

Curtain Call Speech
delivered by Ginny Louloudes

May 4, 2009

As Executive Director of A.R.T./New York, I have had the pleasure of speaking to you about the challenges and opportunities facing our field. And while I will definitely do so tonight, I want you to know that, having done a year's worth of research on how our membership, New York City's 350 not-for-profit theatres are adjusting to the "new fiscal realities" I have never been prouder of each and every one of you.

At a time when many Americans are angered by the outrageous spending habits of top-level investment bankers, the private jets that the CEOs of the American auto industry flew to ask for a Congressional bailout, and the AIG and Merrill Lynch bonuses given with bailout money, there's a story that's not being told. It's the story of an alternative set of operating values - **of our operating values** - which would make this nation proud.

The not-for-profit **theatre** community has always been led and staffed by people fueled by serving the missions of their organizations as opposed to filling their bank accounts. But I'm seeing a level of devotion and leadership that exceeds anything I've experienced in my 30 years of working in the field.

A year ago, I set about to understand how the demise of Baer Stearns and the recession was effecting our members. To that end, Nello McDaniel and Anne Dunning helped lead a series of Convenings with representative members from April through August 2008. We then followed up these Convenings with a special version of TCG's Fiscal Pulse survey in February of 2009, and with four focus groups in March 2009.

This research has led me to the conclusion that our artistic and managing directors are demonstrating heroic leadership, and are setting a tremendous example not only for their staff and boards but for the public at large.

During the 2008 Convenings we learned that:

- Most members felt that this was just another recession, very much like the one they'd experienced in the late 80s/early 90s. Their "formula" for survival included plans to increase the size of their boards and individual giving, while decreasing the size of their staff and the number of actors in productions.
- Fixed costs (rent, salaries, artistic and production expenses, etc.) had grown at a faster rate than contributions (despite the previous bull market).
- Groups of all sizes identified audience development, fundraising and real estate as their greatest challenges.
- That said, two changes in funding provided a tremendous boost of support to New York City's not-for-profit theatres:
 - The creation of NYSCA's Stabilization Fund, which provided grants of up to \$50,000 to aid theatres; and,
 - The total overhaul in DCA funding, which for the first time included a peer panel review process. This new process allowed all arts organizations to compete on the same playing field (be they an established museum in a City-owned building with a \$100+ million budget or a new dance group with an annual budget below \$100,000). This restructured approach to grant making brought tens of thousands of dollars in new or increased City funding to dozens of small and mid-sized not-for-profit theatres.

As a result of this new infusion of City and State dollars, along with the continued elasticity in ticket price and the growth of individual donations, groups thought that the recession would be manageable. Many realized that growth plans would have to be delayed for a year or two; others bemoaned the fact that audience behavior could no longer be predicted by a review in ***The New York Times***.

Perhaps the greatest discovery of these Convenings was that larger theatres experienced greater concern over their future fiscal health and the very model under which they were operating than smaller theatres. As the Director of a larger theatre explained at an August Convening:

Given the pressures of the market, we produce two shows with star casts, a star director and even a name playwright. Then we do one show that we want to produce because we believe in this new writer. We are dependent on that model for our very survival.

At the very same Convening, a Director of a smaller theatre displayed a sense of comfort at the level and style of her “model”,

We feel very fortunate that we’ve grown so slowly, that we are a small and lean company with low overhead and maximum flexibility. We’ve found ways to expand our programming without adding extensive overhead costs. What we really need is more staff time to focus on fundraising because I think there is some low hanging fruit in the funding world that we can still catch.

Despite all good planning and careful “recession” budgeting, no one in the theatre or any other industry could have predicted the fall of Lehman Brothers, Bank of America’s purchase of Merrill Lynch and the continued bleeding of Citigroup, which would cost NYC 100,000 high-paying jobs. The collapse of **Wall Street**, New York City’s **Main Street**, had a domino effect on every other sector of New York City’s economy.

Clearly, our theatres were hurting. But if the economic prognosticators were correct and 2010 and 2011 were going to be worse, then A.R.T./New York had to get in front of this problem, restructuring our organization and our programs to be ready to meet our members’ changing needs. To that end we sent our members TCG’s modified Fiscal Pulse Survey in February, and conducted four focus groups in March.

Here are some of the headlines that came out of that research:

The fiscal crisis has impacted theatres of all sizes.

Nearly every theatre has cut staff and/or frozen salaries; some are even considering furloughs for the coming season.

Artistic and managerial leadership have CUT their salaries.

Artistic staff members are writing grant proposals and promotional copy to make up for the loss of administrative staff.

Production costs are being cut across the board.

The number of productions next year will be reduced.

More and more companies are strategically co-producing to share resources.

Applications to the New York International Fringe Festival are higher than ever, particularly since the New York State Council on the Arts will count a Fringe show as a full production.

Audiences seek discounts – even on hit shows!

Trustees cannot make up the income gap caused by the crisis.

At one such focus group Michael Robertson, Managing Director of the Lark Theater Company recounted a conversation he'd recently had with one of their writers:

One of our playwrights, who writes stunningly poetic work (the next August Wilson, we think), called the office to say he was throwing in the towel. He said, 'It's hopeless. Nobody is going to produce an epic play with 16 characters.'

Michael went on to say that he had read this writer's first act and it was brilliant. He is doing everything he can to convince this writer to finish his piece, and to give him hope that this play will someday move from the page to the stage.

The chilling impact of Michael's story cannot be understated. Our living playwrights are the conscience of our culture -- and if any culture is calling out to be exposed, examined and explored, it is today's. In the early 1990s, Tony Kushner's epic work ***Angels in America*** brought the topic of AIDS more fully into the national dialogue, forcing us to examine how our nation's refusal to respond to AIDS in its earliest moments resulted in a gay

holocaust. Today, we're looking to a new generation of playwrights to help us come to terms with the attacks on the World Trade Center; the wars in Iraq and Afghanistan; the collapse of the financial system and the culture of greed that created Bernard Madoff.

At this moment, when theatre is most needed, we find ourselves facing not just tremendous financial challenges but societal changes as well. Add to that longstanding cracks in the core business models of both nonprofit theatres (declining subscription rates, unsustainable infrastructures) and the industries on which we depend (media, finance, health care, education) and it is clear that we are living in an era of shifting paradigms, and we have limited financial resources with which to adapt.

But with crisis comes tremendous opportunity. Right now, President Obama is working at a rapid pace to implement the greatest transformation of our economy since FDR's New Deal in the 1940's. As our national leaders begin to throw out the sacred cows in exchange for 21st Century practices; they are creating an environment that is more welcoming of change; more accepting of radical thinking; and more responsive to the creativity that has made this country so unique.

Over a year ago, when I began this journey, I expected to determine a list of challenges from which I would develop an action plan over the next few months. Little did I know that our members (whether they realized it or not) have already begun to take action, action that is so organic to your producing process that it doesn't appear radical or to be a shift in ordinary practices. You are choosing to strategically co-produce with one another.

The steps you are taking demonstrate how close this community is, and how much we value and respect one another as artists, as producers, and as people. You are demonstrating the entrepreneurial spirit and possibility for economies of combination that lie at the heart of our industry, and that the solutions to how we survive lies within our grasp.

This year, for example, Ma-Yi Asian-American Theatre Company, which produces Asian American writers, is partnering with the Play Company, devoted to work by international artists. They were both interested in Lloyd Suh's ***American Hwangap: A new American Comedy about a big Korean birthday*** and realized they could better serve the work by combining their resources. Similarly, Page 73 Productions and Soho Rep

produced ***60 Miles to Silver Lake***; Women's Project and the SIT Company co-produced Virginia Woolf's rarely-produced ***Freshwater***, and New Georges and Hip-Hop Theater Festival just finished producing ***Angela's Mixtape*** at the Ohio Theater.

With reductions in funding expected next year, I believe we will see more strategic co-productions. Because of this, there will be fewer productions as a whole. While this is less than ideal for playwrights who wish to be produced, perhaps the plays that are done will receive stronger productions with not one, but two companies invested in the work. In fact, we may find the 2009-2010 season, if not as robust as in seasons past, artistically stronger.

To say that the last year has been difficult, is an understatement, not just for the theatre people in this room, but for our funders, elected officials our board members and our supporters. Everyone is suffering. Yet, hearing our members re-think how they will produce theatre in the next 12 to 24 months has shown me just how creative, resilient, innovative and resourceful you are.

A.R.T./New York, is about to submit a proposal to the Rockefeller Foundation's NYC Cultural Innovative Fund to help us conduct a comprehensive exploration of the ways New York City's theatrical community can reinvent itself for the 21st Century.

All aspects of the industry – from the way we develop and produce work; to our delivery system (in theatres, homes, site specific) to our relationship to unions; to the role of boards; to pricing and audience development must be re-examined. Participants will include Arts Action Research – whose work with our youngest companies has resulted in 260 or so theatres that are working outside of the institutional model. We will also be working with artists, A.R.T./New York members, economists, urban –planners, demographers, philanthropists and those empowered in the creation of local, state and federal policy. And yes, another White Paper will come out of this expansive and intensive study, which will inform A.R.T./New York's future programming and structure.

In the meantime we desperately need funders who not only understand our need to change as the world changes, but who will support us as we explore new methods and models of producing. We need funders who will

support and encourage the entrepreneurial instincts of our theatres, and will trust their resourcefulness and creativity, even if initial efforts fail. And we need funders who will return to multi-year general operating support as soon as possible, as these sources are diminishing.

A.R.T./New York is ready to work with you, to change our operating models from those of the 1970's to the 21st Century. Thanks to the Theatre Sub-District Council, A.R.T./New York received a major grant to create a social networking site for our members. This is just one way we are working to help you reduce costs in outreach and audience development.

The theatre's obituary has been written many times, but it has yet to be printed, because in good times or in bad, we always find a way to get that show up. For us, "the show must go on" is not a slogan, it is our way of life. Each and every one of you in this audience are my Local Heroes, for in your own ways, you make it possible for us to produce wonderful theatre. Thank you.