few invitees were ultimately determined to be ineligible, yielding a final sample of 57 organizations.

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[2] For a list of interviewees, see Appendix I on page 2.
[3] Ann Markusen (Markusen Economic Research), Anne Gadwa (Metris Arts Consulting), Elisa Barbour (UC Berkeley), and William Beyers (University of Washington), "California's Arts and Cultural Ecology" (2011).
[4] See Appendix II on page 3 for a detailed description of the study hypotheses.

To test for sample bias, TDC distribution of budget size, discipline, and organizational age of participants ws checked against the group of organizations with budgets under $1.5M in the Cultural Data Project (CDP). CDP is generally considered the most comprehensive database of cultural organizations available to participating regions. TDC found strong alignment between the survey sample and the CDP.[5]

Sample characteristics

The 57 participating organizations were not evenly distributed across age, budget size, and discipline. Most notably, the majority (74%) were very small, with budgets under $250,000. Similar to the overall population of organizations, music organizations comprised more than half the sample, as did organizations that have been in operation for 21+ years. There were some notably small subgroups within the sample: only 6 "small" and 9 "mid-sized" organizations, 5 organizations with majority Black/African American staff, and 7 dance organizations completed the survey. The small size of some of these subgroups should be considered when interpreting the survey results. Additional details about the sample characteristics are provided in the next section of the report and in the appendices.[6]

Establishing metrics for analysis

In order to address the core questions of the study, TDC first needed to establish a baseline understanding of organizational strengths against which we could assess the current condition of the organizations in the target population. Similarly, measures for audience growth and artistic evolution needed to be established so that we could explore the extent to which organizational strengths are associated with these desired outcomes. Key definitions and metrics are reviewed below.

Measuring business and artistic resources

TDC's experience in the field coupled with the results of research projects we have conducted across the country have led us to believe that strong organizations tend to possess a specific set of business and artistic resources that help them to both evolve artistically and to grow or retain audiences over time. Using data gathered through the survey, we developed five distinct metrics to reflect these concepts, which we term financial strength, administrative strength, community vibrancy, artistic talent, and innovation capacity. [7]

A caveat: recognizing "sweat equity"

One of the characteristic features of the target population is its ubiquitous reliance on "sweat equity". For the purposes of this study, TDC defines sweat equity as including use of volunteer and below-market artistic and administrative labor, free and cheap performance space, and free, below-market, and collaborative marketing strategies. The reliance on sweat equity has real implications for interpreting financial analysis of the target population. Without a way to capture the true level of resources available to these organizations, our assessment of financial data only tells part of their story. Organizations that appear strong are certainly in fine shape, but those that do not may in fact be rich in alternative resources that help them to succeed. In short, small-scale organizations' financial picture, particularly for those in the very small category, is not as

[5] For more information on the sample bias analysis and a discussion of possible qualitative bias, see Appendix III on pages 4-5.
[6] For further detail on sample characteristics see Appendix IV on page 6.
[7] The organizational strength metrics, and our methods of measurement, are described in more detail in the table in Figure 2 in the next section, as well as in Section A of Appendix VI on pages 12-15.

reliable an indicator of their ability to deliver on their mission as we find it to be for larger organizations, because many of them use much more than cash to operate.

Measuring growth

Growth can mean many things, including growth in revenue, budget, staff, programs, or audiences. This study focusses on audience growth. To add nuance to the results, we also decided to explore the extent to which organizations consider audience growth important.

In order to measure growth using survey data, TDC defined it as audience growth over a three year period.[8] Bearing the limitations detailed in the Appendix V in mind, TDC believes that this metric is helpful in assessing the frequency with which the target population's audiences have grown, both within the overall group and within important subgroups.

Measuring artistic evolution

Since TDC's earliest conversations with the Consortium, a core goal of this research has been to explore drivers of artistic evolution – as opposed to organizational evolution – in the region. Before TDC could test the extent to which our organizational strength factors are associated with artistic evolution, we first needed to define and measure the concept. This proved challenging due to both its abstract nature and the expectation that the target population would likely define it in different ways that relate to their specific goals and activities.

Measuring artistic evolution is further complicated because it is both an organization-level and a discipline-level concept. At the discipline level, artistic evolution occurs as new ideas and approaches are introduced, and the expression of the form as a whole changes over time in unexpected and potentially disruptive ways. At the organization level, artistic evolution can take different forms. Organizations that primarily support the vision of an individual artist evolve artistically in line with the changing nature of that person's individual expression. Organizations that act as a platform for a discipline curate their productions over time in order to offer a perspective on the discipline. For some groups, evolution may involve seeking to progress or change the form relative to its traditional expression, while others evolve artistically by striving to perfect that traditional expression.

Given the heterogeneity of the target population and their many possible pathways to artistic evolution, the challenge is to pinpoint whether evolution has occurred in order to determine what factors seem to be associated with it. Therefore, the survey asked a series of questions to attempt to create a metric for measuring artistic evolution at both the organization and discipline levels. Answers to a series of free response questions were quite wide ranging, and revealed that organizations did not think in a consistent way about this topic. While TDC attempted to develop a meaningful metric to measure artistic evolution drawing from these results, we ultimately concluded that a quantitative approach is not the best mechanism by which to explore this highly complex and nuanced topic.

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[8] See Appendix V Section B on page 11 to learn more about the approach to measuring growth and its associated challenges. Figure 14 in Appendix V provides a breakdown of this metric for the sample.

As a result, the analysis which follows does not incorporate a metric that specifically measures artistic evolution, as was initially envisioned. Nonetheless, TDC believes that the measures of community vibrancy, artistic talent and innovation capacity that are incorporated in this analysis do shed some light on the target organizations' artistic capacity, which provides a platform from which artistic evolution might occur.[9]

Looking ahead

The report that follows begins by looking at sub-groups within the sample population across organizational strength metrics, as well as by audience growth. The next section explores the characteristics of the larger regional ecosystem in which the target group of organizations operate, as well as how target organizations connect to each other. We then turn to looking more closely at how the sample organizations themselves define organizational strength, as well as how they describe their operating practices. The report concludes with a discussion of the implications of the research findings and recommendations.

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[9] Appendix V on pages 9 and 10 provides a detailed explanation of how we attempted to measure artistic evolution and more detail related to the decision to eliminate this metric from the larger analysis.

III. Sub-groups analysis

Introduction

An important starting question for this research was whether the target population is too heterogeneous to be understood as a whole. Are certain groups – disciplines or otherwise – facing unique challenges or benefiting from specific advantages? Are some sub-groups similar enough that they could be considered cohesive cohorts? Or are the drivers or barriers to organizational strength, growth, and evolution shared more broadly amongst the full set of organizations operating at a similar scale? The answers to these questions area critical if they reveal distinct group-level challenges and ultimately lead to targeted group interventions that are more appropriate than one-size-fits-all strategies.

Full sample findings

To provide a platform from which to look at sub-groups, TDC first looked at audience growth and business and artistic resources across the entire sample.

Below, Figure 1 highlights our key findings with regard to audience growth. Figure 2 on the next page provides detailed information on how each aspect of business and artistic strength was defined and measured, and what the findings were. It further details how these factors relate to audience growth. This table provides an overview of the findings at the full sample level as well as a framework for the subgroup findings.

Figure 1: Growth

Outcome	Definition (What is the metric?)	Measure (How was it measured?)	Results (What were the findings?)
Audience Growth	Audience growth means that total attendance grew in the recent past.	The measure combined trends in organizations' self-reported annual audience numbers with self-reported assessments of audience growth. To add further nuance to the findings, TDC also checked to see whether groups wanted to grow their audiences	Most groups are not struggling with declining audiences and many are successfully growing. Audiences were largely stable (28%) or growing (47%). 25% reported declining audiences. More organizations would like to grow their audiences than have been able to do so.

Figure 2: Organizational Strength Metrics

Metric	Definition (What is the metric?)	Measure (How was it measured?)	Results (What were the findings?)	Audience Growth (Is it associated with audience growth?)
Financial Strength	Financial strength means that organizations have sufficient operating cash and capitalization to fund operations, manage risk and invest in artistic quality. Financial weakness means that organizations have little to no operating cash or assets, and risk being unable to fund their obligations.	The scale incorporates organizations' self-assessments of adequacy of operating funds, and their ability to meet payroll, break even, post surpluses, and raise capital funds.	Most groups are in weak financial condition, with 70% in the lower two categories on the 4-point scale, and 23% in the lowest category. This was the most acute challenge among the five drivers, but given the extent of sweat equity in the system, financial weakness itself may not signal a constrained organization. (Figure 15 in Appendix VI Section B on p 18)	Financial strength is associated with stable or growing audiences. 100% of organizations that were rated financially strong had either stable or growing audiences. Although all of the organizations that reported declining audiences were also financially weak, financial weakness does not preclude growth. 40% of the group rated financially weak grew, and an additional 25% were stable.
Administrative Strength	Administrative strength means that organizations have the management, finance, fundraising, and marketing skills to run the organization effectively.	The scale incorporates organizations' self-assessments of the adequacy of fundraising, marketing, finance, and general management skills.	Just 26% of organizations reported administrative weakness, as measured by the lower two categories on the 4-point scale. When the components in the scale were separated, there was more concern with marketing and fundraising skills than finance or management skills. (Figure 16 in Appendix VI Section B on p 18)	Administrative Strength does not appear to be related to audience growth.
Community Vibrancy	Community vibrancy means that organizations are part of an active local creative community, both broadly and within their specific discipline.	The scale incorporates organizations' self-assessments of their degree of connection to a "vibrant creative network locally" and their view of Pittsburgh's "scene" for their specific discipline.	54% were rated at the top of the 3-point scale, meaning that they had a positive perception of their creative communities. 9% had uniformly negative perceptions of their creative communities, as measured by the lowest score on the scale. (Figure 17 in Appendix VI Section B on p 18)	Community Vibrancy does not appear to be related to audience growth. Note that very few organizations scored in the lowest category on this scale, making any pattern difficult to detect.
Artistic Talent	Artistic talent means that organizations have access to artists and artistic leadership that enable quality and fulfillment of the artistic vision.	The scale incorporates organizations' self-assessments of the degree to which their artistic leadership and artistic talent meets their needs.	No organizations reported inadequate access to talent as measured by the lowest score on the 3-point scale. 81% of organizations rated their talent positively – in the highest category of the scale. (Figure 18 in Appendix VI Section B on p 18)	Artistic Talent is associated with audience growth, but does not preclude audience decline. Among artistically strong groups, 50% saw increased audiences, compared to 36% of moderately strong groups. 22% of strong groups had declining audiences, compared to 36% of moderately strong groups.
Innovation Capacity	Innovation capacity means that organizations have the means and inclination to experiment and innovate artistically, positioning them to adapt to a changing environment and sustain quality over time.	The test used organizations' self-assessments of their ability innovate artistically and their belief in the importance of innovation to determine their capacity. Organizations that consider innovation essential to their artistic health and feel able to innovate were scored as having high innovation capacity.	39% did not meet the threshold for high capacity for innovation. 61% of organizations both valued innovation and felt they were able to innovate. (Figure 19 in Appendix VI Section B on p 19)	Innovation Capacity is associated with stable or growing audiences. Among high innovation groups, 81% of organizations had either stable (31%) or growing (50%) audiences. In contrast, among low innovation capacity groups, 67% had either stable (24%) or growing (43%) audiences.

Sub-groups findings

To conduct the analysis to answer the study questions about sub-groups, TDC separated the full survey sample into groups to look more closely at whether some are doing better than others on organizational strength metrics. TDC also looked at audience growth for each group to see if some were outpacing others.

The groups were:

- Budget size: very small, small, and mid-sized
- High-level discipline: music, dance, theatre
- Granular discipline peer group size: small, medium, and large peer groups
- Organizational age: 0-10 years, 10-20 years, 20+ years
- Contemporary or traditional artistic focus
- Racial/ Ethnic concentration of staff

Overall, we found distinct patterns of organizational strength and audience growth within sub-groups. Most notably, organizational scale emerged as a critical lens through which to consider the implications of the data. Specifically, “very small” (under $250,000) and “mid-sized” ($500,000 to $1.5M) organizations differ from each other. “Mid-sized” organizations operate much more similarly to large, multi-million dollar organizations than do very small organizations, though they too are constrained by smaller scale in specific ways. Mid-sized organizations have the fixed costs of paid staff and artists, organizational infrastructure, and predictable production calendars, as well as more visibility in the community. “Very small” organizations take many forms, but are generally speaking more nimble, loosely structured and informal than mid-sized organizations. In short, we cannot simply apply our understanding of much larger organizations’ operations, needs, and successful strategies to small and mid-sized organizations.

In addition to the differences TDC found based on scale, we also found that theatre organizations appear stronger overall, as do younger and contemporary/modern organizations. Below, we provide a summary of the findings for each sub-group.[10]

Budget size sub-group

The budgets of the groups in our sample ranged from $6,400 up to $1.5M per year. Even within that group, experience and common sense suggest that tiny organizations with no paid staff will have different challenges from organizations that bring in hundreds of thousands of dollars per year and employ multiple people. As such, TDC further dis-aggregated the full sample by budget size. To do so, we defined organizations with budgets under $250,000 as “very small”; budgets between $250,000 and $500,000 as “small”; and those between $500,000 and $1.5M as “mid-sized”.

[10] For detailed data on sub-groups see Appendix VII pages 18-26.

Figure 3 below shows how the sample was distributed by budget size. Very few organizations fell into the middle "small" category. This is a challenging in-between category, in which an organization is generally too small to be truly mid-sized, but is beginning to take on some mid-sized characteristics. Given the small sample size and indistinct nature of this middle category, our budget size analysis focuses on points of differentiation between "very small" and "mid-sized" organizations.

Figure 3

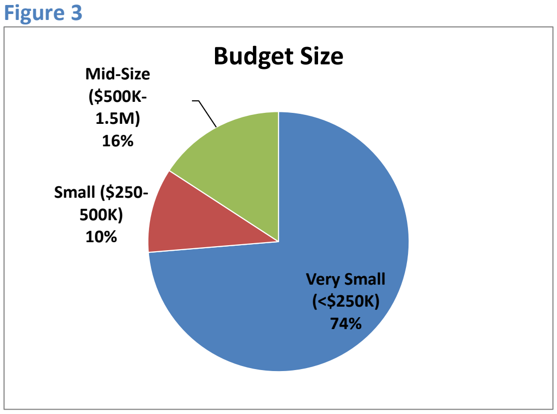

Figure 4 shows key findings related to budget size. Highlights include:

- **Change in audience:** Mid-sized organizations were less likely to have stable or growing audiences than very small organizations.
- **Financial strength:** The data shows that mid-sized organizations were more likely to be financially weak than smaller organizations (100% compared to 64%), though they are stronger administratively.
- **Community vibrancy:** Mid-sized organizations also reported stronger community than very small organizations.
- **Innovation capacity:** Mid-sized organizations also seemed to be somewhat less likely than very small organizations to be positioned to innovate artistically (56% compared to 67%).

Summing up, among the mid-sized organizations, maturity is evident in their administrative strength and community connections. But growth is difficult, financials are challenging, and, with a larger organization to maintain, innovation likely feels riskier. In contrast, very small organizations are administratively weaker and less connected to the community. Yet they do better on audience growth, have stronger financials, and are better positioned to innovate. These results suggest that very small and mid-sized organizations require different approaches to best support them.

Figure 4: Comparison of Findings by Budget Size

Category	Rating	Very Small Under $250K (42 organizations)	Small $250-$500K (6 organizations)	Mid-sized $500K-$1.5M (9 organizations)
Change in Audience	Declined	21%	17%	44%
	Remained Stable	26%	50%	22%
	Increased	52%	33%	33%
Financial Strength	1 -- Low	24%	17%	22%
	2	40%	50%	78%
	3	17%	17%	0%
	4 -- High	19%	17%	0%
Administrative Strength	1 -- Low	0%	0%	0%
	2	31%	17%	11%
	3	55%	50%	78%
	4 -- High	14%	33%	11%
Community Vibrancy	1 -- Low	7%	33%	0%
	2 -- Medium	38%	50%	22%
	3 -- High	55%	17%	78%
Artistic Talent	1 -- Low	0%	0%	0%
	2 -- Medium	14%	50%	22%
	3 -- High	86%	50%	78%
Innovation Capacity	1 -- Low	33%	50%	44%
	2 -- High	67%	50%	56%

High-level discipline sub-group

Figure 5 shows how the sample was distributed across high-level disciplines. Music was the largest group, and dance was smallest. Due to the size of the sample of dance organizations (7 groups), we must use caution when interpreting these results.

Figure 5

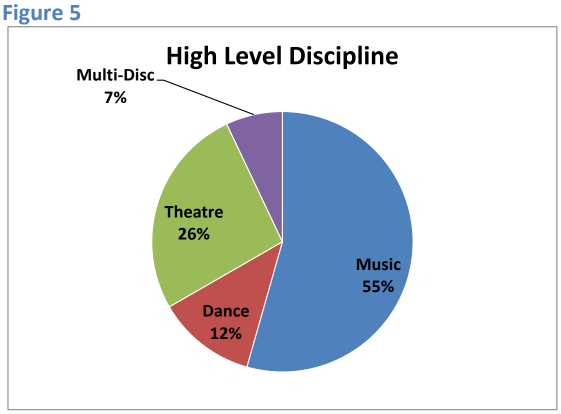

Figure 6 summarizes key findings across these disciplines.[11] Highlights include:

- **Change in audience:** Theatre organizations audiences were more likely to grow than those of music organizations, though both groups had similar prevalence of declining audiences. Dance organizations' audience growth was similar to theatre.
- **Financial strength:** Theatre and dance organizations were less likely to be financially weak (60%; 57%) than music organizations (78%).
- **Administrative strength:** Music and theatre organizations were similarly strong administratively, and dance organizations were more likely to be administratively challenged.
- **Community vibrancy:** Theatre organizations were the most likely to rate community vibrancy as high: 73% fell into that category compared to 45% of music organizations and 57% of dance organizations. No theatre organizations reported low access to community, while 4 music organizations and 1 dance organization did.

Figure 6: Comparison of Findings by High-Level Discipline

Category	Rating	Music (31 organizations)	Dance (7 organizations)	Theatre (15 organizations)
Change in Audience	Declined	29%	14%	27%
	Remained Stable	32%	29%	20%
	Increased	39%	57%	53%
Financial Strength	1 -- Low	13%	43%	27%
	2	65%	14%	33%
	3	10%	14%	27%
	4 -- High	13%	29%	13%
Administrative Strength	1 -- Low	0%	0%	0%
	2	19%	43%	20%
	3	58%	43%	73%
	4 -- High	23%	14%	7%
Community Vibrancy	1 -- Low	13%	14%	0%
	2 -- Medium	42%	29%	27%
	3 -- High	45%	57%	73%
Artistic Talent	1 -- Low	0%	0%	0%
	2 -- Medium	23%	14%	20%
	3 -- High	77%	86%	80%
Innovation Capacity	1 -- Low	42%	29%	40%
	2 -- High	58%	71%	60%

In sum, theatre organizations as a group were the strongest on all metrics. Music organizations were financially weak but stronger administratively. On the artistic side, they were the most disconnected from community. Of the three disciplines, they were the least likely to have grown. Within the small sample, dance organizations are stronger than anticipated based on initial interviews and the size of the dance community in Pittsburgh.

[11] For more detailed findings on high-level discipline see Appendix VII, Section B on page 20.

Granular discipline sub-group

Within the high-level disciplines of theatre, music, and dance, many more specific – and more cohesive – disciplines are represented. To understand this heterogeneity more deeply, TDC asked organizations to tell us how *they* describe their discipline. This process revealed many distinct, more granular disciplines that appear to more accurately group organizations into communities of practice than the high-level categories do. The sample for each sub-discipline was too small to enable us to look at the organizational strength and audience growth of particular granular groups. Instead, to conduct the analysis, TDC sorted the full sample into small, medium and larger peer groups.[12] We then assessed whether organizations that are part of a discipline with fewer peers have more challenges than those that are part of groups with a larger number of active organizations.

Figure 7 shows findings related to granular discipline. Just one of the small peer group organizations grew its audience (8%), compared to 64% of the mid-sized and 50% of the large. Smaller peer group organizations were also more likely to decline. Organizations with large peer groups were somewhat less likely to be financially weak, and they were administratively stronger as well. Unsurprisingly, organizations with small peer groups reported the lowest access to community, and also had the hardest time with talent. In sum, the data suggests that organizations in disciplines with few peers struggle to grow audience, are organizationally weaker, and are disconnected from community.

Figure 7: Comparison of Findings by Granular Discipline

Category	Rating	Small Peer Group (12 organizations)	Mid-sized Peer Group (25 organizations)	Large Peer Group (20 organizations)
Change in Audience	Declined	33%	20%	25%
	Remained Stable	58%	16%	25%
	Increased	8%	64%	50%
Financial Strength	1 -- Low	25%	32%	10%
	2	50%	44%	50%
	3	0%	16%	20%
	4 -- High	25%	8%	20%
Administrative Strength	1 -- Low	0%	0%	0%
	2	42%	32%	31%
	3	58%	60%	42%
	4 -- High	0%	8%	27%
Community Vibrancy	1 -- Low	25%	4%	5%
	2 -- Medium	42%	36%	35%
	3 -- High	33%	60%	60%
Artistic Talent	1 -- Low	0%	0%	0%
	2 -- Medium	33%	20%	10%
	3 -- High	67%	80%	90%
Innovation Capacity	1 -- Low	25%	40%	45%
	2 -- High	75%	60%	55%

12 For details on sizing and assigning peer groups, see Appendix VII Section C on page 21. Figure 5 in Appendix IV shows the sample breakdown.

Age sub-group

Sample organizations ranged significantly in terms of how long they have been active. Because organizations typically face different challenges depending on where they are in their organizational lifecycle, which is closely tied to how long they have been in existence, TDC looked more closely at the sample along this dimension.

Figure 8 shows how the sample was distributed by age. About half of the organizations have been operating for over 20 years.

Figure 8

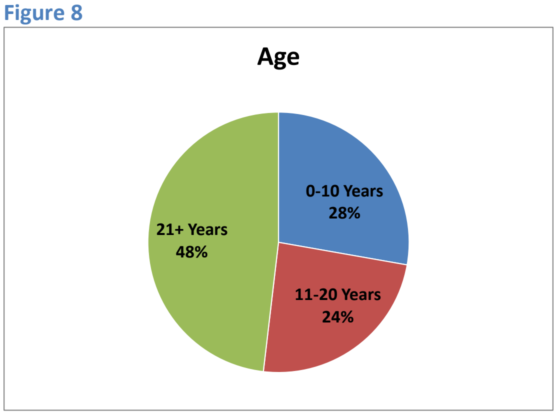

Figure 9 shows differences related to organizational age.[13] Highlights include:

- **Change in audience:** Younger organizations were far more likely to report audience growth than mid-life or older organizations. 87% of young organizations reported audience growth, compared to 38% of mid-life and 27% of older organizations. No organization under ten years old reported declining attendance, compared to 15% of mid-life organizations and 46% of the oldest group.
- **Financial strength:** Older organizations were much more likely to be financially weak (92%) than were younger (47%) or mid-life organizations (54%).
- **Artistic capacity (community, talent, innovation):** Younger organizations were also more likely to report strong community, talent, and ability to innovate. 73% of young organizations had strong community, compared to about 50% of the other two groups. Though access to talent was rated well over the whole sample, a larger portion of the young organizations were strong; 93% of organizations under ten years old reported high access to talent, compared to 69% of mid-life organizations and 77% of the oldest group. Young organizations were also more likely to be capable of innovation. 93% were rated as high innovation capacity, compared to about 50% of the two older groups.

Summing up, younger organizations (under 10 years old) are markedly stronger on audience growth than their older peers. Younger organizations were also substantially stronger on all artistic drivers (community, talent, and innovation), and were better off financially as well. In a later section, we will

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[13] For further detail on age please see Appendix VII Section D on page 25.

see that younger organizations have more stringent definitions of organizational strength than their older counterparts, and appear to meet these more rigid standards as well. These results suggest that younger organizations are an important locus of growth within the larger group of small to mid-sized organizations.

Figure 9: Comparison of Findings by Age

Category	Measure	0-10 Years (15 organizations)	11-20 Years (13 organizations)	21+ Years (26 organizations)
Change in Audience	Declined	0%	15%	46%
	Remained Stable	13%	46%	27%
	Increased	87%	38%	27%
Financial Strength	1 -- Low	27%	23%	23%
	2	20%	31%	69%
	3	40%	8%	0%
	4 -- High	13%	38%	8%
Administrative Strength	1 -- Low	0%	0%	0%
	2	33%	15%	27%
	3	60%	77%	50%
	4 -- High	7%	8%	23%
Community Vibrancy	1 -- Low	0%	15%	12%
	2 -- Medium	27%	38%	38%
	3 -- High	73%	46%	50%
Artistic Talent	1 -- Low	0%	0%	0%
	2 -- Medium	7%	31%	23%
	3 -- High	93%	69%	77%
Innovation Capacity	1 -- Low	7%	54%	50%
	2 -- High	93%	46%	50%

Contemporary/ traditional sub-group

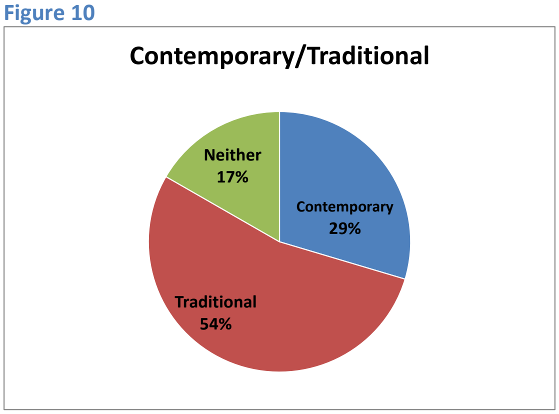
Knowing that organizations across the country that perform traditional work are struggling with declining audiences, TDC wanted to see whether contemporary arts organizations' experiences are similar or different. When organizations were asked to categorize their work as contemporary or traditional using their own interpretation of those terms, we found that most were able to do so.

There were about twice as many traditional organizations as contemporary organizations in the sample. Most of these traditional organizations were over 10 years old (90%), in contrast to the much younger group of contemporary organizations (38%). Figure 10 below shows the sample distribution for this categorization.

Figure 11 compares key factors in the contemporary and traditional categories.[14] Highlights of the findings include:

- **Change in audience:** contemporary organizations were more likely to grow than traditional organizations (56% compared to 38%), and far less likely to have declining audiences (6% compared to 38%).
- **Financial strength:** Contemporary organizations were somewhat less likely than traditional organizations to be financially weak (63% compared to 76%) or administratively weak (19% to 28%).
- **Artistic capacity (community, talent, innovation):** Contemporary organizations were also stronger on community, talent, and innovation than traditional organizations. 75% of contemporary organizations reported strong community, compared to 41% of traditional organizations. 94% of contemporary organizations reported high access to talent, compared to 69% of the traditional groups. Finally, contemporary organizations were much more likely to have high capacity for innovation (88% compared to 41%).

Figure 10



Overall, contemporary organizations are more successful on audience outcomes than traditional organizations. On artistic drivers, they were also much stronger than traditional organizations, and they did somewhat better on administrative and financial measures. As with younger organizations, these results show that contemporary organizations are an important locus of growth within the larger group of small to mid-sized organizations. There is also substantial overlap with the younger cohort: 63% of the contemporary organizations were under ten years old, compared to 10% of the traditional organizations.

[14] For further detail on contemporary/traditional organizations see Appendix VII Section E on page 24.

Figure 11: Comparison of Findings for Contemporary & Traditional Organizations

Category	Measure	Contemporary (16 organizations)	Traditional (29 organizations)
Change in Audience	Declined	6%	38%
	Remained Stable	38%	24%
	Increased	56%	38%
Financial Strength	1 -- Low	19%	24%
	2	44%	52%
	3	25%	10%
	4 -- High	13%	14%
Administrative Strength	1 -- Low	0%	0%
	2	19%	28%
	3	69%	59%
	4 -- High	13%	14%
Community Vibrancy	1 -- Low	6%	14%
	2 -- Medium	19%	45%
	3 -- High	75%	41%
Artistic Talent	1 -- Low	0%	0%
	2 -- Medium	6%	31%
	3 -- High	94%	69%
Innovation Capacity	1 -- Low	13%	59%
	2 -- High	88%	41%

Racial/ ethnic composition of staff sub-group

In addition to Consortium members' broad interest in smaller arts organizations, these funders wanted to take a close look organizations that were majority-run by individuals that identify with a particular racial or ethnic group, in order to see if there were any unique shared strengths or weaknesses that funding approaches might target.

To gather the data needed to conduct this analysis, TDC asked survey respondents about the racial and ethnic composition of their staff. This allowed us to identify organizations that are majority-run by individuals who share a specific racial or ethnic identity. While TDC screened for many categories of racial or ethnic identity, the only two groups that had any organizations meet this test were Black/ African American and White/Caucasian. Five of the organizations in the sample were categorized as Black/African American organizations based on their reporting that over 50% of the staff fell into that category. Fifty-two organizations were categorized as White/Caucasian organizations using the same reasoning. The overall scarcity of groups that can be categorized as other than White/Caucasian-led is perhaps the most striking finding in this section.

Figure 12 shows the breakdown of the sample into these categories. The group of five Black/ African-American organizations was evenly spread across disciplines. They did not appear to share any specific budget, age or contemporary/ traditional characteristics. Due to the small sample size of Black/African

American organizations, we must be very cautious about making generalizations about the group based on this limited data.

Figure 12

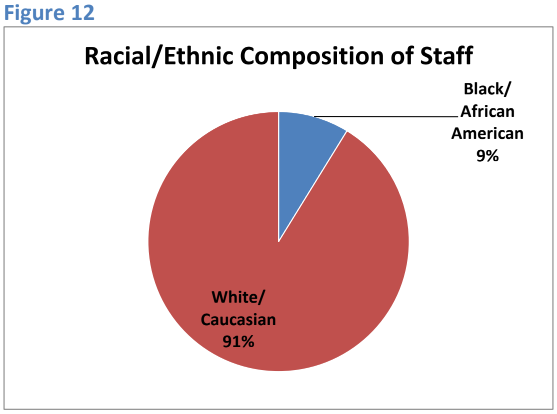


Figure 13 reviews how key metrics differed between the two groups of organizations.[15] Highlights of the findings include:

- **Change in audience:** Organizations with majority Black/African American staff were more likely to report audience growth than White/ Caucasian organizations. 4 or 80% had growing audiences, compared to 23 or 44% of White/Caucasian organizations.
- **Financial strength:** Black/African American organizations were somewhat more likely to be financially weak than White/Caucasian organizations (80% compared to 69%). None of the Black/African American groups were in the highest-rated category, while 9 or 17% of White/Caucasian groups were.
- **Administrative strength:** Black/African American organizations were also somewhat administratively weaker than White/Caucasian organizations. 2 or 40% of Black/African American groups were on the lower end of the range, compared to 13 or 25% of White/Caucasian groups.

Though the sample size is quite small, the data suggests a hypothesis that Black/African American organizations have stronger audience growth, but are more likely to have limited organizational resources than White/Caucasian organizations.

[15] For further detail on organizations with majority Black/African American staff, see Appendix VII Section F on page 25.

Figure 13: Comparison of Findings by Racial/ Ethnic Composition of Staff

Category	Rating	Black/ African American (5 organizations)	White/ Caucasian (52 organizations)
Change in Audience	Declined	20%	25%
	Remained Stable	0%	31%
	Increased	80%	44%
Financial Strength	1 -- Low	60%	19%
	2	20%	50%
	3	20%	13%
	4 -- High	0%	17%
Administrative Strength	1 -- Low	0%	0%
	2	40%	25%
	3	60%	58%
	4 -- High	0%	17%
Community Vibrancy	1 -- Low	20%	8%
	2 -- Medium	20%	38%
	3 -- High	60%	54%
Artistic Talent	1 -- Low	0%	0%
	2 -- Medium	40%	17%
	3 -- High	60%	83%
Innovation Capacity	1 -- Low	40%	37%
	2 -- High	60%	63%

Summary: sub-groups findings

By analyzing our sample groups along a variety of dimensions, were able not only to understand small and mid-sized organizations' overall strengths and audience growth patterns, but also to determine if sub-groups of organizations appear to cohere as unique cohorts. TDC observed differences along a number of dimensions that suggest the possibility of cohorts that share common challenges and strengths.

Our initial hypothesis was that discipline would be the most relevant organizing principle. The overall data on strengths coupled with a close look at community vibrancy and the network data on the following pages shows that theatre looks like the strongest among these, and also suggests that theatre may actually *behave* more like a cohort (as opposed to simply having shared challenges) than the other disciplines do. Scale too appears to be a key differentiator – very small and mid-sized organizations appear to be quite different from each other, with mid-sized organizations more strongly positioned in terms of existing networks. In addition to discipline and scale, TDC observed differences based on age and contemporary or traditional content that imply these groups too may be sufficiently different to warrant consideration of customized interventions to address their particular needs. Within these categories, contemporary and younger organizations appear to be potentially better positioned to work as a cohort based on their existing communities.

IV. Pittsburgh ecosystem

Introduction

This section explores the characteristics of the larger regional ecosystem in which the target group of small and mid-sized organizations operates. Understanding how these organizations relate to their larger context as well as to each other offers the opportunity to identify weaknesses in the system and potential leverage points to advance administrative and/or artistic practices.

Allegheny county's small and mid-sized arts organizations operate within a dynamic cultural ecosystem that contains many assets: wealthy foundations, an extensive higher-education system, mature arts service organizations, and a strong cultural district of large organizations. TDC wanted to learn whether any of these entities served as system hubs positioned to implement strategies designed to help other organizations. In addition, TDC wanted to learn whether small and mid-sized groups are connected in ways that facilitate the collaborative production of work, sharing of ideas and perspectives, and adaptation of others' innovations. To explore these questions, TDC first analyzed the nature and scope of creative networks within the target population.

Relationship with the larger ecosystem

TDC asked survey respondents to tell us how they secure resources – such as financial support, marketing opportunities, board members, and talent – and to identify the specific entities from which they obtain those resources. [16] In this way, TDC was able to identify widely connected categories of entities as well as specific well-connected entities. TDC also quantified the extent of the relationships with our group of small to mid-sized arts organizations. With these connections revealed, TDC could then identify potential influential system levers, paving the way for conversations about funding strategies.

The survey revealed:

- **Foundations, Government, and Corporate Funders:** Foundations are not only an important aspect of organizations' overall revenue, are also highly connected to the group as a whole.
    - 78% of the survey respondents cited the Heinz Endowments as a key foundation partner, 65% cited the Pittsburgh Foundation, and 25% the McCune Foundation. These foundations are potentially the most commonly shared relationships among our group of survey respondents.[17]
    - Pittsburgh also continues to have some government funding for the arts. While far fewer organizations cited this as a key revenue source than they did foundations (46%

[16] For further detail on the data analyzed in this section, see Appendix VIII, pages 26-28.

[17] One factor that likely affected this result was our participant recruitment method, which involved synthesizing foundations' records of grantees and applicants, and reaching out to organizations through CSAF. This would affect both who was invited to participate and who chose to participate in ways that could overstate the relationships to foundations. On the other hand, these are the largest institutional funders in the region, and it is likely that most arts groups have sought funding from them at least once. In addition, previous research on the arts and culture environment in the region noted the strong presence of foundations.

    versus 81% of respondents), those that did reported key relationships with the Pennsylvania Council on the Arts (46% of respondents) and the Allegheny Regional Asset District (40% of respondents).
  - Corporate funding is much scarcer than foundation or government funding. Only 33% of organizations reported corporate funding as more than 10% of their budget. 20% of survey respondents identified Highmark Blue Cross Blue Shield, and 17% BNY Mellon Foundation as key corporate relationships.

- **Higher Education:** Universities do not appear to be important in helping organizations secure funding, but they do provide performance space, marketing opportunities, and talent.
  - 22% of organizations cited universities as sources of performance space. Performance space partners included: University of Pittsburgh (6); Carnegie Mellon University (2); Chatham University (2); Duquesne University (2); Washington & Jefferson College (2).
  - 30% of organizations cited universities as important marketing partners, and another 49% as occasional marketing partners. These universities included: University of Pittsburgh (21) Carnegie Mellon University (19); Duquesne University (13); Point Park University (12); Chatham University (4).
  - 44% of organizations used university relationships to recruit artistic talent.
  - Two (4%) organizations cited universities as sources of board members.

- **Arts Service Organizations:** ASOs have the most impact with marketing support, and help some organizations with fundraising as well.
  - Arts service organizations provide some help securing contributions, particularly from foundations. The Greater Pittsburgh Council for the Arts (GPAC) came up most frequently in this category with 20 mentions (35% of respondents).
  - Arts service organizations also provide marketing support. 18 organizations (31%) cited GPAC as a marketing partner.
  - Six organizations cited arts service organizations as helpful to their talent recruitment.

- **Cultural District/Large Organizations**: Large organizations provide limited support to small and mid-sized arts organizations. [18]
  - Large organizations were named nine times (16%) as sources of performance space for small to mid-sized organizations.
  - Large organizations were not cited as marketing partners by any respondents.
  - Large organizations were named by 8% of organizations as helpful to talent recruitment, 4% as helpful with fundraising, and 2% as helpful with board recruitment.

- **Other Arts Organizations (not Large):** As competitors, these organizations do not help each other with funding access. They do work together on artistic talent recruitment, space, and marketing.

[18] This group includes: August Wilson Center for African American Culture, Pittsburgh Ballet Theater, Pittsburgh CLO, Pittsburgh Opera, Pittsburgh Public Theatre, and Pittsburgh Symphony Orchestra.

- 44% of organizations reported using relationships with other arts organizations to recruit artistic talent.
- 37% of organizations reported using a another organization's performance space. The most frequently cited spaces were New Hazlett Center for the Performing Arts (6); Kelly Strayhorn Theater (4); Hillman Center for the Performing Arts (3).
- 47% of organizations reported working with peers on collaborative marketing. The specific partners were much less concentrated than in the university and art service categories. Three of the five most frequently cited were various types of theatre organizations: Quantum Theatre (6); Attack Theatre (4); Kelly Strayhorn Theatre (4); Pittsburgh Chamber Music Society (4); Renaissance & Baroque Society of Pittsburgh (4).

Creative networks

To identify creative networks within our target population, TDC gathered data for a network analysis. Network analysis is a research methodology by which connections among organizations are identified and analyzed. A typical network analysis, or "map," involves describing a group by capturing all connections among members of the target group and relating these connections to outcomes. For example, one might hypothesize that highly connected organizations are more likely to be innovative.

Through our survey, TDC asked organizations to tell us which other arts organizations – regardless of their size – they have creative relationships with.   They chose from a list of 181 possibilities.[19]   TDC asked respondents to report connections in five categories that differed in nature and "closeness." These are arranged in Figure 14 from left to right in ascending order of closeness.

Figure 14: The diagram below shows the types of relationships with other arts organizations that survey respondents were asked to identify.

[19] The list included organizations in all disciplines and budget sizes.

TDC was able to use this analysis to gain insight on:

- The nature of the network as a whole – to see overall how isolated or connected organizations appear to be
- The characteristics of organizations that were frequently cited by others
- Whether sub-groups of organizations appear to be more or less connected, which might tell us about challenges or opportunities within groups

Nature of the network as a whole

Our examination of organizational connectedness within the group revealed the following key points.[20]

- Most respondents had a handful of relationships of a given type, with a small subset of respondents reporting many more relationships that the typical respondent.
- Some organizations are highly isolated from their peers
  - 48% reported no partnership relationships
  - 39% reported no collaborative relationships
  - 32% reported no cooperation relationships
  - 21% reported no networking relationships
  - 14% reported no awareness relationships
- Overall, organizational networks varied tremendously in size. For example, organizations reported between zero and 12 partnership relationships, and between zero and 74 awareness relationships.
- There were fewer close relationships (partnerships, collaboration, and cooperation) than there were more distant ones (networking and awareness). A small number of very close relationships could be expected given the extent of resources that must be invested in each, but the small number of awareness relationships is surprising. This suggests that many organizations pay little attention to other local organizations as artistic influences.

Frequently cited organizations

"Inbound relationships" are those that other organizations report having with a target organization. We collated the number of other organizations that reported having relationships with each organization on the list. We then looked more closely at close and awareness relationship types to see if any organizations appeared to be "hubs" in the system – those that a large number of organizations cite.

When those that were most frequently cited as the counterparts of close relationships we examined, we did not observe any sizeable "hub" organizations for the group as a whole – those that many others frequently identify as engaged in collaborative artistic work with them. This finding further underscored the heterogeneity and de-centralized nature of the overall group.[21]

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[20] Additional detail on the organizational connectedness data is provided in Appendix IX pages 29-30.
[21] Additional detail on close relationships is provided in Figure 50 on page 34 of Appendix IX.

Although no organization stood out as pervasive, there were some commonalities among the most frequently named groups:

- Four were presenting organizations that provide space to others
- Two were in the large organization group
- Two were performing arts schools
- Three were small to mid-sized producing organizations

Most of these categories are unsurprising, given the nature of their business models. Presenting organizations book many acts, the largest organizations are dominant system players, and performing arts schools likely need to form partnerships on behalf of their students.

Similarly, when those who were most frequently cited as the counterparts of awareness relationships were examined, we did not observe any "hub" organizations for the group as a whole – those who many others look to spark their creative thinking. Overall, these results indicate that there are no dominant thought leaders among the group.

Given the fairly distant nature of this type of relationship, and the fact that organizations named many more organizations in this category than in others, we expected that the most frequently cited organizations would be named by a large fraction of the group. In fact, the most frequently cited organization was chosen by 17 organizations, or 30% of the 57 possible connections.[22]

Among the ten most frequently cited organizations:

- Three were presenting organizations that provide space to others
- Two were in our large organization group
- Six were small to mid-sized producing organizations
- Five were theatre organizations

The prevalence of theatre organizations is notable. It implies that the theatre community specifically contains some influential thought leaders that may strengthen the discipline's ability to progress artistically.

Sub-group networks

To further analyze the **close** and **awareness** relationships data by sub-group, TDC separated organizations as follows:

- **No network:** No relationships
- **Some network:** At least one relationship, but not the highest twenty percent of the group
- **Large network:** Highest twenty percent in terms of total number of relationships

[22] Additional detail on relationships of awareness is provided in Figure 52 on page 38 of Appendix IX.

Figures 15 and 16 show how highly connected different sub-groups of the sample are using two relationship lenses, close relationships and awareness relationships. The charts tell show whether a specific category in a sub-group is more likely to be highly connected or isolated than researchers would expect based on the group as a whole.

Close relationships (cooperation, collaboration, and partnership) represent connections wherein groups are working together artistically in some way. TDC consolidated these three categories for the analysis. Highlights are summarized below and detail is provided in Figure 15.

- The high-level discipline category showed the clearest patterns. Dance organizations were most likely to lack close relationships, and music organizations were least likely to have a large network. Theatre was strongly represented among the highly-networked, suggesting higher prevalence of collaboration within the discipline.
- The contemporary/ traditional focus pattern was subtle, but suggests that traditional organizations are less likely to be highly networked and contemporary organizations are less likely to be isolated. This could imply greater incidence of collaboration among contemporary organizations.
- Organizations with majority Black/ African American staff stood out for their lack of isolation. No Black/African American organization lacked close relationships, implying that this group tends to work with others on artistic projects. When reflecting on this finding, it should be noted that the number of Black/African American organizations in the sample was very small.

Figure 15: Creative Networks Sub-Group Profile/ Close Relationships

The table header shows how many organizations are in each network category. Bold indicates when a sub-group category is 5% larger or smaller than the overall prevalence of the network category.[23]

		Close Relationships Categories		
Sub-group	**Category**	**No Network (10 organizations /18%)**	**Some Network (38 organizations /67%)**	**Large Network (9 organizations /16%)**
Budget Size	Very Small (under $250K)	19%	64%	17%
	Small ($250-$500K)	0%	**100%**	**0%**
	Mid-sized ($500K - $1.5M)	22%	**56%**	**22%**
Age	1-10 Years	20%	67%	13%
	11-20 Years	8%	**77%**	15%
	20+ Years	23%	65%	12%
High-Level Discipline	Music	16%	**74%**	**10%**
	Dance	**29%**	**57%**	14%
	Theatre	**13%**	**60%**	**27%**
Contemporary/ Traditional	Contemporary	**13%**	69%	19%
	Traditional	21%	69%	**10%**
Racial/ Ethnic Composition	Black/ African American	**0%**	**80%**	20%
	White/ Caucasian	19%	65%	15%

[23] For further detail on close relationships see Appendix IX Section B on pages 31-34.

Awareness relationships represent those connections wherein groups observe what others are doing to spur their creativity. Highlights of the findings are summarized below and detail is provided in Figure 16.

- Mid-sized organizations were more likely to fall into the large network awareness category, suggesting they are more likely to pay attention to other organizations as artistic influences.
- As in the close relationships analysis, theatre organizations were more likely to be highly connected and less likely to be isolated.
- Also aligned with the close relationships analysis, contemporary organizations were less likely to be isolated.
- Black/ African American organizations were again more connected than the typical organization in the overall sample.

Figure 16: Creative Networks Sub-Group Profile/ Awareness Relationships
The table header shows how many organizations are in each network category. Bold indicates when a sub-group category is 5% larger or smaller than the overall prevalence of the network category.[24]

Sub-group	Category	Awareness Relationships Categories		
		No Network (8 organizations /14%)	Some Network (38 organizations /67%)	Large Network (11 organizations /19%)
Budget Size	Very Small (under $250K)	12%	71%	17%
	Small ($250-$500K)	**33%**	**50%**	17%
	Mid-sized ($500K - $1.5M)	11%	**56%**	**33%**
Age	1-10 Years	**20%**	**60%**	20%
	11-20 Years	**8%**	**77%**	15%
	20+ Years	15%	65%	19%
Broad Discipline	Music	**19%**	65%	16%
	Dance	14%	71%	**14%**
	Theatre	**7%**	67%	**27%**
Contemporary/ Traditional	Contemporary	**6%**	**75%**	19%
	Traditional	17%	66%	17%
Racial/ Ethnic Composition	Black/ African American	**20%**	**40%**	**40%**
	White/ Caucasian	13%	69%	17%

Summary

TDC explored the target populations' larger ecosystem in order to learn how these organizations relate to their larger context as well as to each other. The goal was to learn whether there are specific entities that serve as system hubs positioned to implement intervention strategies that could help organizations pursue their organizational and/or artistic goals. In addition, we wanted to explore whether small and mid-sized groups are connected in ways that facilitate the collaborative production of work, sharing of ideas and perspectives, and adaptation of others' innovations

[24] For further detail on awareness relationships see Appendix IX Section C on pages 35-38.

We learned that foundations are the leading connector among our target population, a position of great influence in leading sector-wide conversations. Universities, arts service organizations, peer organizations and the largest organizations are weaker connectors, but their potential to strengthen the system should be explored in greater depth. TDC also did not find evidence that organizations in the target population have extensive creative relationships with each other or their larger peers. Of the sub-groups that TDC analyzed, theatre organizations appear to be most likely to engage in extensive artistic collaborations and to view other organizations as creative influences.

In the final section of this report, we shift from the external perspective of looking at the larger ecosystem to the internal perspective of how the target organizations view themselves and operate in distinct ways compared to larger organizations.

V. Organizational characteristics

In this section, we look more closely at how the sample organizations themselves define organizational strength and describe key aspects of their operations. We begin by returning to the definition of organizational strength articulated at the beginning of this report. We compare our definition to the target population's self-definition, revealing some intriguing distinctions. Armed with an understanding of how the groups themselves define organizational strength, we then turn to looking more closely at those aspects of their daily operations that distinguish them from larger organizations.

Organizations' view of strength

At the beginning of this report, TDC articulated how we defined and measured various aspects of organizational strength in the target population, and provided a table summarizing what we found across the target population.[25]

TDC felt it was important to add nuance to this assessment by asking survey respondents the extent to which they agreed with our view of what strong organizations need. We asked organizations to tell us whether they considered various categories related to our definition of organizational strength to be: (1) **critical**, minimum to be considered healthy, (2) **ideal,** but not required, or (3) **not important**. Views on sweat equity and audience growth we also explored to illuminate the field's perspective on these issues. Figure 17 below summarizes the data for the overall group.

TDC further analyzed the data by subgroups – discipline, age, size, contemporary/ traditional, racial/ethnic composition of staff – to look for evidence that groups have differing opinions. While most groups did not appear to have differences, TDC found notable differences among organizations depending on their age. Figure 18 summarizes that data. Key points are summarized below each table.

[25] For more detail on these measures see Figure 2: Organizational Strength Metrics on page 10 of this report.

Figure 17. Organizations' Views on Health.
Bold indicates most popular response.

Category	Component	Critical	Ideal	Not important
Sweat Equity	Living wage: artists	**53%**	37%	11%
	Living wage: staff	**53%**	37%	11%
	Able to hire needed paid staff	**72%**	26%	2%
Financial Strength	Meeting payroll	**93%**	5%	2%
	Breaking even	**88%**	12%	0%
	Operating surpluses	47%	**51%**	2%
	Infrastructure investment	40%	**46%**	14%
Administrative Strength	Access to business skills	**75%**	25%	0%
	Ability to reach audiences	**91%**	9%	0%
Community Vibrancy	Vibrant creative network locally	46%	**51%**	4%
Artistic Talent	Appropriate artists	**86%**	12%	2%
	Strong artistic leadership	**86%**	12%	2%
Innovation Capacity	Ability to experiment and innovate artistically	**65%**	32%	4%
Audience Growth	Stable audiences	**89%**	9%	2%
	Growing audiences	**65%**	33%	2%

Overall, organizations appear to be in broad agreement with the definition of organizational strength. The majority of organizations consider nearly all of the components critical, with the notable exceptions of balance sheet strength and creative networks. Key insights from the data are summarized below.

- **Sweat equity:** Organizations are mixed in their acceptance of sweat equity as a cost of doing business, with about half considering a living wage critical.
- **Financial strength:** Nearly all organizations believe they should hold themselves to a breakeven standard, but many are less concerned with the balance sheet. Two of the three categories that the majority of groups considered ideal but not critical were operating surpluses and the ability to invest in infrastructure. The fact that smaller organizations are not as concerned with the balance sheet may be appropriate given the scale of the operations and their reliance on sweat equity. At the same time this result also reflects divergent opinions in the field about the importance of capitalization that goes beyond a breakeven annual budget.
- **Administrative strength:** There is general consensus that administrative skills and marketing are critical.
- **Community vibrancy:** Opinions are mixed on this topic; about half of organizations consider a vibrant local creative community to be critical.
- **Artistic Talent:** Nearly all consider talent an important part of health.
- **Innovation:** Many organizations value innovation, but a substantial number do not consider it essential.

- **Audience growth:** Nearly all organizations are resistant to losing ground on audience, but not all organizations consider audience growth necessary to health.

Comparison between younger and older organizations was the factor that revealed a systematic difference of opinion. Apart from operating surpluses, at least 50% of the group of organizations under 10 years old agreed that every component tested is critical to health. Older organizations fell below this threshold not only on operating surpluses, but also on living wages for artists, infrastructure investments, vibrant creative networks, innovation and audience growth. In general, organizations that have been operating for longer periods of time appear to have more relaxed – or perhaps more realistic – standards for organizational health.

Insights from the data are summarized below. Figure 18 summarizes these findings.

- **Sweat Equity:** A larger proportion of younger organizations than older organizations are concerned with paying artists a living wage.
- **Financial strength:** Younger organizations define financial health somewhat more rigorously than older organizations, although they are similar in terms of valuing surpluses.
- **Administrative strength:** Younger organizations and older organizations have similar views on the role of administrative strength.
- **Community vibrancy:** The proportion of younger organizations that value a vibrant creative network is much larger than the proportion of older organizations that value this factor.
- **Artistic talent:** Although talent is considered important by everyone, younger organizations are even more likely to consider it critical.
- **Innovation capacity:** Young organizations are much more likely than older organizations to value innovation.
- **Audience growth:** Young organizations are much more likely than older organizations to value audience stability and growth.

Figure18. Age Comparison of Views on Health.
Bold indicates >20% spread between categories.

Category	Component	Critical for Organizations Under 10 years (15 organizations)	Critical for Organizations Over 10 Years (39 organizations)
Sweat Equity	Living wage: artists	**81%**	**41%**
	Living wage: staff	50%	55%
	Able to hire needed paid staff	66%	72%
Financial Strength	Meeting payroll	100%	90%
	Breaking even	100%	85%
	Operating surpluses	47%	49%
	Infrastructure investment	**60%**	**36%**
Administrative Strength	Access to business skills	80%	74%
	Ability to reach audiences	93%	93%
Community Vibrancy	Vibrant creative network locally	**73%**	**34%**
Artistic Talent	Appropriate artists	**100%**	**77%**
	Strong artistic leadership	93%	79%
Innovation Capacity	Ability to experiment and innovate artistically	**93%**	**36%**
Audience Growth	Stable audiences	**93%**	**56%**
	Growing audiences	**80%**	**41%**

Operating Characteristics

At the outset of this report, we noted that organizational scale is a critical lens through which to understand key differences within the full sample. Given the importance of scale, TDC began this project with certain assumptions about the ways in which small organizations' operating practices are likely to differ from those of their larger peers. These ideas were important to confirm with more rigorous data because a better understanding of the circumstances on the ground is needed in order to devise appropriate intervention strategies.

These assumptions included:

- **Dependence on current leadership:** Many organizations within the target population rely on a specific individual leader to ensure the organization's stability and success.
- **Reliance on personal relationships:** The target population frequently relies on stakeholders' personal relationships to secure basic resources.
- **Dependence on "sweat equity":** The target population relies on free and low-cost labor, space, and other resources to operate.
- **Dependence on community for space:** Organizations within the target population are typically operating at a scale that precludes space ownership, and are therefore dependent on shared space to meet their needs.

- **Persistent scale challenges to marketing and fundraising efforts:** Organizations within the target population have insufficient marketing capacity to raise awareness among potential audiences, limiting their earned income potential. In addition, their development capacity is insufficient to cultivate a transformative donor base, limiting both their contributed revenue potential and overall ability to expand dramatically.

TDC asked sample organizations a series of questions to verify and assess the prevalence of these characteristics.[26] Below, we summarize what we learned about the distinctive operating qualities of small to mid-sized organizations, and highlight strengths, weaknesses and specific opportunities that interventions could address.

Dependence on current leadership

To test the extent to which organizations are entwined with artistic leadership, TDC asked how difficult it would be to replace current artistic directors and whether the founder or director personally provides financial support or labor from friends and family. Combining this data into a single metric, TDC found that half of the organizations appear to be highly dependent on current leadership. Patterns were similar regardless of age and budget size. Dance organizations had a higher rate of dependence (71%), and theatre organizations had a lower rate (33%).

This finding suggests that about half of the organizations in the sample appear to be highly reflective of the work of a specific individual. TDC also found that more organizations that are highly dependent on specific individuals have experienced audience growth. This underscores the value of supporting the work of these artists. At the same time, it raises questions about the best ways to support the work of individual artists, as opposed to those groups with organizational identities that transcend individual leaders. Perhaps individuals would benefit from platforms that are more flexible than formally incorporated non-profit organizations, with all of their attendant challenges.

Reliance on personal relationships

To test the extent to which organizations depend on personal networks to secure resources, TDC asked them to tell us about the strategies they use to secure different types of financial support, board members, and talent.[27]

As expected, organizations do in fact use stakeholders' personal networks to secure financial and other resources with more frequency than they use most other strategies or connections. Personal connections of both the staff and the board were among the top three strategies in nearly every category. These patterns were similar across budget size, age, and discipline.

[26] See Appendix X, Section A on pages 39-42 for a detailed description of the survey questions and metrics developed to measure these characteristics. Section B includes a breakdown of these metrics for the full survey sample.

[27] Figure 59 on page 45 in Appendix X summarizes the top three highest-ranked strategies to secure these three kinds of support.

For institutional support (foundation, corporate, public), personal connections were important, but ranked behind other options. Artist recruitment, on the other hand, was highly dependent on connections; fully 79% of organizations reported using personal connections for this purpose, and this is the only area in which relationships with other organizations were among the top three responses.

Our examination of organizations' use of personal networks highlighted that networking is a core component of small to mid-sized organizations' operating practices. With minimal professional staff and scarce financial resources, personal networks are an incredibly valuable way – and in many cases the most important way – to secure the financial and human resources organizations need. This dynamic also underscores how critical key individuals are for small organizations – if someone who holds many important connections were to leave, the organization could experience a meaningful setback.

Dependence on "sweat equity"

To test the extent to which organizations rely on sweat equity, TDC asked them to rate their use of free and low-cost staff, artists, space and marketing. TDC combined data from several of these questions into a single snapshot measure of sweat equity. We found that 64% of the sample is reliant on sweat equity. This finding was similar regardless of discipline or age, but varied based on budget size.

Looking more closely at labor compensation specifically, we found that organizations rely on free and low-cost labor, and are often – but by no means always – frustrated with this circumstance:

- Most organizations believe they pay less than market rate for labor. They also appear to prioritize artist pay over administrative pay.
- Many organizations are dissatisfied with their ability to pay for talent.

Pulling the group apart to look more closely at the difference between very small and mid-sized groups, we see that there are important differences in the ways they use free and low-cost resources. (Note that, as earlier in the report, TDC does not include analysis of the middle category of "small" groups.) These differences reflect mid-sized organizations' more extensive infrastructure and more sophisticated operations. Key findings include:

- Mid-sized organizations are more likely to pay administrators, and they are more satisfied with their ability to pay.
- Mid-sized organizations were less likely to view their artists' pay as market rate, and were also more dissatisfied with artist pay
- Mid-sized organizations are less likely to recruit volunteers among the founder/director's personal friends.
- Mid-sized organizations are more likely to pay full price for performance space, and to pay something for marketing.
- Mid-sized organizations are far more likely to report that paid staff is a significant source of administrative skills than are very small organizations.

The data confirmed our belief that as a group small and mid-sized organizations rely heavily on in-kind support to operate because they cannot earn or raise funds to purchase all that they require. Mid-sized organizations use these strategies less frequently than very small groups; overall the comparative data reflects more professionalized organizations in the mid-sized group. Individual organizations' mix of in-kind support and purchased resources vary, though below-market labor is a large factor for most, particularly on the administrative end. While this is perhaps unsurprising, it has important implications for support strategies. Most critically, it raises the question of whether sweat equity is a challenge, an opportunity, or both in terms of strengthening these organizations.

Dependence on community for space

To explore whether organizations must rely on community resources to secure appropriate space, organizations were asked about their performance spaces. Just six of the 57 organizations (7%) had their own spaces. There did not appear to be any shared discipline, age, or size characteristics amongst these groups.

In terms of the spaces that organizations use, there were a wide variety of types. The top three were: community organizations' space (29%), other arts organizations' space (20%), and university space (14%).

The data confirmed our hypothesis that the quality and location of small and mid-sized arts organizations' spaces depends on what is available and affordable in the larger community. This suggests that communal spaces and other ways to facilitate access to appropriate space are critical for small to mid-sized organizations. The Pittsburgh region appears to be doing well in this area, as most organizations were satisfied with their spaces.[28]

Persistent scale challenges to marketing and fundraising efforts

To learn about the relationship between operating scale and the potential of marketing/fundraising activities to improve earned revenue and strengthen the financial picture, TDC explored the nuances of groups' marketing and development capacity and practices. We gathered information to help us assess what organizations might need to strengthen these functions, and to consider whether these investments can reasonably be expected to yield meaningful financial returns.

Marketing

To explore organizations' marketing practices, TDC asked them to detail the prices of their marketing activities, the approaches they use, how good their skills are, and how good their marketing opportunities are.[29]

[28] For details on where organizations find performance space, see Appendix VIII Section B on page 28.
[29] For details on the quality of organizations' marketing skills and marketing opportunities, and the cost of marketing, see Appendix X Section B on pages 43 and 44.

TDC confirmed that marketing activities are typically free or low-cost:

- 95% of organizations described their marketing activities as free, low-cost or discounted. 48% of groups never or rarely use paid advertising.
- Mid-sized organizations (budgets over $500K) were less likely to describe their marketing strategies as completely free.

Consistent with the marketing price data, TDC found that the most frequently used marketing approaches were those that carry little to no cost:[30]

- The top strategies used "very frequently" were: word of mouth (68%); website (77%); email (77%); and social media (63%).
- There is a wide gap between these and the next-ranked strategy of direct mail (39%).

The data also showed that some organizations use collaborative marketing strategies:

- 30% regularly promote themselves through universities[31] and 47% use list swaps with peers.
- 32% of organizations cited the Greater Pittsburgh Arts Council as a source of marketing opportunities.

Compared to very small organizations, mid-sized organizations were more likely to used paid marketing strategies, and less likely to engage in collaborative approaches.

Finally, TDC observed some dissatisfaction with marketing skills and opportunities. Smaller and traditional organizations were somewhat more dissatisfied than the group average. While many organizations seem to view their marketing resources as acceptable, almost none were completely satisfied. When organizations were asked to describe what would help them to attract larger audiences, marketing funds and access to various tools were the nearly universal response.

Unfortunately, making a meaningful difference in awareness through marketing is an expensive proposition that would dwarf the budgets of these organizations. Even if we assume there is unmet demand and adequate unsold inventory, an investment in marketing that would be large enough to increase general awareness would be highly unlikely to pay for itself in ticket sales. For example, the average organization with increased attendance in our sample had 1,710 attendees in 2011. A 25% increase in ticket sales (425 people) spending between $25 and $50 would garner an additional $10,000 to $20,000 before marketing expenses were paid. Certain mid-sized organizations may be better positioned to invest in marketing. For the largest growing organization in the sample, a 25% increase in tickets would amount to 3,625 people. At $25-$50 per person, potential gross revenue would be between $90,000 and $180,000.

[30] See Figure 60 on page 45 in Appendix X for further detail on the most frequently cited marketing strategies.
[31] The universities that were mentioned most frequently were: Carnegie Mellon University (19 selections), University of Pittsburgh (17 selections), Duquesne University (13 selections), Point Park University (12 selections).

Given these dynamics, most organizations are prudent to pursue only the most inexpensive strategies that ensure their existing audiences are informed of their activities. Expanding their reach beyond those they already know is unlikely to pay off financially. Word of mouth or a well-placed review offer small and mid-sized organizations their best chance to attract significant new patrons.

Finally, even if organizations were able to expand their marketing reach significantly, perhaps with in-kind support or a partnership, many would find that there is little additional audience to attract. A significant number of these organizations work in obscure disciplines and are patronized by aficionados – these are probably appropriately sized to market demand.

Fundraising

Organizations were asked to describe how satisfied they were with their fundraising skills and which sources of funding were most important. Overall, they were mixed in their assessment of their fundraising skills. About half were dissatisfied, and half rated their skills acceptable.[32] Fundraising skills were rated somewhat worse than marketing skills. Mid-sized organizations, however, felt much more positively about their fundraising skills: 89% described them as manageable, compared to 40% of very small organizations.

The data further suggests that foundations are by far the most important source of contributed dollars, for both the frequency and magnitude of their support.[33] Individuals are the next most important source of philanthropy, but they trail foundations significantly, especially at higher support levels. This implies that changes to foundations' funding strategies would significantly affect most of these organizations.

The data revealed that the small and mid-sized organizations in our sample range from dissatisfied to moderately satisfied with their fundraising skills, though mid-sized organizations were happier if not fully satisfied. Based on what TDC knows about larger organizations' contributed revenue models, we speculate that improving the target population's fundraising results would require growing individual and board contributions. This would require investments in fundraising skills that many of these organizations cannot reasonably make. Similar to marketing, it is not clear that most organizations operating at this scale would be able to raise more money than development staff would cost, because the large donors that would be needed to generate the return tend to be attracted to large, sophisticated organizations. Again, mid-sized organizations could be an exception to this rule – though they too may find it hard to penetrate an individual donor market that tends to be attracted to higher-profile organizations.

[32] See Figure 58 in Appendix X Section B on page 44 for more detail on fundraising skills.
[33] Foundations appear to be more important to small and mid-sized organizations than to their larger peers. Comparing target population organizations to their larger counterparts within CDP data, we found that 32% of organizations under \$1.5M receive at least 50% of their contributed revenue from foundations, as compared to 23% of organizations with budgets over \$1.5M.

Summary

This section looked more closely at the circumstances on the ground for our target population. We assessed how our sample organizations themselves define organizational strength and how they describe their operations. We learned that organizations strongly agree that financial and administrative strength, along with artistic talent, are core components of organizational strength. The ability to innovate and connect to a vibrant artistic community were seen as significantly less critical indicators of strength, but were of great importance to younger organizations (those under ten years old).

We confirmed our starting belief that to mitigate the resource challenges posed by their scale, organizations in the target population are highly reliant on shared space. We also learned that many of the practices that we expected based on scale are common, but by no means universally shared, including reliance on free and low-cost labor and marketing, dependence on leadership, and the use of personal connections to secure resources. We also confirmed that organizations smaller scale may prevent them from engaging in marketing and development efforts that achieve positive return on investment.

These important and distinct operational realities, combined with our insight into coherent subgroups and the larger ecosystem, provide a platform from which to offer the recommendations which follow in the final section of this report.

VI. Implications and recommendations

Stepping back from the detailed findings, we observe overarching themes that bring our understanding of the cohort of small and mid-sized organizations into sharper focus. These themes have implications that both funders and organizations should consider. For funders, they have implications for the traditional work of supporting individual organizations through various funding programs designed to target specific outcomes. They also suggest opportunities to develop interventions to strengthen entire cohorts, as opposed to specific individual groups. For organizations, they have implications for articulating challenges and perhaps prioritizing among potential strategies to address these challenges.

Individual organization support

Overall, the key implications of the findings for our understanding of individual organizations can be summarized in the following categories:

- **Scale:** For the group under $1.5M, scale influences organizational health, operational practices, and therefore appropriate interventions.
- **Racial/ ethnic composition of staff**: Most organizations are majority-staffed by individuals who identify as White/Caucasian. A handful of organizations were majority staffed by individuals who identify as Black/African American. There were no organizations that were majority staffed by individuals of another racial or ethnic group.
- **Organizational form**: Our observations about the relationship between age and health, along with the prevalence of organizations that strongly identify with a specific individual, suggest that better support for alternatives to the 501(c)(3) structure might help more individuals and emerging groups to be successful.

Scale

No matter what an organization's size, its scale affects its operating strategies and shapes the most effective ways for supporters to invest in it. Even within the sample's seemingly narrow subset of the overall arts and culture sector, the data consistently reflected differences between very small and mid-sized organizations, particularly in terms of financial health, innovation capacity, networks, and the use of sweat equity. Taken together, the data suggests that the very small and mid-sized groups are profoundly different from each other, and should therefore be treated quite differently in terms of funding approaches and funder expectations.

TDC knows from observation as well as data that mid-sized organizations are less flexible than their smaller peers due to their defined season structures, audience expectations, and meaningful overhead – including payroll. To make their budgets work, they must constantly seek philanthropic dollars, yet their fundraising reach is limited by both their staff capacity and their lower profile relative to much larger organizations. At the same time, certain mid-sized organizations seem to punch above their weight, with some having high visibility as both creative influences and collaborative partners. With many of the organizational demands of larger organizations, but fewer of their advantages, mid-sized organizations need to both take capitalization seriously and secure reliable operating support to ensure stability from year to year. Their challenges in doing so are evident in their poor financial health. Institutional funders seeking to strengthen the ecosystem could help to correct for the inequities in individual fundraising by directing support disproportionately to these organizations.

In contrast to mid-sized organizations, very small organizations are administratively weaker and less connected to the community. Yet they do better on audience growth, have stronger financials, and are better positioned to innovate. Without fixed obligations, very small organizations benefit from the flexibility to scale up and down quickly as circumstances change. Because of this flexibility, they have limited operational risk and therefore minimal needs for capital reserves. Instead, project money that supports their minimal overhead and doesn't strain their limited administrative capacity is most appropriate.

The intersection between scale and financial health in turn influences innovation and risk-taking differently for these two groups. With larger fixed costs and typically little in cash reserves, mid-sized organizations are particularly vulnerable to being trapped by "what works," inhibiting their ability to experiment. One promising strategy, particularly for mid-sized groups, is for funders to provide flexible project money that fully covers the financial risks of an innovative project.

Operating strategies also look different for very small organizations compared to mid-sized groups. Due to sweat equity, we know that small organizations' financials only tell part of the story in terms of the economic value that goes into operating them. For many organizations, the budget would grow substantially if they paid market rates for space, staff, marketing and talent – even with no related change in program output or quality. An organization that wants to professionalize, expand, or have more control over its space faces a daunting challenge to achieve the scale necessary to support increased cash expenditures for staff.

Very small organizations likely do not need to substitute cash expenses for sweat equity to achieve their goals. As such, helping organizations to access low-cost resources more easily would be an appropriate goal for intervention. For example, facilitating access to board members or volunteer candidates with appropriate artistic and/or administrative skills could be beneficial, if hard to implement effectively.

In the case of mid-sized organizations, the appropriate response is more ambiguous. They will need to make use of sweat equity in some areas, while it could undermine them in others. In general, if a particular issue is inhibiting a valued organization from doing its work, funders should consider addressing it. They must bear in mind, however, that funding, for example, a director's salary for one year implies a need to continue to fund it in perpetuity unless the organization can make the case that it can't fund it now but will be positioned to do so in the future.

Scale also affects organizations' opportunity to materially increase revenue by investing in marketing or development efforts. As TDC saw in the data, supporters should not expect very small organizations to be able to achieve this kind of growth in a cost-effective way. These organizations are far more likely to benefit from artistic project funding with an appropriate allocation for overhead than from audience growth initiatives, marketing projects, or capacity-building efforts that are more appropriate for larger organizations. Another appropriate investment for many organizations (even much larger ones!) would be to help organizations develop their skills in using the free and low-cost tools that connect them to their existing base of supporters. Improved email marketing, social media strategies, or the ability to make use of crowd-funding tools could help organizations leverage what they do best more effectively – i.e. putting the art on the stage.[34]

The appropriate approach for mid-sized organizations is less clear. Some may be operating at sufficient scale and with sufficient demand that the type of marketing and development investments that larger organizations make could achieve a positive financial return; this would need to be determined on a case-by-case basis.

Racial/ ethnic composition of staff

Perhaps the most striking finding in this area is the small number of organizations that fall into this category. The limited data gives the impression that these groups have a harder time securing organizational resources. If this is in fact true, perhaps that is a partial explanation for their scarcity. In TDC's literature review, we found several studies that suggested that ethnically specific organizations can struggle to access philanthropic dollars because their markets are much smaller than those of White/Caucasian organizations. If cultural equity is a goal, institutional funders are well-positioned to play a role in correcting the inequity in individual donor markets by purposefully seeding and supporting organizations run by Blacks/African Americans and other under-represented racial and ethnic groups.

Organizational form

One of the clearest findings in the data was that younger organizations are both stronger and have better outcomes than older organizations, but the ecosystem contains a large concentration of organizations over 20 years old. A potential point of concern emerges when these observations are considered in light of recent research from the Greater Pittsburgh Arts Council (GPAC) showing that the region ranks last in the number of organizations founded after the year 2000, even though total arts spending is among the highest in the country.[35]

Several factors could be contributing to the scarcity of younger organizations. Perhaps newer organizations are finding it hard to get a foothold in an ecosystem flush with older organizations. Additionally, artists who might once have founded a 501(c)(3) may be taking advantage of more flexible organizational forms and fundraising tools to work on different platforms. If there is activity in the system that that is bypassing the institutional funders, but is an engine for artistic evolution and audience participation in arts and culture, funders might ask themselves whether their funding goals imply that they should seek out and support such activity in whatever form it assumes.

[34] Crowd funding is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via online platforms.

[35] Greater Pittsburgh Arts Council, *Arts, Culture and Economic Prosperity in Allegheny County PA,* <http://www.pittsburghartscouncil.org/prosperity>

The research also highlighted the fact that about half of the organizations in the target population are more properly thought of as platforms for the work of an individual rather than organizations that have a mission that extends beyond a single person's expression. Whether these individuals are best served by maintaining a 501(c)(3) is a question with a case-by-case answer. Institutions are merely a means to the real end, which is the art on the stage. The need to fund and maintain infrastructure and the implied mandate to build an organization that can perpetuate itself over time can take the individual artists' attention away from the art on the stage and limit their flexibility to evolve and work in new ways with new people. Of course, the need to raise money and promote the work is perennial. However, fiscal sponsorship, crowd-funding, thoughtful institutional support for individuals, and other innovative approaches could give individual artists the opportunity to achieve their artistic goals without the burdens of maintaining a formal organization.

Cohort support

One of the important desired outcomes of the study was to determine whether cohorts of organizations have common challenges to audience growth and artistic evolution that could be addressed with shared solutions aimed at improving the overall environment. In this section, TDC proposes two such initiatives that we believe institutional funders are uniquely positioned to coordinate and support.

Shared marketing

Regardless of sub-group, organizations agree that their biggest challenge to audience growth is marketing. Due simply to their scale, audience growth is unlikely to be a transformative economic engine for most small and mid-sized groups. It does, however, matter tremendously to organizations for creative affirmation, and it brings value to audiences by exposing more people to a diversity of artistic experience. As such, we believe that interventions that support audience growth do not need to also deliver a net financial return to be worthwhile. Audience members in and of themselves are a meaningful goal, but the barriers to raising awareness and encouraging attendance are high in comparison to small and mid-sized organizations' reach and economic resources.

In response, we propose piloting a group promotion effort that includes a collective branding and promotion strategy, along with tickets sold under a central brand umbrella or made available through a membership that would carry a fixed charge for a specified time period. This approach assumes that awareness, rather than price, is the main barrier to participation. The basic goal of the effort would be to fill small and mid-sized organizations' existing empty seats. Very small organizations may not have the resources to follow up with these new audience members in order to retain them, but mid-sized groups may in fact be able to market directly to this new group of attendees and retain them over time.

A portion of sales revenue would need to cover administration, which could be a significant portion of the total. In a ticket sales model, this would mean that organizations receive only a portion of the purchase price. Those that do not charge for tickets would not have a natural way to contribute to administrative expenses; this would need to be factored in. Under a membership model, organizations might receive a participation offset sized to negate their direct costs, as well as some ticket revenue dependent on the number of redemptions and prevailing ticket prices for those that are not free.

Of course, benchmarking of comparable collective marketing efforts and detailed analysis would be required to determine the overall costs of both the marketing and administration of such a program, as well as the potential revenue for organizations. TDC is confident, however, that considerable ongoing expense will be involved if the efficacy of the idea is to be truly tested. Substantial branding and media expenses, as well as a sustained effort over several years, will be required.

As such, this strategy will require funding from a third party rather than the collective efforts of a group of organizations. Because foundations and other institutional funders value audience growth and are highly connected to these organizations, TDC believes they are uniquely positioned to spearhead and fund an effort of this kind. The initiative could be housed at an ASO that already has some of the core capabilities required to execute it. Universities could be core partners in promotion and distribution. Larger organizations too might be involved in this way.

This type of initiative is not without risk. Funding would need to be incremental to the total funding pool already being provided to these organizations. Otherwise, it could leave organizations worse off by impairing their operating budgets. Organizations, especially more successful ones, could be reluctant to become involved, as a group solution will simultaneously raise the profile of the organization along with those of its competitors. And, despite best efforts, demand could be tepid. Yet, given the pervasive barrier that marketing presents, and the overall scale dynamics that make it impossible for most individuals to solve on their own, TDC believes the potential payoff may well be worth the risk.

Facilitated cohort groups

As noted above, TDC's research implies that the larger group of small and mid-sized organizations shares a few fundamental challenges (particularly marketing). The research also identifies some evidence of more coherent cohorts based on budget size, discipline, age and content. While it appears likely that these cohorts have shared needs, the analysis also shows that active networks and community are nascent at best for most organizations. This implies that collective strategies would not have much of a platform from which to work today. In order to implement group-level interventions, the first step is to build community – admittedly a challenge for organizations that are already spread thin.

In response, TDC proposes establishing a slate of cohort-based coach-facilitated discussion groups, open to leaders and board members of small and mid-sized organizations. The goal of these groups is two-fold. At a minimum, they will provide an opportunity to build and deepen the kind of personal relationships and knowledge-sharing on which these organizations depend to operate effectively. In addition, they could identify very specifically the most acute shared needs within the cohort, and work together to determine whether there are actionable collective strategies that could address them. In contrast to a "pre-baked" initiative, this approach has the considerable benefit of avoiding the trap of funder and consultant-designed initiatives that don't address core needs, but nonetheless attract participation because there is funding behind them.

These discussion groups could be hosted by foundations or ASOs, but agendas should be set organically by the participants. Based on our experience, groups like these tend to be some of the lowest-cost and most effective ways to support organizational leaders. Costs typically include space, catering, and a facilitator and/ or expert speakers. The biggest challenge up front will be securing participation amongst already overworked individuals who may not immediately see the potential value. TDC suggests using this report as a tool to seed discussion and pique interest in forming groups. The handful of organizations that have many connections could potentially become leaders and recruiters for the initial effort. In addition, funders might establish a pool of funds to support proposals for collective projects that emerge from these groups.

While we expect only a few of these groups will take root over the long run, we think it is sensible to try a range of them at first to see what sticks. As a starting point, we could imagine the following groups coming together, though we think that allowing others to suggest groups would also be a good idea.

- **Theatre**, as the most coherent and strongest discipline-based cohort appears ripe to leverage the opportunity to propose collective support strategies.
- **Mid-sized**, which share many challenges related to being "in-between" sized, may be able to work on collective marketing strategies using available audience data.
- **Young Leaders**, who seem to be starting from a strong position but will soon be navigating questions of sustained relevance and growth strategies.
- **Succession Planning**, which is appropriate for older organizations. In our experience, this group may not be well-attended by organizational leaders, but board members could have a strong interest.
- **Traditional Organizations** are challenged by demographic shifts in demand.
- **Contemporary/Modern** groups, in contrast to traditional, may share similar characteristics as their audiences appear to be growing.

VII. Acknowledgements

TDC wishes to thank all those who participated in this study. In particular, deep thanks go to the organizations that shared their candid perspectives through the survey and/or individual interviews. The cultural activity undertaken by these organizations is rich and varied and contributes to the region's vitality. Shedding light on the work of these organizations and promoting effective investment in their efforts is a critical issue for every community. The Pittsburgh region clearly values this sub sector as witnessed by the efforts the Consortium of Small Arts Funders, including the Heinz Endowments, The Pittsburgh Foundation Multicultural Arts Initiative, The Allegheny Regional Asset District, the Greater Pittsburgh Arts Council and The McCune Foundation.

TDC is honored to have been given the chance to contribute to the conversation, and hopes that this report paves the way for continued and robust dialogue and action.