

MONOGRAPHS

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Arts Stabilization: A New Frontier for Local Arts Agencies?

by Thomas Wolf and William Keens

Introduction

“Arts stabilization describes a host of creative responses that funders have developed to address the long-term health and sustainability of arts organizations.”

This issue of *Monographs* provides an introduction to the subject of arts stabilization — an emerging field of increasing interest to local arts agencies. Arts stabilization describes a host of creative responses that funders have developed to address the long-term health and sustainability of arts organizations. This term is actually an old one, dating back to the 1960s when the Ford Foundation developed an endowment support program for symphony orchestras that it called the *Symphony Orchestra Stabilization Program*. But in recent times, arts stabilization has come to describe a variety of activities, strategies, and programs that go well beyond what was envisioned more than a quarter century ago.

Local arts agencies, increasingly, are becoming active participants in arts stabilization efforts. Their initiatives range from long-term technical assistance programs, to deficit elimination and cash reserve programs, to arts incubators for emerging organizations, to community-wide endowment pools, to loan funds for facilities and other needs. These and other strategies depart from local arts agencies’ traditional emphasis on operating and project grants as a means of assuring the long-term health of arts organizations.

In the following pages, we will describe a number of case histories that call for what might be called a “stabilization response.” We will also provide some of the background and theory behind the development of stabilization programs, and describe the way they have evolved in certain local arts agencies. Finally, this publication will raise important related issues for those who might want to establish stabilization programs in their communities.

Case Histories¹

Imagine that you are the director of a local arts agency in a good sized city with a large number of arts organizations. You are blessed with a healthy relationship with your constituents and, as a result, they tend to look to you in times of trouble and in times of need. But on a particular Monday morning, you wonder whether you should think of their reliance on you as a blessing. You have had four visits that have left your head spinning and have sent you out in search of an aspirin and a third cup of coffee:

The first visit was from three members of the local symphony board. You have been anticipating their visit but, at the same time, dreading it. The local paper has been carrying increasingly pessimistic stories about the orchestra’s deteriorating finances. On this Monday morning, you learn the facts: The symphony is heavily in debt. The organization cannot get any more credit or borrow any more money. There is no hope that the budget can be balanced in the foreseeable future given current contractual obligations. Next week, the symphony will be unable to meet

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payroll. Your visitors have turned to you for immediate financial assistance to forestall cancellation of the season and possible bankruptcy. Sadly, this is the repeat of a conversation you have had twice before. On the previous occasions, your agency — in league with other funders — provided some emergency funding.

Your next visitor is an old college friend who is a volunteer with a small, somewhat moribund visual arts organization which has been receiving declining grants from your agency. The board has just decided to let the founder/director go after he had been at the helm for 22 years. The event has caused a schism not only within the board but among staff, local artists, and the community at large. The most immediate need, your friend tells you, is to find a new chief executive to deal with the current crises and to map out the future of the organization. Your friend asks if you can recommend someone.

Your third visit is from five members of a three-year-old, artistically exceptional dance company with a budget of \$250,000. The group believes that it is hampered by the lack of adequate rehearsal, performance, and teaching space. The dancers (who also serve as board members) believe that having their own space will allow them to grow into a major company. They have found a building that they can get for \$750,000 and they claim it will cost “only” \$250,000 to fix it up. They are asking you to help persuade the City Council to make a special, one-time appropriation that is twice the company’s annual operating budget to start the fund raising for the new facility.

Your final visit is from a delegation of representatives from seven community-based arts organizations. Their budgets range from \$25,000 to \$150,000. Three have full-time staff members; the others are run by part-time staff or volunteers. All have severe budget problems and are further saddled with the burdens of accumulated deficits and severe cash flow problems. This group believes that past inequities in funding explain their current financial problems. Their proposed solution is to embark on a major capital campaign to pay off debt and bring in money to create cash reserve funds and a pooled endowment. They are seeking \$1 million and have asked your agency to make the lead grant as soon as possible so they can get started.

What’s Going on Here?

These situations share much in common:

- In each case, an organization believes that it is poised at a critical moment in its history. Each is requesting some kind of dramatic intervention from you and/or your agency.
- In each case, the intervention, if successful, will help strengthen the organization and help solve some long-term structural problems. In at least one case (the symphony), there is the possibility that without such intervention, the organization will not survive.
- In each case, the problem posed cannot be solved through a traditional grants program — whether for operating support or project support. In at least one case (that of the visual arts organization), the request being made is not even for money.

- In each case, the specific intervention being requested may not be in the best interest of the organization. In certain cases, the likely outcomes, if you accede to their requests, could well do harm.
- Finally, in each case, the organization might benefit from some sort of stabilization program.

Avoiding Obvious Mistakes

In addressing major organizational challenges (and opportunities) in the arts, what appears to be an obvious short-term solution — especially to those within an organization — may not be a good long-term solution. Such is the case in these examples. Consider what might happen if you respond affirmatively to the requests being made:

- If your agency gives an emergency grant to the symphony, the organization may pay some bills but it will be no better off once the emergency money runs out. Indeed, it may be in worse shape since it will have used up resources (and some credibility) that may not be available again.
- Finding a new chief executive for the visual arts organization is not the best first step in helping it to heal its internal wounds. This course might even make matters worse if the permanent director is brought in before some unity is achieved, at least among the trustees. His or her tenure could be very short.
- Encouraging the dance organization to purchase a facility could be disastrous. It has no experience operating a facility. Furthermore, it has not considered the additional financial burden of the facility's operating costs. In addition, the dancers have no idea where they will raise the balance of the \$1 million (which is probably an unrealistically low figure anyway since there is nothing budgeted for unpredictable contingencies). Helping them get a portion of the money to acquire the facility could well sink the company in a few years.
- A capital campaign for the seven community-based organizations is wrong on two counts: It cannot possibly reach its goal, nor would the dollars raised solve the financial problems. These organizations have very little fund-raising experience and none has brought in a single gift in excess of \$1,000. Even if they could find donors who might be interested in their programs, it is extremely unlikely that such people would want to contribute toward deficit elimination and cash reserves. Further, their budget problems stem from other internal problems such as lack of strong boards, inexperienced staff, lack of marketing and visibility, and inadequate administrative capacity.

What's the Alternative?

It is easy to say what won't work in these cases. But if the requested help will not serve these organizations well, what will? The answer to this question is complicated and will occupy the rest of this issue of *Monographs*. For those anxious for some practical answers, feel free to skip to the section entitled "Helping Constituents" at the end of the document. For others who are more patient, read on to determine in a little more depth the parameters, the history, and the theory behind the solutions.

Sustainability and Capacity Building

Examples such as the ones recounted here are becoming very familiar to local arts agency directors. Each one describes a dilemma related to the challenge of long-term organizational sustainability. Unfortunately, the kind of organizational capacity building required to achieve such sustainability over many years can rarely be effected through a single grant, especially one given on the spur of the moment to meet an emergency or a seeming unquestioned opportunity. More thoughtful interventions have to be developed.

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It is easy to understand why today there is so much focus on these sorts of issues. More arts organizations than ever before find themselves in difficult straits. Some wonder whether they will survive to the end of the decade; others worry about making it through the fiscal year. Gone are the days when an organization could spend itself out of trouble. Money is tight. Audience numbers and earned income are not growing (and for many organizations are declining). Public acceptance of the arts is under attack. And though the question of long-term institutional capacity-building has always been a concern of local arts agencies, it was often thought that traditional support programs would be adequate to keep organizations afloat. That no longer seems to be the case.

Arts Stabilization

Indeed, so common are the kinds of needs described here that local arts agencies have developed formal stabilization programs to address them. A stabilization program can be described as a form of assistance that has the potential to build long-term capacity in arts organizations. It can involve technical assistance, money, or both. But in every case, its intent is to leave organizations in a place where they are better able to deal with present and future challenges.

Consider these initiatives as examples:

- In Los Angeles, the **Cultural Affairs Department**, together with the **County’s Music and Performing Arts Commission**, established the **Arts Organization Stabilization Initiative**. This five-year program is geared toward the stabilization needs of five culturally diverse, mid-sized organizations that were selected to participate. Each receives a combination of technical assistance and funding over the period. The first stage of technical assistance consisted of an outside organizational management assessment; the second phase included the development of five-year goals and a first-year action plan. Later a five-year plan was developed. Over the five years, up to \$350,000 per organization could be allocated by the funders to help with the technical assistance and the implementation of the plans.
- The **Arts and Sciences Council of Charlotte/Mecklenburg (ASC)** conducted a community cultural plan in the early 1990s and identified a number of stabilization needs among arts organizations. As a result, in 1991, the ASC created a **three-year challenge program** to help arts organizations eliminate accumulated deficits and build up cash reserves. Two thirds of the groups in the program erased their deficits over the three years, and all but one made progress in improving cash position. This program was followed by another stabilization initiative aimed at helping groups increase earned income — the **Marketing Challenge Program** — which helped organizations develop marketing plans to increase ticket sales and other earned revenues. Finally, in the past year, the ASC launched a five-year, **\$25 million endowment drive** on behalf of its arts organization constituents (in exchange, arts organizations had to agree that they would

not launch their own capital campaigns during the five-year period). As of this writing, over \$27 million has been pledged to assist local arts organizations.

- As part of a broad array of stabilization initiatives, the **Cultural Arts Council of Houston** has established an “**incubator**” program that provides office and meeting space, equipment, low cost administrative assistance, training, and salary assistance to small arts organizations to help them develop to a point of greater strength and independence. The agency also runs an extensive **management assistance program** that works with organizations over a period of two years or more. Other stabilization programs are in development that will focus on the needs of larger organizations. (For more information on this program, please see the March 1995 issue of *Monographs* — “An Introduction to Arts Incubators.”)
- The **Greater Columbus Arts Council**, in partnership with **National Arts Stabilization** (formerly the National Arts Stabilization Fund), is in the process of establishing a \$6.9 million program to help address **retirement of current debt** and the **development of working capital reserves** for arts organizations in the city. Initially aimed at the needs of the larger organizations, the program will further build organizational capacity by emphasizing long-range planning and sophisticated financial management.

“Today, stabilization is seen as a more dynamic process of organizational capacity building. Part of that process is to give the people in participating organizations the tools to accommodate dynamic external and internal forces over time and to make the necessary changes as required.”

What Do We Mean By Stability?

The word stabilization is used widely today in the arts field. Conventional dictionary definitions emphasize a permanent state of strength, suggesting that a “stabilized” arts organization would be one that is not subject to destruction and not easily shaken. There is something very appealing about the idea of making an arts organization indestructible, and the earliest stabilization programs attempted to do just that. As an example, the rationale behind the Ford Foundation’s *Symphony Orchestra Stabilization Program* was that orchestras could be stabilized permanently if they could build large enough endowments to cover their operating deficits. One of the lessons of this program turned out to be that it is much more difficult to make organizations stable and to keep them in a stable state for a long period of time than anyone had imagined.

Today, stabilization is seen as a more dynamic process of organizational capacity building. Part of that process is to give the people in participating organizations the tools to accommodate dynamic external and internal forces over time and to make the necessary changes as required. A broad set of factors seems to be associated with this ability to manage change, including:

1. **Clarity about mission.** The mission of the organization is well articulated, guides the organization’s activities, and is broadly understood and accepted within and outside the organization.
2. **Effective leadership.** The organization has one or more leaders (artistic director, executive director, board chair) who provide vision and inspiration and assemble a team to meet artistic and management challenges.
3. **Financial viability.** The organization lives within its financial means and has devised sound long-term strategies for resource development and dealing with financial uncertainty.
4. **Organizational continuity and flexibility.** There is a good degree of continuity in governance, staffing, programming, finances and other structural conditions.

5. *Sensitivity to constituencies and markets.* The organization understands and is sensitive to the people it serves and is able to adapt to changing conditions in the marketplace.

6. *Realistic and achievable goals.* The organization is realistic about the scope and complexity of what it is trying to achieve and understands when it is appropriate to stretch and take risks.

These characteristics not only seem to correlate with an organization’s ability to manage change but also to sustain itself over time. In one sense, it is a useful check list for a local arts agency (or any other stabilization “provider”) to determine which organizations will be most able to benefit from stabilization programs. The list can also be used as a diagnostic tool to help identify gaps and weaknesses and help determine where organizations need to put their efforts.

How We Got Where We Are

The Ford Foundation’s *Symphony Orchestra Stabilization Program* ushered in the whole concept of stabilization in 1966. Soon other grantmakers followed the Ford model. The National Endowment for the Arts, one of the largest players to enter the arena, modeled its original Challenge Grant program on the Ford concept and invested over \$250 million in arts organization endowments during that program’s first decade.

By the mid-1970s however, grantmakers began to notice that many of the organizations that had been “stabilized” by endowment grants in the 1960s were in financial difficulty. A hypothesis was developed that endowment support was not in itself a sufficient strategy to assure stability. For

one thing, arts organizations had to do a more careful job in aligning their financial base and overall financial capacity to such things as mission, goals, programs, governance, and management. Unrealistic goals or dysfunctional management could easily undermine even a sizable endowment.

This was not the only problem with the original stabilization model. Endowments were now seen to be only part of a financial stabilization strategy. There were other equally important financial components, including the elimination of accumulated debt and the development of cash reserves. Based on this concept, complex financial formulas were developed to describe a healthy arts organization, and these became the basis for a whole new generation of stabilization initiatives launched by the National Arts Stabilization Fund (cf., figure 1). Funding went primarily to large organizations that could demonstrate the capacity to manage all aspects of their balance sheets effectively.

Another decade passed and the macroenvironment changed dramatically for arts organizations. Three decades of extraordinary growth in funding and earned income began to slow. Competition was greater than ever both within the arts and with other entertainment offerings. Many more arts organizations — large, mid-size, small, culturally specific, artist run, etc. — clamored for assistance. It became clear that no single model of stabilization would fit all situations.

Figure 1: NASF Balance Sheet Strategy

Balance Sheet Tiers		Minimum Planning Targets
Net Current Assets	1	5% of Operating Expenses
Working Capital Reserves Restricted Board-Designated	2	25% of Operating Expenses
Liquidity Planning Target		30% Minimum Planning Target
Designated Operating Reserves Artistic Reserve Loss Reserve	3	Target by Objective
Quasi Endowment Board-Designated Undesignated Investments	4	200% of Operating Expenses
Permanent Endowment	5	
Liquidity + Reserves + Endowment		230% Minimum Planning Target
Plant Fund	6	Target by Objective
Total Financial Strength		Combined Targets Tiers 1-6

*“Should we be playing
God with the lives of
arts organizations?”*

Thus, by the mid-1980s, a great number of stabilization programs were launched to address all kinds of organizations and situations. Some were developed by national funders (both public and private), some by state arts agencies, others by local arts agencies, and some by private nonprofit providers (e.g., the Nonprofit Facilities Fund in New York, which has developed technical assistance and loan funds for facility development). Although financial capacity remained a key ingredient, these programs emphasized long-term technical assistance as much as funding, to help organizations analyze their situations and build their capacity to adapt to changing realities in the marketplace. For the first time as well, stabilization programs no longer assumed organizational growth. It was not unusual to see guidelines actually encouraging the exploration of cooperation, consolidation, merger, and other arrangements that would allow organizations to do more with less.

Issues

Stabilization assistance raises a number of thorny policy questions for funders who have been reared on the fairly straightforward strategies of project and operating grants. For example:

1. *How proactive?*

Many stabilization programs require arts organizations to undergo careful scrutiny and to act on the recommendations of outside consultants if they wish to receive further assistance. In extreme cases, the consultants' diagnoses may not sit well with the leadership of the organizations involved. Whose version of the story does a funder believe when an outside consultant and an executive director cannot agree on either the problems that an arts organization needs to address, the solutions, or both? Worse yet, what if the executive director is one of the problems?

In some cases, the questions may be even more difficult. In one community, for example, a stabilization committee is determining how many organizations in each discipline should be supported by stabilization assistance; its members feel queasy about the ramifications of their decisions. “This community cannot support eight theatre companies, and we will have to make choices,” said one member of the committee. Others concurred. There is a clear recognition in this statement that those organizations that do not receive stabilization support may well wither or be forced to merge. “Should we be playing God with the lives of arts organizations?” asked another member of the committee.

In fact, any funder who administers any grant funds plays God to a degree. There are winners and losers in the grant sweepstakes: Those who receive grants and those who do not, those who are fully funded and those who only receive a fraction of what they ask for. The difference today, especially with stabilization programs, is that the stakes are often so much higher. “Survival” was not a buzzword in the 1970s when so many of today’s arts organizations were created and flourished. It is very much a part of the lexicon today. And stabilization programs clearly provide a long-term advantage to those who receive the support.

2. *How important is artistic merit?*

With all the concern about financial and management issues, some stabilization programs skirt the question of artistic merit. Indeed, some do not even address artistic merit in determining which organizations should receive stabilization assistance. Nor do they require that artistic goals and objectives be addressed in the strategic planning that may determine continued stabilization support.

“... the growing consensus appears to be that artistry is a crucial variable in all programs but especially in stabilization programs. Organizations must be judged both on their current level of artistry and on their artistic aspirations. Planning must make artistry a central element.”

This is an especially thorny problem for local arts agencies where questions of artistic merit have political and cultural overtones. How does one compare the artistic merit of a neighborhood arts education organization with that of the local symphony? Who's to judge between the quality of a 60-member fully professional classical ballet company and a seven-member jazz-ethnic company with only three professional members? If the ballet company is judged artistically superior, is that an artifact of the company's age, art form, or an historical pattern of greater funding? If the jazz-ethnic company is judged inferior, might its product improve substantially with more financial assistance?

In fact, the growing consensus appears to be that artistry is a crucial variable in all programs but especially in stabilization programs. Organizations must be judged both on their current level of artistry and on their artistic aspirations. Planning must make artistry a central element.

3. How rapid a response?

Many funders do not have the discretion to make immediate decisions that can mobilize people and funds to deal with the problems of specific organizations in a timely way. Local arts agencies in particular tend to award funds and technical assistance through fairly rigid programs with their own timelines, guidelines, and priorities. They are not well equipped to deal with emergency situations or short-term opportunities, and so they can often do little more than offer advice and encouragement in these situations.

In looking at this dilemma, it is important to differentiate between quick, thoughtless action and quick action that can turn a situation around. No funder should act too hastily without understanding the full dynamics and facts surrounding a particular situation. But quick action is often necessary if proper diagnostic work is to be done in time to be helpful. It may not be useful to say to a constituent, "I think you would benefit from an organizational assessment. Our next deadline for technical assistance is in four months and we can probably have an answer on your application two months after that." Yet, most organized stabilization programs do operate on fixed timetables.

In fact, funders have found that there is merit in developing some flexibility to deal with emergencies. While formal programs are desirable and must operate according to predictable and publicly announced timetables, funders will increasingly be called upon to deal with crisis. In addition to developing internal policies that allow some flexibility, another important strategy is to develop a close relationship with other funders who may be able to help put together a rapid response in some sort of coordinated effort when it seems appropriate.

4. How much and how long?

For most funders who operate conventional grants programs, most applicants do not get all that they ask for, and most cycles of support last a year. Typically, funders provide a partial grant, get a final report, and consider another application from the same organization the following year. Most stabilization situations, on the other hand, do not lend themselves to this sort of assistance. Careful planning usually places a specific price-tag on specific goals, objectives, and projects and these, in turn, generally call for long-term help. The front end of the process often involves a diagnostic consultancy ending in some sort of plan (this alone can take a year). An implementation phase is next, often requiring several years of oversight and support.

With limited resources, it is reasonable to ask how much it is fair to give any one organization, and for how long. But while it may seem fairer to move resources to other organizations as quickly as

possible, withdrawing support too quickly can sometimes be harmful. Equally harmful is giving an organization too little help to succeed.

In fact, there is no formula for how long any organization deserves to be supported and how much support will be required. The important thing is to match the duration and amount of support with the goals and scope of what is being attempted.

Helping Constituents

This issue of *Monographs* began with a description of four situations in which organizations were seeking “stabilization”-type assistance from a local arts agency. Representatives from each group believed they knew what was needed to make their organizations stronger. But there was a real question in each case as to whether the requested help was going to be beneficial or might actually do long-term harm.

So how might you — the local arts agency director — respond to these difficult requests? Each organization wants help *now*. What will you say and do? The specifics of any local situation make generic responses somewhat dangerous. It is essential to know as much as possible about the organization, the community, and the personalities involved both within and outside the organization. Nevertheless, there is enough information provided in these case histories to offer some *typical* responses to the “challenges” posed by the four examples. For the most part, these responses are taken from actual communities and real life situations.

The Symphony

It is extremely unlikely that short-term funding by itself is going to solve the symphony’s most critical problems. There is ample evidence of that. Twice before, the local arts agency had been involved in a bail-out plan, and each time the symphony’s financial crisis worsened. The problems that the symphony faces appear to be underlying structural ones, complicated by high fixed costs and a limit to how much can be brought in through ticket sales and contributions.

What is required is a careful rethinking of the orchestra’s basic operations. A credible strategic plan must be developed quickly, one that includes a realistic budget showing adequate resources to cover expenses. This may mean both small and large changes for the orchestra. It could mean cutting back on the number of concerts or finding a second home where services could be utilized and additional income generated. It could mean the restructuring of certain activities (more educational programs, for example, in exchange for a dedicated funding stream), reducing the number of full-time salaried players, embarking on regional touring, or some other constellation of expense reduction and revenue enhancement strategies.

One possible role for the local arts agency could be, with the orchestra board’s permission, to help assemble a high-level civic task force to analyze the problems and offer solutions. This crisis is, after all, a community problem that will require community leaders to come to the table and help. It will be up to this group to decide whether to provide some short-term bridge funding through the duration of the deliberation or alternatively to leave the organization to its own devices until some solution is found for the crisis.² The local arts agency can also provide some funding to secure outside expertise that could be an important component in developing a credible plan. Eventually, the local arts agency may wish to help develop a funding package to see the plan successfully launched.

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The Visual Arts Organization

This organization is in a moment of crisis. But sometimes that is precisely the time when important and positive steps can be taken to move to the next developmental stage. Many board members felt that the founder/director was holding the organization back, but their method of removing him was a public relations fiasco.

What is called for initially is an effort by the board to come up with a new vision, mission, and goals around which the majority of trustees can coalesce. Those who cannot should be encouraged to resign, and new trustees should be sought who will enthusiastically endorse the new directions.

The search for a new executive director should begin only once this process has been substantially completed. An outside professional should be brought in to assist with that search and to help the board draft an appropriate job description.

In the interim, an acting executive director should be hired who can work closely with the board chair and with a majority of staff members. The local arts agency's role can be multi-faceted: It can help identify someone to work with the board on establishing a clear vision and mission, recommend someone to help with the search process for a permanent executive director, provide guidance on how an interim director might be identified and hired, and provide some funding to assist with these various steps.

The Dance Company

The Dance Company has accurately identified a need — the group needs a place to rehearse, perform, and teach. Unfortunately, the dancer/trustees are not in a position either to raise the capital to acquire and renovate the building nor to pay the ongoing operating costs. Although the dance company does not have a full enough schedule to justify occupying the space on an exclusive basis, they have done no research to determine whether other users might share the facility, pay rent or help to acquire and operate the building.

In this case, the local arts agency may be able to play a role in coming up with a solution that helps both the dance company and other smaller arts organizations. This community, like many, has several small arts organizations that need space, and their *combined* activity is sufficient to justify a dedicated facility. The local arts agency can help analyze the needs of these groups, as well as their capacity to share in operating or rental costs, and can propose a plan for ownership, management, and building use.

If the dance company representatives are adamant that they want to move ahead with this project on their own, the local arts agency can help them receive the appropriate technical assistance concerning facility acquisition and management and it can require that they bring a full-blown plan for the building — including a capital and operating budget — before any funding is seriously discussed. Eventually, capital funding might be provided in the form of outright grants or long-term loans, but only after all questions have been answered.

The Community-Based Consortium

These organizations have correctly diagnosed a problem of funding and undercapitalization. But this problem masks others that must be solved. None of the organizations has a board that is willing to fund raise. Some have small, under-trained staffs, and some have no staff at all. All lack adequate

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office space. Some have had difficulty attracting audiences.

What is required here is a full complement of organizational diagnostic work, technical assistance, and, eventually, money to identify and solve the problems. How much of that the local arts agency can provide will depend on internal policies. At the very least, the local arts agency can use its own staff to begin the process of individual organizational assessments aimed at identifying ways in which each organization could become more effective. Alternatively, it might provide some properly trained local volunteers or paid consultants to help do this organizational diagnostic work. Close coordination should be assured since some of the solutions might involve closer collaboration among the groups or even a merger or two.

Once the initial diagnostic work has been done, further assistance might be provided to address the problems that have been identified. The local arts agency could help arrange for office space and equipment, staff development assistance, board training, and even fund-raising assistance with other grantmakers in the community. Ultimately, funds might be provided on a matching basis for deficit elimination.

Conclusion

It is precisely because the case histories discussed in this paper are becoming so common that local arts agencies are developing stabilization programs. At its 1995 Annual Convention, the National Assembly of Local Arts Agencies offered a session on stabilization that was attended by more than 250 people. The interest is growing and the number of programs is increasing.

What is needed now is a more concerted effort to organize the knowledge base, build on effective practices already in place, measure impact, improve effectiveness, and stimulate innovation and learning. Arts stabilization works most effectively at the local level. It is for this reason that local arts agencies should be in the forefront of the movement to build the capacity of arts organizations in challenging times. ▼

Thomas Wolf is President of The Wolf Organization, Inc. William Keens is President of Keens Company. Both are partners in Strategic Grantmaker Services (SGS), a company servicing the philanthropic field. SGS completed a two-year study of the stabilization field for the Ford Foundation in 1995 and developed a pending report entitled "Rethinking Stabilization: Strengthening Arts Organizations During Times of Change." The views expressed in this article are the authors' own.

1

These examples are based on actual case histories. Composite situations have been created to protect the anonymity of the actual organizations involved.

2

The threat of bankruptcy does not necessarily require immediate outside intervention. Some of the most effective restructuring processes have occurred after an organization has exhausted all sources of funding and must cease operations for a time. However, local conditions (including public opinion and support) should help guide the decision.

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