THEATRES FOR THE 21ST CENTURY



A Report on Sustainable Business Models for New York City's Off and Off Off Broadway Theatres

Developed by the Alliance of Resident Theatres/New York through The Rockefeller Foundation Cultural Innovation Fund

BY VIRGINIA P. LOULOUDES
EDITED BY FAYE HAUN

ART NEW YORK
ALLIANCE OF RESIDENT THEATRES
40 YEARS

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LEFT Vampire Cowboys' *The Inexplicable Redemption of Agent G.* **MIDDLE** The New York Neo-Futurists' *The Complete & Condensed Stage Directions of Eugene O'Neill Volume 1*. Photo by Anton Nikel. **RIGHT** Waterwell's *Marco Millions (based on lies)*. Photo by Ryan Jensen.

ACKNOWLEDGMENTS

I wish to thank The Rockefeller Foundation for its generous support of A.R.T./New York's Cultural Innovation Fund initiative and especially Edwin Torres, Associate Director for New York City Opportunities Fund and Innovation. His tremendous support of this project and this paper were great motivators in between the "a-ha" moments. Our grant was one of the last made under Joan Shigekewa and Darren Walker's tenures at The Rockefeller Foundation, as Associate Director of the Foundation and Vice President of Foundation Initiatives, respectively. Their faith in A.R.T./New York to undertake this ambitious project was a game-changer for the organization. I owe them my deepest thanks.

Several models described in this paper came out of the work of ARTS Action Research—and its principals Nello McDaniel and Anne Dunning. For nearly 20 years Nello has worked with our members. Their work on emergent phenomena, and adaptive systems in particular, shed an important light on what makes people and organizations change. I feel blessed to have them on our "team."

Our Rockefeller Foundation Cultural Innovation Fund grant led us to some amazing professionals: economists Cathy Lanier and Charles Brecher, as well as City Council Member Jimmy Van Bramer, who helped us understand the current economy and its impact on our members. Dr. Joseph Salvo, Population Director at the Department of City Planning, and demographic analyst Vicky Virgin, led us though pages of data on New York City demographics since the 1970's—helping us develop a clearer picture of the environment in which Off Off Broadway's founders worked. Arlene Goldbard gave an eloquent talk on change to our members and led a re-visioning workshop, which helped everyone present embrace new ideas.

A very special thanks to the City of New York, and in particular Cultural Affairs Commissioner Kate Levin, Manhattan Borough President Scott Stringer, City Council Speaker Christine Quinn, and Finance Committee Chair Domenic Recchia for their generous funding of the A.R.T./New York Theatres. Their faith in us has resulted not only in an inspiring design, but with countless opportunities for rethinking the traditional theatre rental model.

This is A.R.T./New York's 40th Anniversary, and we celebrate it with the finest staff I've had the pleasure of working with in my 20 years as Executive Director. This staff has developed its own adaptive capacity which allowed Finance Director Guy Yarden and his colleague Sarah Maxfield to develop the Collective Insourcing Model, and Guy to develop the Sustainable Rental Subsidy Model for the A.R.T./New York Theatres. I am deeply grateful to Director of Programs Frances Black, who managed the ***Theatres Leading Change*** initiative, thereby allowing me to focus on ***Theatres for the 21st Century*** with my right hand, Taylor Gramps, and our interns, Johanna Range and Shelby Brown. Digital Programs Manager Max Dana worked on the layout and design of this paper. The remainder of the staff: Jerry Homan, Stephanie Bok, Roberto Cambeiro, Zach Hollwedel, Katherine Heberling, Diana Buirski and Emiliya Yusufova provided me with ideas, suggestions for members to interview, and publications to read, along with their spiritual support.

Our Board of Directors has helped this organization pursue progressive (and sometimes risk-taking) projects over the years; I cannot thank them enough. I am deeply grateful to the amazing individuals who participated in Theatres Leading Change, for their wisdom, creativity, and innovation. They, like all A.R.T./New York members, inspire the staff and me on a daily basis. It is a privilege to serve them.

PREFACE

> ***One of the central lessons of the current meltdown is that it is criminally stupid to predict the future. We have no idea what's going to happen…we're a money town from which the money has disappeared. As much hardship as this will bring—it also presents us with a great creative opportunity…culture will be deinstitutionalized; art will emerge again out of necessity rather than out of corporate funding cycles.***[1]

Three years after Sam Anderson's prophetic article first appeared, his words ring truer than ever. At A.R.T./New York, our experience in The Rockefeller Foundation Cultural Innovation Fund confirms that in order to continue to thrive in what is now referred to as the "new normal," our members, especially our small and mid-sized theatres, will need to abandon the institutional model that has prevailed for decades.

Today, our members, as well as arts organizations and practitioners everywhere, are re-thinking how to make theatre, how to fund the work, and how to attract the necessary resources (contributions, space, and audience) to succeed. For some time, our smallest and youngest companies have been working in new ways—under the radar of the press and the funding community. At the same time, they have formed deep relationships with their communities and are producing important and compelling work.[2]

As A.R.T./New York approached its Cultural Innovation Fund project, I chose to think of theatre not in isolation, but as a vital industry in one of the most dynamic cities in the world. I discovered that there were similarities between the fissures in the economic system and the cracks in the nonprofit business model. No longer a situational crisis we must simply ride out, the current environment is requiring us to develop new adaptive capacities in a world that has permanently changed.

In this White Paper, I propose a vision of how the nonprofit theatre community can move forward in a world where systems—economic, philanthropic, and labor, to name a few—are breaking down and being reinvented. But to understand why the nonprofit institutional theatre model is broken, one must understand how it came to be. This paper will explain the history of the "institutional theatre movement" and show how the model that worked so well for some of our first-generation theatres never had a chance of working for our second- and third-generation companies.

For New York City's nonprofit theatre sector to thrive in the twenty-first century, new artists and their companies must have sufficient resources and opportunity to create new work. Our Rockefeller Foundation-funded work reminds us that artists are among our country's most innovative and creative individuals. What is most fascinating about our youngest generation of artists is not only how they work within the resources that they have but also how they have come to redefine the art form.

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1 Anderson, Sam. *"Why the New Is Now,"* New York Magazine. January 19, 2009.

2 A.R.T./New York received a grant from The Rockefeller Foundation in 2009 for its project *Sustainable Operating Models for Small and Mid-Sized Theatres*. For the purposes of this study, we define small theatres as those with annual operating budgets below $750,000; mid-sized theatres as those with annual operating budgets of $750,000 to $6.99 million and large as those with annual operating budgets above $7 million.

I. INTRODUCTION

In the summer of 2009, the Alliance of Resident Theatres/New York (A.R.T./New York) submitted an ambitious application to The Rockefeller Foundation Cultural Innovation Fund. Through our Cultural Innovation Fund project, we hoped to:

- find new administrative and production models and approaches, outside the costly institutional model, that allowed artists to be paid a living wage;
- work with an economist to determine the floor and ceiling of disposable income for New Yorkers (as a way of measuring price elasticity);
- work with the Office of City Planning to learn about demographic trends that could lead to new audiences; and
- revise the 40-year-old outdated Actors' Equity Showcase Code.

Once awarded the grant, we decided to take both a macro and micro approach to this problem. For the micro study, we engaged consultants Nello McDaniel and Anne Dunning of ARTS Action Research (AAR). Working with AAR, A.R.T./New York identified eighteen theatres with annual operating budgets ranging from $25,000 to over $3 million. Located in three boroughs, these theatres wanted to explore the idea of meaningful change in some aspect of their company. The initiative, ***Theatres Leading Change***, ran from May 2010 to June 2011.

On a macro level, A.R.T./New York ran a parallel study, ***Theatres for the 21st Century***, to gain a better understanding of the demographic, financial, real estate, and administrative realities within which our members must operate. A.R.T./New York held fifteen focus groups with members, as well as with directors and stage managers. Through meetings with Dr. Joseph Salvo, Director of Population Studies for the Office of City Planning, we learned that it is nearly impossible to determine a range of disposable income because it varies greatly depending on personal choices. But we did learn that by the year 2030, New York City's population will grow by nearly 1 million, and that the Metro Area's population will grow from 20 to 30 million. New York City's senior citizen population is also growing as fewer people retire to Florida, Nevada, or California. For this reason, audience accessibility is critical to our future health.[3]

We also commissioned an economic study of our members by noted economist Cathy Lanier, which defined the relationship between fixed costs and revenue at various sizes of theatres.[4] Finally, A.R.T./New York's Finance Director Guy Yarden, together with his former colleague, Sarah Maxfield, wrote a concept paper titled *"Collective Insourcing: A Systemic Approach to Nonprofit Arts Management."*

A.R.T./New York hopes that the shock of the financial crisis will make it easier for our members and partners to abandon the sacred cows we have worshipped for far too long. I sincerely hope that the models and strategies that we propose will be considered seriously by all stakeholders and that many of our small and mid-sized theatres will adapt the concepts created by their fellow artists.

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3 Meetings with Dr. Joseph Salvo, Director of Population Studies at the New York City Office of City Planning, June 2010 and November 9, 2010.

4 *Nonprofit NYC Theatre Economic Analysis to Inform A.R.T./New York's New Business Models for Off and Off Off Broadway Theatres Project*, Catherine Lanier, August 2011. For her study, Cathy Lanier used FY 2010 data from the Cultural Data Project (CDP) and the New York State Council on the Arts (NYSCA).

II. THE PUSH TOWARDS INSTITUTIONALIZATION

In their landmark 1966 study, *Performing Arts – the Economic Dilemma*, noted economists William Baumol and William Bowen explained that the labor intensiveness of the performing arts prevented the industry from benefitting from economies of scale or improvements in technology. Regardless of such variables, the theatre requires actors to appear at every performance. This, coupled with high fixed costs, creates an economic dilemma that has challenged American theatre producers on Broadway and off for dozens of years. Without some form of subsidy, ticket prices to even Off Off Broadway shows would be too expensive for the very theatregoers they wish to serve.[5]

Baumol and Bowen's study, along with the formation of the New York State Council on the Arts (NYSCA) in 1961 and the National Endowment for the Arts (NEA) in 1965, created a new demand for arts organizations across the country and stimulated supplemental funding from both the corporate and foundation sector.

By 1972, New York City was home to forty-two nonprofit small resident theatres, thanks in part to the fact that New York City was an affordable place to live. In comparison with today, a higher percentage of apartments were rent-controlled and rent-stabilized, so more apartments were affordable, and young people, particularly artists, were attracted to the City. The New York City Loft Law, which allowed artists to live and work in the same place, created a number of live/work lofts for visual and performing artists. In 1977, Manhattan Plaza, a subsidized apartment complex with 1,289 units for performing artists, opened on West 42nd Street between Ninth and Tenth Avenues. As families moved to the suburbs, housing prices fell. Abandoned warehouses and tenements were quickly turned into performing spaces, such as the Performing Garage in Soho and La MaMa in the East Village.

There is no question that fixed costs for producing theatre (rent for office, rehearsal, and performance space, lumber, printing, etc.) were much lower in the 1970s. For example, in 1975, the average price of a commercial office in Manhattan was $5.70 per square foot.[6] Today the average price of a Manhattan office is $85.28 a square foot.[7] Thanks to the Comprehensive Employment and Training Act (CETA), nonprofit arts organizations could hire and train administrators for two years of government-subsidized pay.[8] In fact, the 1970s was the last time that minimum wage was above the poverty level in New York City.

It is important to note that the operating model that our first-generation theatres adopted was one that was prescribed to them (intentionally or unintentionally) by government and institutional funders. For twenty years, W. McNeil Lowry, Vice President of Arts at the Ford Foundation, and believed by many to be the first arts philanthropist, led the way in describing the operating structures of arts institutions

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5 William J. Baumol and William G. Bowen. *Performing Arts – The Economic Dilemma*. MIT Press, September 1968.

6 Confidential real estate source.

7 Loopnet.com

8 (CETA, Pub.L. 93-203) was introduced into Federal Law in 1973 to train workers and provide them with jobs in the public service. Designed as an extension of the Works Progress Administration (WPA) from the 1930s, the CETA program became a boon for the nation's newly formed nonprofit arts groups, since it provided funding for full-time jobs for one to two years to those who worked in public agencies or private nonprofit organizations. The intent was to impart a marketable skill that would allow participants to move to an unsubsidized job.

throughout the country.

As Richard Evans of EmcArts explains:

> ***The role of the trustees in arts organizations as local fundraisers was also cemented…As a result, fundraising and marketing staff proliferated, large administrations were created, and major cultural organizations became entities that needed to be supported as much for their own sake, as for their artistic impact.***
>
> ***By and large, the institutional model and the set of fundamental assumptions that became orthodoxy in the arts and culture field were ones that linked growth and stability to systematically excluding the communication from artistic creation, and then marketing commodified artistic products back to the community, using scarcity and excellence as the twin incentives for increasingly high ticket prices and for privileged access to donor benefits.***[9]

What Evans' refers to as "scarcity and excellence" could be applied to the Arena Stage in Washington, DC or the Guthrie Theater in Minneapolis, Minnesota. But in New York City, where there was a large concentration of theatres, many of whom focused on developing new work, the key quality behind Ford's institutionalization model ("scarcity") was missing. As a result, from the beginning, New York City's first-generation theatres basically competed among themselves to become institutions.

The model recommended that theatres earn 60% of their revenue from ticket sales and 40% from contributions. For A.R.T./New York's founding members, this was achievable: The New York City Department of Cultural Affairs (DCA), NYSCA and the NEA usually covered administrative overhead, while a combination of ticket sales and grants covered artistic costs. For experimental/downtown theatres, the equation was reversed; 40% of their income was earned and 60% was contributed.

During this time Ford introduced marketing impresario Danny Newman and his book *SUBSCRIBE NOW!*, which described his concept of the season-subscription to performing arts. Eventually, symphony orchestras, regional theatres, and even leading Off Off Broadway companies like Circle Rep and Playwrights Horizons adjusted their revenue model to one that was "subscription-based." The model was perfect for the performing arts, which required major up-front investments—costume and set construction and theatre rehearsal and performance space rental—prior to the receipt of any revenue. The season subscription allowed producers to more accurately budget earned income for the year.

The desire for more subscribers created demand for new positions in marketing and subscription processing. The early-80s also saw the introduction of a new marketing method: telemarketing. Soon theatres gathered the phone numbers of lapsed subscribers and single-ticket buyers and, with the help of volunteers or staff, reached out to them on the phone to find out if they intended to subscribe, and if not, why. Telemarketing proved a very successful way of increasing subscription numbers. While more expensive than direct mail, it was adopted by many theatre companies, including several Off and Off Off

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9 Richard Evans. *"Innovate to Thrive,"* the 2010 Denver Cultural Forum Address, January 14, 2010. Since 1999, EmcArts has offered programs and services to assist local arts communities and their funders in fostering innovation.

Broadway companies. This, in turn, increased the staff size of New York City's largest nonprofit theatres, as they worked to grow their subscriber base.

Meanwhile a second-generation of theatre companies had formed: MCC, the Vineyard, Primary Stages, Second Stage, New York Theatre Workshop, and the WPA, to name a few. Most of these companies were devoted to new work. Yet, because government funding failed to keep pace with the growth of the sector, these companies were unable to receive the sizeable first-time grants from the NEA, NYSCA, and DCA that covered their general operating expenses (as they did for the larger theatres when they were founded).

Although they tried to adapt to the Ford Foundation's model of institutionalization these second-generation companies lacked the funding to hire the staff that allowed for the Ford Foundation's "growth-driven" model. They also worked hard to find loyal and committed board members and subscribers. However, the sheer number of world-class performing and visual arts organizations in New York City made competition for wealthy board members incredibly difficult for nonprofit theatres, particularly the small and mid-sized.

The institutional model was nearly impossible for our second-generation theatres. Yet they lacked any other operating model to follow. What is more, institutional funders tended to measure companies by the success of their institutionalization, thereby discouraging change. Former A.R.T./New York board member Kyle Renick, Artistic Director of the WPA Theatre, noted in A.R.T./New York's *Theater Times* in 1986:

> ***There is no limitless supply of philanthropic money out there to support endless institutional expansion. The competition among an increasing number of nonprofit groups for a decreasing pot of money is a no-win situation ripe for Darwinian disaster.***[10]

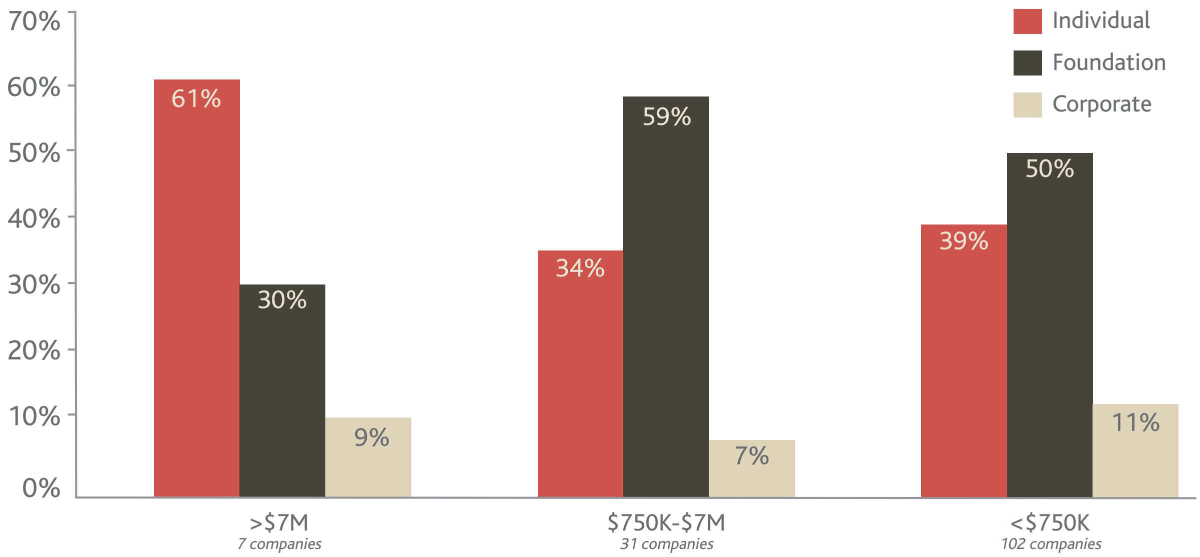
III. THE CURRENT BUSINESS MODEL AND HOW WE GOT HERE

Even prior to the Fiscal Crisis of 2008, it had become clear to many of those working in New York City's nonprofit theatres that the business strategies under which companies had been operating were seriously flawed. Fixed costs were rising faster than income. As A.R.T./New York's membership approached one hundred companies in the 1980s, Ford's key element for institutional success—"artistic scarcity"—was clearly nonexistent. For this reason, the season subscription model never generated enough up-front dollars for the second-generation theatres, as it did for the first-generation companies.

As Cathy Lanier discovered through her study, by 2010, the funding pie remained large for the seven largest member theatres, as individual giving replaced reduced corporate and government funding.

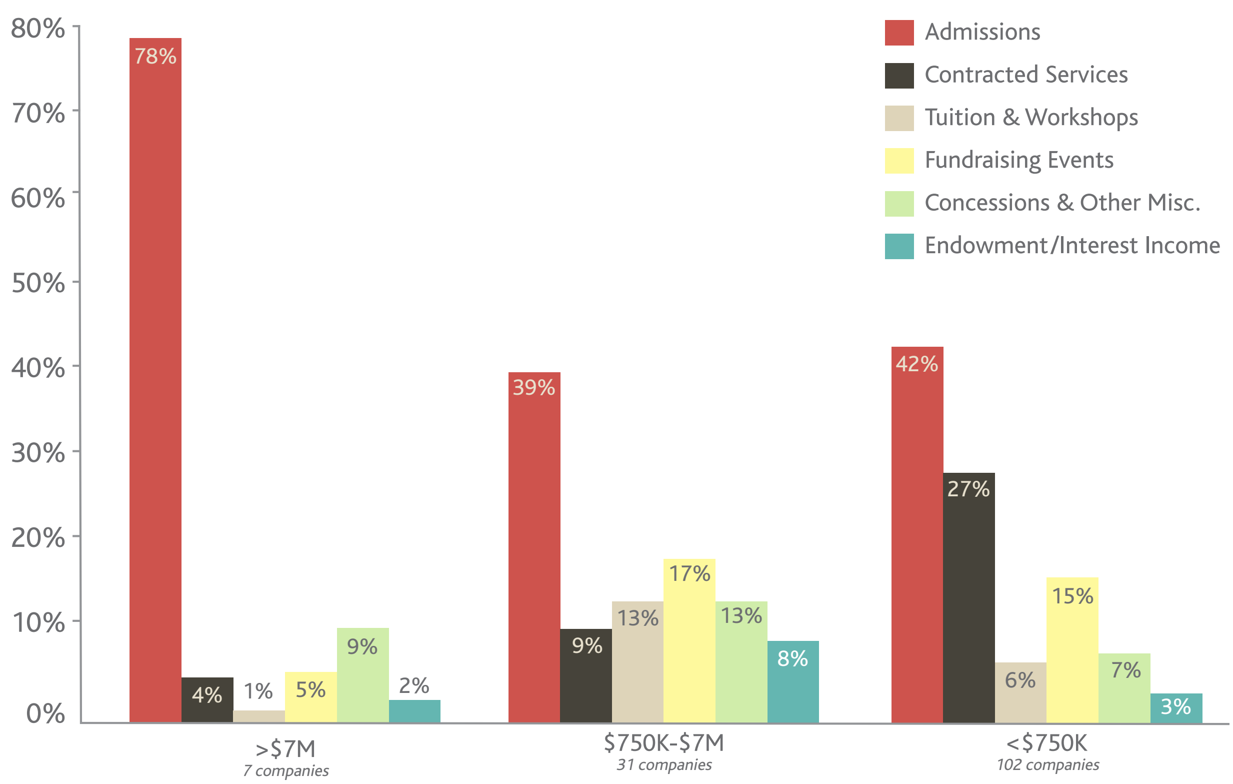
10 *Theatre Times* was a publication distributed by A.R.T./New York to its members in the 1980's and 90's.

SOURCES OF PRIVATE INCOME BY BUDGET SIZE



Meanwhile, the amount of funding available to second-generation companies with annual operating budgets between $750,000 and $6.9 million remained limited. While they achieved some success with foundations, they wisely sought alternative sources of revenue through special events and tuition-based programming (in the form of after-school programming or contracts with New York City public schools).

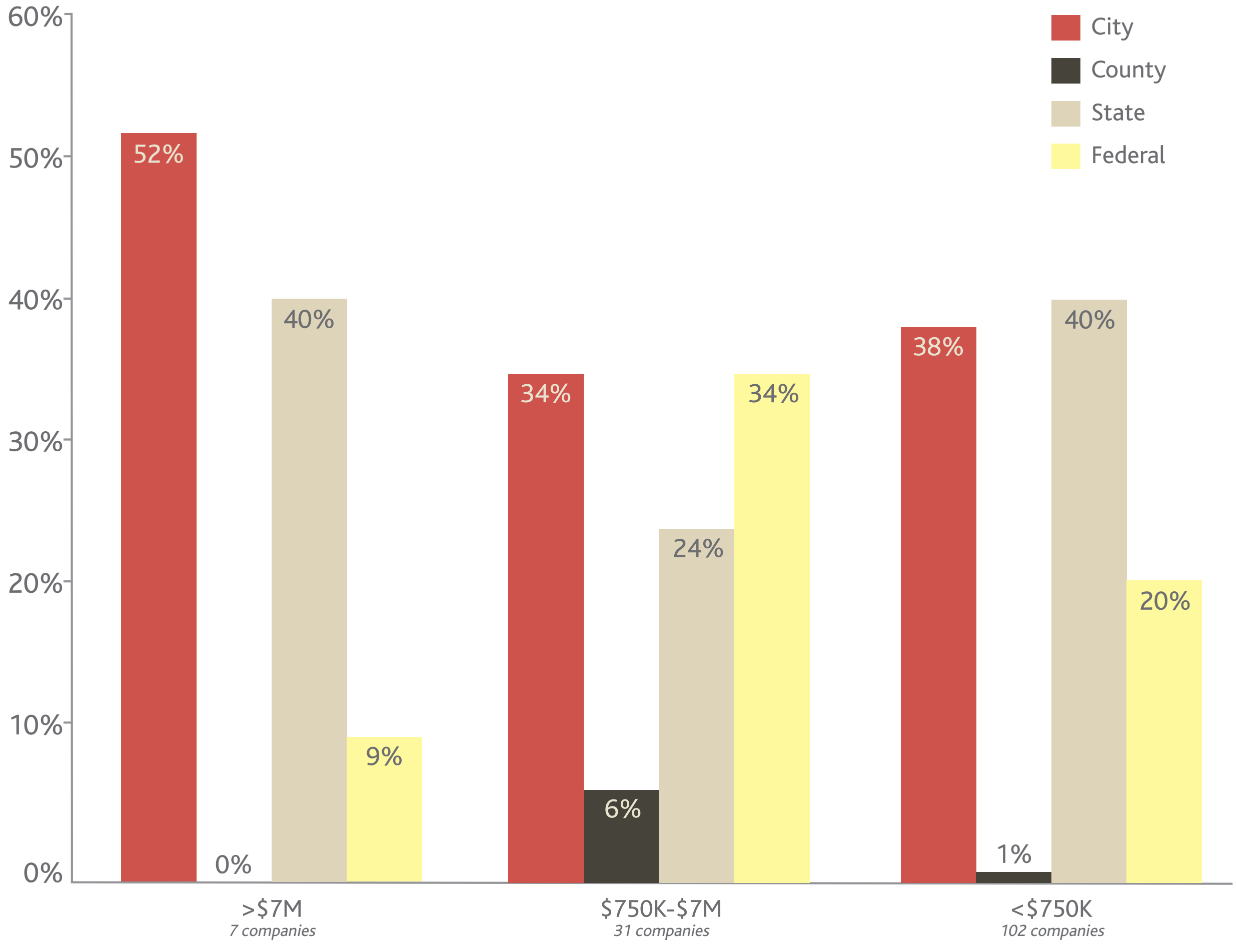
SOURCES OF EARNED INCOME BY BUDGET SIZE



For theatres with annual operating budgets below $750,000, the situation was even worse. In 1989, NYSCA's budget was cut by 60% (and in the twenty-one years since, NYSCA has not returned to its peak budget of $54.3 million). The culture wars of the 1980s resulted in deep cuts to the NEA budget as well. As a result, NYSCA and the NEA, the two agencies that had once been primary sources of general operating support for larger theatres, could only provide a fraction of that support to small third-generation companies.[11] Those companies that did manage to secure grants received much smaller amounts, some as low as $5,000. NEA funding became increasingly unpredictable as new regulations limited the amount of NEA dollars that could come to New York and California.

As you can see from the chart below, however, the City of New York accounts for the largest percentage of government funding. In fact, today the budget of the New York City Department of Cultural Affairs ($152.45 million)[12] is larger than that of the National Endowment for the Arts ($146 million).[13]

SOURCES OF GOVERNMENT SUPPORT BY BUDGET SIZE



11 Third-generation applies to those theatres founded after 1990 that had annual budgets under $100,000 in 1993 when the Nancy Quinn Fund was founded.

12 www.art-newyork.org. July 6, 2011.

13 blog.artsusa.org. February 14, 2012.

In 1993, thanks to a leadership grant from the Joyce Mertz-Gilmore Foundation, A.R.T./New York created special programming and funding through its Nancy Quinn Fund and Technical Assistance Program for these third-generation companies (who were our fastest growing and most culturally diverse members). These artists supported themselves by holding a survival job, or they were supported by a spouse or partner. For nearly twenty years, consultants Nello McDaniel, George Thorn, Anne Dunning, and Micki Hobson have worked with these companies, urging them to remain nimble and lean.

After the crash of 2008, foundations saw such extreme losses to their assets that they could no longer accept applications from new groups. Corporate matching gift programs began to disappear. Through focus groups we discovered that third-generation theatres became adept at finding partnerships with schools, or creating summer youth programs. Still others cut their fixed costs by participating in the New York City International Fringe Festival, which provided free performance space.

Realizing that the institutional model could not serve our second- or third-generation members' artistic or administrative needs, A.R.T./New York sought new models for their survival.

IV. THEATRES LEADING CHANGE
THE EMERGENCE OF DEVISED & HYBRID PRODUCING & PRESENTING MODELS

As part of ***Theatres Leading Change (TLC)***, ARTS Action Research studied how seventeen theatres approached implementing change into their organizations. The participating theatres include: 13P, 52nd Street Project, The Chocolate Factory, The Civilians, Elevator Repair Service, HERE, The Movement Theatre Company, New Georges, New Perspectives Theatre, New York Neo-Futurists, The Play Company, Rattlestick Playwrights Theater, Repertorio Español, Ripe Time, Take Wing and Soar Productions, Transport Group, Waterwell, and Vampire Cowboys.

What follows are some models that came out of ***Theatres Leading Change*** and ***Theatres for the 21st Century*** (A.R.T./New York's own research into new models, demographic changes, and the Actors' Equity Showcase Code). Unless otherwise indicated, the quotes from the ***Theatres Leading Change*** participants were taken from ARTS Action Research's report: *Emergent Phenomena: A Report on the Process of Theatres Leading Change New York*. We encourage theatres, particularly our small and mid-sized companies to read ARTS Action Research's report, and to carefully consider these new ways of creating and producing their work. And we encourage our funding and union partners to work with us to embrace them.

1. THE AUDIENCE AS PARTICIPANT

Founded in 1993, **HERE** has become one of New York City's most prolific producing organizations. As described in their mission, HERE "stands at the forefront of the city's presenters of daring new hybrid art."[14] One of HERE's TLC goals was to incorporate greater online audience engagement and participation in their programming, specifically with their show *LUSH VALLEY.* While much of HERE's work lately has involved video from their MADE HERE Video Project, *LUSH VALLEY* marked a major shift by filming artists, public participants, and the audience, which was then used as part of the devised

14 www.here.org/about/mission-story/

piece. HERE's Artistic Director, Kristin Marting, with Mahayana Landowne, Tal Yarden and the ensemble, created *LUSH VALLEY.* The original and adapted text was by Robert Lyons, Artistic Director of Soho Think Tank, and Qui Nguyen, Artistic Director of Vampire Cowboys. As described by HERE on their website:

> ***LUSH VALLEY uses dance, music, text, online technologies & video to explore how the Dream shapes and twists our imaginations. LUSH VALLEY is interactive, bringing together artists & community members via interviews, think tanks, social-networking forums, public art actions, & live performance. LUSH VALLEY is a highly participatory, inclusive work in which audiences will use their personal sense of adventure & decision-making to navigate through our American Dream "themes" park. The 2-hour event will include participatory activities (video interviews, census data plotted & projected live, citizenship tests & real-time video word clouds of audience texts); intimate monologues delivered to only 2-3 audience members at a time; full cast sequences where the entire audience gathers for activities like a Town Meeting (where they interact with characters and vote on the national anthem); & dance sequences derived from classic American pastimes like bowling & baseball.***[15]

The fact that *LUSH VALLEY* was taking place blocks from Occupy Wall Street made the show's themes all the more trenchant. As Will Fulton of nytheatre.com wrote,

> ***At a moment of political and economic disarray, it is heartening to see such a team of downtown theater heavyweights tackling the subject of nationalism so directly.***[16]

For New York theatregoers seeking a unique and participatory experience, *LUSH VALLEY* fit the bill. The sheer number of creators and people involved in the early "think tanks" helped turn *LUSH VALLEY* into an event—one that clearly integrated real-time communication via texting and Facebook into previously filmed interviews and public art actions. What is more, the piece was topical and specifically designed to be inclusive with respect to age, ethnicity, income, and vocation. The piece was in development over a period of time and engaged a large number of people, thereby helping *LUSH VALLEY* generate strong word-of-mouth—even before the reviews.

Many TLC participants sought to expand their online presence, and most found this to be incredibly labor-intensive, particularly those with very small staff. *LUSH VALLEY* was undoubtedly the most successful TLC participant with respect to their use of social media. This was largely due to their previous success with their MADE HERE project, and the integration of social media with the actual production. HERE has invested deeply in their online presence because it is integral to the work they do. But for other companies whose work is much more text-based, one has to weigh the many other marketing methods against the labor intensiveness of the Internet.

2. THE GROWTH OF DEVISED THEATRE

Artists like The Civilians, Elevator Repair Service (ERS), HERE, The Movement Theatre Company, and Ripe

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15 www.here.org

16 Ibid.

Time make theatre from other genres: personal interviews, novels, or short stories. These companies produce what is known as "devised theatre."

In her August 8, 2011, posting on Theatre Communication's "What If?" blog, Rachel Chavkin, Artistic Director of **The TEAM**, wrote, *"What If…Devised Theatre Moved To The Mainstream of Theatre Making?"* Chavkin hypothesized:

> ***If devising moved to the mainstream...producers would sit down with the artists… and ask how they want to approach MAKING. Unions would have to make significant adjustments, and this would be enormously difficult[,] since a union's power in part rests so much on the shared needs of a specific group. Devising takes longer and we'd have to accept that a three-week rehearsal period is not enough. Rules and practices that fit well for one project, simply might not translate. I think this would be healthy for institutions, though also place an increased demand on their time and resources. But from my limited experience working on new plays, this holds no less true for that world; one writer's and play's needs are vastly different from another's.***[17]

The TEAM (Theatre of the Emerging American Moment) is a New York City-based theatre company dedicated to dissecting and celebrating the experience of living in America today. The TEAM devise plays by examining a wealth of material, ranging from existing texts (fiction, theory, drama, etc.) to images taken from visual art and film, and then combining that research with original writing and staging. At times a rock concert, at times a sporting event, The TEAM has been described as "Gertrude Stein meets MTV." Since 2004, The TEAM has performed nationally and internationally, developing a following for their unique aesthetic and work.

As emphasized by Chavkin, the importance of time as a resource cannot be overstated. Devised work requires intense research and development, which in turn requires time, which in turn requires money. In every conversation we had with small "do-it-yourself" companies, and with other companies with budgets below $750,000, the number one question was, "How can we continue to make work in times of diminishing revenue?" Those in their thirties expressed the desire for greater financial stability and health insurance. Some had survival jobs for this reason, and questioned how long they could juggle both their art and their survival job. These artists, like Rachel Chavkin, who supports herself by teaching for NYU's Tisch School of the Arts, are making some of the most exciting work in the theatre today, but for how long?

Large theatres such as the Mark Taper Forum and the Public Theater have presented the work of The Civilians and Elevator Repair Service respectively, thereby whetting the appetite of an institutional audience for this work. Ms. Chavkin's suggestion that this style of work become integrated into the resident theatre model is bold for all the above-mentioned reasons. It would be wonderful if other major institutional theatres—as well as major regional presenters—followed the Public's lead.

3. THE CHALLENGES OF CREATION, PRODUCTION, AND PRESENTING

The topic of creation, production, and presenting came up frequently in the individual and group TLC

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17 http://www.tcgcircle.org/2011/08/what-if-devised-theatre-moved-to-the-mainstream-of-theatre-making/

meetings. We learned that companies like Ripe Time, The Movement Theatre Company, HERE, New Georges, Elevator Repair Service and The Civilians (to name just a few) bear the rising developmental costs of creating and producing new work. Some companies, for example ERS, have benefitted from European tours, and others, like Nature Theatre of Oklahoma, have been "adopted" by a German theatre that pays meaningful commissions for their new, developmental work. ERS began touring early in their twenty-year history, and the company financed the tours as an investment in their future, a move that built their presence artistically, leading to presentations in Europe, Australia, and across the United States.

Ripe Time's project for ***Theatres Leading Change*** was to develop its funding and audience base and attract tour promoters and producers from large presenting houses such as BAM, St. Ann's Warehouse, and the Walker Arts Center for their fall 2011 show, *Septimus & Clarissa*. Written by Ellen McLaughlin and based on Virginia Woolf's *Mrs. Dalloway*, *Septimus & Clarissa* was the most successful show in Ripe Time's history and marked a critical turning point for the company and its artistic director, Rachel Dickstein. Yet despite rave reviews and positive word-of-mouth, they have yet to receive a viable offer from a presenter.

Today, rising costs and the devaluation of the dollar make it impossible to self-produce an international tour, as ERS did years ago. What is more, without greater production funding, companies cannot recoup the cost of developing their work within a traditional four-week run. Presenting organizations are the best "distribution channel" for this type of work, yet because of their funding losses due to the "new normal" they have had to cut back on the amount of work they present. At a time when new, devised, and hybrid work is blossoming, we need to find ways to increase the opportunities to present this work. In addition to our call to regional theatres to follow the lead of the Mark Taper Forum and the Public, A.R.T./New York would like to create a dialogue between New York City area University Presenters and devised and hybrid companies. This would provide these very artists with a platform to present their work.

Devised theatre has become one of the most popular forms of development for third-generation theatre companies. As mentioned previously, the time invested in devised work is much longer, and funders have not been able to keep up with the rising fixed costs of developing, producing, and presenting this work. The Civilians responded by accepting every commission offered to them so that they would have money coming into the pipeline. Thankfully, a recent large grant will provide the artists with some breathing room.

In the meantime, small presenter/producers like HERE and The Chocolate Factory find that in addition to the fees they pay to the companies they present, they must spend their own money to market these pieces, since the presented group lacks these resources. We believe that a new funding model for our third-generation presenting theatres must be developed to address the needs of producing and presenting text-based and devised work. A.R.T./New York is anxious to work with funders to create such a model.

4. THE PIPELINE FOR NEW WORK

Susan Bernfield founded **New Georges** in 1992 to provide a productive home for promising and accomplished women artists. In addition to their small office in the Flower District, New Georges has a rehearsal studio called THE ROOM at A.R.T./New York's Spaces@520.

By having THE ROOM, New Georges draws numerous artists who want to experiment with larger and/or more demanding work. Since their normal play development process only allowed them to work with an artist for a week, they used ***Theatres Leading Change*** as an opportunity to find a way to serve a broader group.

> ***We wondered…how could we best support the work that most needs on-its-feet development: projects with a strong collaboration at the center, from first-draft or even from the idea stage? Can we find a model that supports individual projects from the ground up, then continues that support through several phases of development and perhaps even through to production? Can we provide a constructive framework for artists who want to produce their own work but don't want to start their own companies?***

Bernfield noted that often, "brave ideas are abandoned before they begin." In order to encourage the very bold thinking that will keep this industry moving forward, New Georges realized that they needed to incentivize their artists. Incentives range from free space, seed money, or simply the fact that another artist is demonstrating interest in the project. This, in turn, helps the artist create and follow through on the act of taking their idea to the next step. These forms of incentives are at the heart of the Pipeline.

Projects that make it through the Pipeline are called "supported productions." Once the work is presented, the artists credit the Pipeline in publicity materials as "a New Georges supported production," which adds value and a sense of validation to the artist. At the same time, through New Georges' support, more projects will progress from dream to reality.

5. PLAYS THAT DEVELOP A CULT FOLLOWING

Vampire Cowboys produces the work of playwright Qui Nguyen and director Robert Ross Parker. A talented writer, Nguyen has developed a devoted following for Vampire Cowboys through plays which have a comic book, superhero, pop culture aesthetic. Their audience is not comprised of typical theatregoers, but they are dedicated to the plays the company produce and present in a "serial-like" fashion. Managing Director Abby Marcus maintains that their audience members want to be at the very first performance of the newest installment—and often attend a show multiple times.

During their process in ***Theatres Leading Change***, the leadership team realized that the company's growth could not sustain their needs for full-time compensation, given company members' family and lifestyle obligations. Managing Director Abby Marcus and her husband, Qui Nguyen, moved to Minneapolis when Abby became General Manager of The Playwrights Center.

> ***This forced our situation and we had to adapt our way of working to accommodate our new reality. The result was some immediate delegation of New York-based activities, a difficult decision to let go of our rehearsal space in Williamsburg and the resident Saturday Night Saloon Series, and a return to a more singular focus on our mainstage show.***

The company also committed to the production of a new piece that was more personal, and allowed Qui and Robert to explore creative ideas and approaches that expanded their aesthetic.

This past fall, Nguyen wrote *She Kills Monsters* for The Bats (a company of young artists who work with Artistic Director Jim Simpson at The Flea Theater), and Vampire Cowboy fans could be found in the audience. One woman came four times and asked the cast to sign her "Dungeons and Dragon Sword." Their newest work, *The Inexplicable Redemption of Agent G*, is currently being produced by Ma-Yi Theatre Company at the Beckett Theatre.

6. INTEGRATED PROJECT CORE

13P is a collective of playwrights who came together to form a company in which each writer could fully produce one of his or her plays. Once the thirteen plays are produced, 13P will disband. 13P's ***Theatres Leading Change*** project was to document their work, including their successes and lessons learned. During the TLC process, they came to realize that their method of producing, led by Executive Producer Maria Goyanes, has an interesting and replicable approach. The company operates as a "non-integrated combination format" that allows each playwright to fully focus on his/her work. Maria maintains a "master list" of company needs such as fundraising and financial oversight and has a trained team of associates who work with her in these areas. As they get closer to production, all playwrights and associates provide necessary time and expertise. Between performances the playwrights are free to write. According to McDaniel and Dunning,

> ***The 13P Project Core has a low-maintenance operating profile and a high-yield producing capacity, which directs maximum resources to each play and playwright.***

The structure expands when 13P is in production and contracts when they are not. What makes 13P's model so successful is that they can achieve more as a combination of writers than they could if each writer individually set out to produce his/her work.

V. THEATRES LEADING CHANGE ADMINISTRATIVE MODELS AND STRATEGIES

1. RESCHEDULING AND PRIORITIZING

For **Take Wing and Soar**, Artistic Director Debra Ann Byrd, who operates with a core of volunteers, rethought her production calendar. By scheduling her productions in the fall and her education program in the spring, Byrd found more time for fundraising, marketing, and other administrative tasks. With the help of a "Triage Nurse," the **New York Neo-Futurists**, a collaborative of actors who work survival jobs, developed a way to determine priorities and set goals, using an online calendar and monthly meetings to keep them on task. Since some of the Neos' perform in their long-running hit *Too Much Light Makes the Baby Go Blind* while others develop new work, effective communication is critical.

For **Transport Group**, a motivated board willing to invest in the staff led to the hiring of a production manager. This may seem like a small and insignificant strategy, but taking on staff is frightening for our youngest theatres. Without the benefit of multi-year grants, they cannot be assured that they can maintain new positions. What Transport Group learned was that a production manager not only saved the artistic director time, but also brought a new level of rigor to production budgeting and scheduling. Accurate financial projections allowed management to extend three shows. The benefits of having extended multiple productions include earned income from the shows, a greater audience attending Transport Group shows, more visibility for their artists and productions, and increased opportunities to be nominated for awards.

2. ADAPTABLE STAFFING

Founded by director John Collins and a group of actors in 1991, **Elevator Repair Service** creates its work through long periods of collaboration, using sources ranging from novels, films, plays, television, and non-fiction to other media. Each piece is developed over the course of a season and eventually presented in New York City.

With the success of *GATZ* and *The Select*, the company's tour schedule has grown, and company members have little time to do administrative work during production. Because Collins is committed to his ensemble, he wanted to find a staffing model that would guarantee his artists salaries and health care, while not overburdening them.

> ***We defined our initiative as finding a flexibly integrated, sustainable human resource model…ERS seeks to create a new model that will sustain a greater level of contributed support for R&D and operations, build a reserve of earned income to balance revenue changes over time and create an appropriate human resources base that can be adapted to the changing needs of the organization. The adaptable staffing model would allow the organization to increase needs and balance the organization to increase and decrease human resources as needed and move key collaborators within the organizational structure to accommodate changing personnel needs.***

Through this model ERS expands and contracts in response to its organizational needs. When ERS is in production they will rely on trained associates to provide the necessary administrative support. Upon the company's return, the ensemble will pick up the administrative duties they had before they went into production. This will allow ERS to sustain a full-time ensemble, without compromising their administrative operations.

3. NEW FUNDING MODEL—PAY IT FORWARD

Since 2001, **The Civilians** has supported the creation of thirteen original shows, including: *In the Footprint: the Battle Over Atlantic Yards*, *Pretty Filthy*, the first major musical about the adult entertainment industry, and *The Great Immensity*, which explores climate change.

The Civilians' TLC project involved implementing a sustainable program to support the development of new plays around environmental themes. In order to succeed, The Civilians realized that they had to identify new areas of funding, new audiences, and individual donors beyond the traditional arts demographic.

The company's values with respect to "environmental sustainability" soon led them to consider identifying a "sustainable support base for their new work." This concept expanded beyond donors who care about the environment to include donors who care about sustaining The Civilians. And that led to the idea of forward funding.

The Civilians plan involved asking funders to invest in the company's future by committing 5% to 10% of their grant to seed funding for a project development fund, which The Civilians would match through earned income.

One of the challenges that The Civilians will face will be with the funding community.

1. Will the NEA fund the Center Theatre Group for the cost of presenting *Pretty Filthy* AND The Civilians for the cost of developing this piece?
2. How well do funders (not to mention the media and audiences) understand the difference between a scripted piece by a single author and a devised piece that comes out of improvisation, interviews, observation, and writing by generative companies like The Civilians and Elevator Repair Service?
3. Do funders understand that touring to theatres across the country provides vital income to these companies that do not frequently self-produce?
4. How will funders respond to The Civilians' request that 5% to 10% of a grant be put into a fund for future productions? Will foundation boards allow investment in future work if its topic is yet to be decided?

This past year, The Civilians were awarded a $700,000 National Science Foundation (NSF) Grant for *The Great Immensity*. NSF and the Sloan Foundation's support of plays with scientific themes is proof that the arts can secure funding from non-traditional sources. But science has long understood the need for research and development. It will be interesting to see if TLC participants and our members find support for plays that explore politics, society, history, or culture from funders who support these areas.

4. NEW STRATEGIES FOR BOARDS

Much has been written about the challenges facing board members. Given today's fast-paced global economy, the needs of nonprofits have become so complex that some believe that boards need to be broken down into task forces to match the expertise and interests of specific members with appropriate issues. What is more, given this complexity, the board MUST rely on the staff to lead the way.

Through ***Theatres Leading Change***, Sheila Lewandowski and Brian Rogers of **The Chocolate Factory** created a new way of working with board members as "individual agents." Each board member is assigned goals and tasks that suit his or her talents and are related to the organization's needs. Because they are playing primarily to individual as opposed to group strength, they do not spend as much time and energy creating a "board team atmosphere" or hold regularly scheduled board meetings. Instead, the staff focuses on providing the board with the tools to help them fulfill their goals. At times, the board does work together on collaborative projects.

The Chocolate Factory has one official board meeting a year in addition to regular group and individually focused communication via email or by telephone. At the end of the season, the board convenes around a "big show" to give them the opportunity to connect with Sheila and Brian, share and celebrate their achievements, and set goals for the future. This meeting fulfills the legal requirement for an annual meeting and the approval of the annual budget.

This is a model that can easily be applied to a number of small to mid-sized nonprofits.

VI. THEATRES FOR THE 21ST CENTURY

1. COLLECTIVE INSOURCING

With competition for earned and contributed income at an all-time high, it is essential that theatre companies manage their time, money, and human resources as efficiently as possible. They are likely to find—just as we did at A.R.T./New York—that shared office space, shared staffing, and other economies of scale provide opportunities to reduce overhead costs.

In their paper, *"Collective Insourcing: A Systemic Approach to Nonprofit Management,"* Guy Yarden and Sarah Maxfield propose a conceptual model that is:

> ***...a client-owned company that provides high-quality, nonprofit-specific services to its nonprofit client-owners....we are proposing collective insourcing by shifting the processes that many organizations have in common to a shared system operated by a collectively owned company. We anticipate that services provided by the new company will be those that can be significantly standardized and systematized.***

The initial clients would be A.R.T./New York member companies. The challenge of Collective Insourcing is to identify administrative and production needs that are common among a large enough group that would benefit from a shared system. Another challenge involves creating a scale large enough to benefit from economies of scale, yet not so large as to become ineffective.

Unlike corporate outsourcing, which is intended to reduce costs, their proposition is designed to shift costs from administrative labor to the art itself. Guy and Sarah posed several important philosophical questions in their paper, including:

> ***Can we create a model in which artists earn more income from their artistic work and less from other jobs?***

The business processes that Guy and Sarah propose to test include: accounting and cash management, budgeting and reporting, legal compliance, insurance coverage, human resources, facilities management, information technology, document management, supplies and equipment purchasing, banking, lending, investing, workspace, production staffing, and information gathering and dissemination.

In the focus groups A.R.T./New York held with members, theatres initially resisted the concept of a "shared back-office model" until we explained that it would be created and managed by A.R.T./New York. At that point, there was greater acceptance.

Some members of third-generation companies who do juggle both artistic, fundraising, and marketing tasks seemed to feel that they could not afford to have someone else take on their administrative duties. However, the concept of "client ownership" may appeal to these individual members. Furthermore, many would welcome the opportunity to have more experienced and trained individuals handle their finances, human resources, and IT needs, as well as their banking, loan, and investments (since this would not only save money, but potentially increase the rate of return on their savings).

The greatest resistance was in sharing systems for marketing and fundraising. However, we suspect that this will vary from group to group. Those companies that have lost funders over the years will be more likely to explore fundraising services than a group that has deep relationships with their funders. Similarly, those groups who struggle with audience development might find that sharing resources can actually have powerful benefits. Certainly, those companies who have co-produced have already benefitted from shared marketing.

2. A MODEL FOR SUSTAINABLE, AFFORDABLE SMALL THEATRES

During the period of our Rockefeller Foundation Cultural Innovation Fund grant, A.R.T./New York was also working with architect Toshiko Mori through New York City's Department of Design & Construction's Design Excellence Program on the design and construction of The A.R.T./New York Theatres: a 99- and a 99-150-seat theatre respectively. A.R.T./New York was invited to participate in this project by the New York City Department of Cultural Affairs, based on the success of our two shared office spaces: South Oxford Space in Fort Greene, Brooklyn, and Spaces@520 in Manhattan.

A.R.T./New York undertook this project in response to one of the greatest challenges facing our membership: the lack of affordable, flexible, and accessible performance spaces for small theatres. In the past twenty years, we have lost fifty theatre spaces with 99 seats or less. According to the Innovative Theatre Foundation's 2008 *Study of Off-Off-Broadway Performance Venues*, "Of the estimated 500 theatre companies working in Off-Off-Broadway, 84% do not have a permanent home."[18]

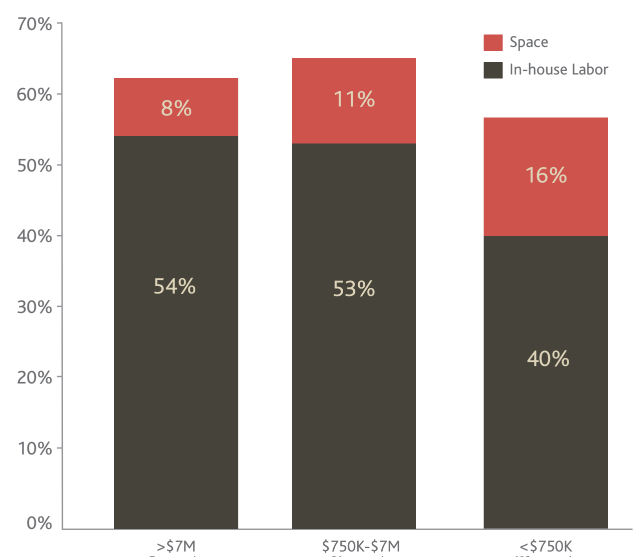
While this work was not covered by The Rockefeller Foundation Cultural Innovation Fund grant, we viewed our efforts—to design spaces that address our members' artistic needs while helping to reduce their fixed real estate costs—as an important response to our search for new operating models. Since 50% of our members have annual operating budgets of $100,000 or less, 73% are self-classified as "nomadic" organizations with no business offices theatres of their own, and they also constitute the most ethnically diverse segment of our membership, we want to ensure that these members are not shut out from our spaces due to the rent required to meet their operating costs.

As Cathy Lanier's study shows, our smallest theatres spend the greatest portion of their budgets on rent for office, rehearsal, and performance space.

The A.R.T./New York Theatres will feature two flexible performance and related spaces including welcoming public areas exhibiting public art through DCA's Percent for Art Program, dressing rooms equipped with a shower, a props/set construction area, and a washer/dryer. The A.R.T./New York Theatres are located on Tenth Avenue and W. 53rd Street and are set to open in 2014.

The Theatres have been designed to accommodate both traditional and boundary-breaking theatre forms. The staff worked closely with the design team to make the larger space as flexible as

IN-HOUSE LABOR AND SPACE AS ASHARE OF TOTAL EXPENDITURES BY BUDGET SIZE



18 *Study of Off-Off-Broadway Performance Venues*, Innovative Theatre Foundation, 2008

possible. Companies can place seating in various configurations throughout a 3,200-square-foot area, allowing the audience to follow the action of actors (as in *Sleep No More*). We will provide moveable soft goods, should our renters desire a more intimate playing or seating area, and to allow designers to plug in their laptops and project images onto the stage or play back sound. The staff held focus groups with directors, producers, and production managers to ensure that the needs of the artist remained prominent in all design decisions.

One of the things that we learned from our focus groups is that most of our members employ outside ticket services; at this stage we plan to allow the same approach at The A.R.T./New York Theatres—thereby reducing the need for a full-time box office staff. Ticket buyers who purchase their tickets online or by phone will print out a voucher to present at the box office; renters will only need a house manager and a box office person at show time. Since concessions came up as a substantial revenue source for our small theatres, we will allow our renters to provide and sell their own concessions.

The A.R.T./New York Theatres project will be supported by a comprehensive $25 million capital campaign, for which, to date, $15 million, or 60%, of the monies have already been raised, largely thanks to the City of New York. The campaign will incorporate the following elements:

a. $14.3 million for construction of the facility ($13.9 million from the City of New York and $400,000 from New York State);[19]
b. $7 million for establishment of a Rental Subsidy Fund for companies using the new Theatres;
c. $3 million for replenishment of a Building Reserve Fund to support ongoing capital improvements, maintenance, and repairs and a master Systems Replacement Plan across all of A.R.T./New York's real estate portfolio; and,
d. $700,000 for a short-term Working Capital/Operating Fund to cover start-up and campaign expenses.

At present, we are developing an operating plan, which will inform the size and makeup of the production and facility staff that A.R.T./New York will need to run the space (i.e., a production manager, facilities manager, and a janitor).

The A.R.T./New York Theatres will be outfitted with state-of-the-art equipment, which our renters can use at no additional cost. This will save our members hundreds of dollars per production, thereby allowing them to put their precious dollars towards expense items such as artist fees or to save on their bottom line.

We believe that our Rental Subsidy Fund represents a sustainable funding/operating model that other theatres undergoing capital projects can employ. The A.R.T./New York Theatres will serve between 20 and 30 companies a year, and at a conservative estimate of 60% occupancy, over 80,000 audience members. During the life of the lease, approximately 2,500 theatre companies will rent these spaces.

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19 The A.R.T./New York Theatres are possible thanks to a generous $13.9 million capital grant from the City of New York, through Mayor Michael Bloomberg; City Council Speaker Christine Quinn and Finance Committee Chair Domenic Recchia; and Manhattan Borough President Scott Stringer; and $400,000 from New York State Assembly Speaker Sheldon Silver and Assembly Member Linda Rosenthal.

3. ACTORS' EQUITY AND THE SHOWCASE CODE

For several years, A.R.T./New York has attempted to work with Actors' Equity Association (AEA) to revise their Showcase Code. Created at a time when actors put on their own "revues" to be seen by agents, the Showcase Code has become something it was never designed to be: the default code by which small theatre companies operate.

Since Joe Papp moved *A Chorus Line* to Broadway, all of AEA's New York City contracts are written with an eye towards a Broadway transfer. And while many of our Off Broadway companies do move shows to Broadway, this is not the intention of 99% of the theatres that produce under the Showcase Code. In fact, most of the work, particularly the devised and experimental work, is not created for a large stage or a broad audience.

Nevertheless, efforts to convey these facts and to develop a contract that allows our members to pay into actors' pension and welfare plans (in lieu of a fee) have been met with resistance from the union, most recently in 2008 when A.R.T./New York presented a white paper written by Susan Bernfield to AEA's Showcase Committee and stated our concerns.

As a result of Bernfield's paper and a meeting A.R.T./New York held with the Showcase Committee, certain changes were made to the Seasonal Showcase Code. Rehearsal weeks were extended from five to six. However, weekly rehearsal hours were shortened, so an overall sixteen hours were lost. Ticket prices were increased from $20 to $25 dollars. The Seasonal Showcase Code only allows companies to present twenty-four performances per production, thereby limiting word-of-mouth and capping the possible total number of audience members over the course of a run at 2,376. Since AEA caps ticket prices at $25, Showcase productions, at best, generate $59,400 if every ticket is sold. While the extra rehearsal week was welcomed, members noted that their fixed costs would go up and total rehearsal hours would go down. Given that small theatre rentals range from $2,500 to $5,000 a week, companies are lucky enough to break even after paying for costumes, sets, props, lighting, and actors' fees. As Cathy Lanier's study on page 20 demonstrates, our smallest companies bear the greatest proportion of real estate expenditures.

A.R.T./New York urges AEA to rethink the way work is being produced today by our small theatres and to come to the table with a better understanding of the work being produced. So long as they continue to view our work as "pre-Broadway," we will never be able to find a way for those creating devised and twenty-first-century work for our small theatres to make a meaningful wage. We would like AEA to consider:

- the use of videotape to help promote the show during the initial run and to book future tours;
- the need for greater flexibility during the rehearsal period, particularly for new and devised work;
- allowing producers to spread the 16-24 allotted performances over a longer period of time;
- allowing producers to petition for extensions, particularly when reviews tend to appear during the final days of a run;
- revising the Seasonal Showcase Two-Show requirement to allow producers the option of producing one bigger show; and

- allowing Producers to pay into actors Pension and Welfare funds in lieu of salary.

While changes in Actors' Equity's leadership prevented us from achieving our initial goal of devising a new contract or code, enough outside activity is occurring to give A.R.T./New York hope that this goal is within our reach.

- A.R.T./New York held focus groups in 2010 with members of the Society of Directors and Choreographers and discovered that they shared our concerns with respect to the Seasonal Showcase Code.
- A.R.T./New York held focus groups in 2011 with AEA and non-AEA Stage Managers who also seemed amenable to some of the above-mentioned ideas.
- The Dramatist Guild began to have internal discussions in 2010 about Equity rules that impeded the work of actor/playwrights.

We remain hopeful that, as consensus for change grows beyond the producers to the other artistic unions and guilds, a new agreement will be created for 99-seat-and-under productions.

VII. CONCLUSION

As we learned through ***Theatres Leading Change***, change cannot be made in isolation. Attempting to institute change is like throwing a pebble in a river: The impact of the pebble hitting the water causes circular ripples around the pebble; the larger the pebble, the wider the ripple effect. While it is too soon to tell just how great an impact this project will have on the field, one thing is certain: there will be an impact.

One of the things that struck Nello McDaniel and Anne Dunning during their work with ***Theatres Leading Change*** was that **no matter what situation presents itself, theatres will find a way to create the work.** They defined the way in which theatres adapt as "emergent" because they function as "complex adaptive systems."

McDaniel and Dunning went on to explain that complex adaptive systems possess three qualities:

1. They have numerous components (directors, writers, administrators, actors);
2. the components interact dynamically and organically with one another; and
3. THAT INTERACTION RESULTS IN EMERGENCE. The entire system is greater than the sum of its parts. They defined this as EMERGENT PHENOMENA.

Emergent characteristics include:

Character: This quality is relevant in its relationship to (1) leadership, (2) vision, core values and mission, (3) programming, (4) quality of relationships (especially among staff and board),and (5) clear and effective organizational processes for planning, decision-making, problem solving, and assessment.

Architecture: The organizational structure is the outgrowth of the theatres' character and informs staffing, finance, partnerships, collaborations, and use of time and space.

Gaining Insight: Theatre professionals "drive change from within…as the result of three complementary and interacting components."

- Whole-Systems Thinking—leadership understands the parts of the organization as they relate to the whole entity;
- Relative Balance—leadership understands that operating in balance is never an "absolute state," but is constantly at play; and
- Proactive Referencing—leadership no longer references external conventions (expectations, conventions, regulations) to internal variables, but instead references internal capacities and needs to external variables.

Logic and Co-Learning: These capacities help to affirm changes in behavior and sharing of new ideas.

Strategic Directives: Here, the strategy for human, financial, time, space and technical resources are developed.

The success of our ability to bring these changes into the mainstream, are, to a large degree, dependent upon the ability of our members, our funders, and our unions to function as "complex, adaptive systems" that have the above-mentioned characteristics. A.R.T./New York's work in ***Theatres for the 21st Century*** proved that A.R.T./New York is an adaptive system, whose staff was able to develop a forward-thinking design for The A.R.T./New York Theatres and Collective Insourcing. It remains to be seen whether the new leadership of Actors' Equity Association will be able to adapt to a new contract for devised and hybrid producing models.

A.R.T./New York's experience with ***Theatres Leading Change*** and ***Theatres for the 21st Century*** will result in changes for both A.R.T./New York and the theatres who attempt to adopt some of these models, as well as those partners who make our work possible: our boards, our funders, the City of New York, the performing arts unions, and our audiences.

1. THE IMPACT ON A.R.T./NEW YORK

Collective Insourcing

If we are able to secure funding to further develop the Collective Insourcing Model, A.R.T./New York will have a leading role in redefining how small, mid-sized and perhaps even large theatres can reduce their operating overhead while maximizing their return on their investment. Just as adding a professional production manager had a positive impact on the Transport Group's ability to extend shows, increase ticket sales, and maintain better budgets and records, so too can Collective Insourcing improve a theatre company's production, facility, marketing, finance and development outcomes. As tasks are moved from the office to an off-site program, Collective Insourcing will also eliminate the need for offices for small companies, and reduce the size needed for larger companies' offices as well.

There is a direct correlation between Collective Insourcing and A.R.T./New York's current technical assistance programs. While it is too soon to tell how many theatre companies can employ Collective Insourcing, those who do will not need our technical assistance programs. It is conceivable that demand for our Nancy Quinn Technical Service Program will be greatly reduced; thereby releasing funds for other programs or services. If the program becomes highly popular, it is possible that the smallest companies renting South Oxford Space and Spaces@520 will no longer need offices; thereby opening up offices for small companies that do not take advantage of Collective Insourcing, or for mid-sized companies that do. What is more, we will have redefined the model for an industry specific service organization.

The A.R.T./New York Theatres

With The A.R.T./New York Theatres, our organization will gain much needed public visibility, as we expand our real estate services to the full spectrum: loans, office, storage, rehearsal, and now—performance space.

In a sense, with South Oxford Space, Spaces@520, and the A.R.T./New York Theatres, we have found a Collective Insourcing solution for our members' facility needs. By providing subsidized theatres, affordable office and rehearsal space, and affordable and professional management through Collective Insourcing, we may have found a way to reduce the fixed costs of some companies without sacrificing the quality of their work.

Decades of subsidies and free state-of-the-art equipment for the A.R.T./New York theatres will help ensure that generations of playwrights, directors, actors, and designers will have affordable homes to showcase their work. Reduced rental costs will allow more money to go towards the art, and artists and will allow smaller theatres the opportunity to produce their work in a high-end theatre, thereby elevating the experience for artists and audiences alike. The more positive experiences we can provide to our audiences, the more likely they are to support the work of those companies that are shaping the industry's future. The beauty of the campaign is that it has the potential of ensuring a healthy future for Off and Off Off Broadway, and the American theatre.

The A.R.T./New York Theatres model with its technical package and subsidy package could well be replicated in other cities with a large number of nomadic 99-seat companies.

3. THE IMPACT ON THE FIELD

For years ARTS Action Research's work has been grounded in the belief that we should run our organizations the way we run our rehearsals. The director is the leader, and the designers and actors respond to his/her vision, ideas, and direction.

But a successful rehearsal process is also one in which creativity reigns and the artists feel "safe." ***Theatres Leading Change*** was like one long rehearsal process, where artists and equally creative managers were invited to reinterpret how they operated. Although we wanted them to behave as if they knew nothing about the "givens" of producing and managing, we found that some effort had to be made to allow them to feel free to go against the grain.

Once they entered that safe place, an amazing amount of work was accomplished—all defined in detail in Arts Action Research's Paper: *Emergent Phenomena: A Report on the Process of Theatres Leading Change New York*. In an effort to not duplicate *Emergent Phenomena*, I have selected only a handful of the new models that we believe can and should be replicated by our members. The fact that the creators of these models are well-respected companies within the theatre community—locally, nationally and in some cases, internationally—gives us hope that we will succeed. Every participating group changed how they thought about their organization and their work. For example, due to the challenges of finding seed funding, **New Perspectives Theatre** was unable to fully develop a "for-profit model" for their *Theatre Is Served* program; however, the process did influence their thinking about resources:

> ***Our thinking about financing our work fundamentally changed. Although***

obviously we have to continue to pursue the traditional contributed income sources, we are now thinking a lot more about how we "value" our work—what does it actually cost to do something fully, and therefore what level of support do we need?

What the regional theatre movement was to the twentieth century, these new models will be to theatres in the twenty-first century. If they are adopted and replicated, it is my firm belief that New York City's nonprofit theatres will be stronger, healthier, and best prepared to operate in the new normal and beyond.

4. THE IMPORTANCE OF BUY-IN FROM OUR PARTNERS

The ripple effect of the various models proposed in this paper will be felt within the performing arts unions, in our audiences, with our government funders, and in the boardrooms of our theatres and institutional funders.

The Rockefeller Foundation can play a key leadership role in helping A.R.T./New York secure buy-in of these models by the above-mentioned partners. As creators of the Cultural Innovation Fund, we urge you to:

- Continue to embrace risk. Through the Cultural Innovation Fund, A.R.T./New York was encouraged to take risks, with the understanding that we might fail. Failure is a great teacher, to both artists and administrators. But if we are only rewarded when our work succeeds in the marketplace, we will most certainly risk our status as the "theatrical capital of the world."
- Continue to fund the entire ecosystem, and urge your colleagues to do the same;
- View organizational excellence by the quality of the leadership, as well as the strength of the balance sheet;
- Value flexibility. There is no one template, no one model that will work for every arts organization.
- Partner with artists and with A.R.T./New York. A.R.T./New York invites the funding community to join us in beginning a healthy dialogue about the time and cost that goes into creating new work, particularly devised work.

Lincoln Center's hit production, *War Horse*, is the result of a two-year investment that London's National Theatre made in The Handspring Puppet Company. Handspring was provided with time and space to develop four workshops based on the book by Michael Morpurgo, over the course of two years. While we do not have the same level of government support as the British, we do have equally talented artists.

It is essential to the future of the American theatre that we find a way to accept the multi-year development timeline that work by artists like The Civilians, The Chocolate Factory, HERE, The Movement Theatre Company, Ripe Time, and Elevator Repair Service requires. These groups need either multi-year commitments or permission to apply for funding three years in a row for various stages of the same project.

Last, but not least, we ask the funding community to help us reach out to Actors Equity Association to create a new contract for theatres that produce in spaces of 99 seats or less. Continuing to reference a to apply for funding three years in a row for various stages of the same project.

Last, but not least, we ask the funding community to help us reach out to Actors Equity Association to create a new contract for theatres that produce in spaces of 99 seats or less. Continuing to reference a Code that was was adapted during the era of the IBM Selectric makes no sense in this digital age. Companies are willing to pay their actors more and would like to contribute to their Health and Welfare Fund. The Union needs to accept the fact that half of A.R.T./New York's membership works in these small theatres and that the hundreds of AEA members who work with us deserve a Contract that addresses the needs of the twenty-first-century actor and the Off Off Broadway producer.

Crisis can be a great motivator. I want to thank The Rockefeller Foundation and their Cultural Innovation Fund for providing A.R.T./New York, its consultants, and its staff with the resources to turn the financial crisis into a series of opportunities. As Prior says at the end of Tony Kushner's *Angels in America, Part I: The Millennium Approaches*:

The great work begins.

APPENDIX

Our sincere thanks are extended to the participants in ***Theatres Leading Change*** and the many focus groups held as part of ***Theatres for the 21st Century***. All are named below, in no specific order:

THEATRES LEADING CHANGE

13P (13 Playwrights, Inc.)
52nd Street Project
The Chocolate Factory
The Civilians
Elevator Repair Service
HERE
The Movement Theatre Company
New Georges
New Perspectives Theatre Company
New York Neo-Futurists
The Play Company
Rattlestick Playwrights Theater
Repertorio Español
Ripe Time
Take Wing and Soar Productions
Transport Group
Vampire Cowboys
Waterwell

THEATRES FOR THE 21ST CENTURY FOCUS GROUPS

Sheila Kay Davis, New Professional Theatre
Cara Reichel, Prospect Theater Company
Ivan Talijancic, Wax Factory
Young Jean Lee, Young Jean Lee's Theater Company
Carol Ostrow, The Flea Theater
Michael Robertson, Lark Play Development Center
Bruce Allardice, Ping Chong & Company
Mark Plesent, Working Theater
Stephanie Ybarra, Playwrights Realm
Tim Errickson, Boomerang Theatre Company
Nicole Kontolefa, Studio Six
Catherine Porter, Peculiar Works and Dixon Place
Ron Russell, Epic Theatre Ensemble
Jorge Z. Ortoll, Ma-Yi Theater Company
Jonathan Bank, Mint Theater Company
Tisa Chang, Pan Asian Repertory Theatre
Jim R. Sullivan, Pearl Theatre Company
Nina Trevens, TADA!

Ike Schamblain, Theater Breaking Through Barriers
John Eisner, Lark Play Development Center
Ryan Gilliam, Downtown Art
William Russo, New York Theatre Workshop
Leslie Marcus, Playwrights Horizons
Elena Holy, The Present Company
Megan Wanlass, SITI Company
Jeff Lawson, Atlantic Theater Company
Liz Jones, Page 73 Productions
Beverly Petty, La MaMa, etc.
Veronica Bainbridge, LAByrinth Theatre Company
Elliot Fox, Primary Stages
Shira Beckerman, Pearl Theatre Company
Erika Mallin, Signature Theatre Company
Robert LuPone, MCC Theater
Kristin Marting, HERE
Rob Neill, New York Neo-Futurists
Max Dana, Immediate Medium
Andrew Smith, Project Y Theatre Company
Jonathan McCrory, The Movement Theater Company
Diane Wondisford, Music-Theatre Group
Anna Carhart, Stage Manager
Eileen Haggerty, Stage Manager
Colleen Sherry, Stage Manager
Sarah Melissa Hall, Stage Manager
Carol A. Sullivan, Stage Manager
Hannah Woodward, Stage Manager
Mike Alifanz, Stage Manager
Katrina Herman, Stage Manager
Jeremy Dobrish, Director
Devanand Janki, Director
Julie Kramer, Director
Scott Schwartz, Director
May Adrales, Director
Marc Bruni, Director
Amy Anders Corcoran, Director
Moritz von Stuelpnagel, Director
Tom Wojtunik, Director